UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2025

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 001-40014

ALLIANCE ENTERTAINMENT HOLDING CORPORATION
(Exact name of Registrant as specified in its Charter)

Delaware	85-2373325
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

8201 Peters Road, Suite 1000
Plantation, FL 33324

Registrant's telephone number, including area code: (954) 255-4000

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

Title:	Trading Symbol	Name of Exchange on which registered
Class A common stock, par value $0.0001 per share	**AENT**	**The Nasdaq Stock Market LLC**
Redeemable warrants, exercisable for shares of Class A common stock at an exercise price of $11.50 per share	**AENTW**	**The Nasdaq Stock Market LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. YES ☐ NO ☒

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 definition of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

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

If an emerging growth company, indicate by the 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. YES ☐ NO ☒

Indicate by check mark whether the Registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the Registrant's shares of Class A common stock outstanding, other than shares held by persons who may be deemed affiliates of the Registrant, at December 31, 2024, was $117,070,000.

As of September 10, 2025, 50,957,370 shares of Class A common stock, par value $0.0001 per share, and 60,000,000 shares of Class E common stock, par value $0.0001 per share, were issued and outstanding.

Documents Incorporated by Reference: None.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 10-K may constitute "forward-looking statements" under federal securities laws. Our forward-looking statements include, but are not limited to, statements about us and our industry, as well as statements regarding our or our management team's expectations, hopes, beliefs, intentions or strategies regarding the future. These forward-looking statements include information concerning possible or projected future results of our operations, including statements about potential acquisition or merger targets, strategies or plans; business strategies; prospects; future cash flows; financing plans; plans and objectives of management; any other statements regarding future cash needs, future operations, business plans and future financial results; and any other statements that are not historical facts. Forward-looking statements often include words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "potential," "will," and similar expressions. However, the absence of these words does not mean a statement is not forward-looking.

Forward-looking statements should not be read as a guarantee of future performance or results and may not be accurate indications of when such performance or results will be achieved. These statements are based on our current expectations, forecasts, and assumptions and involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied. These risks include, but are not limited to:

- Risks related to market acceptance and growth opportunities.
- Potential changes in laws or regulations.
- Supply chain disruptions and increased costs.
- Dependence on key suppliers and customers.
- Risks related to our significant indebtedness and compliance with debt covenants.
- Litigation and regulatory risks.
- Economic factors such as inflation and interest rates.
- Challenges in retaining key personnel.
- Cybersecurity threats and IT infrastructure issues.
- Environmental, safety, and product liability concerns.
- Risks related to potential acquisitions.
- Changes in U.S. tax laws.
- Risks Related to International Trade Policies and Tariffs.

These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. We discuss in greater detail, and incorporate by reference into this prospectus in their entirety, many of these risks and uncertainties under the heading "Risk Factors" contained in this prospectus and in the documents incorporated by reference herein. Moreover, we operate in a rapidly changing and competitive environment. New risk factors emerge from time to time, and it is not possible for management to predict all such risk factors.

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 investors are cautioned not to unduly rely upon these statements.

Further, it is not possible to assess the effect of all risk factors on our businesses or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, we caution investors not to place undue reliance on these forward-looking statements, which are based on information available as of the date of this filing. We are not obligated to update these statements to reflect new information or future events, except as required by law.

PART I

Item 1. Business.

Alliance Entertainment is a leading global distributor and retailer of physical entertainment and collectible products, including vinyl records, CDs, DVDs, Blu-rays, video games, electronics, and licensed fan merchandise. The Company's unique position in the entertainment ecosystem is supported by a diverse portfolio of direct-to-consumer brands, including Critics' Choice Video, Collectors' Choice Music, Movies Unlimited, DeepDiscount, PopMarket, Blowitoutahere, Fulfillment Express, ImportCDs, GamerCandy, and WowHD.

Alliance connects top content creators, including Universal Pictures, Warner Bros. Home Video, Walt Disney Studios, Sony Pictures, Lionsgate, Paramount Pictures, Universal Music Group, Sony Music, Warner Music Group, Microsoft, Nintendo, Take-Two, Electronic Arts, Ubisoft, and Square Enix with leading retailers such as Walmart, Amazon, Best Buy, Barnes & Noble, Wayfair, Costco, Dell, Verizon, Kohl's, Target, and Shopify. Through its multi-channel distribution model, the Company serves more than 35,000 retail locations and over 200 online storefronts across more than 70 countries.

The Company's operations are supported by advanced warehouse automation and scalable logistics infrastructure, enabling Alliance to offer a broad product selection, high in-stock availability, and fast fulfillment across over 340,000 SKUs. These include core physical media as well as toys, figures, limited-edition collectibles, and licensed memorabilia. Alliance also provides third-party logistics (3PL) and drop-ship fulfillment capabilities for major brands and retailers.

To support its recent strategic expansion into collectibles and fan-focused categories, Alliance recently launched two new divisions:

- **Alliance Home Entertainment**, the exclusive distributor of Paramount Pictures' physical media content as of January 1, 2025, offering full-service support across production, marketing, and retail execution.
- **Alliance Authentic**, a new division focused on licensed collectibles and branded merchandise, including partnerships with Handmade by Robots, Master Replicas, and Wētā Workshop.

Founded in 1990 (formerly CD Listening Bar, Inc.), Alliance has grown through organic expansion and over ten accretive acquisitions, including Phantom Sound and Vision, MSI Music, Infinity Resources, ANconnect, Mecca Electronics, Distribution Solutions, Mill Creek, COKeM, Think3Fold, and Super D (Alliance Entertainment). This growth is supported by the Company's scalable operating platform and experienced management team.

Alliance's competitive advantage is driven by its commitment to three pillars, Service, Selection, and Technology, which enable the Company to serve as a trusted partner across the entertainment and collectibles landscape.

The Business Combination Agreement

On February 10, 2023, Adara, Alliance and Merger Sub consummated the closing of the transactions contemplated by the Business Combination Agreement. Pursuant to the terms of the Business Combination Agreement, a business combination of Legacy Alliance and Alliance was affected by the merger of Merger Sub with and into Alliance (the "Merger"), with Alliance surviving the Merger as a wholly owned subsidiary of Alliance. Following the consummation of the Merger on the closing of the Business Combination, Alliance changed its name from Alliance Acquisition Corp. to Alliance Entertainment Holding Corporation.

Pursuant to the Business Combination Agreement, Alliance issued (i) 47,500,000 shares of Class A common stock of Alliance to holders of common stock of Legacy Alliance and (ii) 60,000,000 contingent shares of Class E common stock of Alliance to the Legacy Alliance stockholders were placed in an escrow account to be released to such Legacy Alliance stockholders and converted into Class A common stock upon the contingent occurrence of certain triggering events.

Alliance's Business

With more than thirty years of distribution experience, Alliance serves customers of every size, providing a suite of services to resellers and retailers worldwide. We believe that our efficient processing and essential seller tools noticeably reduce the costs associated with administrating multiple vendor relationships and streamline the overall purchasing experience. Alliance believes that it is a single source for all customer entertainment product needs. As a solutions-based operation, Alliance seeks to drive sales for their suppliers with broad product selection and cost-efficient processing.

Alliance's distribution business is built around three areas, where our marketplace value is created: Service, Selection and Technology.

Service

Alliance provides efficient, Omni-Channel expansion solutions for retailers, including:

- **E-Commerce and Direct to Consumer (DTC)**

Alliance provides leading product and e-commerce distribution and inventory solutions. Alliance provides a full, enterprise-level infrastructure and whitelists dropships orders directly to consumers on behalf of its omni customers. The entire ordering, confirmation and invoicing process is automated. The functionality allows customers to focus on sales while Alliance performs all stocking, warehousing, and shipping functions.

- **Vendor Managed Inventory**

Alliance is a leader in vendor managed inventory (VMI) solutions providing solutions tailored to customers to support their inventory needs. These value-add services provide a highly technical, critical business function for our partners using traiting of locations and min/max system of supply.

- **Subsidiary Brands —** We operate under the following subsidiaries which focus on the following product brand areas:

  Alliance — was a competitor to CD Listening Bar when CD Listening Bar acquired Alliance in 2013. Alliance primarily serviced Barnes &Noble and Best Buy, and hundreds of independent retailers. This reverse merger by which CD Listening Bar merged into Alliance made Alliance the largest music and video distributor in the world.

  COKeM — Alliance acquired COKeM International Ltd. in September 2020. COKeM is one of the leading and innovative distribution service companies in the video game and accessory industries. COKeM continues to expand its capabilities, providing full-service distribution and fulfillment for a wide array of industries and across many product categories. Alliance acquired Mecca Electronics in 2018 and, in 2021, Mecca Electronics was merged into COKeM.

  AMPED Distribution — is a division of Alliance that consists of over 90 small music labels where AMPED is the exclusive supplier of physical media to retailers in the United States.

  Distribution Solutions — is the largest aggregator and distributor of independent film labels in North America. Alliance acquired Distribution Solutions in 2018 and has over 50 movie studios that are exclusively distributed to over 30,000 retail stores through Distribution Solutions.

  DirectToU — division consists of Alliances owned retail brands using the dba's of ImportCDs, Deep Discount, Collectors Choice Music, Collectors Choice, Vinyl, Blow It Out of Here, Wow, Pop Market, Collectors Choice Video, and Movies Unlimited. Most of these brands were purchased from Infinity Resources in 2010.

Mill Creek Entertainment — is the home entertainment industry's leading independent studio for Blu-ray, DVD, and digital distribution. With direct sales pipelines to all primary retail and online partners, Mill Creek Entertainment licenses, produces, markets, and distributes a dynamic array of film and television content to over 30,000 retail stores and thousands of websites reaching millions of customers across North America. Mill Creek Entertainment's expansive library includes Oscar®-winning theatrical feature films, Emmy®-winning classic and contemporary TV series, original documentary productions and pop-culture favorites that enlighten, educate, and entertain.

NCircle Entertainment — Founded in 2006, NCircle Entertainment is one of the largest independent distributors of quality children and family entertainment content. NCircle is committed to providing quality children's entertainment that builds a solid foundation of early learning skills upon which future educational success can be built. NCircle's award winning brands engage your child in the learning process, using the interdisciplinary STEM approach, teaching reading readiness, science concepts, problem solving tactics, social skills, and environmental awareness, while entertaining them with song, dance and laughter. NCircle's library includes many of the most loved and best-selling children's brands including Gigantosaurus, The Cat in the Hat Knows a Lot About That!, Llama, The Octonauts, Sonic Boom, The Snowman and many more.

Selection:

Product Categories — Alliance consolidates and distributes a portfolio of entertainment products with over 340,000 SKUs in stock in core media and entertainment product areas in five primary categories:

- Gaming Products: For the fiscal year ended June 30, 2025, gaming represented approximately 24% of Alliance revenues on a consolidated basis. Leading products distributed are Nintendo, Microsoft, Arcade1Up, and third-party video game publishers. For the year ended June 30, 2024, gaming represented approximately 31% of Alliance revenues on a consolidated basis.
- Vinyl Records: For the fiscal year ended June 30, 2025, vinyl represented approximately 32% of all Company revenues on a consolidated basis. For the year ended June 30, 2024, vinyl represented approximately 30% of Alliance revenues on a consolidated basis.
- Digital Video Discs (DVD)/Blu-Ray/UltraHD: Sales for the fiscal year ended June 30, 2025, represented approximately 26% of Alliance's consolidated revenue. For the year ended June 30, 2024, DVD, Blu-Ray and UltraHD represented approximately 19% of Alliance revenues on a consolidated basis.
- Compact Discs: CDs for the fiscal year ended June 30, 2025, represent approximately 12% of Alliance's consolidated revenue. For the year ended June 30, 2024, CDs represented approximately 12% of Alliance revenues on a consolidated basis.
- Collectables and Electronics: Sales in Collectables and Consumer Electronics represented approximately 4% of the Company consolidated revenue for the fiscal year ended June 30, 2025, and approximately 4% of Alliance revenues on a consolidated basis for the year ended June 30, 2024.

Technology:

Alliance continues to improve its warehouse operations through targeted investments in automated handling equipment at its Shepherdsville, Kentucky facility. In April 2024, the Company implemented the OPEX Sure Sort X® system to automate the sortation of non-standard size products. This enhancement replaced manual sorting processes, reducing labor costs, accelerating processing times, and lowering the potential for product damage.

In December 2022, Alliance implemented an AutoStore Automated Storage & Retrieval System, which improved warehouse speed, reliability, capacity, and accuracy. Together, these automation initiatives have contributed to operational efficiencies and cost savings.

Alliance's technology platforms provide stakeholders with seamless access to the Company's global inventory through a modern, user-friendly interface accessible on desktop, notebook, and mobile devices. Key features include:

- Advanced product search and personalized selection tools
- Integrated marketing and customer relationship management (CRM) tools supporting multi-channel retailer marketplaces
- Conversational commerce and Fintech solutions providing diverse payment options
- Self-service purchasing and 24/7 customer support

These capabilities enhance transaction efficiency and engagement, supporting revenue growth and profitability relative to legacy distribution systems. Management believes these platforms enhance stakeholder productivity and competitiveness.

Industry Background

The industries in which the Company distributes products are:

- Packaged Goods consisting of licensed physical media and entertainment content;
- Gaming Consoles and Accessories; and
- Licensed Toys and Collectables.

Distributors of physical media continue to navigate changes in consumer demand, an evolving omni-channel retail environment, and ongoing supplier consolidation. While many consumers have shifted to digital formats such as streaming music and video services, management believes a growing market remains for collectible physical media, including vinyl records, specialty SteelBook® DVDs, CD box sets, and pop culture collectibles.

This shift in demand, coupled with structural changes in the retail and supplier landscape, is contributing to the consolidation of distribution networks. Management believes this presents an opportunity for distributors, such as Alliance, that are positioned to meet the evolving needs of retailers and suppliers, such as Alliance.

Although overall demand for physical media has declined, niche markets serving music and movie enthusiasts have shown growth. This trend is reflected in the rising popularity of K-pop releases in CD and vinyl formats, special edition SteelBook® DVDs, and 4K UHD Blu-ray titles particularly among consumers seeking exclusive content. Nostalgia and collector-driven purchases remain a factor driving customer demand, with buyers valuing artwork, perceived audio quality, and the intrinsic value of limited-edition formats.

As major retail chains reduce shelf space for physical media, management believes distributors with direct-to-consumer capabilities and fulfillment services for retail e-commerce platforms, such as Alliance, are increasingly well-positioned. These capabilities allow retailers to expand product offerings without the need for incremental warehouse space or inventory carrying costs.

Suppliers are also adapting to this shift. By partnering with distributors, such as Alliance, that serve both mass and niche channels, suppliers can reach broader consumer bases through a more efficient distribution model. Exclusive and limited-edition releases allow suppliers to maintain premium pricing, and collaboration on marketing and promotional campaigns can further support product visibility and sell-through.

The physical media market remains competitive as companies seek to serve a more targeted customer base. Management believes that long-term success in this environment requires differentiation through exclusive content, curated product offerings, and enhanced customer service. The ability to anticipate consumer preferences and quickly deliver relevant entertainment experiences is increasingly important.

Specialized distributors may have a relative advantage in this regard due to their agility and ability to respond quickly to market trends. In management's view, partnerships with artists and content creators to secure exclusive releases offer Alliance an additional competitive edge. Alliance leverages its broad product portfolio to create bundled, exclusive collectibles that support omni-channel retail strategies and appeal to collectors and enthusiasts.

Market Opportunity

The Company has identified three primary market areas where it currently conducts business and plans to grow its operations:

Content Media

As technology and consumer trends evolve, film, music, and gaming studios continue to re-evaluate distribution strategies to address shifting behaviors and expanding digital and physical platforms. Despite the rise of streaming and digital delivery, consumer demand for physical media remains resilient, driven by factors such as collectibility, superior audio-visual quality, and the intrinsic value of physical packaging.

In response to this opportunity, the Company recently launched Alliance Home Entertainment, a dedicated business unit established through a multi-year distribution agreement with Paramount Home Entertainment. This new division will handle the exclusive distribution of Paramount's physical home video products across all major retail channels and direct-to-consumer platforms, including the management of catalog returns beginning January 31, 2025. The launch of Alliance Home Entertainment positions the Company as a trusted partner for major studios seeking a more efficient, centralized, and experienced physical media distributor.

Simultaneously, the Company is capitalizing on demand from collectors and enthusiasts through the expansion of its physical music and video offerings, most notably vinyl records, SteelBooks™, and special edition box sets. The Company believes that consumers continue to favor tangible media formats for their superior sound and picture quality, unique artwork, and collectible nature.

To further extend its reach into consumer lifestyle categories, the Company recently launched **Alliance Authentic**, a new brand focused on officially licensed merchandise and collectible products from leading artists, creators, and entertainment brands. This business complements our core media offerings and addresses growing demand for branded, limited-edition pop culture products that can be marketed through both B2B and DTC channels.

Fulfillment

The global e-commerce fulfillment services market continues to experience strong growth driven by increasing online sales penetration, particularly in North America. Large retailers such as Amazon, Walmart, Target, and Best Buy are increasingly relying on fulfillment partners to improve speed, flexibility, and service levels while maintaining cost efficiency.

Alliance is well-positioned to serve this expanding market through its scalable third-party logistics (3PL) and direct-to-consumer fulfillment solutions. By combining physical inventory depth, technology-driven distribution, and established carrier relationships, the Company enables retailers, brands, and suppliers to reach their customers more effectively. As retailers and manufacturers focus on core competencies, the outsourcing of logistics and fulfillment operations is expected to accelerate, further expanding the addressable market for Alliance's services.

Our Competitive Strengths

Alliance is one of the largest physical media and entertainment and collectibles product distributors in the world and a leader in fulfillment and e-commerce distribution solutions. Its existing product and service offering has positioned the Company to capitalize on shifts towards e-commerce and Omni-Channel strategies, especially as retailers and manufacturers greatly increase their reliance on their direct-to-consumer fulfillment and distribution partners.

We believe that our key strengths position us to deliver on our strategy to grow profitably, optimize our core physical media and entertainment and collectibles product distributors' fulfillment and e-commerce distribution solutions, and expand and continue to invest in higher-margin advanced technology solutions and high-value services.

The Company believes the following strengths are key to its ability to grow and maintain its position as a market leader:

- **Proven Management Experience and Equity Rollover.** With over 30 years of operations and experience, Alliance management has extensive knowledge and is rolling over all their equity in the Business Combination in preparation to lead the Company towards future growth.

- **Significant barriers to entry and market leadership.** Alliance is a leader in fulfillment and e-commerce distribution with over 340,000 SKUs in stock. The company's market leadership is further protected by a three-pronged moat of services, selection, and technology. The company's platforms create efficiencies that benefit its partners in the physical media and entertainment marketplace. As a result, both suppliers and retail customers rely on the company's platforms to drive transaction volume.

- **Strategic Partnerships with Major Content Providers.** Through Alliance Home Entertainment, the Company has established strong distribution relationships with major studios and independent content owners. Most recently, the Company secured an exclusive distribution agreement with Paramount Home Entertainment, reinforcing Alliance's role as a key physical media partner and unlocking new growth opportunities within the home entertainment segment.

- **Expansion into Premium Collectibles and Licensed Merchandise**

  Alliance Authentic, the Company's newest division, is focused on delivering curated, premium collectible products through exclusive licensing partnerships and proprietary brands. This leverages Alliance's core distribution infrastructure and deep relationships in entertainment to capitalize on the growing demand for pop culture merchandise.

- **Organic Growth Opportunities.** Alliance will seek to grow revenue and expand margins through the expansion of partnerships with vendors and customers and investment in existing facilities.

- **Proven track record of building scale through significant acquisitions.** Since its inception, Alliance has successfully acquired and integrated ten businesses that have greatly expanded the vendors and customers we are supporting. This M&A activity has built scale and added capabilities to the Company's platforms. Further, Alliance has demonstrated an ability to integrate those companies into its existing platforms to fundamentally improve the acquired businesses. Alliance management believes significant consolidation opportunities remain to drive future growth by acquiring complementary businesses and competitors.

- **Modern technology distribution platform and interface.** The Company's technology platform increases transaction efficiency, provides great mobile accessibility, and incorporates modern marketing and Fintech tools.

Strategy for Future Growth

Alliance will continue to capitalize on its services, selection, and scalable distribution network technology to propel its future growth both organically and through acquisitions. With a public listing, we have access to additional capital to finance future growth.

Our strategy will include:

- **Execute Acquisition Strategy.** Alliance has a proven track record of successfully acquiring and integrating competitors and complementary businesses. With additional capital, Alliance will be able to execute its acquisition strategy more effectively.

- **Increase Market Share.** Expanding its existing product and service offerings and executing its acquisition strategy will drive Alliance's efforts toward increasing market share. The Company has historically built scale and added capabilities through acquisitions. It has demonstrated an ability to execute accretive and synergistic acquisitions as well as integrate and fundamentally improve the acquired businesses. Alliance expects to continue pursuing strategic opportunities that strengthen its platforms, expand the breadth and depth of its content, and enhance its distribution infrastructure. Alliance will continue to actively monitor and evaluate these and future opportunities in its acquisition pipeline in both the near and mid-term.

- **Enhance Direct to Consumer (DTC) Relationships and Capabilities.** Alliance's DTC services are in greater demand as consumer preferences shift and stress retailers' e-commerce and DTC capabilities. Enhancing DTC relationships will grow existing revenue lines and improving capabilities will generate a more attractive overall service offering.

- **Expand into New Consumer Products.** Leveraging existing relationships, Alliance can expand into new consumer product segments, growing its product offering and providing more to its existing customer base while attracting new customers in the process.

- **Continuing Technological Advancement.** Alliance will further invest in automating facilities and upgrading proprietary software.

Capitalize on Strategic Studio Partnerships. Building on our exclusive distribution agreement with Paramount Home Entertainment through Alliance Home Entertainment, we intend to develop additional studio partnerships to expand our footprint in the physical media market and strengthen our position as a preferred content distribution partner.

Suppliers

Alliance distributes and markets over 400,000 products worldwide from more than 600 of the industry's premier physical media entertainment products suppliers. The Company maintains approximately 340,000 SKUs of unique items in its inventory.

For the fiscal year that ended June 30, 2025, five suppliers made up approximately 59% of product receipt value, and 11 suppliers made up 80% of product receipt value. One supplier comprised of approximately 23% of Alliance's total product receipt value for the year ended June 30, 2025, versus 21% in 2024.

Alliance has written supply agreements with many of its suppliers. These agreements usually provide for nonexclusive distribution rights and often include territorial restrictions that limit the countries and, in some cases, certain channels in which it may distribute the products. Some of Alliance's agreements with suppliers may contain limitations of liability with respect to our suppliers' obligations and warranties. Historically, warranty expenses have not been material.

The agreements also are generally short-term, subject to annual renewal, and in some cases contain provisions permitting termination by either party without cause upon relatively short notice. Certain supply agreements either require (at our option) or allow for the repurchase of inventory upon termination of the agreement. In cases in which suppliers are not obligated to accept inventory returns upon termination, some suppliers will nevertheless elect to repurchase the inventory while other suppliers will assist with either liquidation or resale of the inventory.

Customers

Alliance conducts business with most of the leading retailers of entertainment products and services around the world. Alliance serves a customer base that is divided into categories including retailers, direct marketers, Internet-based resellers, independent dealers, product category specialists and other distributors. Management believes that many of its customers are heavily dependent on Alliance as a partner with the necessary systems, capital, inventory availability, and distribution and facilities in place to provide fulfillment and other services. Alliance tries to reduce our exposure to the impact of business fluctuations by maintaining a balance in the customer categories we serve. Alliance has over 4,000 customers shipping to over 35,000 storefronts and distributes to over 2,500 independent music and video retailers.

In most cases Alliance conducts business with our customers under our general terms and conditions, without minimum purchase requirements. It also has resale contracts with some of its reseller customers that are terminable at will after a reasonable notice period and have no minimum purchase requirements. Alliance typically ships products on the same day it receives and accepts customers' purchase orders. Unless otherwise requested, substantially all of Alliance's products are delivered by common freight carriers. Backlog is usually not material to its business because orders are generally filled shortly after acceptance.

Alliance has specific agreements in place with certain suppliers and resellers in which it provides supply chain management services such as order management, technical support, call center services, forward and reverse logistics management, and procurement management services. These agreements generally may be terminated by either party without cause following reasonable notice. None of the Company's customer contracts exceed a one-year term, with most contracts having auto-renewal clauses.

For the year ended June 30, 2025, Alliance's top three customers represented approximately 40% of its consolidated revenue. Alliance's top customer represented approximately 15% of its consolidated net sales. By comparison, for the fiscal year ended June 30, 2024, the top three customers generated approximately 39% of consolidated revenue with one customer representing approximately 18%.

Our Business is Affected by Seasonality

Alliance experiences some seasonal fluctuation in demand in our business due to changes in consumer behavior and schedules of new releases. In addition, the Company typically experiences an increase in demand in the October-to-December period, driven primarily by pre-holiday stocking levels in the retail channel for its North American business.

How We Manage Our Inventory

Alliance strives to maintain enough product inventories to achieve optimum order fill rates. Alliance's business, like that of other distributors, is subject to the risk that our inventory's value will be adversely impacted by suppliers' price reductions or by technological changes affecting the usefulness or desirability of the products comprising the inventory. It is the policy of many suppliers to offer distributors limited protection from the loss in inventory value due to technological change or a supplier's price reductions. When protection is offered, the distributor may be restricted to a designated period of time in which products may be returned for credit or exchanged for other products or during which price protection credits may be claimed. Alliance continually takes various actions, including monitoring inventory levels and controlling the timing of purchases, to maximize its protection under supplier programs and reduce inventory risk. However, no assurance can be given that current protective terms and conditions will continue or that they will adequately protect Alliance against declines in inventory value, or that they will not be revised in such a manner as to adversely impact Alliance's ability to obtain price protection. Alliance is subject to the risk that inventory values may decline, and supplier agreements may not adequately cover the decline in values. Alliance manages these risks through pricing and continual monitoring of existing inventory levels relative to customer demand, reflecting its forecasts of future demand and market conditions. On an ongoing basis, Alliance reduces inventory values for excess and obsolescence to assist in the liquidation of impacted inventories. Music CD's and Video Movies are 100% returnable back to Alliance's suppliers. Products that have exclusive distributions for AMPED and Distribution Solutions are not owned by Alliance and are treated as consignments for ownership and title.

Inventory levels may vary from period to period, due, in part, to differences in actual demand from that forecasted when orders were placed, the addition of new suppliers or new product lines with current suppliers, expansion into new product areas and strategic purchases of inventory. In addition, payment terms with inventory suppliers may vary from time to time and could result in fewer inventories being financed by suppliers and a greater amount of inventory being financed by our own capital. Our payment patterns can be influenced by incentives, such as early pay discounts offered by suppliers.

Sales and Marketing

Alliance's product management and marketing groups help create demand for Alliance's suppliers' products and services, enable the launch of new products, and facilitate customer contact. Our marketing programs are tailored to meet specific supplier and customer needs. These needs are met through a wide offering of services by our in-house marketing organization, including advertising, market research, online marketing, retail programs, sales promotions, training, and solutions marketing. In addition, Alliance creates and utilizes specialized channel marketing communities to deliver focused resources and business building support to solution providers.

For its Direct-to-Consumer division, the Company deploys performance marketing strategies through digital and offline channels to drive additional traffic and transactions from high-intent prospective customers. To increase the efficiency of its performance marketing initiatives, the Company utilizes a Customer Relationship management platform, which provides further opportunities to personalize marketing campaigns and target advertising to specific market segments. Alliance complements its brand and performance marketing with nurture initiatives through email and outbound communications to ensure the Company retains high-value customers, increases brand loyalty, and drives recurring transactions.

The Company's marketing strategy includes brand performance, and viral marketing. Brand marketing, which may also include the Company's presence on social media platforms, increases awareness among potential customers, helping them understand the benefits of using Alliance's platforms. In addition to brand, and performance marketing, Alliance engages in traditional public relations and communications activities, such as trade show participation, to strengthen its brand and enable it to be less reliant on performance marketing, reducing the Company's customer acquisition costs. The Company's communications team works across press and policy channels to share timely and important news about the Company. They also oversee the execution of a consumer, product, corporate, and policy communications plan that supports Alliance's brand strategy.

Competition

Alliance faces competition from a variety of competitors, including some of our own suppliers that sell directly to certain segments of the market, wholesale distributors, retailers, and internet-based businesses. We are a leading company in the sale and marketing of physical media entertainment and collectible products, including vinyl, gaming, DVDs, CD's and consumer products and toys offerings, and operate in the competitive e-commerce business environment. We compete with several smaller physical media companies in our product categories, as well as with many larger e-commerce companies in the United States and internationally. In addition, we compete with entertainment companies that digitally download and stream their products. Competition is based primarily on meeting consumer product preferences and on the quality and play value of our physical media products and experiences. To a lesser extent, competition is also based on product pricing.

Many of the major entertainment and gaming companies are part of large, diversified companies with a variety of other operations. Some of these competitors have substantially greater marketing and financial resources than we do and may be able to compete aggressively on pricing in order to increase entertainment revenues and streaming placement. In addition, the resources of the major entertainment producers may give them an advantage in acquiring other businesses or assets, including media content, that we might also be interested in acquiring. The competition we face may cause us to lose market share, achieve lower prices for our products or pay more for third party content, any of which could harm our business.

The changing trends in consumer preferences with respect to entertainment and collectibles and barriers to entry as well as the emergence of new technologies and different mediums for viewing content, such as the growing number of streaming platform options, continually creates new opportunities for existing competitors and start-ups to develop products and offerings that compete with our entertainment and e-commerce offerings. In the future, the Company may face increased competition through the emergence of new competitors or business models. Some of Alliance's competitors may have access to significant financial resources, greater name recognition and well-established client bases in their target customer segments, differentiated business models, technology and other capabilities, or a differentiated geographic coverage, which may make it more difficult for Alliance to attract new customers.

The market for physical media is becoming increasingly competitive as companies compete for a shrinking customer base. Distributors must differentiate themselves by offering unique products, exclusive content, and superior customer service. The ability to quickly adapt to market trends and consumer preferences is crucial. Specialized distributors often have an advantage in this regard, as they can be more agile and responsive compared to larger more diverse distributors. Additionally, partnerships with artists and content creators to secure exclusive releases can provide a unique competitive edge. As the market evolves, distributors that can innovate and meet the demands of niche audiences will likely thrive.

Intellectual Property

Alliance's intellectual property is an important component of its business. The Company relies on a combination of domain names, trademarks, copyright, know-how and trade secrets, as well as contractual provisions and restrictions, to protect its intellectual property. As of June 30, 2025, Alliance has no active patents or patent applications, but intends to pursue patent protection to the extent it believes it would be beneficial and cost effective.

As of June 30, 2025, the Company owned 22 U.S. registered or pending trademarks and one registered or pending trademark in another jurisdiction. Alliance also owns 128 domain names including www.deepdiscount.com, www.aent.com, www.cokem.com, www.importcds.com, www.ds.aent.com, and www.AMPEDdistribution.com.

The Company relies on trade secrets and confidential information to develop and maintain its competitive advantage. Alliance seeks to protect its trade secrets and confidential information through a variety of methods, including confidentiality agreements with employees, third parties, and others who may have access to the Company's proprietary information. Alliance also requires key employees to sign invention assignment agreements with respect to inventions arising from their employment and restrict unauthorized access to the Company's proprietary technology.

Notwithstanding the Company's efforts to protect its intellectual property, there can be no assurance the measures taken will be effective or that its intellectual property will provide any competitive advantage. Alliance can provide no assurance that any patents will be issued from its pending applications or any future applications or that any issued patents will adequately protect its proprietary technology. The Company's intellectual property rights may be invalidated, circumvented, or challenged. Furthermore, the laws of certain countries do not protect intellectual property and proprietary rights to the same extent as the laws of the United States and, as a result, Alliance may be unable to protect its intellectual property and other proprietary rights in certain jurisdictions. In addition, while the Company has confidence in the measures it takes to protect and preserve its trade secrets, it cannot guarantee these measures will not be circumvented, or that all applicable parties have executed confidentiality or invention assignment agreements. In addition, such agreements can be breached, and may not have adequate remedies should any such breach occur. Accordingly, Alliance's trade secrets may otherwise become known or be independently discovered by competitors.

Human Capital Resources

As of June 30, 2025, Alliance had approximately 697 employees on its payroll and approximately 168 workers hired through staffing agencies throughout the U.S. and internationally. As of June 30, 2024, Alliance had approximately 657 employees on its payroll and approximately 226 workers hired through staffing agencies throughout the U.S. and internationally. Staffing agencies are used to flex labor capacity to ensure the labor supply and demand are in balance. None of Alliance's employees are subject to a collective bargaining agreement and Alliance believes it has a good relationship with its employees and staffing agencies.

Employees & Demographics. With respect to global demographics on June 30, 2025, approximately 49.5% of the Company's payroll employees are female and 50.5% are male.

Talent & Turnover. With a focus on talent acquisition, the leadership team seeks out the most qualified candidates for open roles and endeavors to keep them at Alliance. Alliance has a robust program for seeking out those candidates, which ranges from sourcing through talent applications, reviewing direct applicants and using internal referrals to fill roles. Additionally, Alliance strives to promote internally when possible. Alliance's program resulted in an annualized turnover rate of about 11.4% for the fiscal year ended June 30, 2025.

Compensation Practice & Pay Equality. As Alliance evolves and expands operations, Human Resources, in partnership with the leadership team, will continue to evaluate the existing workforce to ensure that best practices are maintained across the entire team without risk of inequality. Pay structures for hourly employees are reviewed annually and for all other employees, compensation is benchmarked according to the position when a vacancy becomes available. This ensures best practices in a competitive market and, as part of that review, compensation will be realigned where appropriate for existing employees and new hires.

Regulatory Compliance

The Company's overall business approach and strategy includes rigorous attention to regulatory compliance, as its operations are subject to regulations in the following principal areas, across a wide variety of jurisdictions. Alliance's business is subject to a wide array of laws, regulations, and standards in each domestic and foreign jurisdiction where we operate. Alliance has a buying office in the UK and operates under the name Fulfillment Express. Fulfillment Express sources music from the UK music suppliers that is then transferred (exported from the United Kingdom) to Kentucky where that music product is prepared to sell in the US market. Fulfillment Express makes no sales of any kind, for it is a buying office.

The regulatory environment in each market is often complex, evolving and can be subject to significant change. Some relevant laws and regulations are inconsistent, ambiguous and could be interpreted by regulators and courts in ways that could adversely affect the Company's business, results of operations, and financial condition. Moreover, certain laws and regulations have not historically been applied to an innovative hospitality provider such as Alliance, which often makes their application to its business uncertain. For additional information regarding the laws and regulations that affect the Company's business, see "Item 1A. Risk Factors."

Privacy and Data Protection Regulation

In processing purchase transactions and information about customers, the Company receives and stores a large volume of personally identifiable data. The collection, storage, processing, transfer, use, disclosure and protection of this information are increasingly subject to legislation and regulations in numerous jurisdictions around the world, such as the European Union's General Data Protection Regulation ("GDPR") and variations and implementations of that regulation in the member states of the European Union, as well as privacy and data protection laws and regulations in various U.S. states and other jurisdictions, such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act), the Canadian Personal Information Protection and Electronic Documents Act ("PIPEDA"), and the UK General Data Protection Regulation and the UK Data Protection Act.

Alliance incorporates a variety of technical and organizational security measures and other procedures and protocols to protect data within the Company's platforms and business services, including personally identifiable data pertaining to guests and employees. Alliance is engaged in an ongoing process of evaluating and considering additional steps to maintain compliance with the California Consumer Privacy Act, GDPR, PIPEDA, the UK General Data Protection Regulation, and the UK Data Protection Act.

Employment Laws

The Company is also subject to laws governing its relationship with employees, including laws governing wages and hours, benefits, immigration and workplace safety and health.

Other Regulation

Alliance's business is subject to various other laws and regulations involving matters such as income tax and other taxes, consumer protection, online messaging, advertising, and marketing, the U.S. Foreign Corrupt Practices Act and other laws governing bribery and other corrupt business activities, and regulations aimed at preventing money laundering or prohibiting business activities with specified countries or persons. As the Company expands into additional markets, it will be subject to additional laws and regulations.

Periodic Reporting and Financial Information

Our Class A common stock and warrants are registered under the Exchange Act, and as a smaller reporting company, we have specific reporting obligations. We file annual, quarterly, and current reports with the SEC, which include audited financial statements prepared by our independent registered public accountants. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (www.sec.gov). These reports and other important information are available on our website at www.aent.com under the Investor Relations section, free of charge, as soon as they are filed with the SEC. Please note that information on our website is not incorporated by reference into this report.

We are an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not " emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. If some investors find our securities less attractive as a result, there may be a less active trading market for our securities and the prices of our securities may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We intend to take advantage of the benefits of this extended transition period.

We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) of 2026, (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 shares of Class A common stock that are held by non-affiliates exceeds $700 million as of the prior June 30th, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. References herein to "emerging growth company" will have the meaning associated with it in the JOBS Act.

Additionally, we currently qualify as a "smaller reporting company" under SEC regulations. This status allows us to benefit from certain reduced disclosure obligations, such as the option to provide only two years of audited financial statements. We will continue to be classified as a smaller reporting company until the last day of the fiscal year.

Item 1A. Risk Factors.

An investment in our securities involves a high degree of risk. You should carefully consider all of the risks described below, together with the other information contained in this annual report before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

Risk Factor Summary

The following is a summary of the principal risks that could materially adversely affect our business, reputation, financial condition, and/or operating results. It is important that investors and stakeholders read this summary together with the more detailed description of each risk contained below:

- If Alliance fails to respond to or capitalize on the rapid technological development in the music, video, gaming, and entertainment industry, including changes in entertainment delivery formats, its business could be harmed.
- If Alliance does not successfully optimize and operate its fulfillment network, its business could be harmed.
- Disruptions in Alliance's supply chain have increased product expenditures and could result in an adverse impact on results of operations.
- Inflation could cause Alliance's product costs and operating and administrative expenses to grow more rapidly than net sales, which could result in lower gross margins and lower net earnings.
- Weakness in the economy, market trends and other conditions affecting the profitability and financial stability of Alliance's customers could negatively impact Alliance's sales growth and results of operations.

- Our expansion places a strain on our management, operational, financial, and other resources.
- Our expansion into new products, services, technologies, and geographic regions subjects us to additional business, legal, financial, and competitive risks;
- Our business will suffer if we are not successful in developing and expanding our partner brands across our consumer base.
- Consumer interests change rapidly and acceptance of products and entertainment offerings are influenced by outside factors;
- If we are unable to navigate through global supply chain challenges, our business may be harmed;
- If we are unable to adapt our business to the continued shift to ecommerce, our business may be harmed;
- Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing, distribution and logistics, and the loss of any of our key suppliers or service providers could negatively impact our business;
- We face significant inventory risk;
- We rely on third-party suppliers, labels, studios, publishers, suppliers, retail and ecommerce partners and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services;
- Alliance's existing and any future indebtedness could adversely affect its ability to operate its business;
- Covenants and events of default under Alliance's Credit Facility could limit our ability to undertake certain types of transactions and adversely affect our liquidity;
- Our indebtedness may limit our availability of cash, cause us to divert cash to fund debt service payments or make it more difficult to take certain other actions;
- If we were unable to obtain or service our other external financings, or if the restrictions imposed by such financing were too burdensome, our business would be harmed;
- Alliance has engaged in transactions with related parties, and such transactions present possible conflicts of interest that could have an adverse effect on our business and results of operations;
- We might not be able to obtain or maintain the listing of our Class A common stock on the Nasdaq Capital Market;
- We are subject to risks arising from international trade policies, including the imposition of new or increased tariffs on imported goods.

Risks Related to Our Business and Industry

If we fail to respond to or capitalize on the rapid technological development in the music, video, gaming, and entertainment industry, including changes in entertainment delivery formats, our business could be harmed.

The music, video, gaming, entertainment and collectible industries continue to experience frequent change driven by technological development, including developments with respect to the formats through which music, films, television programming, games, and other content are delivered to consumers. With rapid technological changes and dramatically expanded digital content offerings, the scale and scope of these changes have accelerated in recent years. For example, consumers are increasingly accessing television, film, and other episodic content on streaming and digital content networks, such as Netflix, Amazon Prime Video, Hulu, Disney+ and Apple TV+. Additionally, consumers access music content through Apple Music, Pandora, Amazon Music, Spotify, and other providers. Video game services can be accessed through Xbox Game Pass, PlayStation Now, GeForce, Steam, Stadia, xCloud, Shadow, Luna, and Switch Online.

Some entertainment offerings have gone direct to streaming channels and have not produced a physical content format. Direct release to streaming channels is likely to continue. Technological as well as other changes caused by the pandemic have caused significant disruption to the retail distribution of music and entertainment offerings and have caused and could in the future cause a negative impact on sales of our products and other forms of monetization of content. We may lose opportunities to capitalize on changing market dynamics, technological innovations, or consumer tastes if we do not adapt our content offerings or distribution capabilities in a timely manner. The overall effect that technological development and new digital distribution platforms have on the revenue and profits we derive from our entertainment content, including from merchandise sales derived from such content, and the additional costs associated with changing markets, media platforms and technologies, is unpredictable. If we fail to accurately assess and effectively respond to changes in technology and consumer behavior in the entertainment industry, our business may be harmed.

If we do not successfully optimize and operate our fulfillment network, our business could be harmed.

If we do not adequately predict customer demand or otherwise optimize and operate our fulfillment network successfully, it could result in excess or insufficient fulfillment, or result in increased costs, impairment charges, or both, and harm our business in other ways. As we continue to add fulfillment or add new businesses with different requirements, our fulfillment networks become increasingly complex and operating them becomes more challenging. There can be no assurance that we will be able to operate our networks effectively. In addition, a failure to optimize inventory in our fulfillment network could result in lost sales from under inventory positions or extra costs of holding excess inventory or write-downs on inventory. Due to tight labor markets, we may be unable to staff our fulfillment network and customer service centers adequately or must increase wages to attract more employees.

We rely on several shipping companies to deliver inventory to us and complete orders to our customers. If we are not able to negotiate acceptable terms with these companies or they experience performance problems or other difficulties, it could negatively impact our operating results and customer experience. In addition, our ability to receive inbound inventory efficiently and ship completed orders to customers also may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, acts of God, and similar factors.

Under some of our commercial agreements, we maintain the inventory of other companies, thereby increasing the complexity of tracking inventory and operating our fulfillment network. Our failure to properly handle such inventory or the inability of these other companies to accurately forecast product demand would result in unexpected costs and other harm to our business and reputation.

We face competition. If we are unable to compete effectively with existing or new competitors, our revenues, market share and profitability could decline

Our businesses are rapidly evolving and competitive, and we have many competitors in different industries, including physical, e-commerce, and omni-channel retail, e-commerce services, digital content and electronic devices, web and infrastructure computing services, and transportation and logistics services, and across geographies, including cross-border competition. Some of our current and potential competitors have greater resources, longer histories, more customers, and/or greater brand recognition. They may also secure better terms from vendors, adopt more aggressive pricing, and devote more resources to technology, infrastructure, fulfillment, and marketing.

The music, video, gaming, and entertainment industry is highly competitive. We compete in the U.S. and internationally with a wide array of large and small distributors, and sellers of vinyl records, CD's, DVD's, video games and other entertainment and consumer products. In addition, we compete with companies who are focused on building their brands across multiple product and consumer categories, including through entertainment offerings. Across our business, we face competitors who are constantly monitoring and attempting to anticipate consumer tastes and trends, seeking which will appeal to consumers, and introducing new products that compete with our products for consumer acceptance and purchase.

The market for physical media is becoming increasingly competitive as companies compete for a shrinking customer base. Distributors must differentiate themselves by offering unique products, exclusive content, and superior customer service. To be successful, we must correctly anticipate the types of entertainment, products and play patterns which will capture consumers' interests and imagination, and quickly develop and introduce innovative products and engaging entertainment which can compete successfully for consumers' limited time, attention, and spending. Specialized distributors often have an advantage in this regard, as they can be more agile and responsive compared to larger more diverse distributors. Additionally, partnerships with artists and content creators to secure exclusive releases can provide a unique competitive edge. As the market evolves, distributors that can innovate and meet the demands of niche audiences will likely thrive.

Competition is likely to continue intensifying, including with the development of new business models and the entry of new and well-funded competitors, as our competitors enter into business combinations or alliances, and established companies in other market segments expand to become competitive with our business. In addition, new and enhanced technologies, including search, digital content, and electronic devices, are likely to continue to increase our competition. The Internet facilitates competitive entry and comparison shopping, and increased competition may reduce our sales and profits.

Disruptions in Alliance's supply chain have increased product expenditures and could result in an adverse impact on results of operations.

The occurrence of one or more natural or human induced disasters, including pandemic diseases or viral contagions such as the COVID-19 pandemic; geopolitical events, such as war, civil unrest attacks in a country in which Alliance's suppliers are located; and the imposition of measures that create barriers to or increase the costs associated with international trade could result in disruption of Alliance's logistics or supply chain network. For example, the outbreak of the COVID-19 pandemic disrupted the operations of Alliance and its suppliers and customers. Customer demand for certain products has also fluctuated during the pandemic which challenged Alliance's ability to anticipate and/or procure product to maintain inventory levels to meet that demand. Additionally supply chain disruptions can be the result of the bankruptcy or failure of trucking and other logistics businesses. Labor shortages can also cause supply chain disruptions.

These factors have resulted in higher product inventory cost positions in certain products as well as delays in delivering those products to Alliance's distribution centers, branches or customers, and similar results may occur in the future. Even when Alliance is able to find alternate sources for certain products, they may cost more or require Alliance to incur higher transportation costs, which could adversely impact Alliance's profitability and financial condition. Any of these circumstances could impair Alliance's ability to meet customer demand for products and result in lost sales, increased supply chain costs, penalties, or damage to Alliance's reputation. Any such increased product costs from supplier disruption could adversely impact the results of operations and financial performance.

Inflation may continue to cause Alliance's product costs and operating and administrative expenses to grow more rapidly than net sales, which could result in lower gross margins and lower net earnings.

Market variables, such as inflation of product costs from suppliers, labor rates and fuel, freight and energy costs, have and may continue to increase potentially causing Alliance to be unable to efficiently manage its product costs and operating and administrative expenses in a way that would enable it to leverage its revenue growth into higher net earnings. In addition, Alliance's inability to pass on such increases in product costs to customers in a timely manner, or at all, could cause Alliance's operating and administrative expenses to grow, which could result in lower gross profit margins and lower net earnings.

Weakness in the economy, market trends and other conditions affecting the profitability and financial stability of Alliance's customers could negatively impact Alliance's sales growth and results of operations.

Economic, political and industry trends affect Alliance's business environments. Unfavorable conditions in the economy in the United States and abroad may negatively affect the growth of our business and have affected our results of operations. For example, macroeconomic events, including inflation, interest rates, and geopolitical issues, have led to economic uncertainty globally. Alliance serves several industries and markets in which the demand for its products and services is sensitive to the production activity, capital spending and demand for products and services of Alliance's customers. Many of these customers operate in markets that are subject to cyclical fluctuations resulting from market uncertainty, trade and tariff policies, costs of goods sold, currency exchange rates, central bank interest rate fluctuations, economic downturns, recessions, foreign competition, offshoring of production, oil and natural gas prices, geopolitical developments, labor shortages, inflation, natural or human induced disasters, extreme weather, outbreaks of pandemic disease such as the COVID 19 pandemic, inflation, deflation, and a variety of other factors beyond Alliance's control. Any of these factors could cause customers to idle or close stores, delay purchases, reduce wholesale purchasing levels, or experience reductions in the demand for their own retail and wholesale products or services.

Any of these events could also reduce the volume of products and services these customers purchase from Alliance or impair the ability of Alliance's customers to make full and timely payments and could cause increased pressure on Alliance's selling prices and terms of sale.

If we incurred any significant impairment charges, our net earnings would be reduced.

Declines in the profitability of acquired brands or our decision to reduce our focus or exit these brands may impact our ability to recover the carrying value of the related assets and could result in an impairment charge. Similarly, declines in our profitability may impact on the fair value of our reporting unit, which could result in a write-down of our goodwill and consequently harm our net earnings.

Risks Related to Expansion of our Business

Our expansion places a strain on our management, operational, financial, and other resources.

We are rapidly and significantly expanding operations, including increasing our product and service offerings and scaling our infrastructure to support our retail and services businesses. This expansion increases the complexity of our business and places strain on our management, personnel, operations, systems, technical performance, financial resources, and internal financial control and reporting functions. We may not be able to manage growth effectively, which could damage our reputation, limit our growth, and negatively affect our operating results.

We may not realize the anticipated benefits of acquisitions or investments in our acquisitions or joint ventures, or those benefits may be delayed or reduced in their realization.

Acquisitions and investments have been a component of our growth and the development of our business, such as our acquisition of Hand Made by Robots in December 2024 and COKeM in September 2020. Acquisitions can broaden and diversify our brand holdings and product offerings and allow us to build additional capabilities and competencies of the company.

We cannot be certain that the products and offerings of companies we may acquire, or acquire an interest in, will achieve or maintain popularity with consumers in the future or that any such acquired companies or investments will allow us to market our products more effectively, develop our competencies or grow our business. In some cases, we expect that the integration of the companies that we may acquire into our operations will create production, marketing and other operating, revenue or cost synergies which will produce greater revenue growth and profitability and, where applicable, cost savings, operating efficiencies, and other advantages. However, we cannot be certain that these synergies, efficiencies, and cost savings will be realized. Even if achieved, these benefits may be delayed or reduced in their realization. In other cases, we may acquire or invest in companies that we believe have strong and creative management, in which case we may plan to operate them more autonomously rather than fully integrating them into our operations. We cannot be certain that the key talented individuals at these companies will continue to work for us after the acquisition or that they will develop popular and profitable products, entertainment, or services in the future. We cannot guarantee that any acquisition or investment we may make will be successful or beneficial, and acquisitions can consume significant amounts of management attention and other resources, which may negatively impact other aspects of our business.

Our expansion into new products, services, technologies, and geographic regions subjects us to additional business, legal, financial, and competitive risks.

We may have limited or no experience in our newer market segments, including collectibles, and our customers may not adopt our offerings. These offerings may present new and difficult technology challenges, and we may be subject to claims if customers of these offerings experience service disruptions or failures or other quality issues. In addition, profitability, if any, in our newer activities may be lower than in our older activities, and we may not be successful enough in these newer activities to recoup our investments in them. If any of this were to occur, it could damage our reputation, limit our growth, and negatively affect our operating results.

We may experience significant fluctuations in our operating results and growth rate.

We may not be able to accurately forecast our growth rate. We base our expense levels and investment plans on sales estimates. A significant portion of our expenses and investments is fixed, and we may not be able to adjust our spending quickly enough if our sales are less than expected.

Our revenue growth may not be sustainable, and our percentage growth rates may decrease. Our revenue and operating profit growth depends on the continued growth of demand for the products and services offered by us or our customers, and our business is affected by general economic and business conditions worldwide. A softening of demand, whether caused by changes in customer preferences or a weakening of the U.S. or global economies, may result in decreased revenue or growth.

Our sales and operating results will also fluctuate for many other reasons, including due to risks described elsewhere in this section and the following:

- our ability to retain and increase sales to existing customers, attract new customers, and satisfy our customers' demands;
- our ability to retain and expand our network of customers;
- our ability to offer products on favorable terms, manage inventory, and fulfill orders;
- the introduction of competitive stores, websites, products, services, price decreases, or improvements;
- changes in usage or adoption rates of the Internet, e-commerce, electronic devices, and web services, including outside the U.S.;
- timing, effectiveness, and costs of expansion and upgrades of our systems and infrastructure;
- the success of our geographic, service, and product line expansions;

- the extent to which we finance, and the terms of any such financing for, our current operations and future growth;
- the outcomes of legal proceedings and claims, which may include significant monetary damages or injunctive relief and could have a material adverse impact on our operating results;
- variations in the mix of products and services we sell;
- variations in our level of merchandise and vendor returns;
- the extent to which we offer free shipping, continue to reduce prices worldwide, and provide additional benefits to our customers;
- factors affecting our reputation or brand image;
- the extent to which we invest in technology and content, fulfillment, and other expense categories;
- increases in the prices of fuel and gasoline, as well as increases in the prices of other energy products and commodities like paper and packing supplies;
- the extent to which our equity-method investees record significant operating and non-operating items;
- the extent to which operators of the networks between our customers and our stores successfully charge fees to grant our customers unimpaired and unconstrained access to our online services;
- our ability to collect amounts owed to us when they become due;
- the extent to which use of our services is affected by spyware, viruses, phishing and other spam emails, denial of service attacks, data theft, computer intrusions, outages, and similar events;
- terrorist attacks and armed hostilities;
- supply chain issues either in chip shortages; and
- long lead time in the manufacturing vinyl LP's.

Our international operations expose us to a number of risks.

Our international activities are insignificant to our revenues and profits, and we plan to further expand internationally. In certain international market segments, we have relatively little operating experience and may not benefit from any first-to-market advantages or otherwise succeed. It is costly to establish, develop, and maintain international operations, and promote our brand internationally. Our international operations may not be profitable on a sustained basis.

In addition to risks described elsewhere in this section, our international sales and operations are subject to a number of risks, including:

- local economic and political conditions;
- government regulation and compliance requirements (such as regulation of our product and service offerings and of competition), restrictive governmental actions (such as trade protection measures, including export duties and quotas and custom duties and tariffs), nationalization, and restrictions on foreign ownership;

- restrictions on sales or distribution of certain products or services and uncertainty regarding liability for products, services, and content, including uncertainty as a result of less Internet- friendly legal systems, local laws, lack of legal precedent, and varying rules, regulations, and practices regarding the physical and digital distribution of media products and enforcement of intellectual property rights;
- business licensing or certification requirements, such as for imports, exports, web services, and electronic devices;
- limitations on the repatriation and investment of funds and foreign currency exchange restrictions;
- limited fulfillment and technology infrastructure;
- shorter payable and longer receivable cycles and the resultant negative impact on cash flow;
- laws and regulations regarding consumer and data protection, privacy, network security, encryption, payments, and restrictions on pricing or discounts;
- lower levels of consumer spending and fewer opportunities for growth compared to the U.S.;
- lower levels of credit card usage and increased payment risk;
- difficulty in staffing, developing, and managing foreign operations as a result of distance, language, and cultural differences.
- different employee/employer relationships and the existence of works councils and labor unions;
- compliance with the U.S. Foreign Corrupt Practices Act and other applicable U.S. and foreign laws prohibiting corrupt payments to government officials and other third parties;
- laws and policies of the U.S. and other jurisdictions affecting trade, foreign investment, loans, and taxes; and
- geopolitical events, including war and terrorism.

As international physical, e-commerce, and other services grow, competition will intensify, including through adoption of evolving business models. Local companies may have a substantial competitive advantage because of their greater understanding of, and focus on, the local customer, as well as their more established local brand names. We may not be able to hire, train, retain, and manage required personnel, which may limit our international growth.

Our business will suffer if we are not successful in developing and expanding our partner brands across our consumer base.

Our strategy is to focus and expand larger global brands with an emphasis on developing and expanding those of our key partner brands, which we view as having the largest global potential across our customer base. As we concentrate our efforts on more brands, we believe we can gain additional leverage and enhance the consumer experience. This focus means that our success depends disproportionately on our and our new partners' ability to successfully develop these new brands across our consumer base and to maintain and extend the reach and relevance of these brands to global consumers in a wide array of markets. This strategy has required us to acquire, build, invest in and develop our competencies in music, movies, gaming, consumer products and entertainment products. Acquiring, developing, investing in, and growing these competencies has required significant effort, time and money, with no assurance of success. The success of our brand blueprint strategy also requires significant alignment and integration among our business segments. If we are unable to successfully develop, maintain and expand key partner brands across our brand blueprint, our business performance will suffer.

Risks Related to Shifts in Consumer Demand

Consumer interests change rapidly, and acceptance of products and entertainment offerings are influenced by outside factors.

The interests of families, individuals, fans, and audiences evolve extremely quickly and can change dramatically from year to year and by geography. To be successful, we must correctly anticipate the types of entertainment, products and play patterns which will capture consumers' interests and imagination and quickly develop and introduce innovative products and engaging entertainment which can compete successfully for consumers' limited time, attention, and spending. This challenge is more difficult with the ever-increasing utilization of technology, social media, and digital media in entertainment offerings, and the increasing breadth of entertainment available to consumers. Evolving consumer tastes and shifting interests, coupled with an ever-changing and expanding pipeline of entertainment and consumer properties and products that compete for consumer interest and acceptance, create an environment in which some products and entertainment offerings can fail to achieve consumer acceptance, and other products and entertainment offerings can be popular during a certain period of time but then be rapidly replaced. As a result, our products and entertainment offerings can have short consumer life cycles.

Consumer acceptance of our or our partners' entertainment offerings is also affected by outside factors, such as critical reviews, promotions, the quality and acceptance of films and television programs, music, video games, collectibles and content released into the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions and public tastes generally, all of which could change rapidly and most of which are beyond our control. There can be no assurance that television programs and films, video games, video movies and collectibles we distribute will obtain favorable reviews or ratings, that films, video games, video movies we distribute will be popular with consumers and perform well in our distribution channels.

If we devote time and resources to distributing and marketing products or entertainment that consumers do not accept or do not find interesting enough to buy in sufficient quantities to be profitable to us, our revenues and profits may decline, and our business performance may be harmed. Similarly, if our product offerings and entertainment fail to correctly anticipate consumer interests, our revenues and earnings will be reduced.

An inability to develop, introduce and ship planned products, product lines and new brands in a timely and cost-effective manner may damage our business.

In acquiring new products, product lines and new brands we have anticipated dates for the associated product and brand introductions. When we state that we will introduce, or anticipate introducing, a particular product, product line or brand at a certain time in the future those expectations are based on completing the associated development, implementation, and marketing work in accordance with our currently anticipated development schedule. We cannot guarantee that we will be able to source and ship new or continuing products in a timely manner and on a cost-effective basis to meet constantly changing consumer demands.

The risk is also exacerbated by the increasing sophistication of many of the products we are distributing, providing greater innovation and product differentiation. Unforeseen delays or difficulties in the development process, significant increases in the planned cost of development, or changes in anticipated consumer demand for our products and new brands may cause the introduction date for products to be later than anticipated, may reduce or eliminate the profitability of such products or, in some situations, may cause a product or new brand introduction to be discontinued.

Risks Related to Our Supply Chain and Sales Channels

Disruptions or inefficiencies in our supply chain or logistics network could adversely affect our ability to fulfill customer demand and may increase our costs.

While global supply chain conditions have generally stabilized compared to the disruptions experienced in 2021 and 2022, we continue to face certain logistical and cost-related challenges, including fluctuating freight rates, labor shortages in transportation and warehousing, and longer lead times for certain products sourced internationally.

Although we have implemented strategies to mitigate these risks—such as diversifying our supplier base, leveraging alternative shipping methods, and negotiating improved carrier terms, there can be no assurance that these measures will be sufficient in the event of renewed disruption, geopolitical instability, or macroeconomic pressures.

If we are unable to effectively manage shipping logistics, maintain adequate inventory levels, or adjust pricing in response to cost increases, we may not be able to meet customer demand or sustain our margins. Any prolonged disruption or cost pressure in our supply chain could have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to adapt our business to the continued shift to e-commerce, our business may be harmed.

In fiscal year 2025, ecommerce sales represented approximately 45% of our top four customers overall sales as consumers increasingly purchased our products online as compared to through in-store shopping. Ecommerce sales have resulted in retailers holding less inventory, which has caused us to adjust our supply chain. This supply chain is further strained by customers desiring faster delivery at reduced costs. Additionally, if our technology and systems used to support ecommerce order processing are not effective, our ability to deliver products on time on a cost-effective basis may be adversely affected. Failure to continue to adapt our systems and supply chain and successfully fulfill ecommerce sales could harm our business.

The concentration of our retail customer base and continued shift to ecommerce sales means that economic difficulties or changes in the purchasing or promotional policies or patterns of our major customers could have a significant impact on us.

For the year ended June 30, 2025, our top three customers generated approximately 40% of our net sales, and our largest customer accounted for approximately 15% of our total net sales. For the year ended June 30, 2024, our top customer accounted for 18% of total net sales.

Due to our customer concentration, if our top customer was to experience difficulties in fulfilling their obligations to us, cease doing business with us, significantly reduce the amount of their purchases from us, favor competitors or new entrants, change their purchasing patterns, impose unexpected fees on us, alter the manner in which they promote our products or the resources they devote to promoting and selling our products, or return substantial amounts of our products, our business may be harmed.

Our customers do not make binding long-term commitments to us regarding purchase volumes and make all purchases by delivering purchase orders. Any customer could reduce its overall purchase of our products and reduce the number and variety of our products that it carries, and the shelf space allotted for our products. In addition, increased concentration among our customers could negatively impact our ability to negotiate higher sales prices for our products and could result in lower gross margins than would otherwise be obtained if there were less consolidation among our customers. Furthermore, the failure or lack of success of a significant retail customer could negatively impact our revenues and profitability.

Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing, warehousing, distribution and logistics, and the loss of any of our key suppliers or service providers could negatively impact our business.

All the products we offer are manufactured by third-party labels, studios, publishers, and suppliers, and as a result we may be subject to price fluctuations or demand disruptions. Our operating results would be negatively impacted by increases in the costs of the products we offer, and we have no guarantees that costs will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these new areas, which could lead to higher costs than we have historically seen in our current categories. We may not be able to pass increased costs on to consumers, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the materials used in the manufacture of the products we offer, we and the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price.

In addition, products, and merchandise we receive from manufacturers and suppliers may not be of sufficient quality or free from damage, or such products may be damaged during shipping, while stored in our warehouse fulfillment centers or with third-party ecommerce or retail customers or when returned by consumers. We may incur additional expenses, and our reputation could be harmed if consumers and potential consumers believe that our products do not meet their expectations, are not properly labeled or are damaged.

We purchase significant amounts from a limited number of suppliers with limited supply capabilities. There can be no assurance that our current suppliers will be able to accommodate our anticipated growth or continue to supply current quantities at preferential prices. An inability of our existing suppliers to provide products in a timely or cost-effective manner could impair our growth and have an adverse effect on our business, financial condition, results of operations and prospects. We generally do not maintain long-term supply contracts with any of our suppliers and any of our suppliers could discontinue selling to us at any time. The loss of any of our other significant suppliers, or the discontinuance of any preferential pricing or exclusive incentives they currently offer to us could have an adverse effect on our business, financial condition, results of operations and prospects.

We continually seek to expand our base of product suppliers, especially as we identify new markets. We also require our new and existing suppliers to meet our ethical and business partner standards. Suppliers may also have to meet governmental and industry standards and any relevant standards required by our consumers, which may require additional investment and time on behalf of suppliers and us. If any of our key suppliers becomes insolvent, ceases, or significantly reduces its operations or experiences financial distress, or if any environmental, economic or other outside factors impact their operations. If we are unable to identify or enter distribution relationships with new suppliers or to replace the loss of any of our existing suppliers, we may experience a competitive disadvantage, our business may be disrupted and our business, financial condition, results of operations and prospects could be adversely affected.

Our principal suppliers currently provide us with certain incentives such as extended payment terms, volume purchasing, trade discounts, cooperative advertising, and market development funds. A reduction or discontinuance of these incentives would increase our costs and could reduce our ability to achieve or maintain profitability. Similarly, if one or more of our suppliers were to offer these incentives, including preferential pricing, to our competitors, our competitive advantage would be reduced, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We face significant inventory risk.

In addition to risks described elsewhere relating to fulfillment network and inventory optimization by us and third parties, we are exposed to significant inventory risks that may adversely affect our operating results as a result of seasonality, new product launches, rapid changes in product cycles and pricing, defective merchandise, changes in consumer demand and consumer spending patterns, changes in consumer tastes with respect to our products, spoilage, and other factors. We endeavor to accurately predict these trends and avoid overstocking or understocking products we manufacture and/or sell. Demand for products, however, can change significantly between the time inventory or components are ordered and the date of sale. In addition, when we begin selling or manufacturing a new product, it may be difficult to establish vendor relationships, determine appropriate product or component selection, and accurately forecast demand. The acquisition of certain types of inventory or components requires significant lead-time and prepayment, and they may not be returnable. We carry a broad selection and significant inventory levels of certain products, and at times we are unable to sell products in sufficient quantities or to meet demand during the relevant selling seasons. If our inventory forecasting and production planning processes result in higher inventory levels exceeding the levels demanded by customers or should our customers decrease their orders with us, our operating results could be adversely affected due to costs of carrying the inventory and additional inventory write-downs for excess and obsolete inventory. Any one of the inventory risk factors set forth above may adversely affect our operating results.

If our third-party suppliers' labels, studios, and publishers do not comply with applicable laws and regulations, our reputation, business, financial condition, results of operations and prospects could be harmed.

Our reputation and our consumers' willingness to purchase our products depend in part on our suppliers' labels, studios, publishers, and other suppliers, and retail partners' compliance with ethical employment practices, such as with respect to child labor, wages and benefits, forced labor, discrimination, safe and healthy working conditions, and with all legal and regulatory requirements relating to the conduct of their businesses. We do not exercise control over our suppliers, manufacturers, and retail partners and cannot guarantee their compliance with ethical and lawful business practices. If our suppliers, manufacturers, or retail partners fail to comply with applicable laws, regulations, safety codes, employment practices, human rights standards, quality standards, environmental standards, production practices, or other obligations, norms, or ethical standards, our reputation and brand image could be harmed, and we could be exposed to litigation, investigations, enforcement actions, monetary liability, and additional costs that would harm our reputation, business, financial condition, results of operations and prospects.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

We primarily rely on the major suppliers for our shipping requirements. If we are not able to negotiate acceptable pricing and other terms with these suppliers or if one of the two experiences performance problems or other difficulties, it could negatively impact our operating results and our consumer or retail partner experience. Shipping vendors may also impose shipping surcharges from time to time. In addition, our ability to receive inbound inventory efficiently and ship products to consumers and retailers may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism, trade embargoes, customs and tax requirements and similar factors. For example, strikes at major international shipping ports have in the past impacted our supply of inventory from our third-party labels, studios, publishers, and suppliers, and the escalating trade dispute between the United States and China has and may in the future lead to increased tariffs, the revocation of current tariff exclusions for certain of our products, which may restrict the flow of the goods from China to the United States. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our products are not delivered in a timely fashion or are damaged or lost during the delivery process, our consumers could become dissatisfied and cease shopping on our site or retailer or third-party ecommerce sites, which could have an adverse effect on our business, financial condition, operating results, and prospects.

We are subject to risks related to online payment methods, including third-party payment processing-related risks.

We currently accept payments using a variety of methods, including checks, ACH, wire transfers, credit card, debit card, PayPal, and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements, fraud, and other risks. We also rely on third parties to provide payment processing services, and for certain payment methods, we pay interchange and other fees, which may increase over time and raise our operating costs and affect our ability to achieve or maintain profitability. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard, or PCI-DSS, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we (or a third-party processing payment card transactions on our behalf) suffer a security breach affecting payment card information, we may have to pay onerous and significant fines, penalties and assessments arising out of the major card brands' rules and regulations, contractual indemnifications or liability contained in merchant agreements and similar contracts, and we may lose our ability to accept payment cards for payment for our goods and services, which could materially impact our operations and financial performance.

Furthermore, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. As we offer new payment options to consumers, including by way of integrating emerging mobile and other payment methods, we may be subject to additional regulations, compliance requirements and fraud. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from consumers or facilitate other types of online payments.

We also occasionally receive orders placed with fraudulent data and we may ultimately be held liable for the unauthorized use of a cardholder's card number in an illegal activity and be required by card issuers to pay charge-back fees. Charge-backs result not only in our loss of fees earned with respect to the payment, but also leave us liable for the underlying money transfer amount. If our chargeback rate becomes excessive, card associations also may require us to pay fines or refuse to process our transactions. To mitigate credit card fraud, we use Kount to score all credit card orders for risk of fraud. In addition, we may be subject to additional fraud risk if third-party service providers or our employees fraudulently use consumer information for their own gain or facilitate the fraudulent use of such information. Overall, we may have little recourse if we process a criminally fraudulent transaction. If any of these events were to occur, our business, financial condition, results of operations and prospects could be adversely affected.

We rely on third-party suppliers, labels, studios, publishers, suppliers, retail and ecommerce partners and other vendors, and they may not continue to produce products or provide services that are consistent with our standards or applicable regulatory requirements, which could harm our brand, cause consumer dissatisfaction, and require us to find alternative suppliers of our products or services.

We do not own or operate any manufacturing facilities. We use multiple third-party suppliers and labels, studios, publishers, suppliers based primarily in the United States, China and Mexico and other countries to a lesser extent, to manufacture and supply all the products we offer and sell.

We engage many of our third-party suppliers and labels, studios, publishers, suppliers on a purchase order basis and in most cases are not party to long-term contracts with them. The ability and willingness of these third parties to supply and manufacture the products we offer, and sell may be affected by competing orders placed by other companies and the demands of those companies. If we experience significant increases in demand or need to replace a significant number of existing suppliers or manufacturers, there can be no assurance that additional supply and manufacturing capacity will be available when required on terms that are acceptable to us, or at all, or that any supplier or manufacturer will allocate sufficient capacity to us to meet our requirements. Furthermore, our reliance on suppliers and manufacturers outside of the United States, the number of third parties with whom we transact and the number of jurisdictions to which we sell complicates our efforts to comply with customs duties and excise taxes; any failure to comply could adversely affect our business. In addition, quality control problems, such as the use of materials and delivery of products that do not meet our quality control standards and specifications or comply with applicable laws or regulations, could harm our business. Quality control problems could result in regulatory action, such as restrictions on importation, products of inferior quality or product stock outages or shortages, harming our sales and creating inventory write-downs for unusable products.

We have also outsourced minute portions of our fulfillment process, as well as certain technology-related functions, to third-party service providers. Specifically, we are dependent on third-party vendors for credit card processing, and we use third-party hosting and networking providers to host our sites. The failure of one or more of these entities to provide the expected services on a timely basis, or at all, or at the prices we expect, or the costs and disruption incurred in changing these outsourced functions to being performed under our management and direct control or that of a third party, could have an adverse effect on our business, financial condition, results of operations and prospects.

We are party to short-term contracts with some of our retail and ecommerce partners, and upon expiration of these existing agreements, we may not be able to renegotiate the terms on a commercially reasonable basis, or at all.

Further, our third-party labels, studios, publishers, suppliers and retail and ecommerce partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our instructions, requests, policies, or objectives;
- be unable or unwilling to fulfill their obligations under relevant purchase orders, including obligations to meet our production deadlines, quality standards, pricing guidelines and product specifications, and to comply with applicable regulations, including those regarding the safety and quality of products;
- have financial difficulties;
- encounter raw material or labor shortages;
- encounter increases in raw material or labor costs which may affect our procurement costs;
- encounter difficulties with proper payment of custom duties or excise taxes;
- disclose our confidential information or intellectual property to competitors or third parties;
- engage in activities or employ practices that may harm our reputation; and
- work with, be acquired by, or come under control of, our competitors.

Risks Related to Our Debt

Alliance's existing and any future indebtedness could adversely affect its ability to operate its business.

On December 31, 2023, the Company as Parent and Guarantor, certain of its subsidiaries from time to time party thereto, as Borrowers and/or Guarantors, White Oak Commercial Finance, LLC, as administrative agent, and the other lenders from time to time party thereto, entered into a Loan and Security Agreement (the "Credit Agreement") which provides for a $120 million senior secured revolving credit facility (the "Revolving Credit Facility"). The Revolving Credit Facility matures on December 21, 2026 (the "Revolving Credit Facility Maturity Date"). As of June 30, 2025, the Company had approximately $57 million outstanding under the Revolving Credit facility (see Note 8 to Notes to Consolidated Financial Statements)

Borrowings under the Revolving Credit Facility bear interest at the 30-day SOFR rate, subject to a floor rate of 2.00%, plus a margin of 4.5% to 4.75%, depending on the level of the Company's utilization of the facility and consolidated fixed charge coverage ratio. The effective interest rate for the period from execution of the Revolving Credit Facility through June 30, 2025 and 2024, was 9.25% and 9.5% respectively.

On June 30, 2025, the Company entered into an amendment to which reduced the applicable interest rate margin from a range of 4.5% – 4.75% to a range of 4.0% – 4.25%, effective immediately. The Company expects the reduction in the applicable interest rate range to decrease its interest expense in future periods.

The Credit Agreement is secured by a first priority security interest on the Company's and the borrowers' and other guarantors' cash, accounts receivable, books and records and related assets. In addition, the Revolving Credit Facility contains certain financial covenants, financial reporting requirements and affirmative covenants with which the Company is required to comply.

A breach of the covenants under the Credit Agreement could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Credit Facility could permit the lenders under the Credit Agreement to terminate all commitments to extend further credit under the Credit Agreement. Furthermore, if we were unable to repay the amounts due and payable under the Credit Agreement, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lender accelerates the repayment of our borrowings, we may not have sufficient assets to repay that indebtedness.

The Revolving Credit Facility also includes an unused commitment fee of 0.25%. Upon the reduction or termination of the commitments under the Revolving Credit Facility prior to the Revolving Credit Facility Maturity Date, the Company will be required to pay an early termination fee of 2.0% if reduced or terminated prior to December 21, 2024, or 1.0% if reduced or terminated after December 21, 2024 but before August 21, 2025 plus an amount of minimum interest if reduced or terminated on or prior to June 21, 2025. The Company did not reduce or terminate the facility, and as of June 30, 2025, the early termination fee provisions had expired. The Company remains subject to the unused commitment fee.

Availability under the Revolving Credit Facility is limited by formula based on eligible accounts receivable and eligible inventory, subject to adjustment at the discretion of the lenders.

Alliance's outstanding indebtedness, including any additional indebtedness beyond our borrowings under the Credit Agreement, combined with its other financial obligations and contractual commitments could have significant adverse consequences, including:

- Requiring us to dedicate a portion of our cash resources to the payment of interest and principal, reducing money available to fund working capital, capital expenditures, potential acquisitions, international expansion, new product development, new enterprise relationships and other general corporate purposes;
- Increasing our vulnerability to adverse changes in general economic, industry and market conditions;
- Subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions or obtain further debt or equity financing;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we compete; and
- Placing us at a competitive disadvantage compared to our competitors that have less debt or better debt servicing options.

We intend to satisfy our current and future debt service obligations with our then existing cash. However, we may not have sufficient funds and may be unable to arrange for additional financing to pay the amounts due under the Revolving Credit Facility or any other debt instruments. Failure to make payments or comply with other covenants under our existing credit facility or such other debt instruments could result in an event of default and acceleration of amounts due, which would have a material adverse effect on our business.

A breach of the covenants under the Revolving Credit Facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Revolving Credit Facility could permit the lenders under the Revolving Credit Facility to terminate all commitments to extend further credit under the Revolving Credit Facility. Furthermore, if we were unable to repay the amounts due and payable under the Revolving Credit Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lender accelerates the repayment of our borrowings, we may not have sufficient assets to repay that indebtedness.

Covenants and events of default under Alliance's Credit Facility could limit our ability to undertake certain types of transactions and adversely affect our liquidity.

A breach of the covenants under the Revolving Credit Facility could result in an event of default under the applicable indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. In addition, an event of default under the Revolving Credit Facility could permit the lenders under the Revolving Credit Facility to terminate all commitments to extend further credit under the Revolving Credit Facility. Furthermore, if we were unable to repay the amounts due and payable under the Revolving Credit Facility, those lenders could proceed against the collateral granted to them to secure that indebtedness. In the event our lender accelerates the repayment of our borrowings, we may not have sufficient assets to repay that indebtedness.

Government efforts to combat inflation, along with other interest rate pressures arising from an inflationary economic environment, could lead to us to incur even higher interest rates and financing costs.

Inflation has risen on a global basis, the United States has been experiencing historically high levels of inflation, and government entities have taken various actions to combat inflation, such as raising interest rate benchmarks. Government entities may continue their efforts, or implement additional efforts, to combat inflation, which could include among other things continuing to raise interest rate benchmarks and/or maintaining interest rate benchmarks at elevated levels. Such government efforts, along with other interest rate pressures arising from an inflationary economic environment, could lead to us to incur even higher interest rates and financing costs on our Credit Agreement with White Oak Commercial Financing, LLC. and have material adverse effects on our business, financial condition, and results of operations.

Our indebtedness may limit our availability of cash, cause us to divert cash to fund debt service payments or make it more difficult to take certain other actions.

We operate the business with an asset-based line of credit to fund working capital to support our Accounts Payable and our Inventory purchases.

- make it more difficult and/or costly for us to pay or refinance our debts as they become due, particularly during adverse economic and industry conditions, because a decrease in revenues or increase in costs could cause cash flow from operations to be insufficient to make scheduled debt service payments;
- require a substantial portion of our available cash to be used for debt service payments, thereby reducing the availability of our cash to fund working capital, capital expenditures, development projects, acquisitions or other strategic opportunities, dividend payments, share repurchases and other general corporate purposes;
- make it more difficult for us to raise capital to fund working capital, make capital expenditures, pay dividends, pursue strategic initiatives or for other purposes and result in higher interest expense, which could be further increased in case of current or future borrowings subject to variable rates of interest;
- require that materially adverse terms, conditions, or covenants be placed on us under our debt instruments, which could include, for example, limitations on additional borrowings or limitations on our ability to create liens, pay dividends, repurchase our common stock or make investments, any of which could hinder our access to capital markets or our flexibility in the conduct of our business and make us more vulnerable to economic downturns and adverse competitive industry conditions; and
- jeopardize our ability to pay our indebtedness if our business experienced a severe downturn.

If we were unable to obtain or service our other external financing, or if the restrictions imposed by such financing were too burdensome, our business would be harmed.

Due to the seasonal nature of our business, to meet our working capital needs, we rely on a revolving credit agreement that provides for a $120,000,000 committed revolving asset-based loan Revolving Credit Facility. The Revolving Credit Facility contains certain restrictive covenants setting forth leverage and coverage requirements and certain other limitations typical of an investment-grade facility. These restrictive covenants may limit our future actions as well as our financial, operating, and strategic flexibility.

Not only may our financial performance impact our ability to access external financing sources, but significant disruptions to credit markets in general may also harm our ability to obtain financing. In times of severe economic downturn and/or distress in the credit markets, it is possible that one or more sources of external financing may be unable or unwilling to provide funding to us. In such a situation, it may be that we would be unable to access funding under our existing credit facilities, and it might not be possible to find alternative sources of funding.

We also may choose to finance our capital needs, from time to time, through the issuance of debt securities. Our ability to issue such securities on satisfactory terms, if at all, will depend on the state of our business and financial condition, any ratings issued by major credit rating agencies, market interest rates, and the overall condition of the financial and credit markets at the time of the offering. The condition of the credit markets and prevailing interest rates have fluctuated significantly in the past and are likely to fluctuate in the future. Variations in these factors could make it difficult for us to sell debt securities or require us to offer higher interest rates in order to sell new debt securities. The failure to receive financing on desirable terms, or at all, could damage our ability to support our future operations or capital needs or engage in other business activities.

If we are unable to generate sufficient available cash flow to service our outstanding debt, we would need to refinance our outstanding debt or face default. We cannot guarantee that we would be able to refinance debt on favorable terms, or at all.

Risks Related to our Management

Our success is dependent on the efforts and dedication of our officers and other employees.

Our officers and employees are at the heart of all our efforts. It is their skill, innovation and hard work that drive our success. We compete with many other potential employers in recruiting, hiring, and retaining our management team and our many other skilled officers and employees around the world. The increasing prevalence of remote work creates further challenges in retaining employees as some employees desire more flexibility in their employment and the ability to work remotely opens more employment opportunities. The impact of failing to retain key employees can be high due to loss of key knowledge and relationships, loss of creative talent, lost productivity, hiring and training costs, all of which could result in lower profitability. We cannot guarantee that we will recruit, hire, or retain the key personnel we need to succeed.

Our future success also depends on the continued leadership of key executives, including Mr. Bruce Ogilvie, our Executive Chairman, and Mr. Jeff Walker, our Chief Executive Officer. The loss of any key members of our management team, including Mr. Ogilvie and Mr. Walker, or the failure to attract and retain talented individuals with the necessary skill sets for our diverse and evolving business could materially and adversely affect our operations and financial results. We cannot guarantee that we will successfully recruit, hire, or retain the personnel essential to our success.

If we fail to develop diverse top talent, we may be unable to compete, and our business may be harmed.

To compete successfully, we must continuously develop a diverse group of talented people. We promote a diverse and inclusive work environment. To that end, we have set goals and objectives with respect to hiring and retention of talented, diverse employees, who we believe will foster new ideas and perspectives that will benefit our business. Competition for diverse talent is intense. We cannot guarantee we will achieve our goals or that our actions will result in expected benefits to our business.

Alliance has engaged in transactions with related parties, and such transactions present possible conflicts of interest that could have an adverse effect on our business and results of operations.

Alliance has entered into transactions with related parties, including our two principal stockholders. We have entered into transactions with companies owned by Bruce Ogilvie and Jeffrey Walker, including GameFly Holdings, LLC. For the year ended June 30, 2025, and 2024, Alliance made sales of new release movies, video games, and video game consoles to GameFly Holdings LLC in the amount of $2.7 million and $8.4 million, respectively. GameFly, a customer of Alliance, is equally owned by Bruce Ogilvie and Jeff Walker, the two shareholders of Alliance. Alliance believes the amounts payable to GameFly are at fair market value. Although the agreement between Alliance and GameFly can be terminated by either party at any time, given Mr. Ogilvie's and Mr. Walker's positions with Alliance as Executive Chairman and Chief Executive Officer, respectively. We may in the future enter into additional transactions with entities in which majority shareholders, executive officers and members of our board of directors and other related parties hold ownership interests. See "Certain Relationships and Related Party Transactions."

Transactions with such related parties present potential for conflicts of interest, as the interests of the third-party owned related entity and its shareholders may not align with the interests of our stockholders with respect to the negotiation of, and certain other matters. For example, conflicts of interest may arise in connection with decisions regarding the structure and terms of the GameFly contract, contractual remedies, events of default and dealings with customers.

Pursuant to our related party transactions policy, all additional material related party transactions that we enter require either (i) the unanimous consent of our audit committee or (ii) the approval of a majority of the members of our board of directors. See "Certain Relationships and Related Party Transactions — Policies and Procedures for Related Party Transactions." Nevertheless, we may have achieved more favorable terms if such transactions had not been entered into with related parties and these transactions, individually or in the aggregate, may have an adverse effect on our business and results of operations or may result in government enforcement actions or other litigation.

Risks Related to Our Technology and Intellectual Property

Our business may be harmed if we are unable to protect our critical intellectual property rights.

Our intellectual property, including our trademarks and tradenames, copyrights, patents, and rights under our license agreements and other agreements that establish our intellectual property rights and maintain the confidentiality of our intellectual property, is of critical value. We rely on a combination of trade secret, copyright, trademark, patent, and other proprietary rights laws to protect our rights to valuable intellectual property in the U.S. and around the world. From time to time, third parties have challenged, and may in the future try to challenge, our ownership of our intellectual property in the U.S. and around the world. In addition, our business is subject to the risk of third parties counterfeiting our products or infringing on our intellectual property rights, as well as the risk of unauthorized third parties copying and distributing our entertainment content or leaking portions of planned entertainment content. We may need to resort to litigation to protect our intellectual property rights, which could result in substantial costs and diversion of resources. Similarly, third parties may claim ownership over certain aspects of our products, productions, or other intellectual property. Our failure to successfully protect our intellectual property rights could significantly harm our business and competitive position.

Failure to successfully operate our information systems and implement new technology effectively could disrupt our business or reduce our sales or profitability.

We rely extensively on various information technology systems and software applications to manage many aspects of our business, including product development, management of our supply chain, sale and delivery of our products, royalty and financial reporting and various other processes and transactions. We are critically dependent on the integrity, security and consistent operations of these systems and related back-up systems. These systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, malware and other cybersecurity breaches, catastrophic events such as hurricanes, fires, floods, earthquakes, tornadoes, acts of war or terrorism and usage errors by our employees or partners. The efficient operation and successful growth of our business depends on these information systems, including our ability to operate them effectively and to select and implement appropriate upgrades or new technologies and systems and adequate disaster recovery systems successfully. The failure of our information systems or third-party hosted technology to perform as designed or our failure to implement and operate them effectively could disrupt our business, require significant capital investments to remediate a problem or subject us to liability.

If our electronic data is compromised, our business could be significantly harmed.

We and our business partners maintain significant amounts of data electronically in locations around the United States and in the cloud. This data relates to all aspects of our business, including current and future products and entertainment under development, and also contains certain customer, consumer, supplier, partner and employee data. We maintain systems and processes designed to protect this data, but notwithstanding such protective measures, there is a risk of intrusion, cyber-attacks or tampering that could compromise the integrity and privacy of this data. Cyber-attacks are increasing in their frequency, sophistication, and intensity, and are becoming increasingly difficult to detect. They are often carried out by motivated, well-resourced, skilled, and persistent actors, including nation states, organized crime groups, “hacktivists” and employees or contractors acting with malicious intent. Cyber-attacks could include the deployment of harmful malware and key loggers, ransomware, a denial-of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of our technology systems and data. Cyber-attacks could also include supply chain attacks, which could cause a delay in the manufacturing of our products. In addition, we provide confidential and proprietary information to our third-party business partners in certain cases where doing so is necessary to conduct our business. While we obtain assurances from those parties that they have systems and processes in place to protect such data, and where applicable, that they will take steps to assure the protections of such data by third parties, those partners may also be subject to data intrusion or otherwise compromise the protection of such data. Any compromise of the confidential data of our customers, consumers, suppliers, partners, employees or ourselves, or failure to prevent or mitigate the loss of or damage to this data through breach of our information technology systems or other means could substantially disrupt our operations, harm our customers, consumers, employees and other business partners, damage our reputation, violate applicable laws and regulations, subject us to potentially significant costs and liabilities and result in a loss of business that could be material.

Risks Related to Matters Outside our Control That May Impact Our Business

Risks Related to International Trade Policies and Tariffs

We are subject to risks arising from changes in international trade policies, including the imposition of new or increased tariffs on imported goods. These risks are particularly relevant to our gaming and collectibles categories, where a significant portion of our inventory is sourced from foreign suppliers.

There have recently been significant changes to international trade policies and tariffs affecting imports and exports. Any significant increases in tariffs on goods or materials or other changes in trade policy could negatively affect our search for a target and/or our ability to complete a business combination.

Recently, the U.S. has implemented a range of new tariffs and increases to existing tariffs. In response to the tariffs announced by the U.S., other countries have imposed, are considering imposing and may in the future impose new or increased tariffs on certain exports from the United States. There is currently significant uncertainty about the future relationship between the United States and other countries with respect to trade policies, taxes, government regulations and tariffs, and we cannot predict whether and to what extent current tariffs will continue or trade policies will change in the future.

Tariffs, the threat of tariffs or increases in tariffs, could materially increase our cost of goods sold. While we may be able to offset some of these increases through price adjustments, there is no guarantee that market conditions will support such increases without negatively affecting consumer demand. In some cases, higher retail prices could increase revenues, but these effects are uncertain and highly dependent on our ability to maintain price elasticity and competitive positioning in the marketplace.

If we are unable to pass through increased costs or if supply chain disruptions prevent us from sourcing key products, our business, financial condition, results of operations, and cash flows could be materially and adversely affected.

Adverse economic conditions in the markets in which we and our employees, consumers, customers, suppliers, and manufacturers operate could negatively impact our ability to produce and ship our products, and lower our revenues, margins and profitability.

Various economic conditions in the markets we, our employees, consumers, customers, suppliers, and manufacturers operate, could have a significant negative impact on our revenues, profitability and business. The occurrence of adverse economic conditions can result in manufacturing and other work stoppages, slowdowns, and delays; shortages or delays in production or shipment of products or raw materials; delays or reduced purchases from customers and consumers; and other factors that cause increases in costs or delay in revenues. Inflation, such as what consumers in the U.S. and other economies are experiencing, can cause significant increases in the costs of other products which are required by consumers, such as gasoline, home heating fuels, or groceries, may reduce household spending on the discretionary products and entertainment we offer. Weakened economic conditions, higher interest rates, lowered employment levels or recessions may also significantly reduce consumer purchases of our products and spending on entertainment. Economic conditions may also be negatively impacted by terrorist attacks, wars, and other conflicts, such as the war in Ukraine, natural disasters, increases in critical commodity prices or labor costs, or the prospect of such events. Such a weakened economic and business climate, as well as consumer uncertainty created by such a climate, could significantly harm our revenues and profitability.

Our success and profitability not only depend on consumer demand for our products, but also on our ability to produce and sell those products at costs which allow us to make a profit. Rising fuel and raw material prices, due to inflation or otherwise, for paperboard and other components such as resin used in plastics or electronic components, increased transportation and shipping costs, and increased labor costs in the markets in which our products are manufactured all may increase the costs we incur to produce and transport our products, which in turn may reduce our margins, reduce our profitability and harm our business.

Changes in U.S., global or regional economic conditions could harm our business and financial performance.

Our financial performance is impacted by the level of discretionary consumer spending in the markets in which we operate. Reductions in stimulus payments provided to consumers, high inflation and rising interest rates on credit cards could impact discretionary spending. Recessions, credit crises and other economic downturns, or disruptions in credit and financial markets in the U.S. and in other markets in which we operate can result in lower levels of economic activity, lower employment levels, less consumer disposable income, and lower consumer confidence. Similarly, reductions in the value of key assets held by consumers, such as their homes or stock market investments, can lower consumer confidence and consumer spending power. Any of these factors can reduce the amount which consumers spend on the purchase of our products and entertainment. This in turn can reduce our revenues and harm our financial performance and profitability.

Our global operations mean we transact business in many different jurisdictions with many different currencies. As a result, if the exchange rate between the U.S. dollar and a local currency for an international market in which we have significant sales or operations changes, our financial results as reported in U.S. dollars, may be meaningfully impacted even if our business in the local currency is not significantly affected. Similarly, our expenses can be significantly impacted, in U.S. dollar terms, by exchange rates, meaning the profitability of our business in U.S. dollar terms can be negatively impacted by exchange rate movements which we do not control. Depreciation in key currencies may have a significant negative impact on our revenues and earnings as they are reported in U.S. dollars.

Our quarterly and annual operating results may fluctuate due to seasonality in our business and union strikes impacting the availability of content.

Sales of our music, video movies, video games and other entertainment products are seasonal, with an increase of retail sales occurring during the period from October through December for the holiday season. This seasonality for our consumer products business has increased over time, as retailers become more and more efficient in their control of inventory levels through quick response or just in time inventory management techniques, including the use of automated inventory replenishment programs. Further, ecommerce continues to grow significantly and accounts for a higher portion of the ultimate sales of our products to consumers. Ecommerce retailers tend to hold less inventory and take inventory closer to the time of sale to consumers than traditional retailers. As a result, customers are timing their orders so that they are being fulfilled by suppliers, such as us, closer to the time of purchase by consumers. While these techniques reduce a retailer's investment in inventory, they increase pressure on suppliers like us to fill orders promptly and thereby shift a significant portion of inventory risk and carrying costs to the supplier. This can also result in our losing significant revenues and earnings if our supply chain is unable to supply product to our customers when they want it.

The level of inventory carried by retailers may also reduce or delay retail sales resulting in lower revenues for us. If we or our customers determine that one of our products is more popular at retail than was originally anticipated, we may not have sufficient time to procure and ship enough additional products to fully meet consumer demand. Additionally, the logistics of supplying more product within shorter time periods increases the risk that we will fail to achieve tight and compressed shipping schedules, which also may reduce our sales and harm our financial performance.

Our entertainment business is also subject to seasonal variations based on the timing of music, television, film, gaming content releases. Release dates are determined by several factors, including the timing of holiday periods, geographical release dates and competition in the market.

This seasonal pattern of our business requires significant use of working capital, mainly to purchase inventory during the months prior to the holiday season and requires accurate forecasting of demand for products during the holiday season in order to avoid losing potential sales of popular products or producing excess inventory of products that are less popular with consumers. Our failure to accurately predict and respond to consumer demand, resulting in our underproducing popular items and/or overproducing less popular items, would reduce our total sales and harm our results of operations.

As a result of the seasonal nature of our business, we would be significantly and adversely affected, in a manner disproportionate to the impact on a company with sales spread more evenly throughout the year, by unforeseen events such as a natural disaster, a terrorist attack, economic shock or pandemic that harms the retail environment or consumer buying patterns during our key selling season, or by events such as strikes or port delays or other supply chain challenges that interfere with the shipment of goods, particularly from the Far East, during the critical months leading up to the holiday shopping season.

Risks Related to Taxes and Government Related Matters

We face additional tax liabilities and collection obligations. Changes in, or differing interpretations of, income tax laws and rules, and changes in our geographic operating results, may impact our effective tax rate.

We are subject to income taxes in the United States and the United Kingdom, as well as tax collection and reporting obligations in various other jurisdictions where we conduct business. Changes in tax laws, regulations, or their interpretations, whether at the federal, state, or international level, could increase our tax liabilities or compliance costs. For example, the OECD's Pillar Two initiative has resulted in the implementation of a 15% global minimum tax in the European Union and other jurisdictions, and additional countries are actively considering similar legislation. At this time, we do not expect these developments to have a material impact on our effective tax rate or financial position, but we continue to monitor legislative activity across relevant jurisdictions.

In the U.S., the Inflation Reduction Act of 2022 introduced a corporate alternative minimum tax and a 1% excise tax on certain stock repurchases. These provisions currently do not have a material effect on our consolidated financial statements. In addition, we are subject to routine audits by domestic and international tax authorities. The outcome of tax audits or disputes, changes in applicable tax laws or rates, or changes in the recognition of deferred tax assets could materially affect our effective tax rate, income tax expense, or cash flows.

We are subject to various government regulations, violations of which could subject us to sanctions or otherwise harm our business. In addition, we could be the subject of future product liability suits or merchandise recalls, which could harm our business.

We are subject to significant government regulations, including, in the U.S., under The Consumer Products Safety Act, The Federal Hazardous Substances Act, and The Flammable Fabrics Act, as well as under product safety and consumer protection statutes in our international markets. In addition, certain of our products are subject to regulation by the Food and Drug Administration or similar international authorities. Advertising to children is subject to regulation by the Federal Trade Commission, the Federal Communications Commission, and a host of other agencies globally, and the collection of information from children under the age of 13 is subject to the provisions of the Children's Online Privacy Protection Act and other privacy laws around the world. The collection of personally identifiable information from anyone, including adults, is under increasing regulation in many markets, such as the General Data Protection Regulation adopted by the European Union, and data protection laws in the United States and in a number of other counties. While we take all the steps, we believe are necessary to comply with these acts and regulations, we cannot assure you that we will be in compliance and, if we fail to comply with these requirements or other regulations enacted in the future, we could be subject to fines, liabilities or sanctions which could have a significant negative impact on our business, financial condition and results of operations. We may also be subject to involuntary product recalls or may voluntarily conduct a product recall. While costs associated with product recalls have generally not been material to our business, the costs associated with future product recalls individually or in aggregate in any given fiscal year could be significant. In addition, any product recall, regardless of direct costs of the recall, may harm the reputation of our products and have a negative impact on our future revenues and results of operations.

As a multinational corporation, we are subject to a host of governmental regulations throughout the world, including antitrust, employment, customs and tax requirements, anti-boycott regulations, environmental regulations, and the Foreign Corrupt Practices Act. Complying with these regulations imposes costs on us which can reduce our profitability and our failure to successfully comply with any such legal requirements could subject us to monetary liabilities and other sanctions that could further harm our business and financial condition.

Risks Related to Litigation

We may face increased costs in achieving our sustainability goals and any failure to achieve our goals could result in reputational damage.

We view sustainability challenges as opportunities to innovate and continuously improve our product design and operational efficiencies. We also believe the long-term viability and health of our own operations and our supply chain, and the significant potential for environmental improvements, are critical to our business success. We have set key goals and objectives in this area as described in our business section of this Form 10-K.

We devote significant resources and expenditure to help achieve these goals. It is possible that we will incur significant expense in trying to achieve these goals with no assurance that we will be successful. Additionally, our reputation could be damaged if we fail to achieve our sustainability goals, or if we or others in our industry do not act, or are perceived not to act, responsibly with respect to the production and packaging of our products.

Our entertainment business involves risks of liability claims for media content, which could adversely affect our business, results of operations and financial condition.

As a distributor of media content, we may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement, and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on our business, results of operation and financial condition.

We are involved in litigation, arbitration or regulatory matters where the outcome is uncertain, and which could entail significant expense.

As a larger multinational corporation, we are subject to regulatory investigations, risks related to internal controls, litigation and arbitration disputes, including potential liability from personal injury or property damage claims by the users of products that have been or may be developed by us, claims by third parties that our products infringe upon or misuse such third parties' property or rights, or claims by former employees for employment related matters. Because the outcome of litigation, arbitration and regulatory investigations is inherently difficult to predict, it is possible that the outcome of any of these matters could entail significant cost for us and harm our business. The fact that we operate in a significant number of international markets also increases the risk that we may face legal and regulatory exposures as we attempt to comply with a large number of varying legal and regulatory requirements. Any successful claim against us could significantly harm our business, financial condition, and results of operations.

On June 6, 2024, Office Create Corporation filed a complaint against COKeM International Ltd. ("COKeM") in the United States District Court for the District of Minnesota alleging contributory trademark infringement, contributory false designation of origin and unjust enrichment relating to COKeM's [alleged] distribution of a specific video game, Cooking Mama: Cookstar. Office Create Corporation is seeking damages of no less than $20,913,200, plus interest of 9% accruing from October 3, 2022. On August 29, 2024, COKeM filed a response denying all allegations. COKeM intends to vigorously defend the lawsuit. On September 12, 2024, COKeM filed a Third-Party Complaint against Planet Entertainment LLC and Steven Grossman asserting claims for indemnification and contribution. Mediation has been postponed. Office Create Corporation has filed an amended complaint impleading the former owner, chairman, CFO and SVP of Sales for COKeM seeking willful trademark infringement claims and civil conspiracy. Alliance filed an amended Answer insofar as any new claims pertain to COKeM directly on March 12, 2025. The Amended Complaint is now seeking damages in excess of $35MM. The court did schedule a settlement conference for August 11, 2025 but Office Create Corporation cancelled it with no new date scheduled. COKeM has offered a settlement amount of $330,000 which has been rejected by Office Create Corporation. COKeM believes that Office Create Corporation is relying on case law that has been overturned and precedent that is not-binding in the 8th Circuit. COKeM has some insurance coverage for this claim with CNA but the policy is capped at $2.5 million for all claims and also has to be shared with the VPPA class action claim(s) discussed below.

On August 8, 2024, a class action complaint, Feller v. Alliance Entertainment, LLC and DirectToU, LLC, was filed under the Video Privacy Protection Act ("VPPA"). The complaint alleges that the Company violated the VPPA by disclosing users' personally identifiable information, as well as information regarding videos they viewed on the Company's website, to Facebook through the use of Facebook Pixel. The Company is evaluating the claims and intends to defend against the allegations vigorously. At this time, the potential outcome or range of financial impact cannot be reasonably estimated.

Jonathan Hoang To v. DirectToU, LLC, United States District Court for the Northern District of California; Case No. 3:24-cv-06447; Douglas Feller, Jeffry Haise, and Joseph Mull v. Alliance Entertainment, LLC and DirectToU, LLC, United States District Court for the Southern District of Florida, Case No. 0:24-cv-61444; and Vivek Shah v. DirectToU, LLC, JAMS Arbitration, No. 5220006749.- On or about September 12, 2024, Jonathan Hoang To, who allegedly used the website www.deepdiscount.com; Douglas Feller and Jeffry Haise, who allegedly used the website www.ccvideo.com; Joseph Mull and Vivek Shah, who allegedly used the website www.moviesunlimited.com. The lawsuits also put at issue any other website owned or operated by Alliance Entertainment, LLC ("Alliance") or one of its corporate affiliates, including the websites www.ccmusic.com and wowhd.co.uk. The lawsuits bring claims against DirectToU, LLC ("DirectToU") and/or Alliance, alleging a violation of the Video Privacy Protection Act ("VPPA") related to the alleged collection of, and alleged disclosure to Meta and other third parties, including data brokers, of alleged private information and user data regarding a user's account information and video viewing/ purchasing history from the respective Websites. Plaintiff Hoang To also alleges violations of California's state VPPA equivalent, as well as violations of California's Unfair Competition Law. DirectToU and Alliance dispute the allegations and will defend the lawsuits vigorously. The parties in the Hoang To matter have reached a settlement with respect to all potential class members. The settlement agreement has been submitted to the court for approval, slated for December 15, 2024. An approved settlement would cover the class members covered by the Feller matter, rendering such litigation moot. A motion to stay the Feller matter pending court approval of the settlement in Hoang To has been filed and granted. Counsel for the Feller parties filed a motion to intervene and stay the settlement in Hoang, which motions were rejected. The parties await final settlement approval. The settlement was rejected and the court has mandated the parties initiate discovery with respect to third-party data collection. The Alliance parties have filed a reply memorandum in support of its motion to compel arbitration on April 28, 2025. The parties reached a settlement on June 12, 2025, whereby COKem will pay to the class a settlement amount of $1.577MM and COKeM's insurance carrier CNA has approved to cover their part of the settlement amount. COKeM will have an estimated receivable of $1.377M. The company had accrued for the liability and the receivables from CNA on the balance sheet for the fiscal year ended June 30, 2025. The settlement approval before the court is pending and is expected to be ruled on in late October/early November 2025.

McConigle v. Alliance/DirectToU, LLC: On December 29, 2024, McConigle filed a class action lawsuit against the Company in the United States District Court for the Southern District of Florida (Case No. 0:24-cv-62443-DSL), alleging violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227 ("TCPA"). On August 8, 2025, subsequent to year-end, the parties entered into a settlement agreement for $70,000. The Company did not record an accrual for this matter as of June 30, 2025, as the amount was not considered material to the consolidated financial statements. The Company does not expect any further material impact from this matter.

Algomus v. Alliance: Alliance received a cease and desist notice from Algomus on July 24, 2025, alleging that Alliance breached a non-solicitation provision of a Master Services Agreement between the parties when Alliance agreed to become the Category Advisor for Walmart. Alliance responded to the letter on August 8, 2025, asserting that Algomus's position lacks merit. Alliance had been conducting business with Walmart prior to the Master Services Agreement, and Algomus and Walmart's relationship is not governed by the language of the non-solicitation provision.

On June 9, 2025, Sparkle Pop, LLC v. Alliance Entertainment Holding Corporation and Alliance Entertainment. LLC (U.S. Bankruptcy Court for MD-In Re Diamond Comic Distributors): Sparkle Pop has sued the Alliance entities in bankruptcy court alleging theft of trade secrets and tortious interference with contracts arising out of Alliance's successful bid and subsequent termination of the Asset Purchase Agreement in the DCD bankruptcy matter. Alliance brought a motion to dismiss the original complaint with prejudice, but during the pendency of the motion plaintiff filed an Amended Complaint. Alliance will file a motion to dismiss the Amended Complaint shortly.

Risks Related to Accounting Matters

Alliance Has Fully Remediated Previously Identified Material Weaknesses in Its Internal Controls Over Financial Reporting

During the fiscal year ended June 30, 2025, we believe we fully remediated previously identified material weaknesses in our internal control over financial reporting. As a result, management has concluded, based on its assessment conducted in accordance with Section 404(a) of the Sarbanes-Oxley Act, that our internal controls were effective as of June 30, 2025.

However, maintaining effective internal controls is an ongoing process subject to inherent limitations. Changes in personnel, evolving business processes, new systems implementations, or other factors may impact the effectiveness of our controls. Accordingly, there can be no assurance that additional material weaknesses will not be identified in the future. If we identify any new material weaknesses in the future, or if our remediation measures are not effective, any such newly identified or existing material weakness could limit our ability to prevent or detect a misstatement of our accounts or disclosures that could result in a material misstatement of our annual or interim financial statements. In such case, we may be unable to maintain compliance with securities law requirements regarding the timely filing of periodic reports, in addition to applicable stock exchange listing requirements. Investors may lose confidence in our financial reporting, and our stock price may decline as a result.

Prior to the Business Combination, Adara had accounted for its outstanding Warrants as a warrant liability and following the Business Combination, Alliance is now required to determine the value warrant liability for the Private Warrants quarterly, which could have a material impact on Alliance's financial position and operating results.

Included on Alliance's balance sheet as of June 30, 2025, and 2024, contained elsewhere in this Form 10-K, are derivative liabilities related to embedded features contained within the Warrants. Accounting Standards Codification 815, *Derivatives and Hedging* ("ASC 815") provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value being recognized in earnings in the statements of income and comprehensive income. As a result of the recurring fair value measurement, our financial statements and results of operations may fluctuate quarterly based on factors that are outside of our control. Due to the recurring fair value measurement, we expect that we will recognize non-cash gains or losses on our warrants each reporting period and that the amount of such gains or losses could be material.

Following the Business Combination, although Alliance has determined that the Public Warrants are treated as equity, Alliance is required to continue to recognize the changes in the fair value of the Private Warrants from the prior period, if any, in its operating results for the current period, which could have a material impact on Alliance's financial position and operating results.

Since Alliance currently qualifies as an "emerging growth company" and a "smaller reporting company" within the meaning of the Securities Act, it could make Alliance's securities less attractive to investors and may make it more difficult to compare Alliance's performance to the performance of other public companies.

Alliance qualifies as an "emerging growth company" and a "smaller reporting company" as defined in Rule 405 promulgated under the Securities Act and Rule12b-2 promulgated under the Exchange Act. As such, Alliance will be eligible for and intends to take advantage of certain exemptions from various reporting requirements applicable to other public companies, including (a) the exemption from the auditor attestation requirements with respect to internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act, (b) the exemptions from say-on-pay, say-on-frequency and say-on- golden parachute voting requirements and (c) reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. 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 Alliance is 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, which Alliance will not be able to do for its next fiscal year.

Even after Alliance no longer qualifies as an emerging growth company, it may still qualify as a "smaller reporting company" or "non-accelerated filer," which would allow it to continue to take advantage of many of the same exemptions from disclosure requirements, including not being required to comply with the auditor attestation requirements, Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements. Moreover, smaller reporting companies may choose to present only the two most recent fiscal years of audited financial statements in their Annual Reports on Form 10-K.

Investors may find the Class A common stock less attractive due to Alliance's reliance on these exemptions, which could result in a less active trading market for the stock and potentially greater price volatility.

Risks Related to Our Securities

The warrant agreement designates the courts of the State of New York or the United States District Court for the Southern District of New York as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by holders of the Warrants, which could limit the ability of warrant holders to obtain a favorable judicial forum for disputes with Alliance.

The warrant agreement provides that, subject to applicable law, (i) any action, proceeding or claim against us arising out of or relating in any way to the warrant agreement, including under the Securities Act, will be brought and enforced in the courts of the State of New York or the United States District Court for the Southern District of New York, and (ii) that we irrevocably submit to such jurisdiction, which jurisdiction shall be the exclusive forum for any such action, proceeding or claim. Alliance will waive any objection to such exclusive jurisdiction and that such courts represent an inconvenient forum.

Notwithstanding the foregoing, these provisions of the warrant agreement do not apply to suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal district courts of the United States of America are the sole and exclusive forum. Any person or entity purchasing or otherwise acquiring any interest in any of the Warrants shall be deemed to have notice of and to have consented to the forum provisions in the warrant agreement. If any action, the subject matter of which is within the scope the forum provisions of the warrant agreement, is filed in a court other than a court of the State of New York or the United States District Court for the Southern District of New York (a "foreign action") in the name of any holder of the Warrants, such holder shall be deemed to have consented to:

(x) the personal jurisdiction of the state and federal courts located in the State of New York in connection with any action brought in any such court to enforce the forum provisions (an "enforcement action"), and

(y) having service of process made upon such warrant holder in any such enforcement action by service upon such warrant holder's counsel in the foreign action as agent for such warrant holder.

This choice of forum provision may limit a warrant holder's ability to bring a claim in a judicial forum that it finds favorable for disputes with our company, which may discourage such lawsuits. Alternatively, if a court were to find this provision of our warrant agreement inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, Alliance may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

Alliance may redeem unexpired Warrants prior to their exercise at a time that is disadvantageous to a Warrant holder, thereby making the Warrants worthless.

Alliance has the ability to redeem outstanding Warrants at any time after they become exercisable and prior to their expiration, at a price of $0.01 per warrant, provided that the last reported sales price of the Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30 trading- day period commencing once the warrants become exercisable and ending on the third trading day prior to the date on which Alliance gives proper notice of such redemption and provided certain other conditions are met. If and when the Warrants become redeemable, Alliance may not exercise our redemption right if the issuance of shares of common stock upon exercise of the Warrants is not exempt from registration or qualification under applicable state blue sky laws or it is unable to affect such registration or qualification. Alliance will use its best efforts to register or qualify such shares of Class A common stock under the blue-sky laws of the state of residence in those states in which the Warrants were offered in the IPO, if necessary. Redemption of the outstanding warrants could force holders (i) to exercise the Warrants and pay the exercise price therefor at a time when it may be disadvantageous for a holder to do so, (ii) to sell Warrants at the then-current market price when the holder might otherwise wish to hold Warrants or (iii) to accept the nominal redemption price which, at the time the outstanding Warrants are called for redemption, is likely to be substantially less than the market value of the Warrants. None of the Private Warrants are redeemable by Alliance so long as they are held by the Sponsor or its permitted transferees.

If Warrant holders exercise Public Warrants on a "cashless basis," they will receive fewer shares of Alliance common stock from such exercise than if you were to exercise such warrants for cash.

There are circumstances in which the exercise of the Public Warrants may be required or permitted to be made on a cashless basis. First, if a registration statement covering the shares of Class A common stock issuable upon exercise of the Warrants is not effective by a specified date, warrant holders may, until such time as there is an effective registration statement, exercise warrants on a cashless basis in accordance with Section 3(a)(9) of the Securities Act or another exemption. Second, if a registration statement covering the Class A common stock issuable upon exercise of the warrants is not effective within a specified period following the consummation of the Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when Alliance shall have failed to maintain an effective registration statement, exercise Warrants on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act, provided that such exemption is available; if that exemption, or another exemption, is not available, holders will not be able to exercise their Warrants on a cashless basis.

Third, if Alliance calls the Public Warrants for redemption, Alliance's management will have the option to require all holders that wish to exercise Warrants to do so on a cashless basis. In the event of an exercise on a cashless basis, a holder would pay the Warrant exercise price by surrendering the Warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the "fair market value" (as defined in the next sentence) by (y) the fair market value. The "fair market value" for this purpose shall mean the average reported last sale price of the Class A common stock for the ten trading days ending on the third trading day prior to the date on which the notice of exercise is received by the warrant agent or on which the notice of redemption is sent to the holders of Warrants, as applicable. As a result, you would receive fewer shares of Class A common stock from such exercise than if you were to exercise such warrants for cash.

The receipt of cash proceeds from the exercise of our Warrants is dependent upon the market price exceeding the $11.50 exercise price and the Warrants being exercised for cash.

The receipt of cash proceeds from our Warrants' exercise depends on the market price exceeding the $11.50 exercise price and the Warrants being exercised for cash. The $11.50 exercise price per share of the Warrants is considerably higher than the $6.00 closing sale price of the Class A common stock on September 8, 2025. If the price of our Class A Common Stock remains below the respective Warrant exercise prices per share, warrant holders will unlikely cash exercise their Warrants, resulting in little or no cash proceeds to us.

In addition, we may lower the exercise price of the Warrants in accordance with the Warrant Agreement to induce the holders to exercise such warrants. We may affect such a reduction in exercise price without the consent of such warrant holders and such reduction would decrease the maximum amount of cash proceeds we would receive upon the exercise in full of the Warrants for cash. Further, the holders of the Private Warrants and the Underwriter Warrants may exercise such Warrants on a cashless basis at any time. The holders of the Public Warrants may exercise such Warrants on a cashless basis at any time a registration statement is not effective. A prospectus is not currently available for issuing Class A common stock shares upon such exercise. Accordingly, we would not receive any proceeds from a cashless exercise of Warrants.

Concentration of ownership among Alliance's executive officers, directors and their affiliates may prevent new investors from influencing significant corporate decisions.

As of the date of this Form 10-K, the executive officers and directors and their affiliates collectively beneficially owned, directly, or indirectly, excluding the Contingent Consideration Shares, approximately 99% of the outstanding Class A common stock.

As a result, these stockholders are able to exercise a significant level of control over all matters requiring stockholder approval, including the election of directors, appointment and removal of officers, any amendment of our Certificate of Incorporation and approval of mergers and other business combination transactions requiring stockholder approval, including proposed transactions that would result in Alliance's stockholders receiving a premium price for their shares and other significant corporate transactions. This control could have the effect of delaying or preventing a change of control or changes in and will make the approval of certain transactions difficult or impossible without the support of these stockholders.

An active trading market may not develop for our securities, and you may not be able to sell your Class A common stock at or above the price per share for which you purchased it.

Our Class A common stock shares are thinly traded, and we cannot predict when or if an active trading market will develop or how liquid that market might become. If such a market does not develop or is not sustained, it may be difficult for you to sell your shares of Class A common stock at a time or at price that is attractive to you, or at all.

The trading market for our Class A common stock in the future could be subject to wide fluctuations in response to several factors, including, but not limited to:

- Actual or anticipated variations in our results of operations.

- Our ability or inability to generate revenues or profit.
- The relatively small number of shares in our public float, which could exacerbate stock price volatility.
- Increased competition.

Furthermore, our stock price may be impacted by unrelated or disproportionate factors to our operating performance. These market fluctuations, along with general economic, political, and market conditions—such as recessions, interest rates, or international currency fluctuations—may adversely affect the market price of our Class A common stock. Due to our status as a smaller reporting company, the limited number of shares in our public float could contribute to extreme fluctuations in our Class A common stock price, increasing the risk of price volatility.

We might not be able to maintain the listing of our Class A common stock on the Nasdaq Capital Market.

Our Class A common stock and warrants are listed on the Nasdaq Capital Market. However, there can be no assurance that we will be able to maintain the listing standards of that exchange, which include requirements that we maintain our stockholders' equity, total value of shares held by unaffiliated stockholders, and market capitalization above certain specified levels. If we fail to maintain the Nasdaq listing requirements on an ongoing basis, our Class A common stock might cease to trade on the Nasdaq Capital Market, and may move to the OTCQX, OTCQB or OTC Pink Open Market operated by OTC Markets Group, Inc. These quotation services are generally considered to be less efficient, and to provide less liquidity, than the Nasdaq Capital Market.

If securities or industry analysts do not publish or cease publishing research or reports about Alliance, its business, or its market, or if they change their recommendations regarding Alliance's securities adversely, the price and trading volume of Alliance's securities could decline.

The trading market for Alliance's securities is influenced by the research and reports that industry or securities analysts may publish about Alliance, its business, market, or competitors. Securities and industry analysts do not currently, and may never, publish research on Alliance. If no securities or industry analysts commence coverage of Alliance, Alliance's share price and trading volume would likely be negatively impacted. If any of the analysts who may cover Alliance change their recommendation regarding Alliance's shares of common stock adversely, or provide more favorable relative recommendations about its competitors, the price of Alliance's shares of common stock would likely decline. If any analyst who may cover Alliance were to cease coverage of Alliance or fail to regularly publish reports on it, Alliance could lose visibility in the financial markets, which in turn could cause its share price or trading volume to decline.

Because we have no current plans to pay cash dividends on Alliance's common stock for the foreseeable future, you may not receive any return on investment unless you sell Alliance's common stock for a price greater than that which you paid for it.

Alliance may retain future earnings, if any, for future operations, expansion and debt repayment and has no current plans to pay any cash dividends for the foreseeable future. Any decision to declare and pay dividends as a public company in the future will be made at the discretion of Alliance's board of directors and will depend on, among other things, Alliance's results of operations, financial condition, cash requirements, contractual restrictions and other factors that Alliance's board of directors may deem relevant. In addition, Alliance's ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness it or its subsidiaries incur. As a result, you may not receive any return on an investment in the Class A common stock unless you sell your shares of common stock for a price greater than that which you paid for it.

Anti-takeover provisions in the Certificate of Incorporation and under Delaware law could make an acquisition of Alliance, which may be beneficial to its stockholders, more difficult and may prevent attempts by its stockholders to replace or remove Alliance's then current management.

The Certificate of Incorporation contains provisions that may delay or prevent an acquisition of Alliance or a change in its management. These provisions may make it more difficult for stockholders to replace or remove members of the board of directors. Because the board of directors is responsible for appointing the members of the management team, these provisions could in turn frustrate or prevent any attempt by the stockholders to replace or remove current management. In addition, these provisions could limit the price that investors might be willing to pay in the future for shares of Class A common stock. Among other things, these provisions include:

- the limitation of the liability of, and the indemnification of, its directors and officers.

- a prohibition on actions by its stockholders except at an annual or special meeting of stockholders.
- a prohibition on actions by its stockholders by written consent; and
- the ability of the board of directors to issue preferred stock without stockholder approval, which could be used to institute a "poison pill" that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by the board of directors.

Moreover, because Alliance is incorporated in Delaware, it is governed by the provisions of Section 203 of the Delaware General Corporation Law (the DGCL), which prohibits a person who owns 15% or more of its outstanding voting stock from merging or combining with Alliance for a period of three years after the date of the transaction in which the person acquired 15% or more of Alliance's outstanding voting stock, unless the merger or combination is approved in a prescribed manner. This could discourage, delay, or prevent a third party from acquiring or merging with Alliance, whether or not it is desired by, or beneficial to, its stockholders. This could also have the effect of discouraging others from making tender offers for Alliance's common stock, including transactions that may be in its stockholders' best interests. Finally, these provisions establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings. These provisions would apply even if the offer may be considered beneficial by some stockholders. For more information, see the section titled "*Description of Securities — Certain Anti-Takeover Provisions of Delaware Law and the Existing Certificate of Incorporation and Bylaws*."

The Certificate of Incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against our directors, officers, other employees or stockholders for breach of fiduciary duty and certain other actions may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of Delaware, the stockholder bringing the suit will, subject to certain exceptions, be deemed to have consented to service of process on such stockholder's counsel, which may have the effect of discouraging lawsuits against our directors, officers, other employees or stockholders.

The Certificate of Incorporation requires, to the fullest extent permitted by law, that derivative actions brought in the name of Alliance, actions against our directors, officers, other employees or stockholders for breach of a fiduciary duty owed by any officer, director or other employee of Alliance or Alliance's shareholders, any action asserting a claim against Alliance, its directors, officers or other employees arising pursuant to any provision of the DGCL or the Certificate of Incorporation or By-laws and certain other actions may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel except any action (A) as to which the Court of Chancery in the State of Delaware determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), (B) which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery or (C) for which the Court of Chancery does not have subject matter jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in the Certificate of Incorporation. This choice of forum provision may limit or make more costly a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees, or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in the Certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm Alliance's business, operating results and financial condition.

The Certificate of Incorporation provides that the exclusive forum provision will be applicable to the fullest extent permitted by applicable law, subject to certain exceptions. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. In addition, The Certificate of Incorporation provides that, unless Alliance consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall, to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, or the rules and regulations promulgated thereunder. There is, however, the uncertainty as to whether a court would enforce this provision and that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for state and federal courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

A possible "short squeeze" due to a sudden increase in demand of our Class A common stock that largely exceeds supply may lead to price volatility in our Class A common stock.

Investors may purchase our Class A common stock to hedge existing exposure in our Class A common stock or to speculate on the price of our Class A common stock. Speculation on the price of our Class A common stock may involve long and short exposures. To the extent aggregate short exposure exceeds the number of shares of our Class A common stock available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common stock for delivery to lenders of our Class A common stock. Those repurchases may in turn, dramatically increase the price of our Class A common stock until investors with short exposure are able to purchase additional Class A common stock to cover their short position. This is often referred to as a "short squeeze." A short squeeze could lead to volatile price movements in our common stock that are not directly correlated to the performance or prospects of our Class A common stock and once investors purchase the shares of Class A common stock necessary to cover their short position the price of our Class A common stock may decline.

We may issue additional shares of Class A common stock or preferred shares under the 2023 Plan, which would dilute the interest of our stockholders.

Pursuant to the Certificate of Incorporation, Alliance's authorized capital stock consists of 490,000,000 shares of Class A common stock, 60,000,000 shares of Alliance Class E common stock and 1,000,000 shares of preferred stock. As of the date of this 10-K, we have 50,957,370 shares of Class A common Stock outstanding and no shares of preferred stock outstanding. We may issue a substantial number of additional shares of common stock or shares of preferred stock under the 2023 Plan. Pursuant to Alliance's 2023 Omnibus Equity Incentive Plan, Alliance may issue an aggregate of up to 1,000,000 shares of Class A common stock, which amount may be subject to increase from time to time. For additional information about this plan, please read the discussion under the heading "*Alliance's Executive Compensation — Employee Benefit Plans*." Additionally, as of the date of this 10-K, Alliance has Warrants outstanding to purchase an aggregate of 9,920,090 shares of common stock. Alliance may also issue additional shares of common stock or other equity securities of equal or senior rank in the future in connection with, among other things, future acquisitions, or repayment of outstanding indebtedness, without stockholder approval, in a number of circumstances.

The issuance of additional common stock or preferred shares:

- may significantly dilute the equity interest of holders of Class A common stock.
- may subordinate the rights of holders of shares of common stock if one or more classes of preferred stock are created, and such shares of preferred stock are issued, with rights senior to those afforded to Class A common stock.
- could cause a change in control if a substantial number of shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and could result in the resignation or removal of our present officers and directors; and
- may adversely affect prevailing market prices for the Class A common stock and/or Warrants.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity

In the ordinary course of business, we receive, process, use, and store digitally large amounts of data, including customer data as well as confidential, sensitive, proprietary, and personal information. Maintaining the integrity and availability of our information technology systems and this information, as well as appropriate limitations on access and confidentiality of such information, is important to us and our business operations. To this end, we have implemented a program designed to assess, identify, and manage risks from potential unauthorized occurrences on or through our information technology systems that may result in adverse effects on the confidentiality, integrity, and availability of these systems and the data residing in them.

The program is managed by our executive management team, and includes mechanisms, controls, technologies, systems, policies, and other processes designed to prevent or mitigate data loss, theft, misuse, or other security incidents or vulnerabilities affecting the systems and data residing in them. We consult with and rely upon outside advisors and experts to assist us with assessing, identifying, and managing cybersecurity risks.

We consider cybersecurity, along with other significant risks that we face, within our overall enterprise risk management framework. Our Board of Directors has oversight for the most significant risks facing us and for our processes to identify, prioritize, assess, manage, and mitigate those risks. The Board of Directors receives periodic updates on cybersecurity and information technology matters and related risk exposures from management.

Item 2. Properties.

Our principal executive offices are located at 8201 Peters Road, Suite 1000, Plantation, FL 33324, and our telephone number is (954) 255-4000. We lease several distribution center facilities:

- *Shepherdsville, Kentucky* — A 662,087 square foot facility leased for $5.86 per square foot through January 31, 2031. with 3.25% annual increases to base rent. In addition, we retain the right to extend for an additional term of five years at fair market rent.
- *Shepherdsville, Kentucky* (Additional Storage Facility) We have vacated our previous cold storage building and moved to a new facility that charges $11.00 per pallet with a $14,000 monthly minimum, which equates to 1,273 pallets. This facility can accommodate up to 3,000 skids. There is no time limit set for this agreement
- *Shakopee, Minnesota* — A 29,688 square foot facility leased for $7.84 per square foot through September 30, 2025.

We also maintain marketing and sales offices in six cities throughout the United States and believe our facilities are adequate and suitable for our current business needs and expect to continue to reduce reliance on fixed office space in the future.

Item 3. Legal Proceedings.

Alliance is currently involved in, and may in the future be involved in, legal proceedings, claims, and government investigations in the ordinary course of business. These include proceedings, claims, and investigations relating to, among other things, regulatory matters, commercial matters, intellectual property, competition, tax, employment, pricing, discrimination, consumer rights, personal injury, and property rights.

Depending on the nature of the proceeding, claim, or investigation, the Company may be subject to monetary damage awards, fines, penalties, or injunctive orders. Furthermore, the outcome of these matters could materially adversely affect Alliance's business, results of operations, and financial condition. The outcomes of legal proceedings, claims, and government investigations are inherently unpredictable and subject to significant judgment to determine the likelihood and amount of loss related to such matters.

On June 6, 2024, Office Create Corporation filed a complaint against COKeM International Ltd. ("COKeM") in the United States District Court for the District of Minnesota alleging contributory trademark infringement, contributory false designation of origin and unjust enrichment relating to COKeM's [alleged] distribution of a specific video game, Cooking Mama: Cookstar. Office Create Corporation is seeking damages of no less than $20,913,200, plus interest of 9% accruing from October 3, 2022. On August 29, 2024, COKeM filed a response denying all allegations. COKeM intends to vigorously defend the lawsuit. On September 12, 2024, COKeM filed a Third-Party Complaint against Planet Entertainment LLC and Steven Grossman asserting claims for indemnification and contribution. Mediation has been postponed. Office Create Corporation has filed an amended complaint impleading the former owner, chairman, CFO and SVP of Sales for COKeM seeking willful trademark infringement claims and civil conspiracy. Alliance filed an amended Answer insofar as any new claims pertain to COKeM directly on March 12, 2025. The Amended Complaint is now seeking damages in excess of $35MM. The court did schedule a settlement conference for August 11, 2025 but Office Create Corporation cancelled it with no new date scheduled. COKeM has offered a settlement amount of $330,000 which has been rejected by Office Create Corporation. COKeM believes that Office Create Corporation is relying on case law that has been overturned and precedent that is not-binding in the 8th Circuit. COKeM has some insurance coverage for this claim with CNA but the policy is capped at $2.5 million for all claims and also has to be shared with the VPPA class action claim(s) discussed below.

On August 8, 2024, a class action complaint, *Feller v. Alliance Entertainment, LLC and DirectToU, LLC*, was filed under the Video Privacy Protection Act ("VPPA"). The complaint alleges that the Company violated the VPPA by disclosing users' personally identifiable information, as well as information regarding videos they viewed on the Company's website, to Facebook through the use of Facebook Pixel. The Company is evaluating the claims and intends to defend against the allegations vigorously. At this time, the potential outcome or range of financial impact cannot be reasonably estimated.

Jonathan Hoang To v. DirectToU, LLC, United States District Court for the Northern District of California; Case No. 3:24-cv-06447; Douglas Feller, Jeffry Haise, and Joseph Mull v. Alliance Entertainment, LLC and DirectToU, LLC, United States District Court for the Southern District of Florida, Case No. 0:24-cv-61444; and Vivek Shah v. DirectToU, LLC, JAMS Arbitration, No. 5220006749.- On or about September 12, 2024, Jonathan Hoang To, who allegedly used the website www.deepdiscount.com; Douglas Feller and Jeffry Haise, who allegedly used the website www.ccvideo.com; Joseph Mull and Vivek Shah, who allegedly used the website www.moviesunlimited.com. The lawsuits also put at issue any other website owned or operated by Alliance Entertainment, LLC ("Alliance") or one of its corporate affiliates, including the websites www.ccmusic.com and wowhd.co.uk. The lawsuits bring claims against DirectToU, LLC ("DirectToU") and/or Alliance, alleging a violation of the Video Privacy Protection Act ("VPPA") related to the alleged collection of, and alleged disclosure to Meta and other third parties, including data brokers, of alleged private information and user data regarding a user's account information and video viewing/ purchasing history from the respective Websites. Plaintiff Hoang To also alleges violations of California's state VPPA equivalent, as well as violations of California's Unfair Competition Law. DirectToU and Alliance dispute the allegations and will defend the lawsuits vigorously. The parties in the Hoang To matter have reached a settlement with respect to all potential class members. The settlement agreement has been submitted to the court for approval, slated for December 15, 2024. An approved settlement would cover the class members covered by the Feller matter, rendering such litigation moot. A motion to stay the Feller matter pending court approval of the settlement in Hoang To has been filed and granted. Counsel for the Feller parties filed a motion to intervene and stay the settlement in Hoang, which motions were rejected. The parties await final settlement approval. The settlement was rejected and the court has mandated the parties initiate discovery with respect to third-party data collection. The Alliance parties have filed a reply memorandum in support of its motion to compel arbitration on April 28, 2025. The parties reached a settlement on June 12, 2025, whereby COKeM will pay to the class a settlement amount of $1.577MM and COKeM's insurance carrier CNA has approved to cover their part of the settlement amount. COKeM will have an estimated receivable of $1.377M. The company has accrued the liability in current liabilities and the receivables in current assets on the balance sheet as of June 30, 2025. The settlement approval before the court is pending and is expected to be ruled on in late October/early November 2025.

Balabbo v Abysse America, Inc., Target Corporation, DirectToU, LLC (Prop 65): On or about December 11, 2024, DirectToU received a tender of defense from Target Corporation citing a possible violation of California Proposition 65 for a product sold by DirectToU allegedly containing lead. The product in question was supplied to Alliance by Abysse America. Alliance/DTU have tendered defense to Abysse. Abysse has engaged counsel to respond to the Prop 65 Violation Notice. At this time, Alliance/DTU have discontinued the product, but have documentation supplied by Abysse showing that the product was properly tested and was within allowable thresholds for lead and other substances.

Algomus v. Alliance: Alliance received a cease and desist notice from Algomus on July 24, 2025, alleging that Alliance breached a non-solicitation provision of a Master Services Agreement between the parties when Alliance agreed to become the Category Advisor for Walmart. Alliance responded to the letter on August 8, 2025, asserting that Algomus's position lacks merit. Alliance had been conducting business with Walmart prior to the Master Services Agreement, and Algomus and Walmart's relationship is not governed by the language of the non-solicitation provision.

On June 9, 2025, Sparkle Pop, LLC v. Alliance Entertainment Holding Corporation and Alliance Entertainment. LLC (U.S. Bankruptcy Court for MD-In Re Diamond Comic Distributors): Sparkle Pop has sued the Alliance entities in bankruptcy court alleging theft of trade secrets and tortious interference with contracts arising out of Alliance's successful bid and subsequent termination of the Asset Purchase Agreement in the DCD bankruptcy matter. Alliance brought a motion to dismiss the original complaint with prejudice, but during the pendency of the motion plaintiff filed an Amended Complaint. Alliance will file a motion to dismiss the Amended Complaint shortly.

McConigle v. Alliance/DirectToU, LLC: On December 29, 2024, McConigle filed a class action lawsuit against the Company in the United States District Court for the Southern District of Florida (Case No. 0:24-cv-62443-DSL), alleging violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227 ("TCPA"). On August 8, 2025, subsequent to year-end, the parties entered into a settlement agreement for $70,000. The Company did not record an accrual for this matter as of June 30, 2025, as the amount was not considered material to the consolidated financial statements. The Company does not expect any further material impact from this matter.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our Class A common stock and warrants are quoted on the NASDAQ under the symbol "AENT."

Holders

Although there are a larger number of beneficial owners, at June 30, 2025, there were 28 holders of record of our Class A common stock and 34 holders of record of our warrants.

Dividends

We have not paid any cash dividends on the Class A common stock to date. We may retain future earnings, if any, for future operations, expansion, and debt repayment, and we have no current plans to pay cash dividends for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of the Board and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions, and other factors that we may deem relevant. We do not anticipate declaring any cash dividends to holders of the Class A common stock in the foreseeable future. Further, our ability to declare dividends may be limited by the terms of financing or other agreements entered by us or our subsidiaries from time to time.

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Offerings

We had no sales of unregistered equity securities during the period covered by this annual report that were not previously reported in a Quarterly Report on Form 10-Q or a Current Report on Form 8-K.

Purchases of Equity Securities

We have not repurchased any shares of our common stock during the fiscal year ended June 30, 2025.

Item 6. Reserved.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The objective for the "Management's Discussion and Analysis of Financial Condition and Results of Operations" is to provide information the Company's management team believes is necessary to achieve an understanding of its financial condition and the results of business operations with particular emphasis on the Company's future and should be read in conjunction with the Company's audited consolidated financial statements, and footnotes.

This analysis contains forward-looking statements concerning the Company's performance expectations and estimates. Other than statements with historical context, commentary should be considered forward-looking and carries with it risks and uncertainties. See "Statement Regarding Forward-Looking Statements" and Part I, Item 1A. Risk Factors, of this Form 10-K for a discussion of other uncertainties, risks and assumptions associated with these statements.

Alliance is a leading global wholesaler and a key player in the entertainment industry, boasts a diverse portfolio of owned brands, including Critics' Choice, Collectors' Choice, Movies Unlimited, Heartland Music, DeepDiscount, popmarket, blowitoutahere, Fulfillment Express, importCDs GamerCandy, WowHD, and others. As a leading global wholesaler, direct-to-consumer ("DTC") distributor, and e- commerce provider, Alliance operates as the vital link between renowned international manufacturers of entertainment content, such as Universal Pictures, Warner Brothers Home Video, Walt Disney Studios, Sony Pictures, Lionsgate, Paramount, Universal Music Group, Sony Music, Warner Music Group, Microsoft, Nintendo, Take Two, Electronic Arts, Ubisoft, Square Enix, and others.

This pivotal role extends to connecting these manufacturers with top-tier retail partners both domestically and internationally. Notable partners encompass giants like Walmart, Amazon, Best Buy, Barnes & Noble, Wayfair, Costco, Dell, Verizon, BJ's Wholesale Club, Rent A Center, Kohl's, Target, Shopify, and others.

Employing an established multi-channel strategy, Alliance distributes physical media, entertainment products, hardware, and accessories across various platforms. Currently, the company sells its products, permitted for export, to more than 70 countries worldwide.

Alliance provides state-of-the art warehousing and distribution technologies, operating systems and services that seamlessly enable entertainment product transactions to better serve customers directly or through our distribution affiliates. These technology-led platforms with access to the Company's in stock inventory of over 340,000 SKU products, consisting of vinyl records, video games, compact discs, DVD, Blu-Rays, toys, electronics and collectables, combined with Alliance's sales and distribution network, create a modern entertainment physical product marketplace that provides the discerning customer with enhanced options on efficient consumer-friendly platforms inventory. Alliance is the retailers' back office for in-store and e-commerce solutions. All electronic data interchange ("EDI") and logistics are operational and ready for existing retail channels to add new products.

License Agreements

In January 2025, Alliance entered into an exclusive home entertainment distribution agreement with Paramount Pictures, designating Alliance as the sole distributor of Paramount's physical media – including DVDs, Blu-rays, and 4K UHD titles, across the United States and Canada. This strategic partnership significantly enhances Alliance's leadership in home entertainment distribution by providing direct access to Paramount's extensive library of blockbuster films and iconic TV series. The collaboration has already yielded positive results. This partnership not only strengthens relationships with major retailers and collectors but also reinforces Alliance's commitment to delivering high-quality entertainment products to consumers.

Merger and Business Acquisition

Alliance has a proven history of successfully acquiring and integrating competitors and complementary businesses. The Company will continue to evaluate opportunities to identify targets that meet strategic and economic criteria.

On December 17, 2024, we acquired Handmade by Robots from Bensussen Deutsch & Associates, LLC for $7.6 million. Handmade by Robots produces licensed vinyl figures that mimic the look of knitted or crocheted plush toys and feature characters from popular franchises such as DC Comics, Ghostbusters, Harry Potter, Star Trek, and Stranger Things. The acquisition was accounted for as an asset purchase, with the purchase price allocated to inventory, tooling equipment, and a trademark associated with the product line.

The Handmade by Robots acquisition enhances our portfolio by adding an exclusive collectible line that expands our reach into licensed pop culture merchandise. While the financial contribution of Handmade by Robots since the acquisition date has not been material to our consolidated results for fiscal 2025, we expect this product line to provide incremental revenue growth opportunities in future periods.

On February 10, 2023, Alliance completed its business combination with Adara Acquisition Corp., which was accounted for as a reverse recapitalization with Alliance treated as the accounting acquirer. As a result of this transaction, the Company continues to recognize non-cash fair value remeasurement adjustments related to its outstanding warrants. For the fiscal year ended June 30, 2025, the Company recorded a non-cash loss of $0.9 million related to changes in the fair value of its warrants, compared to a loss of $0.04 million for the fiscal year ended June 30, 2024. These adjustments may create volatility in reported results; however, they do not impact cash flows from operations.

Macroeconomic Uncertainties

Macroeconomic conditions, including persistent inflation, continued to influence our operating environment in fiscal 2025. Warehouse costs declined year-over-year, reflecting improved operating efficiencies, and interest expense under our credit facility decreased due to lower borrowings. At the same time, renewed tariff discussions on imported physical media and electronics present potential cost increases that could pressure future gross margins. While we did not experience material supply chain disruptions in fiscal 2025, we continue to monitor these factors and their potential impact on our business, financial condition, and results of operations. For further discussion of related risks, see Part I, Item 1A. 'Risk Factors.

Key Performance Indicators

Management monitors and analyzes key performance indicators to evaluate financial performance, including:

Net Revenue: To derive Net Revenue, the Company reduces total gross sales by customer returns, returns reserve, and allowances including discounts.

Cost of Revenues (excluding depreciation and amortization): Our cost of revenues reflects the total costs incurred to market and distribute products to customers. Changes in cost are impacted primarily by sales volume, product mix, product obsolescence, freight costs, and market development funds ("MDF").

Margins: To analyze profitability, the Company reviews gross and net margins in dollars and as a percentage of revenue by line of business and product line.

Operating Expenses: Our Operating Expenses are the direct and indirect costs associated with the distribution and fulfillment of products and services. They include both Distribution and Fulfillment and Selling, General and Administrative (SG&A) Expenses. The Distribution and Fulfillment Expenses are the payroll and operating expenses associated with the receipt, warehousing, and distribution of product.

Selling, General and Administrative Expenses: The Selling, General and Administrative Expenses are payroll and operating costs for Information Technology, Sales & Marketing, and General & Administrative functions. In addition, we include Depreciation and Amortization expenses and Transaction Costs, if applicable.

Balance Sheet Indicators: The Company views cash, product inventory, accounts payable, and working capital as key indicators of its financial position.

Alliance Entertainment Holding Corporation
Results of Income Year Ended June 30, 2025, Compared to Year Ended June 30, 2024

($ in thousands)	Year Ended June 30, 2025	Year Ended June 30, 2024
Net Revenues	$ 1,063,457	$ 1,100,483
Cost of Revenues (excluding depreciation and amortization)	930,605	971,594
Operating Expenses		
Distribution and Fulfillment Expense	40,375	48,818
Selling, General and Administrative Expense	55,992	57,651
Depreciation and Amortization	5,334	5,880
Transaction Costs	957	2,086
Restructuring Costs	73	280
(Gain) Loss on Disposal of Fixed Assets	(15)	33
Total Operating Expenses	102,716	114,748
Operating Income	30,136	14,141
Other Expenses		
Change in Fair Value of Warrants	853	41
Interest Expense	10,575	12,247
Total Other Expenses	11,428	12,288
Income Before Income Tax Expense (Benefit)	18,708	1,853
Income Tax Expense (Benefit)	3,630	(2,728)
Net Income	15,078	4,581
Other Comprehensive income (loss)	3	(2)
Total Comprehensive Income	15,081	4,579

Net Revenue: Year-over-year, total net revenues slightly decreased from $1,100 million to $1,063 million (-$37 million, -3%) for the year ended June 30, 2025. Like other U.S. retailers and distributors, we continue to face macroeconomic headwinds stemming from high interest rates, cautious consumer spending due to reduced purchasing power, and ongoing geopolitical uncertainties. Despite these challenges, Alliance Entertainment distinguishes itself as a value-added retail distributor with exclusive distribution rights for approximately 175 film and music studios and labels. Our robust portfolio of exclusive content, coupled with deep inventory levels, positions us to effectively serve both bulk B2B customers and the direct-to-consumer (DTC) market with a broad selection of products not readily available through other distributors. Our proprietary DTC distribution and inventory solutions—anchored by our consumer-direct subsidiary, DirectToU LLC which contributed approximately 37% of gross revenue for the year ended June 30, 2025, up from 36% in the prior year.

Year over year, vinyl record sales increased from $329 million to $340 million ($11 million, 3%) for the year ending June 30, 2025. This growth was driven by a 3.8% increase in sales volume, partly offset by a 0.5% reduction in the average selling price. The modest decline in pricing was outweighed by higher unit demand, resulting in overall revenue growth. Robust early demand and pre-sales ahead of Record Store Day in April 2025 also supported performance. We expect continued momentum from collectors and music enthusiasts drawn to the physical format and limited-edition releases. Notable vinyl releases during the twelve months ended June 30, 2025, included Taylor Swift's *The Tortured Poets Department* (including its Anniversary Anthology vinyl edition), Sabrina Carpenter's deluxe *Short n' Sweet*, Billy Idol's *Dream Into It* (his first new album in over a decade), Lorde's critically acclaimed *Virgin*, and Bruce Springsteen's archival box set *Tracks II: The Lost Albums.* Our leading vinyl distribution partners for the period included Walmart, Barnes & Noble, and Amazon.

Music Compact Discs (CDs) sales slightly decreased from $130 million to $125 million (-$5 million, -4%) for the year ended June 30, 2025. The decline was primarily the result of a 4.5% reduction in average selling price, which more than offset a modest 0.4% increase in unit volume. While consumer demand showed slight improvement, pricing pressure weighed on overall revenue performance. A key driver of the decline in average selling price for CD sales was increased pricing pressure and a shift in consumer purchases toward lower-priced formats. Throughout the year, interest in expanded anniversary re-issues, collector's editions, and multi-disc box sets remained steady. However, these premium formats represented a smaller share of total sales compared to prior years, as more consumers gravitated toward standard, lower-priced releases. This shift in product mix contributed to the overall decline in average selling price.

Physical movie sales, which include DVDs, Blu-Ray, and Ultra HD, increased from $204 million to $279 million (+$75 million, +37%) for the year ended June 30, 2025, versus the same period last year. Unit volume rose by 14.8% year over year, and an 18.8% increase in average selling price further amplified growth, resulting in strong overall revenue performance. The strong growth in physical movie sales was driven by a steady pipeline of theatrical releases and continued consumer interest in premium formats such as 4K Ultra HD and collectible SteelBooks. The launch of a new exclusive content partnership in January 2025 further strengthened our film portfolio, introducing a slate of high-profile titles that enhanced both our pricing power and retail visibility. This shift toward premium content significantly contributed to the increase in average selling price, even as overall volume declined. We expect this trend to continue, as brick-and-mortar retailers increasingly prioritize curated, high-value offerings to meet demand for omnichannel shopping experiences over lower-cost, mass-market inventory. With a robust content pipeline and strengthened retail partnerships, we are well-positioned to capitalize on evolving consumer preferences and deliver sustained growth across our physical media business.

Year-over-year, gaming sales decreased from $338 million to $255 million (-$83 million, -25%) for the 12 months ended June 30, 2025. Unit volume declined by 61.5%, reflecting limited hardware availability and delays in major game releases from key publishers. However, this was partially offset by a 93.4% increase in average selling price, driven by a stronger product mix that included more premium accessories, collector-focused items, and reduced discounting. The June 2025 release of the Nintendo Switch 2 also contributed to elevated price points but did not fully offset the steep drop in units sold. As a leading distributor of physical gaming products, we are well-positioned to benefit from the upcoming wave of next-generation console releases and growing demand for high-end gaming accessories. We continue to adapt our inventory and purchasing strategies to align with evolving industry trends and are prepared to support both retailers and consumers as the market rebounds.

For the year ended June 30, 2025, consumer products revenue, which includes Collectibles and Electronics, decreased from $43 million to $37 million (-$6 million, -14%) versus the prior year. Collectibles revenue totaled $22 million, down from $26 million the prior year (-$4 million, -15%). Unit volume increased 19.5%, but this growth was outweighed by a 30% decline in average selling price, resulting in lower overall revenue. Following our acquisition of Handmade by Robots, we anticipate a strong lineup of new theatrical and streaming releases that will drive collectible and merchandise sales, boosting margins. The collectibles market remains an integral part of the entertainment category, driven by its mix of nostalgic, investment, and intrinsic value. We continue to view this category as an important and profitable part of the entertainment ecosystem. Electronics revenue was $15 million, down slightly from $16 million in the prior year (-$1 million, -6%). This decline was driven by a 5.3% decrease in unit volume combined with a 4.1% decrease in average selling price. The softer pricing reflects ongoing competitive pressures and product mix shifts, while the modest volume decline indicates more stable demand compared to the prior year.

Cost of Revenues: Total cost of revenues, excluding depreciation and amortization, decreased from $972 million to $931 million ($41 million or 4%) year over year primarily due to the direct relation of product costs to sales volume. gross margin dollars increased $4 million year over year on lower sales and higher gross margins. Gross margins increased from 11.7% to 12.5% (+.8 percentage points) for the year ended June 30, 2025, versus June 30, 2024. The improvement in the gross margin was primarily driven by higher average selling prices and the successful launch of a new exclusive content partnership. Additionally, enhanced inventory management and increased vendor rebate activity contributed to stronger profitability and overall margin expansion.

Operating Expenses: Total Operating Expenses declined 10.3% and decreased as a percentage of revenue from 10.4% to 9.7% (.7 percentage points) year over year. Distribution and Fulfillment expenses declined in terms of absolute dollars and the percentage of revenue, and Selling General and Administrative (SG&A) expenses declined in terms of absolute dollars as well.

Total Distribution and Fulfillment Expense, as a percentage of net revenue, decreased from 4.4% to 3.8% (.6 percentage point) for the year ended June 30, 2025, versus the prior year. This improvement was driven by reductions in both fulfillment and payroll expenses, as we implemented a strategic plan to streamline operations without compromising service levels. In May 2024, we closed our Shakopee, MN warehouse and consolidated fulfillment operations in Shepherdsville, KY, enhancing efficiency, eliminating redundancies, and lowering operating costs for the twelve-month period. We also continue to invest in warehouse automation to reduce reliance on permanent labor, while leveraging temporary labor to manage fluctuations in demand. As a result, total fulfillment payroll expenses declined by $5 million, or 17%, for the year ended June 30, 2025. Despite historically low unemployment rates, the average cost per labor hour fell by 4.6% year over year. Additionally, non-payroll fulfillment costs, including storage, declined significantly, reflecting continued efforts to optimize warehouse operations and improve cost structure.

A key contributor to the decline in operating expenses was a $1.7 million, or 2.9%, reduction in Selling, General, and Administrative (SG&A) expenses for the year ended June 30, 2025, compared to the prior year. SG&A costs decreased from $57.7 million to $56 million, while remaining relatively steady as a percentage of net revenue at 5.3%, compared to 5.2% in the prior year. In addition to lower overhead, Transaction Costs fell from $2.1 million to $1.0 million. We continually review SG&A expenses, including business processes, to identify opportunities for further cost reductions and operational efficiency.

Interest Expense: Interest expense decreased from $12.2 million to $10.6 million ($1.6 million or 13.1%) for the year ended June 30, 2025, versus the prior year. The decrease was driven by both a lower average effective interest rate, which declined from 9.5% to 9.2%, and a reduction in the average revolver balance, which fell by $25.5 million (25%) from $103 million to $77.5 million for the year ended June 30, 2025.

Income Tax: For the year ended June 30, 2025, an income tax provision of $3.6 million was recorded compared to tax benefit of $2.7 million for the prior year. Alliance reported a pretax income of $18.7 million and $1.9 million for the years ended June 30, 2025, and 2024, respectively. The annual effective tax rate for the year ended June 30, 2025, was 19% due to an immaterial true up adjustment to deferred income taxes related to the net tax effects of temporary differences between the amount of assets and liabilities for accounting purposes and the amounts used for tax purposes.

Provision for income taxes, effective tax rate and statutory federal income tax rate for the years ended June 30, 2025, and 2024 were as follows:

($ in thousands)	**Year Ended June 30, 2025**	**Year Ended June 30, 2024**
Income tax provision (benefit)	$ 3,630	$ (2,728)
Effective tax rate	19%	147%
Statutory federal income tax rate	21%	21%

Non-GAAP Financial Measures: For the year ended June 30, 2025, we had non-GAAP Adjusted EBITDA of $36.5 million compared with Adjusted EBITDA of $24.3 million prior year or an improvement of $12.2 million year-over-year. We define Adjusted EBITDA as net income or loss adjusted to exclude: (i) income tax expense; (ii) other income (loss); (iii) interest expense; and (iv) depreciation and amortization expense and (v) other infrequent, non- recurring expenses. Our method of calculating Adjusted EBITDA may differ from other issuers and accordingly, this measure may not be comparable to measures used by other issuers. We use Adjusted EBITDA to evaluate our own operating performance and as an integral part of our planning process. We present Adjusted EBITDA as a supplemental measure because we believe such a measure is useful to investors as a reasonable indicator of operating performance. We believe this measure is a financial metric used by many investors to compare companies. This measure is not a recognized measure of financial performance under GAAP in the United States and should not be considered as a substitute for operating earnings (losses), net earnings (loss) from continuing operations or cash flows from operating activities, as determined in accordance with GAAP. See the table below for a reconciliation, for the periods presented, of our GAAP net income (loss) to Adjusted EBITDA.

($ in thousands)	**Year Ended June 30, 2025**	**Year Ended June 30, 2024**
Net Income	**$ 15,078**	**$ 4,581**
Add back:		
Interest Expense	10,575	12,247
Income Tax Expense (Benefit)	3,630	(2,728)
Depreciation and Amortization	5,334	5,880
EBITDA	**34,617**	**19,980**
Adjustments		
Transaction Costs	957	2,086
Restructuring Costs	73	280
Stock-based Compensation Expense	58	1,386
Change in Fair Value of Warrants	853	41
Contingent Loss	-	461
(Gain) Loss on Disposal of PPE	(15)	33
Adjusted EBITDA	**$ 36,543**	**$ 24,267**

LIQUIDITY AND CAPITAL RESOURCES

Liquidity: On December 21, 2023, Alliance Entertainment Holding Corporation entered into a Revolving Credit Facility, which is a three-year $120 million senior secured asset-based credit facility with White Oak Commercial Finance, LLC. The Revolving Credit Facility replaced the Company's revolver with Bank of America (the "Prior Credit Facility"). The Prior Credit Facility was scheduled to expire on December 31, 2023.

The Company has implemented certain strategic initiatives to reduce expenses and focus on the sale of higher margin products. As a result of the new credit facility, combined with these initiatives and the Company's financial performance for the year ended June 30, 2025, the Company has concluded that it has sufficient cash to fund its operations and obligations (from its cash on hand, operations, working capital and availability on the credit facility) for at least twelve months from the issuance of these consolidated financial statements.

Our primary sources of liquidity are existing cash provided by operating activities and borrowings under our credit facility. As of June 30, 2025, in addition to the $1.2 million of cash, we carried a $57 million revolver balance on our $120 million credit facility under the Loan and Security Agreement with White Oak Commercial Finance, LLC. Since June 30, 2024, our availability increased from $44 million to $54 million, an increase of $10 million, as we converted accounts receivable and inventory to cash which was used to reduce the revolver from $73 million to $57 million ($16 million or 22%) year over year.

($in millions)	**June 30, 2025**	**June 30, 2024**
Revolver Balance	$ 57	$ 73
Availability	54	44

The Company currently intends to continue relying primarily on its borrowing capacity under the Current Credit Facility, as well as any renewal or replacement of such facility, to fund working capital and other operational requirements. The availability of additional cash proceeds from the potential exercise of outstanding Warrants is contingent upon the market price of the Company's Class A common stock exceeding the Warrant exercise price of $11.50 per share. Given that the market price of the Class A common stock was $3.77 as of June 30, 2025, the Company does not currently expect Warrants to be exercised unless and until the market price exceeds the exercise price. Although the Company does not currently have any definitive plans to do so, it may seek to raise additional capital through the issuance of equity securities in the future, depending on market conditions, strategic opportunities and liquidity needs.

In addition, we may lower the exercise price of the Warrants in accordance with the Warrant Agreement to induce the holders to exercise such Warrants. We may effect such reduction in exercise price without the consent of such warrant holders and such reduction would decrease the maximum amount of cash proceeds we would receive upon the exercise in full of the Warrants for cash. Further, the holders of the Private Warrants and the Underwriter Warrants may exercise such Warrants on a cashless basis at any time and the holders of the Public Warrants may exercise such Warrants on a cashless basis at any time an effective registration statement is not available for the issuance of shares of Class A common stock upon such exercise. Accordingly, we would not receive any proceeds from a cashless exercise of Warrants.

Cash Flow: The following table summarizes our net cash provided by or used on operating activities, investing activities and financing activities for the periods indicated and should be read in conjunction with our consolidated financial statements for the year ended June 30, 2025 and 2024.

	Year Ended	
($ in thousands)	**June 30, 2025**	**June 30, 2024**
Net Income	$ 15,078	$ 4,581
Net Cash (Used In) Provided By:		
Operating Activities	26,809	55,773
Investing Activities	(8,134)	(117)
Financing Activities	18,571	(55,390)

For the year ended June 30, 2025, the Company generated $26.8 million in cash from operating activities on net income of $15.1 million, compared to $55.8 million in the prior year. The year-over-year change was primarily driven by a $10 million increase in net income and a $22 million increase in accounts payable, compared to an $18 million decrease in accounts payable in the prior year, reflecting the impact of improved cash management practices. Inventory increased by $5 million as of June 30, 2025, whereas in the prior year it had decreased by $49 million. The significant reduction in the prior year reflected efforts to draw down surplus inventory that had accumulated during the pandemic due to supply chain disruptions. That inventory had supported sales throughout fiscal 2024, contributing to the large swing. Additionally, working capital declined modestly by $3 million year over year—from $48 million to $45 million. Changes in the inventory and sales mix during fiscal 2025 led to higher payable balances to vendors offering extended payment terms.

Cash Flows used in investing activities for the 12 months ended June 30, 2025 were at $8 million. By comparison, for the 12 months ended June 30, 2024, cashflow used in investing activities was $0.1 million. In fiscal year 2025, Alliance Entertainment reported a significant increase in cash used for business acquisitions, totaling approximately $7.6 million. This outflow was related to a planned acquisition that ultimately did not materialize. Although the transaction was not completed, the funds had already been disbursed as part of the acquisition process. The company is currently in the process of recovering these funds, and the reimbursement is expected to be reflected in future reporting periods. This one-time event temporarily inflated investing cash outflows and does not reflect ongoing acquisition activity.

For the year ended June 30, 2025, net cash used in financing activities totaled $19 million, compared to $55 million in the prior year. The current year's financing activity primarily reflects net repayments on the revolving credit facility of $15.7 million, resulting from $986.1 million in payments and $970.4 million in borrowings. In contrast, the prior year saw heavier net repayments of $60.3 million. Additionally, there were no proceeds from shareholder loans in fiscal 2025, while the prior year included $46 million in inflows and $36 million in repayments. Other financing activities in the current year include $2.8 million in payments on financing leases, consistent with the prior year, which saw $3.0 million. Overall, the lower cash used in financing activities in fiscal 2025 reflects more moderate debt activity and the absence of shareholder-related financing transactions.

Critical Accounting Policies and Estimates

The consolidated financial statements and disclosures have been prepared in accordance with generally accepted accounting principles (GAAP), which require that management apply accounting policies, estimates, and assumptions that impact the results of operations and the reported amounts of assets and liabilities in the financial statements. Management uses estimates and judgments based on historical experience and other variables believed to be reasonable at the time. Actual results may differ from these estimates under a separate set of assumptions or conditions. Note 1 of the Notes to the Consolidated Financial Statements includes a summary of the significant accounting policies and methods used by the Company in the preparation of its consolidated financial statements. Significant estimates inherent in the preparation of the consolidated financial statements include management's estimates related to the sales returns reserve, customer rebates and discount reserves, inventory valuation, goodwill and intangible asset impairment, and the fair value of warrants. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Management believes that of the Company's significant accounting policies and estimates, the following involve a higher degree of judgment or complexity:

Inventory and Returns Reserve: Product inventory is recorded at the lower of cost or net realizable value. The valuation of inventory requires significant judgment and estimates, including evaluating the need for any adjustments to net realizable value related to excess or obsolete inventory to ensure that the inventory is reported at the lower of cost or net realizable value. For all product categories, the Company records any adjustments to net realizable value, if appropriate, based on historical sales, current inventory levels, anticipated customer demand, and general market conditions.

For the year ended June 30, 2025, the Company continued to perform a net realizable value analysis to determine if a reserve or write-down was necessary for excess or obsolete inventory. The key assumptions in this analysis included estimated monthly sales and the average sales price of inventory items. The analysis considered factors such as fluctuations in market prices, recent purchase invoices, and advertised prices, adjusted for potential discounts and costs to complete and sell.

The Company tests its goodwill for impairment when events or circumstances indicate that the fair value of the entity may be less than its carrying amount. For the year ended June 30, 2025, the Company performed a qualitative assessment of goodwill at the entity level, which is considered a single reporting unit. Based on this analysis, the Company determined that the fair value of the reporting unit exceeded its carrying value, and no impairment was recognized.

Intangible assets are carried at cost, less accumulated amortization, if applicable. Definite-lived intangible assets are amortized over their estimated useful lives, which range from 5 to 15 years. Indefinite-lived intangible assets, including certain trade names, are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that their carrying amount may not be recoverable. Goodwill is also tested for impairment at least annually, or more frequently if triggering events occur. There was no impairment of goodwill or other intangible assets for the year ended June 30, 2025.

Given the inherent uncertainties in the macroeconomic environment, including interest rates and economic conditions, actual results could differ from management's estimates, which could lead to future impairment charges.

Business Combinations — Valuation of Acquired Assets and Liabilities Assumed: The Company allocates the purchase price for each business combination, or acquired business, based upon (i) the fair value of the consideration paid and (ii) the fair value of net assets acquired, and liabilities assumed. The determination of the fair value of net assets acquired and liabilities assumed requires estimates and judgements of future cash flow expectations for the acquired business and the allocation of those cash flows to identifiable tangible and intangible assets. Fair values are calculated by applying estimates related to Internal Rate of Return (IRR) and Weighted Average Cost of Capital (WACC) assumptions as well as incorporating expected cash flows into industry standard valuation techniques. Goodwill is the amount by which the purchase price consideration exceeds the fair value of tangible and intangible assets acquired, less assumed liabilities. Intangible assets, such as customer relations and trade names, when identified, are separately recognized and amortized over their estimated useful lives, if considered definite lived. Acquisition costs are expensed as incurred and are included in the consolidated statements of income and comprehensive income.

Warrant Liability – The Company's warrant liability is remeasured at fair value as of the reporting period balance sheet date. The fair value of the Private Warrant was measured using the Black Scholes model approach. Significant inputs into the respective models at June 30, 2025, and June 30, 2024, are as follows:

	June 30, 2025	June 30, 2024
Stock Price	$ 3.77	$ 3.00
Exercise price per share	$ 11.50	$ 11.50
Risk-free interest rate	3.63%	4.41%
Expected term (years)	2.62	3.6
Expected volatility	47.1%	36.0%
Expected dividend yield	-	—

The warrants are scheduled to expire on February 10, 2028.

The significant assumptions using the Black Scholes model approach for valuation of the Private Placement Warrants and Representative Warrants were determined in the following manner:

- Risk-free interest rate: the risk-free interest rate is based on the U.S. Treasury rate with a term matching the time to expiration.
- Expected term: the expected term is estimated to be equivalent to the remaining contractual term.
- Expected volatility: expected stock volatility is based on daily observations of the Company's historical stock value and implied by market price of the Public Warrants, adjusted by guideline public company volatility.
- Expected dividend yield: expected dividend yield is based on the Company's anticipated dividend payments. As the Company has never issued dividends, the expected dividend yield is 0% and this assumption will be continued in future calculations unless the Company changes its dividend policy.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

Not applicable.

Item 8. Financial Statements and Supplementary Data.

This information appears following Item 15 of this annual report and is included herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

Our management, under the direction of and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of June 30, 2025. Based on the evaluation of our disclosure controls and procedures, our management concluded that, as of June 30, 2025, our disclosure controls and procedures were effective. The material weaknesses previously identified in our internal control over financial reporting have been fully remediated. The Company has implemented the necessary business processes and related internal controls to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of our financial statements in accordance with U.S. generally accepted accounting principles.

Remediation of Previously Identified Material Weaknesses in Internal Control Over Financial Reporting

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 a company's annual consolidated financial statements will not be prevented or detected on a timely basis.

As previously disclosed in our Annual Report for the fiscal year ended June 30, 2024, management identified material weaknesses in the Company's internal control over financial reporting related to (i) the control environment and certain entity-level controls, (ii) information technology general controls, and (iii) certain financial close and reporting processes. These material weaknesses arose primarily due to insufficient qualified personnel, ineffective segregation of duties, and a lack of appropriately designed and documented control activities.

Remediation of Material Weaknesses

As of June 30, 2025, management has completed the remediation of all previously identified material weaknesses. The following actions were taken to remediate the deficiencies:

- Entity-Level Controls: We enhanced our governance and oversight structure, including increased involvement by the Board of Directors and the Audit Committee in evaluating internal control matters. Additional accounting and compliance personnel were hired to strengthen the control environment and provide appropriate oversight of financial reporting functions.

- Information Technology General Controls: We designed and implemented new user access controls, including periodic access reviews for key IT systems. Logical access and segregation of duties were reinforced to mitigate the risk of unauthorized access. We also centralized key IT processes and engaged third-party service providers to support certain IT functions.

- Financial Close and Reporting Controls: We established formal accounting policies and procedures and implemented improved management review controls over key financial statement areas, including revenue recognition, inventory, accounts payable, payroll, income taxes, and journal entries. Monthly and quarterly close processes were strengthened through enhanced review of journal entries, account reconciliations, and financial analyses. We also implemented procedures to ensure the completeness and accuracy of information used in control execution. A third-party advisor was engaged to assist with documenting transaction flows and implementing key control activities across critical financial processes.

These remediation activities were overseen by management and the Audit Committee, which received regular updates on progress and testing outcomes. Management tested the design and operating effectiveness of the remediated controls, which had been in place and operating for a sufficient period, and concluded that, as of June 30, 2025, the controls were operating effectively. As a result, management has concluded that the previously reported material weaknesses have been fully remediated.

Ongoing Commitment to Internal Control Excellence

Although we have remediated the identified material weaknesses, we remain committed to maintaining a strong internal control environment. We will continue to monitor the effectiveness of our internal controls, address evolving risks, and make enhancements as necessary to support the reliability of our financial reporting and promptly address any future risks that may arise.

Management's Report on Internal Controls Over Financial Reporting

As required by SEC rules and regulations implementing Section 404 of the Sarbanes-Oxley Act, our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our consolidated financial statements for external reporting purposes in accordance with U.S. GAAP. Our internal control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of our company,

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors, and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect errors or misstatements in our consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

This Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm due to our status as an emerging growth company under the JOBS Act, and due to our non-accelerated filer status.

Changes in Internal Control over Financial Reporting

During the fiscal year ended June 30, 2025, the Company completed the implementation and testing of certain controls that had been operating for a sufficient period to demonstrate effectiveness, as part of the remediation efforts for previously identified material weaknesses in internal control over financial reporting. These changes did not materially affect our internal control over financial reporting.

As discussed in "Remediation of Previously Identified Material Weaknesses," these changes included enhancements to entity-level controls, the implementation of new user access and IT general controls, and improvements to our financial close and reporting processes. Management's evaluation of internal control over financial reporting, conducted in accordance with the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and pursuant to Rules 13a-15(d) and 15d-15(d) under the Exchange Act, concluded that, as of June 30, 2025, these controls were operating effectively. As a result, the previously reported material weaknesses have been fully remediated.

Item 9B. Other Information.

During the three months ended June 30, 2025, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

On June 30, 2025, the Company entered into a material definitive agreement in the form of an amendment to its already existing Credit Facility with White Oak, which reduced the applicable interest rate margin from a range of 4.5% – 4.75% to a range of 4.0% – 4.25%, effective immediately. The Company expects the reduction in the applicable interest rate range to decrease its interest expense in future periods.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Our current directors and executive officers are as follows:

Name	Age	Position
Bruce Ogilvie	67	Executive Chairman of the Board and AEC Director
Jeffrey Walker	57	Chief Executive Officer and AEC Director
Warwick Goldby	49	Chief Operating Officer
Amanda Gnecco	46	Chief Financial Officer
Robert Black	65	Chief Compliance Officer
W. Tom Donaldson III	48	Independent Director
Terilea J. Wielenga	66	Independent Director
Chris Nagelson	57	Independent Director

Ms. Gnecco was appointed Chief Financial Officer effective July 21, 2025, succeeding Jeffrey Walker in that role.

Bruce Ogilvie. Bruce Ogilvie has been Alliance's Executive Chairman since 2023 and has been Executive Chairman of Legacy Alliance since 2013. Prior to assuming his current role, in 1996 Bruce was selected by a bank group to turn around the 600-store chain, Wherehouse Records. Under Bruce's leadership Wherehouse emerged from bankruptcy within nine months and was sold to Cerberus Capital. Following his success with Wherehouse Records, Bruce bought a one-third interest in Super D in 2001 and assumed the role as CEO, joining with founders Jeff Walker and David Hurwitz. Bruce became the Chairman in 2013 after the merger of Super D and Alliance. Mr. Ogilvie has spent his entire career in the entertainment distribution industry starting with the founding of Abbey Road Distributors in 1980. Over the next 14 years, Bruce led Abbey Road's growth to over $94 million in sales and successfully sold the business in 1994. In 1995, Bruce was awarded E&Y's Distribution Entrepreneur of the Year Award for his work with Abbey Road.

Jeffrey Walker. Jeffrey Walker has been Alliance's Chief Executive Officer since February 2023, was Alliance's Chief Financial Officer from February 2023 until July 2025 and was Legacy Alliance's Chief Executive Officer since 2013. Mr. Walker has also been a director of Alliance since February 2023 and a director of Legacy Alliance since 2013. In 1990, Jeff co-founded the CD Listening Bar, Inc., a retail music store. A few years later, Jeff started wholesaling CDs from the back of the store, beginning the journey to create Super D, a music wholesaler founded in 1995. In 2001, Jeff and co-founder David Hurwitz sold a third of Super D to Bruce Ogilvie. Over the next decade, Bruce and Jeff continued to grow Super D's presence in the music wholesaling space, with the acquisition of Alliance in 2013. In 2015, Jeff was awarded E&Y's Distribution Entrepreneur of the Year award in Orange County. Mr. Walker received a bachelor's degree in economics from the University of California – Irvine.

Warwick Goldby. Warwick Goldby joined Alliance in November 2016 and previously served as Senior Vice President of Distribution Operations until his promotion to Chief Operations Officer in May 2024. Prior to serving as Senior Vice President of Distribution Operations, Mr. Goldby has held several positions with increasing responsibilities in the operations department at Alliance. Mr. Goldby graduated from the University of Natal, South Africa, with a bachelor's degree in Commerce.

Amanda Gnecco, CPA. Amanda Gnecco joined Alliance in August 2018 and previously as Senior Vice President, Accounting and Finance until May 2024, as Chief Accounting Officer in May 2024 until her promotion to Chief Financial Officer in July 2025. As Senior Vice President, Accounting and Finance, Ms. Gnecco, together with Mr. Black, has been responsible for overseeing Alliance's financial operations and financial and SEC reporting. Ms. Gnecco received a Master of Science in Accounting from the Keller Graduate School of Management and a B.S. in Accounting from Midwestern State University.

Robert Black. Robert Black joined Alliance in September 2019 and previously served as Senior Vice President, Accounting and Finance until his promotion to Chief Compliance Officer. In May 2024 As Senior Vice President, Accounting and Finance, Mr. Black, together with Ms. Gnecco, has been responsible for overseeing Alliance's financial operations and financial and SEC reporting. Prior to joining Alliance, Mr. Black served as Senior Finance Manager at Amazon.com, Inc. from March 2017 through August 2019. Mr. Black earned an M.B.A. from the University of Notre Dame Mendoza College of Business and a B.S. at Ferris State University in Industrial Relations and Machine Tool Technology.

Terilea J. Wielenga. Teri Wielenga has served as a director of Alliance since February 2023. Teri is a senior global finance executive, board director, and advisor with more than 30 years of experience at complex, highly regulated Fortune 500 companies and a Big Four accounting firm. She is retired from Gilead Sciences (Nasdaq: GILD) where she served as Vice President, Head of Global Tax Policy and Strategy, and served as board director, secretary, and treasurer for The Gilead Foundation., She currently serves as audit committee chair for the Arc Research Institute. Teri managed rapid global growth as the Senior Vice President of Tax for Allergan (NYSE: AGN). She also previously served as board director and chief financial officer of the Allergan Foundation and served as a board director for multiple Allergan subsidiaries in Ireland, Japan, and Bermuda.

In addition to her work as a senior finance executive with public companies, Teri has advised a variety of pharmaceutical start-ups, pre-IPO ventures, and privately held companies.

Teri is recognized as a global tax specialist and has taught advanced accounting and business taxation for MBA programs at Chapman University and Loyola Marymount University. She is a Certified Public Accountant. She earned her M.S. in Taxation from Golden Gate University in San Francisco and her B.A. in Business Economics from the University of California, Santa Barbara.

We believe Ms. Wielenga is qualified to serve as a member of Alliance's board of directors based on her experience as a senior global finance executive and, her governance experience with public, private, and non-profit boards of directors.

Chris Nagelson. Chris Nagelson has served as a director of Alliance since February 2023. From February 2005 until August 2022, Mr. Nagelson was the Vice President, DMM for Walmart, Inc. in Bentonville, AR. During that period, he was responsible for providing the strategic direction for the department that delivered market share growth as well as supported the overall corporate strategy. Chris also identified and established key performance indicators to improve team efficiencies and sales strategies and led a broad, cross- functional team in strategic executive-level planning. From June 1997 to February 2005, Chris was the Divisional Merchandise Manager for American Eagle Outfitters, Inc., based in Pittsburgh, PA.

Mr. Nagelson received a Bachelor of Arts degree from the University of Arkansas, where he majored in advertising and public relations.

We believe Mr. Nagelson is qualified to serve as a member of Alliance's board of directors based on his extensive experience as a senior executive at a global merchandise and sales corporation.

W. Tom Donaldson III. Tom Donaldson has served as a director of Alliance since the Business Combination and as a director of Adara from its inception in August 2022 until the Business Combination in August 2020. Mr. Donaldson founded and has been the Managing Partner of Blystone & Donaldson since October 2018, a Charlotte, NC-based investment firm that focuses on middle-market companies. From January 2016 to December 2018, Mr. Donaldson served as an executive at Investors Management Corporation where he focused on investment decisions, managing risk and developing relationships with companies of interest. From around September 2013 to December 2015, he served as a Partner of Morehead Capital Management, LLC before it was merged into Investors Management Corporation in January 2016. From around June 2003 to August 2013, he practiced law as an associate and then a Partner at McGuireWoods LLP where he represented private funds and their portfolio companies in corporate governance, structuring and financing transactions and operating businesses in a wide variety of industries. Mr. Donaldson received his Master of Business Administration degree and Juris Doctor degree from Villanova University. He earned his undergraduate degree in Political Science from North Carolina State University. We believe Mr. Donaldson is qualified to serve on our board of directors based on his breath and depth of experience in varied investment, financing and legal roles.

Director Independence

An "independent director" is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Messrs. Donaldson and Nagelson and Ms. Wielenga are "independent directors" as defined in the Nasdaq listing standards and applicable SEC rules. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

Committees of the Board of Directors

Our board of directors has three standing committees: an audit committee, a compensation committee and a nominating committee. Subject to phase-in rules and a limited exception, the Nasdaq listing rules and Rule 10A-3 of the Exchange Act require that the audit committee of a listed company be comprised solely of independent directors, and the Nasdaq listing rules require that the compensation committee of a listed company be comprised solely of independent directors. Each of the audit committee, the compensation committee and the nominating committee may have as one of its members a "non-independent director" under exceptional and limited circumstances pursuant to the exemptions under Rules 5605(c)(2)(B), 5605(d)(2)(B) and 5605(e)(3) of the Nasdaq listing rules.

Audit Committee

Ms. Wielenga and Mr. Nagelson serve as members of our audit committee, and Ms. Wielenga chairs the audit committee. Under the Nasdaq listing standards and applicable SEC rules, the audit committee is required to have at least three members, all of whom must be independent, except that the audit committee may have as one of its members a "non-independent director" under exceptional and limited circumstances pursuant to the exemption under Rule 5605(c)(2)(B) of the Nasdaq listing rules. We expect to appoint a third member to the Audit Committee at or prior to our annual stockholder meeting. Each member of the audit committee meets the independent director standard under the Nasdaq listing standards and under Rule 10-A-3(b)(1) of the Exchange Act.

Each member of the audit committee is financially literate, and our board of directors has determined that Mr. Nagelson qualifies as an "audit committee financial expert" as defined in applicable SEC rules.

We have adopted an audit committee charter, which details the principal functions of the audit committee, including:

- the appointment, compensation, retention, replacement, and oversight of the work of the independent registered public accounting firm engaged by us;
- pre-approving all audit and permitted non-audit services to be provided by the independent registered public accounting firm engaged by us, and establishing pre-approval policies and procedures;
- setting clear hiring policies for employees or former employees of the independent registered public accounting firm, including but not limited to, as required by applicable laws and regulations;
- setting clear policies for audit partner rotation in compliance with applicable laws and regulations;
- obtaining and reviewing a report, at least annually, from the independent registered public accounting firm describing (i) the independent registered public accounting firm's internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm and any steps taken to deal with such issues and (iii) all relationships between the independent registered public accounting firm and us to assess the independent registered public accounting firm's independence;
- reviewing the adequacy and effectiveness of internal control policies and procedures, including establishing special audit procedures in response to any material control deficiencies;
- reviewing and approving any related party transaction required to be disclosed pursuant to Item 404 of Regulation S-K promulgated by the SEC prior to us entering into such transaction address any conflicts of interest;
- reviewing with management, the independent registered public accounting firm, and our legal advisors, as appropriate, any legal, regulatory or compliance matters, including any correspondence with regulators or government agencies and any employee complaints or published reports that raise material issues regarding our financial statements or accounting policies and any significant changes in accounting standards or rules promulgated by the Financial Accounting Standards Board, the SEC or other regulatory authorities;
- periodically review risk management policies;
- review, approve and monitor code of ethics for senior officers.

Compensation Committee

Messrs. Donaldson, Nagelson, and Ms. Wielenga serve as members of our compensation committee, and Mr. Donaldson chairs our compensation committee. Under the Nasdaq listing standards and applicable SEC rules, the compensation committee is required to have at least two members, all of whom must be independent, except that the compensation committee may, if it is comprised of at least three members, have as one of its members a "non-independent director" under exceptional and limited circumstances pursuant to the exemption under Rule 5605(d)(2)(B) of the Nasdaq listing rules.

We have adopted a compensation committee charter, which detail the principal functions of the compensation committee, including:

- reviewing and approving on an annual basis the corporate goals and objectives relevant to our Chief Executive Office's compensation, if any is paid by us, evaluating our Chief Executive Officer's performance in light of such goals and objectives and determining and approving the remuneration (if any) of our Chief Executive Officer based on such evaluation;

- reviewing and approving on an annual basis the compensation, if any is paid by us, of all of our other officers;
- reviewing on an annual basis our executive compensation policies and plans;
- implementing and administering our incentive compensation equity-based remuneration plans;
- assisting management in complying with our proxy statement and annual report disclosure requirements;
- approving all special perquisites, special cash payments and other special compensation and benefit arrangements for our officers and employees;
- if required, producing a report on executive compensation to be included in our annual proxy statement; and
- reviewing, evaluating and recommending changes, if appropriate, to the remuneration for directors.
- The charter also provides that the compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser and will be directly responsible for the appointment, compensation and oversight of the work of any such adviser. However, before engaging or receiving advice from a compensation consultant, external legal counsel or any other adviser, the compensation committee will consider the independence of each such adviser, including the factors required by the SEC and any national securities exchange on which the Company is listed.

Nominating Committee

Mr. Donaldson, and Ms. Wielenga serve as members of the nominating committee, and Mr. Nagelson serves as chair of the nominating committee. Under the Nasdaq listing standards, all of the directors on the nominating committee must be independent, except that the nominating committee may, if it is comprised of at least three members, have as one of its members a "non-independent director" under exceptional and limited circumstances pursuant to the exemption under Rule 5605(e)(3) of the Nasdaq listing rules.

The Nominating Committee Charter, which details the purpose and responsibilities of the nominating committee, includes:

- identifying, screening and reviewing individuals qualified to serve as directors, consistent with criteria approved by the board, and recommending to the board of directors candidates for nomination for election at the annual general meeting or to fill vacancies on the board of directors;
- developing and recommending to the board of directors and overseeing implementation of our corporate governance guidelines;
- coordinating and overseeing the annual self-evaluation of the board of directors, its committees, individual directors and management in the governance of the company; and
- reviewing on a regular basis our overall corporate governance and recommending improvements as and when necessary.

The charter will also provide that the nominating committee may, in its sole discretion, retain or obtain the advice of, and terminate, any search firm to be used to identify director candidates, and will be directly responsible for approving the search firm's fees and other retention terms.

We have not formally established any specific, minimum qualifications that must be met or skills that are necessary for directors to possess. In general, in identifying and evaluating nominees for director, the board of directors will consider educational background, diversity of professional experience, knowledge of our business, integrity, professional reputation, independence, wisdom, and the ability to represent the best interests of our shareholders.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers, directors and persons who beneficially own more than ten percent of our common stock to file reports of ownership and changes in ownership with the SEC. These reporting persons are also required to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of such forms, we believe that during the fiscal year ended June 30, 2025, there have been no delinquent filers.

Code of Ethics

We have adopted a Code of Ethics that applies to our directors, officers, and employees, including our principal executive officer, principal financial officer, and principal accounting officer. The Code of Ethics is designed to promote honest and ethical conduct, full and fair disclosure in reports and documents filed with the SEC, and compliance with applicable laws and regulations. The Code of Ethics was adopted on March 15, 2023.

The Code of Ethics is posted on our website at SEC Filings – AENT .

Any amendments to, or waivers from, certain provisions of the Code of Ethics applicable to our principal executive officer, principal financial officer, or principal accounting officer require approval by the Board of Directors or the Audit Committee. We intend to disclose such amendments or waivers promptly in a Current Report on Form 8-K.

No waivers were granted during the fiscal year ended June 30, 2025.

Insider Trading Policy

We have adopted an insider trading policy (the "Trading Policy") that is designed to promote compliance with federal securities laws, rules, and regulations, as well as the rules and regulations of the NASDAQ Stock Market. The Trading Policy provides Alliance's standards on trading and causing the trading of our securities or securities of other publicly traded companies while in possession of confidential information. It prohibits trading in certain circumstances and applies to all of our directors, officers, and employees, as well as independent contractors or consultants who have access to material nonpublic information of Alliance. Additionally, our Trading Policy imposes special additional trading restrictions applicable to all of our directors and executive officers. The Trading Policy is annexed to this Annual Report as an exhibit and the full text of the Trading Policy is available on our website at www.aent.com.

Item 11. Executive Compensation.

For the fiscal year ended June 30, 2025, Alliance's named executive officers were Bruce Ogilvie, Executive Chairman, Jeffrey Walker, Chief Executive Officer and Chief Financial Officer.

This section provides an overview of Alliance's executive compensation programs, including a narrative description of the material factors necessary to understand the information disclosed in the summary compensation table below.

2025 and 2024 Summary Compensation Table

The following table shows information regarding the compensation of Alliance's named executive officers for services performed during the fiscal years ended June 30, 2025, and 2024.

Name and Position	Fiscal Year	Salary	Bonus	Stock Awards	All Other Compensation	Total Compensation
Bruce Ogilvie[(1)]	2025	$ 640,000	$ 640,000	—	$ 35,628	$ 1,315,628
Executive Chairman	2024	$ 640,000	$ 640,000	—	$ 35,859	$ 1,315,859
Jeffrey Walker[(2)]	2025	$ 640,000	$ 640,000	—	$ 35,216	$ 1,315,216
Chief Executive Offer/Chief Financial Officer	2024	$ 640,000	$ 640,000	—	$ 39,194	$ 1,319,194
Robert Black (3)	2025	$ 220,000	$ 31,992	-	$ 11,622	$ 263,614
Chief Compliance Officer	2024	-	-	-	-	-

(1) Included in all other compensation expenses is $19,219 and $22,912 for car and phone allowance in FY25 and FY24. Also included is $16,408 in 401K and health benefits in FY25 and $16,151 in FY24.

(2) Included in all other compensation expenses is $20,467 for car and phone allowance in FY25 and $19,500 in FY24. Also included is $16,749 in 401K and health benefits in FY25 and $16,151 in FY24. Served as our Chief Financial Officer until July 21, 2025.

(3) Included in all other compensation expenses is $11,622 for 401K and health benefits in FY25.

Neither of the named executive officers had any outstanding equity awards at June 30, 2025.

Outstanding Equity Awards at Fiscal Year-End

	Option awards					Stock awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares of units of stock that have not vested ($)	Equity incentive plan awards: Number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: Market or payout value of unearned shares, units or other rights that have not vested ($)
Warwick Goldby	-	-	-	-	-	2,000	4,660	-	-
Amanda Gnecco	-	-	-	-	-	8,500	19,805	-	-
Robert Black	-	-	-	-	-	6,000	13,980	-	-

Employment Agreements for Named Executive Officers

Overview; Salaries and Bonuses

On February 10, 2023, Bruce Ogilvie, Alliance's Chairman, and Jeffrey Walker, Alliance's Chief Executive Officer, entered into employment agreements for initial three-year terms, which will automatically renew thereafter for successive one-year terms.

Following the Business Combination, the two Named Executive Officers are entitled to base salary and a target bonus of a certain percentage of their base salary as follows:

Name	Base Salary ($)	Target Bonus Percentage(%)
Bruce Ogilvie	800,000	100
Jeffrey Walker	800,000	100

Equity Incentive Plan Awards

In addition to the salaries and bonus targets set forth above, each of the two Named Executive Officers are eligible to participate in and receive awards under the 2023 Plan.

Benefits

Each of the two Named Executive Officers also has the right to receive or participate in all employee benefit programs and perquisites generally established by the Company from time to time for employees similarly situated to the Named Executive Officer, subject to the general eligibility requirements and other terms of such programs and perquisites, and subject to the Company's right to amend, terminate or take other similar action with respect to any such programs and perquisites. Each also receives approximately $2,000 per month for an automobile lease and is entitled to first class air travel where available.

Termination; Severance Benefits

Pursuant to their employment agreements, in the event of a termination of such Named Executive Officer's employment for any reason, the executive would generally be entitled to receive earned but unpaid salary, accrued but unpaid annual bonus, any owed accrued expenses, as well as amounts payable under any benefit plans, programs or arrangements that such Named Executive Officer participates in or benefits therefrom. In the event that a Named Executive Officer's employment is terminated due to his death, in addition to the foregoing, he would be entitled to a pro-rated portion of his annual bonus, as determined by the Board.

In the event that a Named Executive Officer's employment is terminated either without "cause" (as defined in the applicable employment agreement) or by the Named Executive Officer for "good reason" (as defined in the applicable employment agreement), subject to his execution and non-revocation of a general release of claims and continued compliance with his restrictive covenant obligations, as described below, such Named Executive Officer would be entitled to payment of an amount (i) equal to the executive's base salary immediately prior to the termination date (or, if for "good reason" was attributable to the Company's failure to pay the minimum amount of Base Salary provided herein, such minimum amount) for the period of time from the day after the Termination Date through the last day of the employment term or for a period of twelve (12) months, whichever is greater (the "Severance Period"); (ii) in addition to payment of any unpaid bonuses from a prior fiscal year, a pro-rata portion of the bonus based on the amount of days executive worked for the fiscal year in which the termination occurs, and (iii) payment for such Named Executive Officer's insurance premiums incurred for participation in COBRA coverage pursuant group health plan through the earliest to occur of (A) the last day of the Severance Period, (B) the date the executive ceases to be eligible for COBRA or (C) such time as Executive is eligible for group health insurance benefits from another employer.

Provision of the severance benefits is conditioned on (i) the Named Executive Officer's continued compliance in all material respects with executive's continuing obligations to the Company, including, without limitation, the terms of the employment agreement that survive termination of executive's employment with the Company, and (ii) the Named Executive Officer's signing (without revoking if such right is provided under applicable law) a separation agreement and general release in a form of that provided to Executive by the Company on or about the termination date. The Named Executive Officer must so execute the separation agreement within 60 days following the termination date.

2025 Director Compensation

Name	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Change in pension value and nonqualified deferred compensation earnings	All other compensation ($)	Total ($)
Teri Wielenga	50,000	-	-				50,000
Chris Nagelson	50,000	-	-	-	-	-	50,000

Alliance has established a formal arrangement to compensate certain independent directors. Under this arrangement, eligible independent directors receive an annual fee of $50,000 for their service on the board of directors and its committees.

Equity Plans

Our board of directors adopted and approved the 2023 Omnibus Equity and Incentive Plan, or 2023 Plan, which was subsequently adopted by Alliance's stockholders. The 2023 Plan became effective on February 10, 2023, and is a comprehensive incentive compensation plan under which we can grant equity-based and other incentive awards to based officers, employees and directors of, and consultants and advisers to, Alliance and its subsidiaries. The purpose of the 2023 Plan is to help us attract, motivate and retain such persons with awards designed for the U.S. market and thereby enhance shareholder value.

Grant of Awards; Shares Available for Awards. The 2023 Plan provides for the grant of awards which are distribution equivalent rights, incentive share options, non-qualified share options, performance shares, performance units, restricted common stock, restricted share units, share appreciation rights ("SARs"), tandem share appreciation rights, unrestricted common stock or any combination of the foregoing, to key management employees and non-employee directors of, and non-employee consultants of, Alliance or any of its subsidiaries (each a "participant") (however, solely Alliance employees or employees of Alliance subsidiaries are eligible for awards which are incentive share options). We have reserved a total of 1,000,000 shares of common stock for issuance as or under awards to be made under the 2023 Plan. To the extent that an award lapses, expires, is canceled, is terminated unexercised or ceases to be exercisable for any reason, or the rights of its holder terminate, any common stock subject to such award shall again be available for the grant of a new award. The 2023 Plan shall continue in effect, unless sooner terminated, until the tenth (10th) anniversary of the date on which it is adopted by the Board of Directors (except as to awards outstanding on that date). The Board of Directors in its discretion may terminate the 2023 Plan at any time with respect to any shares for which awards have not theretofore been granted; provided, however, that the 2023 Plan's termination shall not materially and adversely impair the rights of a holder, without the consent of the holder, with respect to any award previously granted. The number of shares of common stock for which awards which are options or SARs may be granted to a participant under the 2023 Plan during any calendar year is limited to a number of shares equal to three percent (3%) of the total number of shares of common stock of the Company outstanding on the last day of the prior calendar year. Future new hires, non- employee directors and additional non-employee consultants are eligible to participate in the 2023 Plan as well. The number of awards to be granted to officers, non-employee directors, employees and non-employee consultants cannot be determined at this time as the grant of awards is dependent upon various factors such as hiring requirements and job performance.

Options. The term of each share option shall be as specified in the option agreement; provided, however, that except for share options which are incentive share options ("ISOs"), granted to an employee who owns or is deemed to own (by reason of the attribution rules applicable under Code Section 424(d)) more than 10% of the combined voting power of all classes of our common stock or the capital stock of our subsidiaries (a "ten percent shareholder"), no option shall be exercisable after the expiration of ten years from the date of its grant (five (5) years for an employee who is a ten percent shareholder).

The price at which a share may be purchased upon exercise of a share option shall be determined by the Plan Committee; provided, however, that such option price (i) shall not be less than the fair market value of a share on the date such share option is granted, and (ii) shall be subject to adjustment as provided in the 2023 Plan. The Plan Committee or the board of directors shall determine the time or times at which or the circumstances under which a share option may be exercised in whole or in part, the time or times at which options shall cease to be or become exercisable following termination of the share option holder's employment or upon other conditions, the methods by which such exercise price may be paid or deemed to be paid, the form of such payment, and the methods by or forms in which common stock will be delivered or deemed to be delivered to participants who exercise share options.

Options which are ISOs shall comply in all respects with Section 422 of the Code. In the case of ISOs granted to a ten percent shareholder, the per share exercise price under such ISO (to the extent required by the Code at the time of grant) shall be no less than 110% of the fair market value of a share on the date such ISO is granted. ISOs may only be granted to employees of Alliance or one of its subsidiaries. In addition, the aggregate fair market value of the shares subject to an ISO (determined at the time of grant) which are exercisable for the first time by an employee during any calendar year may not exceed $100,000. An Option which specifies that it is not intended to qualify as ISOs or any Option that fails to meet the requirement of an ISO at any point in time will automatically be treated as a nonqualified option ("NQSO") under the terms of the Plan.

Restricted Share Awards. A restricted share award is a grant or sale of common stock to the participant, subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Plan Committee or the board of directors may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise, as the Plan Committee or the board of directors may determine at the date of grant or purchase or thereafter. Except to the extent restricted under the terms of the 2023 Plan and any agreement relating to the restricted share award, a participant who is granted or has purchased restricted shares shall have all of the rights of a shareholder, including the right to vote the restricted shares and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Plan Committee or the Board of Directors or in the award agreement). During the restricted period applicable to the restricted shares, subject to certain exceptions, the restricted shares may not be sold, transferred, pledged, hypothecated, or otherwise disposed of by the participant.

Unrestricted Share Awards. An unrestricted share award is the award of common stock which is not subject to transfer restrictions. Pursuant to the terms of the applicable unrestricted share award agreement, a holder may be awarded (or sold) common stock which are not subject to transfer restrictions, in consideration for past services rendered thereby to us or an affiliate or for other valid consideration.

Restricted Share Unit Awards. A restricted share unit award provides for a cash payment to be made to the holder upon the satisfaction of predetermined individual service-related vesting requirements, based on the number of units awarded to the holder. The Plan Committee shall set forth in the applicable restricted share unit award agreement the individual service-based or performance-based vesting requirement which the holder would be required to satisfy before the holder would become entitled to payment and the number of units awarded to the Holder. The vesting restrictions under any restricted share unit award shall constitute a "substantial risk of forfeiture" under Section 409A of the Code. At the time of such an award, the Plan Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions. The holder of a restricted share unit shall be entitled to receive a cash payment equal to the fair market value of a share, or one (1) share, as determined in the sole discretion of the Plan Committee and as set forth in the restricted share unit award agreement, for each restricted share unit subject to such restricted share unit award, if and to the extent the applicable vesting requirement is satisfied. Such payment shall be made no later than by the fifteenth (15th) day of the third (3rd) calendar month next following the end of the calendar year in which the restricted share unit first becomes vested.

Performance Unit Awards. A performance unit award provides for a cash payment to be made to the holder upon the satisfaction of predetermined individual and/or Alliance performance goals or objectives, based on the number of units awarded to the holder. The Plan Committee shall set forth in the applicable performance unit award agreement the performance goals and objectives (and the period of time to which such goals and objectives shall apply) which the holder and/or Alliance would be required to satisfy before the holder would become entitled to payment, the number of units awarded to the holder and the dollar value assigned to each such unit. The vesting restrictions under any performance under award shall constitute a "substantial risk of forfeiture" under Section 409A of the Code. At the time of such an award, the Plan Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions. The holder of a performance unit shall be entitled to receive a cash payment equal to the dollar value assigned to such unit under the applicable performance unit award agreement if the holder and/or Alliance satisfy (or partially satisfy, if applicable under the applicable performance unit award agreement) the performance goals and objectives set forth in such performance unit award agreement.

If achieved, such payment shall be made no later than by the 15th day of the third calendar month following the end of Alliance's fiscal year to which such performance goals and objectives relate.

Performance Share Awards. A performance share award provides for distribution of common stock to the holder upon the satisfaction of predetermined individual and/or Alliance goals or objectives. The Plan Committee shall set forth in the applicable performance share award agreement the performance goals and objectives (and the period of time to which such goals and objectives shall apply) which the holder and/or Alliance would be required to satisfy before the holder would become entitled to the receipt of common stock pursuant to such holder's performance share award and the number of shares of common stock subject to such performance share award. The vesting restrictions under any performance under award shall constitute a "substantial risk of forfeiture" under Section 409A of the Code and, if such goals and objectives are achieved, the distribution of such common stock shall be made no later than by the 15th day of the 3rd calendar month next following the end of our fiscal year to which such goals and objectives relate. At the time of such an award, the Plan Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions. The holder of a performance share award shall have no rights as an Alliance shareholder until such time, if any, as the holder actually receives common stock pursuant to the performance share award.

Distribution Equivalent Rights. A distribution equivalent right entitles the holder to receive bookkeeping credits, cash payment and/or share distributions equal in amount to the distributions that would be made to the holder had the holder held a specified number of common stock during the period the holder held the distribution equivalent rights. The Plan Committee shall set forth in the applicable distribution equivalent rights award agreement the terms and conditions, if any, including whether the holder is to receive credits currently in cash, is to have such credits reinvested (at fair market value determined as of the date of reinvestment) in additional common stock or is to be entitled to choose among such alternatives. Such receipt shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such award becomes vested, the distribution of such cash or common stock shall be made no later than by the 15th day of the third calendar month next following the end of the Company's fiscal year in which the holder's interest in the award vests. Distribution equivalent rights awards may be settled in cash or in common stock, as set forth in the applicable distribution equivalent rights award agreement. A distribution equivalent rights award may, but need not be, awarded in tandem with another award other than an Option or SAR award, whereby, if so awarded, such distribution equivalent rights award shall terminate or be forfeited by the holder, as applicable, under the same conditions as under such other award. The distribution equivalent rights award agreement for a distribution equivalent rights award may provide for the crediting of interest on a distribution rights award to be settled in cash at a future date (but in no event later than by the 15th day of the third calendar month next following the end of the Company's fiscal year in which such interest was credited), at a rate set forth in the applicable distribution equivalent rights award agreement, on the amount of cash payable thereunder.

Share Appreciation Rights. A SAR provides the participant to whom it is granted the right to receive, upon its exercise, the excess of (A) the fair market value of the number of shares of common stock subject to the SAR on the date of exercise, over (B) the product of the number of shares of common stock subject to the SAR multiplied by the base value under the SAR, as determined by the Plan Committee or the board of directors. The base value of a SAR shall not be less than the fair market value of a share on the date of the grant. If the Plan Committee grants a share appreciation right which is intended to be a tandem SAR, additional restrictions apply.

Amendment and Termination. The 2023 Plan shall continue in effect, unless sooner terminated pursuant to its terms, until February 10, 2033, the tenth anniversary of the date on which it is adopted by the Board of Directors (except as to awards outstanding on that date).

As of June 30, 2025, a total of 561,300 awards have been granted under the 2023 Plan.

Bonus Incentive Plan

In fiscal year 2024, the Company updated its cash Bonus Incentive Plan (the "Plan") designed to align leadership compensation with the Company's financial performance, specifically its growth in earnings before interest, taxes, depreciation, and amortization ("EBITDA"). The Plan is structured as follows:

The Plan applies to executives and leaders as determined by the Compensation Committee of the Board of Directors. The bonus payout under the Plan is directly linked to the Company's EBITDA growth year-over-year. The Plan uses the percentage increase in the Company's EBITDA for the current fiscal year as compared to the prior fiscal year as the performance metric.

A full payout of the cash bonus will occur if the Company's EBITDA for the current fiscal year increases by 10% or more compared to the prior year's EBITDA. For EBITDA growth below 10%, the bonus payout is pro rata down to 1% of the bonus amount based on the percentage increase in EBITDA.

10% or greater EBITDA increase: 100% bonus payout.
9% EBITDA increase: 90% bonus payout.
8% EBITDA increase: 80% bonus payout.

This pattern continues, with a 10% reduction in payout for every 1% decrease in EBITDA growth. No bonus will be paid if EBITDA growth is less than 1%.

Bonuses earned under the Plan, if any, will be paid in the first quarter of the following fiscal year, after the Company's financial results for the relevant year are finalized and audited. The Compensation Committee retains the discretion to adjust the final bonus payouts in the event of extraordinary or non-recurring items that materially affect the Company's reported EBITDA. The Company will accrue bonuses based on its estimated performance to the Plan's EBITDA targets throughout the fiscal year.

Clawback Policy

The Board has adopted a clawback policy which allows us to recover performance-based compensation, whether cash or equity, from a current or former executive officer in the event of an Accounting Restatement. The clawback policy defines an Accounting Restatement as an accounting restatement of our financial statements due to our material noncompliance with any financial reporting requirement under the securities laws. Under such policy, we may recoup incentive-based compensation previously received by an executive officer that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts in the Accounting Restatement.

The Board has the sole discretion to determine the form and timing of the recovery, which may include repayment, forfeiture and/or an adjustment to future performance-based compensation payouts or awards. The remedies under the clawback policy are in addition to, and not in lieu of, any legal and equitable claims available to the Company. The clawback policy is incorporated by reference into this Annual Report as an exhibit.

Equity Compensation Policy and Practices

While we do not have a formal written policy in place with regard to the timing of awards of options in relation to the disclosure of material nonpublic information, the Compensation Committee does not seek to time equity grants to take advantage of information, either positive or negative, about our company that has not been publicly disclosed. It has been our practice to grant equity awards to our officers and directors upon their appointment. We intend to issue equity grants to our officers and/or directors at the same time each year, in connection with our first meeting of the Board of Directors each fiscal year. Option grants are effective on the date the award determination is made by the Compensation Committee, and the exercise price of options is the closing market price of our Common Stock on the business day of the grant or, if the grant is made on a weekend or holiday, on the prior business day.

During the fiscal year ended June 30, 2025, we did not award any options to a named executive officer in the period beginning four business days before the filing of a periodic report on Form 10-Q or Form 10-K, or the filing or furnishing of a current report on Form 8-K that discloses material nonpublic information, and ending one business day after the filing or furnishing of such report.

Alliance Indemnification Agreements

In connection with the IPO, Alliance entered into agreements with its officers and directors to provide contractual indemnification in addition to the indemnification provided for in its certificate of incorporation. Alliance also purchased a policy of directors' and officers' liability insurance that insures its officers and directors against the cost of defense, settlement or payment of a judgment in some circumstances and insures Alliance against its obligations to indemnify its officers and directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information included under the heading "*Equity Plans*" in Item 11 and Part III of this annual report is hereby incorporated by reference into this Item 12 of Part II of this annual report.

The following table sets forth information regarding the beneficial ownership of our Class A common stock as of the date of this annual report, by:

- each person known by us to be the beneficial owner of more than 5% of our outstanding shares of Class A common stock;
- each of our executive officers and directors; and
- all our executive officers and directors as a group.

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days. Except as described in the footnotes below and subject to applicable community property laws and similar laws, we believe that each person listed below has sole voting and investment power with respect to such shares.

The beneficial ownership percentages set forth in the table below are based on 50,957,370 shares of Class A common stock issued and outstanding as of September 10, 2024.

Name of Beneficial Owner[1]	Number of Shares of Class A Common Stock Beneficially Owned	Percentage of Outstanding Class A Common Stock
Bruce Ogilvie [2][3]	15,339,097	30.1%
Jeffrey Walker[2]	23,186,238	45.3%
W. Tom Donaldson III[4]	2,569,362	4.9%
Terilea J. Wielenga	13,000	—
Chris Nagelson	5,000	—
Amanda Gnecco	7,500	—
Robert Black	20,000	—
Warwick Goldby	14,000	—
Directors and executive officers as a group (8 individuals)	41,144,197	77.6%
Ogilvie Legacy Trust dated September 14, 2021[5]	8,554,025	16.8%

(1) Unless otherwise indicated, the business address of Alliance's directors and executive officers is c/o Alliance Entertainment Holding Corporation, 8201 Peters Road, Suite 1000, Plantation, Florida 33324.

(2) Excludes Class E common stock.

(3) The shares are beneficially owned by the Bruce Ogilvie, Jr. Trust dated January 20, 1994, having Mr. Bruce Ogilvie, Jr. as trustee, Mr. Ogilvie disclaims individual ownership of such shares except for his individual pecuniary interest in such trusts.

(4) Includes (i) 40,000 shares held directly, (ii) 2,468,362 shares, including 1,837,335 shares issuable upon exercise of private warrants, held directly by B&D Series 2020, LLC, of which Mr. Donaldson is the manager and (iii) 83,300 shares held by Blystone & Donaldson, LLC, of which Mr. Donaldson is the manager. Mr. Donaldson disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein

(5) Mr. Ogilvie's two adult children are trustees of the Ogilvie Legacy Trust dated September 14, 2021. Mr. Ogilvie disclaims beneficial ownership of the shares held by such trust.

Item 13. Certain Relationships and Related Transactions.

Registration Rights Agreement

The holders of the Initial Stockholder Shares and private warrants (and in each case holders of their underlying securities, as applicable) have registration rights to require us to register a sale of any of our securities held by them pursuant to a registration rights agreement that was signed on February 8, 2021. This agreement provided that these holders are entitled to make up to three demands, excluding short form registration demands, that we register such securities for sale under the Securities Act. In addition, these holders were granted "piggy-back" registration rights to include their securities in other registration statements filed by us.

In connection with the closing of the Business Combination, the Adara Initial Stockholders and the Legacy Alliance stockholders entered into the Registration Rights Agreement, which amended and restated the former registration rights agreement. Pursuant to the Registration Rights Agreement, Alliance filed a resale registration statement, and it was declared effective in accordance with the terms of the registration statement. In certain circumstances, the Adara Initial Stockholders and the Legacy Alliance stockholders may each demand up to two registrations, which may be underwritten offerings, and all of the registration rights holders will be entitled to piggyback registration rights.

Alliance Related Party Transactions

GameFly Holdings, LLC

During the years ended June 30, 2025, and 2024, Alliance has made sales of new release movies, video games, and video game consoles to GameFly Holdings LLC in the amount of $2.7 million and $8.4 million, respectively. GameFly, a customer of Alliance, is equally owned by Bruce Ogilvie and Jeff Walker, the two shareholders of Alliance. Alliance believes the amounts that GameFly paid for New Release, movies, video games, and video game consoles are at fair market value. GameFly does fulfillment services of fast selling new releases by providing 3PL services at market rates. The agreement between Alliance and GameFly can be terminated by either party at any time. GameFly is free to purchase from any competitor of Alliance.

On February 1, 2023, Alliance entered into a Distribution Agreement (the "Agreement") with GameFly, which is effective from February 1, 2023, through March 31, 2028. At that time, the Agreement continues indefinitely until either party provides the other party with six-month advance notice to terminate it. During the year ended June 30, 2025, and 2024, Alliance had distribution revenue in the amount of $0 and $0.25 million respectively.

MVP Logistics, LLC

MVP Logistics is an independent contractor, which, prior to August 31, 2023, was partially owned by Joe Rehak, the SVP of Operations of COKeM International Limited, which Alliance acquired in September 2020. Subsequent to August 31, 2023, Mr. Rehak no longer has an equity stake in MVP Logistics and retired from COKeM in January 2024. Alliance believes the amounts payable to MVP Logistics are at fair market value.

During the years ended June 30, 2025, and 2024 Alliance incurred costs with MVP Logistics, LLC, in the amount of $0 , and $1.0 million, respectively, for freight shipping fees, transportation costs, warehouse distribution, and 3PL management services (for Arcades) at the Santa Fe Springs, California and South Gate, California distribution facilities.

Ogilvie Loans

On July 3, 2023, the Company entered into a $17 million line of credit (the "Ogilvie Loan") with Bruce Ogilvie, a principal stockholder. Initial borrowings amounted to $10 million on that date, followed by an additional $5 million on July 10, 2023. These sums were repaid on July 26, 2023. Subsequently, on August 10, 2023, the Company accessed the Ogilvie Loan for the full $17 million, repaying $7 million on August 28, 2023. Further transactions occurred on September 14, 2023, with a borrowing of $7 million, repaid on September 28, 2023. On October 10, 2023, an additional $7 million was borrowed and repaid on October 18, 2023. As of June 30, 2025, and June 30, 2024, the outstanding balance on the Ogilvie Loan was $10 million.

The Ogilvie Loan is subordinated to the Company's revolving credit facility, meaning that in the event of liquidation or default, repayment of the Ogilvie Loan is subordinate to amounts outstanding under the Company's debt arrangements.

The Ogilvie Loan matures on December 22, 2026, and bears interest at the rate of the 30-day SOFR plus 5.5% (4.34% and 5.29% at June 30, 2025, and June 30, 2024, respectively). Interest expenses for the fiscal year ended June 30, 2025, and 2024 were $1.0 million each. The interest rate on June 30, 2025, and 2024, was 9.80% and 10.8% respectively.

B&D Capital Partners, LLC

During the fiscal year ending June 30, 2024, Alliance Entertainment Holding Corporation (the "Company") entered into a financial advisory agreement with B&D Capital Partners, LLC ("BDCP"). Donaldson, a director of the company, is managing partner and a principal equity holder of Blystone & Donaldson, the parent company of BDPC. The agreement, dated July 28, 2023, engaged BDCP as a non-exclusive financial advisor to assist the Company in issuing privately held debt securities and related transactions. BDCP is owned by Blystone & Donaldson, LLC, and Mr. Donaldson, an independent director of the Company, is a principal of BDCP.

Under the terms of the agreement, BDCP provided financial advisory services, including the review of confidential information, identification and engagement of potential transaction parties, and assistance with investor presentations.

During the fiscal year ended June 30, 2025, the Company did not incur any related party fees with BDCP. For the fiscal year ended June 30, 2024, the Company paid BDCP approximately $1.8 million, which included an advisory fee equal to 1.5% of the gross proceeds from transactions involving White Oak Commercial Finance, LLC.

Policies and Procedures for Related Person Transactions

Our board of directors adopted a related person transaction policy setting forth the policies and procedures for the identification, review and approval or ratification of related person transactions. This policy covers, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which we and a related person were or will be participants and the amount involved exceeds $120,000, including purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness and guarantees of indebtedness. In reviewing and approving any such transactions, our audit committee will consider all relevant facts and circumstances as appropriate, such as the purpose of the transaction, the availability of other sources of comparable products or services, whether the transaction is on terms comparable to those that could be obtained in an arm's length transaction, management's recommendation with respect to the proposed related person transaction, and the extent of the related person's interest in the transaction.

Director Independence

An "independent director" is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship which in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. Our board of directors has determined that Messrs. Donaldson, Finke, and Nagelson and Ms. Wielenga are "independent directors" as defined in the Nasdaq listing standards and applicable SEC rules. Our independent directors will have regularly scheduled meetings at which only independent directors are present.

Item 14. Principal Accountant Fees and Services.

Fee Type	Year Ended June 30, 2025	Year Ended June 30, 2024
Audit Fees (Grassi)	$ 327,500	$ -
Professional Audit-related services (Grassi)	$ 46,500	-
Audit Fees (BDO)	$ 205,800	$ 389,200
Total Audit Fees	$ 579,800	$ 389,200

Pre-Approval Policy

Our audit committee was formed upon the consummation of the Merger. As a result, the audit committee did not pre-approve all the foregoing services, although any services rendered prior to the formation of our audit committee were approved by our board of directors. Since the formation of our audit committee, and on a going-forward basis, the audit committee has and will pre-approve all auditing services and permitted non-audit services to be performed for us by our auditors, including the fees and terms thereof (subject to the de minimis exceptions for non-audit services described in the Exchange Act which are approved by the audit committee prior to the completion of the audit).

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Form 10-K:

(1) Financial Statements:

(34) As part of this annual report, the consolidated financial statements are listed in the accompanying index to financial statements on page F-2.

(2) Financial Statement Schedules:

(34) All financial statement schedules have been omitted because they are not applicable, not required or the information required is shown in the financial statements or the notes thereto.

(3) Exhibits:

We hereby file as part of this annual report the exhibits listed in the attached Exhibit Index. Exhibits which are incorporated herein by reference can be inspected and copied at the public reference facilities maintained by the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such material can also be obtained from the Public Reference Section of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates or on the SEC website at www.sec.gov.

		Incorporated by Reference			
Exhibit Number	**Description of Document**	**Schedule/Form**	**File Number**	**Exhibits**	**Filing Date**
2.1**	Business Combination Agreement, dated as of June 22, 2022, by and among Alliance, Merger Sub and Alliance.	Form 8-K	001-40014	2.1	June 23, 2022
3.1	Second Amended and Restated Certificate of Incorporation.	Form 8-K	001-40014	3.4	February 13, 2023
3.2	Amended and Restated Bylaws.	Form 8-K	001-40014	3.5	February 13, 2023
4.1	Specimen Class A Common Stock Certificate.	Form S-4	333-266098	4.5	October 18, 2022
4.2	Specimen Warrant Certificate.	Form S-4	333-266098	4.6	October 18, 2022
4.3	Warrant Agreement, dated February 8, 2021, by and between the Company and Continental Stock Transfer & Trust Company, as warrant agent.	Form 8-K	001-40014	4.1	February 11, 2021
4.4	Description of the Registrant's Securities	Form 10 K	001 40014	4.4	October 19, 2023

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
10.1	Form of Lock-Up Agreement (included in Exhibit 2.1).	Form 8-K	001-40014	2.1	June 23, 2022
10.2	Alliance Entertainment Holding Corporation 2023 Omnibus Equity Incentive Plan.	Form 10 K	001 40014	4.4	October 19, 2023
10.3	Form of Indemnity Agreement.	Form S-4	333-266098	10.11	October 18, 2022
10.4	Lease Agreement, dated as of August 18, 2017, by and between Liberty Property Limited Partnership and COKeM International, Ltd.	Form S-4	333-266098	10.16	October 18, 2022
10.5	First Amendment to Lease, dated as of January 22, 2018, by and among Liberty Property Limited Partnership and COKeM International, Ltd.	Form S-4	333-266098	10.17	October 18, 2022
10.6	Multi-Tenant Industrial Triple Net Lease, dated as of December 14, 2007, by and between Cedar Grove - Crossdock, LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.18	October 18, 2022
10.7	First Amendment to Lease Agreement, dated as of January 18, 2013, by and between KTR LOU I LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.19	October 18, 2022
10.8	Second Amendment to Lease Agreement, dated as of August 1, 2014, by and between KTR LOU I LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.20	October 18, 2022
10.9	Guaranty Agreement, dated as of November 9, 2012, by and between Project Panther Acquisition Corporation and KTR LOU I LLC.	Form S-4	333-266098	10.21	October 18, 2022
10.10	Office Lease, dated as of January 7, 2011, by and between French Overseas Company, LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.22	October 18, 2022

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
10.11	First Amendment to Lease, dated as of January 31, 2012, by and between French Overseas Company, LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.23	October 18, 2022
10.12	Second Amendment to Lease, dated August 2016, by and between French Overseas Company, LLC and Alliance Entertainment, LLC.	Form S-4	333-266098	10.24	October 18, 2022
10.13	Standard Industrial Lease, dated as of August 12, 2020, by and between SCRS Valley Park Business Center, LLC and COKeM International, Ltd.	Form S-4	333-266098	10.25	October 18, 2022
10.14	Second Amendment to Lease, dated as of June 26, 2020, by and between Liberty Property Limited Partnership and COKeM International, Ltd.	Form S-4	333-266098	10.26	October 18, 2022
10.15 †	Form of Employment Agreement, by and between Alliance Entertainment Holding Corporation and Bruce Ogilvie.	Form S-4	333-266098	10.27	October 18, 2022
10.16 †	Form of Employment Agreement, by and between Alliance Entertainment Holding Corporation and Jeffrey Walker.	Form S-4	333-266098	10.28	October 18, 2022
10.17	Contingent Consideration Escrow Agreement by and among the Combined Company, Bruce Ogilvie and Continental Stock Transfer and Trust Company dated February 10, 2023.	Form 8-K	001-40014	10.29	February 13, 2023

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
10.18	Loan and Security Agreement, dated as of December 31, 2023 by and among Alliance Entertainment Holding Corporation, as Parent and Guarantor, each of its subsidiaries from time to time party thereto, as Borrowers and Guarantors, the Lenders from time to time parties thereto, and White Oak Commercial Finance LLC, as Administration Agent and Collateral Agent	Form 8-K	001-40014	10.1	December 26, 2023
10.19	Gamefly Distribution Agreement	Form 10-Q	001-40014	10.1	February 8, 2024
10.20*	Amendment to Revolving Credit Facility				
16	Letter from WithumSmith+Brown PC to the U.S. Securities and Exchange Commission dated February 10, 2023.	Form 8-K	001-40014	16.1	February 13, 2023
19*	Insider Trading Policy				
21.1	List of Subsidiaries.	Form 10-K	001-40014	21.1	March 30, 2023
23.1*	Consent of BDO USA, P.C.				
23.2*	Consent of GRASSI				
31.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a) and 15(d)-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1*	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
97.1	Clawback Policy	Form 10-K	001-40014	97.1	September 20, 2024

Exhibit Number	Description of Document	Incorporated by Reference			
		Schedule/Form	File Number	Exhibits	Filing Date
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 and included in Exhibit)				

* Filed herewith.

** Certain of the exhibits and schedules to this Exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). The Company agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

† Indicates a management contract or compensatory plan, contract or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, in Irvine, California, on the 10th day of September 2025.

Alliance Entertainment Holding Corporation

By: */s/ Jeffrey Walker*
Name: Jeffrey Walker
Title: Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this annual report has been signed below by the following persons in the capacities and on the dates indicated.

Name	Position	Date
/s/ Jeffrey Walker Jeffrey Walker	Chief Executive Officer and Director (Principal Executive Officer)	September 10, 2025
/s/ Bruce Ogilvie Bruce Ogilvie	Executive Chairman of the Board of Directors	September 10, 2025
/s/ Amanda Gnecco Amanda Gnecco	Chief Financial Officer (Principal Accounting Officer)	September 10, 2025
/s/ W. Tom Donaldson III W. Tom Donaldson III	Director	September 10, 2025
/s/ Chris Nagelson Chris Nagelson	Director	September 10, 2025
/s/ Terilea J. Wielenga Terilea J. Wielenga	Director	September 10, 2025

ALLIANCE ENTERTAINMENT HOLDING CORPORATION.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

GRASSI

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Alliance Entertainment Holding Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Alliance Entertainment Holding Corporation (the Company) as of June 30, 2025, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year ended June 30, 2025, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025, and the results of its operations and its cash flows for the year ended June 30, 2025, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Grassi & Co, CPAs, P.C.

We have served as the Company's auditor since 2024.

Jericho, New York

September 10, 2025

50 JERICHO QUADRANGLE, STE. 200, JERICHO, NY 11753
P: 516.256.3500 • F: 516.256.3510 • GRASSIADVISORS.COM

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
Alliance Entertainment Holding Corporation
Plantation, Florida

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Alliance Entertainment Holding Corporation (the "Company") as of June 30, 2024, the related consolidated statements of income and comprehensive income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at June 30, 2024, and the results of its operations and its cash flows for the year then ended**,** in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ BDO USA, P.C.

We served as the Company's auditor from 2021 to 2024.

Miami, Florida
September 19, 2024, except for Note 10, as to which the date is September 10, 2025

ALLIANCE ENTERTAINMENT HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS

($ in thousands, except per share amounts)	**June 30, 2025**	**June 30, 2024**
Assets		
Current Assets		
Cash	$ 1,236	$ 1,129
Trade Receivables, Net of Allowance for Credit Losses of $867 and $648, respectively	97,369	92,357
Inventory, Net	102,848	97,429
Other Current Assets	16,679	5,298
Total Current Assets	218,132	196,213
Property and Equipment, Net	11,291	12,942
Operating Lease Right-Of-Use Assets, Net	19,214	22,124
Goodwill	89,116	89,116
Intangibles, Net	18,475	13,381
Other Long-Term Assets	789	503
Deferred Tax Asset, Net	4,211	6,533
Total Assets	$ 361,228	$ 340,812
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts Payable	$ 155,300	$ 133,221
Accrued Expenses	9,548	9,371
Current Portion of Operating Lease Obligations	3,229	1,979
Current Portion of Finance Lease Obligations	3,075	2,838
Contingent Liability	1,577	511
Total Current Liabilities	172,729	147,920
Revolving Credit Facility, Net	55,268	69,587
Finance Lease Obligation, Non- Current	1,931	5,016
Operating Lease Obligations, Non-Current	17,432	20,413
Shareholder Loan (subordinated), Non-Current	10,000	10,000
Warrant Liability	646	247
Total Liabilities	258,006	253,183
Commitments and Contingencies (Note 12)		
Stockholders' Equity		
Preferred Stock: Par Value $0.0001 per share, Authorized 1,000,000 shares, Issued and Outstanding 0 shares as of June 30, 2025 and June 30, 2024	-	—
Common Stock: Par Value $0.0001 per share, Authorized 550,000,000 shares at June 30, 2025, and at June 30, 2024; Issued and Outstanding 50,957,370 shares at June 30, 2025, and at June 30, 2024	5	5
Paid In Capital	48,570	48,058
Accumulated Other Comprehensive Loss	(76)	(79)
Retained Earnings	54,723	39,645
Total Stockholders' Equity	103,222	87,629
Total Liabilities and Stockholders' Equity	$ 361,228	$ 340,812

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

ALLIANCE ENTERTAINMENT HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

($ in thousands except share and per share amounts)	**Year Ended June 30, 2025**	**Year Ended June 30, 2024**
Net Revenues	$ 1,063,457	$ 1,100,483
Cost of Revenues (excluding depreciation and amortization)	930,605	971,594
Operating Expenses		
Distribution and Fulfillment Expense	40,375	48,818
Selling, General and Administrative Expense	55,992	57,651
Depreciation and Amortization	5,334	5,880
Transaction Costs	957	2,086
Restructuring Cost	73	280
(Gain) Loss on Disposal of Fixed Assets	(15)	33
Total Operating Expenses	102,716	114,748
Operating Income	30,136	14,141
Other Expenses		
Interest Expense	10,575	12,247
Change in Fair Value of Warrants	853	41
Total Other Expenses	11,428	12,288
Income Before Income Tax Expense (Benefit)	18,708	1,853
Income Tax Expense (Benefit)	3,630	(2,728)
Net Income	15,078	4,581
Other Comprehensive Income (Loss)		
Foreign Currency Translation	3	(2)
Total Comprehensive Income	15,081	4,579
Net Income per Share – Basic and Diluted	$ 0.30	$ 0.09
Weighted Average Common Shares Outstanding – Basic	50,957,370	50,828,548
Weighted Average Common Shares Outstanding – Diluted	51,016,546	50,837,148

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

ALLIANCE ENTERTAINMENT HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED JUNE 30, 2025 AND 2024

($ in thousands)	Common Stock Shares Issued and Outstanding	Par Value	Paid In Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings	Total
Balances at June 30, 2023	**49,167,170**	**$ 5**	**$ 44,542**	**$ (77)**	**$ 35,064**	**$ 79,534**
Issuance of common stock, net of transaction costs of $1.9 million	1,335,000	—	2,130	—	—	2,130
Currency Translation Adjustment	—	—	—	(2)	—	(2)
Stock-based Compensation	455,200	—	1,386	—	—	1,386
Net Income	-			—	4,581	4,581
Balances at June 30, 2024	**50,957,370**	**$ 5**	**$ 48,058**	**$ (79)**	**$ 39,645**	**$ 87,629**
Warrant Conversion	-	-	454	-	-	454
Currency Translation Adjustment	-	-	-	3	-	3
Stock-based Compensation	-	-	58	-	-	58
Net Income	-	-	-	-	15,078	15,078
Balances at June 30, 2025	**50,957,370**	**$ 5**	**$ 48,570**	**$ (76)**	**$ 54,723**	**$ 103,222**

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

ALLIANCE ENTERTAINMENT HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

($ in thousands)	Year Ended June 30, 2025	Year Ended June 30, 2024
Cash Flows from Operating Activities:		
Net Income	$ 15,078	$ 4,581
Adjustments to Reconcile Net Income to		
Net Cash Provided by Operating Activities:		
Depreciation of Property and Equipment	1,828	1,904
Amortization of Intangible Assets	3,506	3,976
Amortization of Deferred Financing Costs (Included in Interest Expense)	1,404	861
Allowance for Credit Losses	1,068	687
Change in Fair Value of Warrants	853	41
Deferred Income Taxes	2,322	(3,634)
Non-cash lease expense	2,910	4,631
Stock-based Compensation Expense	58	1,386
(Gain) Loss on Disposal of Fixed Assets	(15)	33
Changes in Assets and Liabilities		
Trade Receivables	(6,080)	11,896
Inventory	(4,665)	49,334
Income Taxes Payable\Receivable	(384)	517
Operating Lease Obligations	(1,731)	(4,932)
Other Assets	(11,340)	3,357
Accounts Payable	22,079	(18,401)
Accrued Expenses and Contingent Liability	(82)	(464)
Net Cash Provided by Operating Activities	26,809	$ 55,773
Cash Flows from Investing Activities:		
Capital Expenditures	(54)	(183)
Cash Inflow from Asset Disposal	15	66
Cash Paid for Business Asset Purchase	(7,595)	-
Cash Paid for Contract	(500)	-
Net Cash Used in Investing Activities	(8,134)	(117)
Cash Flows from Financing Activities:		
Payments on Financing Leases	(2,848)	(2,965)
Payments on Revolving Credit Facility	(986,132)	(1,095,772)
Borrowings on Revolving Credit Facility	970,409	1,035,428
Payments on Shareholder Note (Subordinated), Current	-	(36,000)
Proceeds from Shareholder Note (Subordinated), Non-Current	-	46,000
Issuance of common stock, net of transaction costs	-	2,130
Deferred Financing Costs	-	(4,211)
Net Cash Used in Financing Activities	(18,571)	(55,390)
Net Increase in Cash	104	266
Net Effect of Currency Translation on Cash	3	(2)
Cash, Beginning of the Year	1,129	865
Cash, End of the Year	$ 1,236	$ 1,129
Supplemental disclosure for Cash Flow Information		
Cash Paid for Interest	$ 9,171	$ 12,247
Cash Paid for Income Taxes	$ 1,727	$ 444
Supplemental Disclosure for Non-Cash Investing and Financing Activities		
Fixed Assets Financed with Debt	$ -	$ 7,853
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 21,900
Conversion of Warrants from liability to Equity	$ 454	-
Contract Acquisition	$ 1,800	-

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

Note 1: Organization and Summary of Significant Accounting Policies

Alliance Entertainment Holding Corporation ("Alliance") was formed on August 9, 2010. The Company provides full-service distribution of pre-recorded music, video movies, video games and related accessories, and merchandising to retailers and other independent customers primarily in the United States. It provides product and commerce solutions to "brick-and-mortar", e-commerce retailers, and consumer direct websites, while maintaining trading relationships with manufacturers of pre-recorded music, video movies, video games and related accessories.

On February 10, 2023, Alliance completed its business combination with Adara Acquisition Corp., which was accounted for as a reverse recapitalization with Alliance treated as the accounting acquirer. The recapitalization has been retroactively reflected in all periods presented. The Company continues to recognize certain warrant and equity-related impacts from this transaction, including the outstanding Class E contingent shares and warrant liabilities, as discussed further in Notes 15 and 20.

A summary of the significant accounting policies consistently applied in the preparation of the consolidated financial statements:

Reclassification

Certain amounts from prior periods have been reclassified to conform to the current period presentation.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of Alliance Entertainment Holding Corporation and its wholly owned subsidiaries. Intercompany transactions have been eliminated in consolidation.

Liquidity

On December 21, 2023, the Company entered into a new three-year credit facility with White Oak Commercial Finance, LLC, which will mature on December 21, 2026. The facility is a $120 million asset-based revolving credit facility (the "Revolving Credit Facility"). Additionally, the Company has implemented certain strategic initiatives to reduce expenses and focus on the sale of higher margin products. As a result of the new credit facility, combined with these initiatives and the Company's financial performance for the year ended June 30, 2025, the Company has concluded that it has sufficient cash to fund its operations and obligations (from its cash on hand, operations, working capital and availability on the credit facility) for at least twelve months from the issuance of these consolidated financial statements.

Revenue Recognition

The Company enters into contracts with its customers for the purchase of products in the ordinary course of business. A contract with commercial substance exists once the Company receives and accepts a purchase order under a sales contract. Payment terms on invoiced amounts generally range from 0 to 90 days. Revenue from the sale and distribution of pre-recorded music, video, games, accessories, and other related products are recognized when the performance obligations under the terms of a contract with its customer are satisfied, which occurs with the transfer of control of the product. For the majority of the Company's products, control is transferred, and revenue is recognized when the product is shipped from the Company's distribution center to the Company's customers, which primarily consist of retailers. For most of the Company's distribution contracts, the Company is considered to be the principal to these transactions, and the revenue is recognized on a gross basis, since the Company is the primary obligor for fulfilling the promise to its customers on these arrangements, has inventory risk, and has latitude in establishing prices. In limited circumstances, the Company has determined that it acts as an agent (ASC 606-10-55-36 through 55-40) because it does not control the specified goods before they are transferred to the customer. For these arrangements, revenue is recognized on a net basis, reflecting only the fee or commission to which the Company is entitled in exchange for arranging the sale.

Additionally, the Company ships some of its products to retailers on a consignment basis. The Company retains ownership of its products stored at these retailers. As the Company's products are sold by the retailer, ownership is transferred from the Company to the retailer. At that time, the Company invoices the retailer and recognizes revenue for these consignment transactions. If a contract contains more than one performance obligation, the transaction price is allocated to each performance obligation based on relative standalone selling price. Shipping and handling activities are treated as a fulfillment activity rather than a promised service, and therefore, are not considered a performance obligation. Sales, use, value-added, and other excise taxes the Company collects concurrent with revenue producing activities are excluded from revenue. Incidental items that are immaterial in the context of the contract are recognized as expense when incurred.

The Company applies ASC 606, *Revenue from Contracts with Customers*, (ASC 606) utilizing the following allowable exemptions or practical expedients:

- Portfolio approach practical expedient relative to the estimation of variable consideration.
- Shipping and handling practical expedient to account for shipping and handling activities that occur after control of the related good transfers as fulfillment activities.
- Costs of obtaining a contract practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is one year or less.
- Sales taxes practical expedient to exclude sales taxes and other similar taxes from the transaction price.
- Significant financing component practical expedient

Revenue is recognized at the transaction price which the Company expects to be entitled to receive. When determining the transaction price, the Company estimates variable consideration by applying the portfolio approach practical expedient under ASC 606. The primary sources of variable consideration for the Company are rebate programs, incentive programs and product returns. The rebate and incentives are recorded as a reduction to revenue at the time of the initial sale or when offered. The Company estimates variable consideration related to products sold under its rebate and incentive programs using the expected value method, which is based on sales terms with customers, historical experience, inventory levels, volume purchases, and known changes in relevant trends in the future. There are no material instances where variable consideration is constrained and not recorded at the initial time of sale.

Substantially all of the Company's sales are domestic and are made to customers under agreements permitting certain limited rights of return based upon the prior months' sales and vendor return rights. Except for video games and vinyl sales, which are not returnable, generally it is the Company's policy not to accept product returns that cannot be returned to the Company's vendors. Revenue from product sales is recognized net of estimated returns. Sales in the pre-recorded music and video movies industry generally give certain customers the right to return products. In addition, the Company's suppliers generally permit the Company to return products that are in the supplier's current product listing, except for video games and vinyl.

Based on historical returns, review of current catalog list and the change of mass merchant's floor space and store locations carrying the Company's products, management provides for estimated net returns at the time of sale and other specific reserves when appropriate. This is typically done using a twelve-month average return rate by product.

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are most significantly affected by the overall economic health of the consumer product industry in the United States.

Cash

Cash includes all investments with original maturities of three months or less when purchased. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Trade Receivables, Net

The Company grants credit to customers on credit terms in the ordinary course of business. Credit is extended based on an evaluation of a customer's financial condition, and collateral is generally not required. Trade receivables are carried at the original invoice amount less estimates made for allowances for credit losses based on a periodic review of all outstanding amounts. Management measures all expected losses based on a forward-looking expected loss model, which reflects probable losses based on historical experience, current conditions, and reasonable and supportable forecasts. Trade receivables are written off against the allowance when they are deemed uncollectable. Recoveries of trade receivables previously written off are recorded as a credit to the allowance for uncollectable accounts when received.

Escrow Receivable

As of June 30, 2025, the Company had $8.5 million held in escrow related to a terminated acquisition transaction. The Company does not have access to or control over the escrow account, and the acquisition did not proceed. The funds are classified as a receivable within Other Current Assets, and the Company is actively pursuing return of the escrowed funds. Management believes the balance is recoverable within the next 12 months.

Inventory and Inventory Reserves

Inventory is stated at the lower of cost, using the weighted average cost method, or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Excess or obsolete inventory reserves that reduce the cost basis of the assets are established when inventory is estimated to not be sellable or returnable to suppliers based on product demand and product life cycle.

Property and Equipment, Net

Property and equipment are recorded at cost less accumulated depreciation. Depreciation and amortization are calculated using the straight-line method over the asset's estimated useful life. Costs of major additions and improvements are capitalized, while repair and maintenance costs are charged to expense as incurred. When items are disposed of, the cost and accumulated depreciation are eliminated from the accounts, and any gain or loss is reflected in the consolidated statements of income and comprehensive income.

Depreciation and Amortization

Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets to operations over their estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Asset Class	Useful Life
Leasehold Improvements	5 – 10 years
Machinery and Equipment	3 – 7 years
Furniture and Fixtures	5 – 7 years
Capitalized Software	1 – 3 years
Equipment Under Finance Leases	5-7 years
Computer Equipment	2 – 5 years

Leasehold improvements and equipment under financed ROU leases are amortized over the shorter of the useful life of the asset or the life of the lease.

Goodwill and Definite-Lived Intangible Assets, Net

Goodwill is assessed using either a qualitative assessment or quantitative approach to determine whether it is more likely than not that the fair value of the reporting unit is less than the carrying amount. The qualitative assessment evaluates factors including macroeconomic conditions, industry-specific and company-specific considerations, legal and regulatory environments, and historical performance. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, a quantitative assessment is performed. Otherwise, no further assessment is required. The quantitative approach compares the estimated fair value of the reporting units to it carrying amount, including goodwill. Impairment is indicated if the estimated fair value of the reporting unit is less than the carrying amount of the reporting unit, and an impairment charge is recognized for the differential.

The Company completes its annual goodwill impairment tests in the fourth quarter, or whenever there are indicators that the fair value of the reporting unit might be less than the carrying amount. For the years ended June 30, 2025, and 2024, the Company did not record any impairment.

Definite-Lived intangible assets are stated at cost, less accumulated amortization. Amortization of customer relationships and lists is recorded using an accelerated method over the useful lives of the related assets, which range from 10 to 15 years. Covenants not to compete and trade names are amortized using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 15 years.

Indefinite-lived intangible assets, such as certain trade names, are not amortized but are tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. For the years ended June 30, 205 and 2024 the company did not record any impairment.

Impairment of Long-Lived Assets

Recoverability of long-lived assets, including property and equipment and certain identifiable intangible assets are evaluated whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Factors considered important which could trigger an impairment review include but are not limited to significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, significant decrease in the market value of the assets and significant negative industry or economic trends. In the event the carrying amount of the long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual deposition. If the carrying amount of an asset exceeds the sum of the estimated future undiscounted cash flow, an impairment loss is recorded for the excess of the asset's carrying amount over its fair value. There was no impairment during the years ended June 30, 2025, and 2024.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates inherent in the preparation of the accompanying consolidated financial statements include management's estimates of sales returns reserve, warrants fair value, customer rebates and discount reserves, goodwill impairment, and inventory valuation. On an ongoing basis, management evaluates its estimates compared to historical experience and trends, which form the basis for making judgments about the carrying value of assets and liabilities.

Fair Value of Financial Instruments

The Company complies with ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value in accordance with U.S. generally accepted accounting principles and expands disclosure requirements about fair value measurements. Under ASC 820, there are three categories for the classification and measurement of assets and liabilities carried at fair value:

Level 1: Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment. Examples include publicly traded equity securities and publicly traded mutual funds that are actively traded on a major exchange or over-the-counter market.

Level 2: Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly. Examples include municipal bonds, where fair value is estimated using recently executed transactions, bid asked prices and pricing models that factor in, where applicable, interest rates, bond spreads and volatility.

Level 3: Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value. Examples include limited partnerships and private equity investments.

The estimated fair value of cash, trade receivables, accounts payable, accrued expenses and other current liabilities are based on Level 1 inputs as the fair values approximate carrying amounts as of June 30, 2025, and 2024, based on the short-term nature and maturity of these instruments.

The estimated fair values of subordinated shareholder debt and the credit facility is based on Level 2 inputs, which consist of interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities. As of June 30, 2025, and 2024 the estimated fair value of the Company's short and long-term debt approximates it carrying value due to market interest rates charged on such debt or their short-term maturities.

The estimated fair value of the tangible and intangible assets acquired, and the liabilities assumed in connection with the acquisition of Think3Fold were measured using Level 2 and Level 3 inputs.

The estimated fair value of warrants, and contingent shares is determined based on various valuation methodologies, including the Black-Scholes option pricing model and other appropriate valuation techniques. These methodologies consider factors such as the exercise price, expected volatility, expected term, and risk-free interest rate.

Warrants

Management evaluates all of the Company's financial instruments, including warrants issued to purchase its Class A Common Stock, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 480, *Distinguishing Liabilities from Equity* and ASC 815-15, *Derivatives and Hedging-Embedded Derivatives*. The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is assessed at issuance of the financial instrument and re-assessed at the end of each reporting period.

As a result of the Merger, the Company initially had 5,750,000 Public Warrants, 4,120,000 Private Placement Warrants, and 50,090 Representative Warrants issued that are exercisable to purchase shares of Class A Common Stock. The Public Warrants qualify for the derivative scope exception under ASC 815 and are therefore presented as a component of Stockholders' Equity on the consolidated balance sheets without subsequent fair value re-measurement.

The Private Placement Warrants and Representative Warrants are recognized as derivative liabilities in accordance with ASC 815-40. Accordingly, the Company recognizes the Private Placement Warrants and Representative Warrants as liabilities at fair value in the consolidated balance sheets with the warrant liabilities subject to re-measurement at each balance sheet date until exercised, and any change in fair value recognized in the consolidated statements of income and comprehensive income.

The Company re-computes the fair value of the Private and the Representative Warrants at the issuance date and the end of each quarterly reporting period. Such value computation includes subjective input assumptions that are consistently applied each period. If the Company were to alter its assumptions or the numbers input based on such assumptions, the resulting fair value could be materially different. Refer to Note 20, Warrants and Note 21, Fair Value for additional details of the Warrants and related valuation.

Earnings per Share

Basic Earnings Per Share is computed by dividing net income available to common shareholders by the weighted average shares outstanding during the period. Diluted EPS takes into account the potential dilution that could occur if securities or other contracts to issue shares, such as stock options, warrants, and unvested restricted stock units, were exercised and converted into common shares and the impact would not be antidilutive. Diluted EPS is computed by dividing net income available to common shareholders by the weighted average shares outstanding during the period, increased by the number of additional shares that would have been outstanding if the potential shares had been issued and were dilutive. Contingently issuable shares are included in basic net loss per share only when there is no circumstance under which those shares would not be issued.

The following table sets forth the computation of basic and diluted net earnings per share of Common Stock for the years ended June 30, 2025, and 2024 respectively:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Net Income (in thousands)	$ 15,078	$ 4,581
Basic and diluted shares		
Weighted-average Class A Common Stock outstanding (basic)	50,957,370	50,828,548
Weighted-average Class A Common Stock outstanding (diluted)	51,016,546	50,837,148
Income per share for Class A Common Stock		
— Basic and Diluted	$ 0.30	$ 0.09

There are 60,000,000 shares of contingently issuable Common Stock that were not included in the computation of basic or diluted earnings per share since the contingencies for the issuance of these shares have not been met as of June 30, 2025. For the year ended June 30, 2025, there are 9,920,090 warrants outstanding that have been excluded from diluted earnings per share because they are anti-dilutive. For the year ended June 30, 2025, there are also 9,920,090 warrants outstanding and 660,000 restricted shares that have been excluded from diluted earnings per share because they are anti-dilutive.

Advertising Costs

Advertising costs, which consist primarily of mailers, catalogs, online marketing and other promotions, are expensed in the period in which the advertisement or promotion occurs. Additionally, the Company maintains cooperative advertising agreements with certain vendors to include their logos and product descriptions prominently in the catalogs and calendars. The fee revenues charged to the vendors for the cooperative advertising arrangements are recorded as a reduction of advertising expense and any excess fees are recorded as a reduction of cost of goods sold. Advertising costs, which are included as selling, general and administrative expenses, were $7.7 million and $7.3 million for the years ended June 30, 2025, and 2024, respectively.

Deferred Financing Costs

Deferred financing costs relating to the Company’s revolving credit facility are deferred and amortized ratably over the life of the debt using the straight-line method. Deferred financing costs are included as an addition to interest expense on the consolidated statements of income and comprehensive income and are included in Revolving Credit Facility, Net on the consolidated balance sheets.

Shipping and Handling

The Company accounts for shipping and handling activities as fulfillment activities. As such, the Company does not evaluate shipping and handling as promised services to its customers. Shipping and handling costs are included in cost of revenues in the accompanying consolidated statements of income and comprehensive income.

Foreign Currency Translation and Transactions

The financial position and results of operations of the Company's foreign subsidiary is measured using the local currency as the functional currency. Assets and liabilities of this subsidiary are translated into United States dollars at the exchange rate in effect at each period end. Income statement accounts are translated at the average rate of exchange prevailing during the period. Foreign currency translation income (loss) totaled $3 thousand and ($2) thousand for the years ended June 30, 2025, and 2024, respectively.

The Company does not typically hedge its foreign exchange rate position. Realized gains or losses from foreign currency transactions are included in operations as incurred.

Business Combinations — Valuation of Acquired Assets and Liabilities Assumed

The Company allocates the purchase price for each business combination, or acquired business, based upon (i) the fair value of the consideration paid and (ii) the fair value of net assets acquired, and liabilities assumed. The determination of the fair value of net assets acquired and liabilities assumed requires estimates and judgements of future cash flow expectations for the acquired business and the allocation of those cash flows to identifiable tangible and intangible assets. Fair values are calculated by applying estimates related to Internal Rate of Return (IRR) and Weighted Average Cost of Capital (WACC) assumptions as well as incorporating expected cash flows into industry standard valuation techniques. Goodwill is the amount by which the purchase price consideration exceeds the fair value of tangible and intangible assets acquired, less assumed liabilities.

Intangible assets, such as customer relationships and trade names, when identified, are separately recognized and amortized over their estimated useful lives, if considered definite lived. Acquisition costs are expensed as incurred and are included in the consolidated statements of income and comprehensive income.

Leases

The Company is a lessee in multiple noncancelable operating and financing leases. If the contract provides the Company with the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is generally considered to be or contain a lease. Right-of-Use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Company's incremental borrowing rate. The Company uses the incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

For all underlying classes of assets, the Company has elected the practical expedient to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are generally deemed short-term leases with lease costs included in short- term lease expense. The Company recognizes short-term lease cost on a straight-line basis over the lease term.

Variable Interest Entity

The Company evaluates its ownership, contractual, and other interests in entities to determine if it has any variable interest in a variable interest entity (VIE). These evaluations are complex, involve judgment, and the use of estimates and assumptions based on available historical information, among other factors. If the Company determines that an entity in which it holds a contractual, or ownership, interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. The primary beneficiary of a VIE is the party that meets both of the following criteria: (i) has the power to make decisions that most significantly affect the economic performance of the VIE; and (ii) has the obligation to absorb losses or the right to receive benefits that in either case could potentially be significant to the VIE. Management performs ongoing reassessments of whether changes in the facts and circumstances regarding the Company's involvement with a VIE will cause the consolidation conclusion to change.

Changes in consolidation status are applied prospectively. The Company evaluated its transactions with a related party included in Note 13 and concluded that the arrangements do not result in variable interests and do not require consolidation of any of the related party entities.

Concentrations

Customers:

Revenues	**Year Ended June 30, 2025**	**Year Ended June 30, 2024**
Customer #1	14.5%	17.8%
Customer #2	14.0%	11.0%
Customer #3	11.4%	10.2%

Receivables	**June 30, 2025**	**June 30, 2024**
Customer #1	30.2%	20.2%
Customer #2	13.1%	12.3%

Suppliers:

Purchases	Year Ended June 30, 2025	Year Ended June 30, 2024
Supplier #1	23.5%	21.1%
Supplier #2	12.1%	18.4%
Supplier #3	10.4%	10.4%

Payables	June 30, 2025	June 30, 2024
Supplier #1	18.8%	15.8%
Supplier #2	*	12.3%
Supplier #3	12.9%	10.6%

*Less than 10%

Segments

Operating segments are defined as components of an enterprise where discrete financial information is available and evaluated regularly by the chief operating decision maker or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision makers (CEO and Executive Chairman) manage the business, allocate resources, and assess performance on a consolidated basis. Accordingly, the Company has one operating and reportable segment.

Accounting Pronouncements

Recently Issued and Adopted Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. ASU 2023-07 requires public entities to disclose significant segment expense categories that are regularly provided to the Chief Operating Decision Maker ("CODM") and included in the measure of segment profit or loss, as well as the title and position of the CODM. The amendments also require disclosure of all annual segment profit or loss and asset disclosures in interim periods and provide expanded disclosure requirements for entities with a single reportable segment.

ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. The Company adopted ASU 2023-07 for its fiscal year ended June 30, 2025, in accordance with the required effective date for non-accelerated filers. The adoption did not impact the Company's consolidated financial position, results of operations, or cash flows; however, it resulted in enhanced segment disclosures in the notes to the consolidated financial statements in accordance with ASC 280, *Segment Reporting*. These enhancements include the identification of significant segment expense categories, disclosure of the measures of segment profit or loss used by the CODM, related reconciliations to the most comparable GAAP measure, and expanded disclosures for entities with a single reportable segment.

Prior period comparative disclosures have been updated to conform to the current year presentation. The Company will include comparable disclosures in its interim financial statements beginning with the quarter ending September 30, 2025.

Recently Issued but Not Yet Adopted Accounting Pronouncements

Accounting Standard Update 2024-03, In 2024, Income Statement Reporting Comprehensive Income. The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2024-03, Income Statement Reporting Comprehensive Income Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU provides guidance on the disaggregation of income statement expenses, aiming to enhance the transparency of financial reporting by requiring more detailed disclosures of expense categories. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements to determine the potential effect on its financial reporting and disclosures.

Accounting Standard Update 2024-02, In 2024, Codification Improvements Amendments to Remove References to the Concepts Statements. The Financial Accounting Standards Board (FASB) issued ASU 2024-02, which updates accounting standards for revenue recognition (ASC 606), lease accounting (ASC 842), and impairment of long-lived assets (ASC 360). The ASU provides enhanced guidance for estimating variable consideration, accounting for contract modifications, determining lease terms, and simplifying impairment testing for long-lived assets. It also introduces increased disclosure requirements for financial instruments and derivatives. ASU 2024-02 is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements.

Accounting Standard Update 2024-01 In 2024, Compensation Stock Compensation (Topic 718): Scope Application of Profits Interest and Similar Awards. The Financial Accounting Standards Board (FASB) issued ASU 2024-01, which introduces updates to accounting standards related to the classification and measurement of financial instruments under ASC 320. The update primarily focuses on clarifying guidance for equity securities, debt instruments, and other financial assets, particularly in the areas of fair value measurement and impairment recognition. It aims to improve consistency and comparability in the reporting of financial instruments by refining the criteria for classifying securities and enhancing the methodology for recognizing and measuring impairments. ASU 2024- 01 also mandates additional disclosures to provide greater transparency around the valuation techniques and assumptions used in determining the fair value of financial instruments. The update is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this ASU on its financial statements and disclosures.

Accounting Standard Update 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"). In December 2023, the FASB issued ASU 2023-09, which requires more detailed income tax disclosures. The guidance requires entities to disclose disaggregated information about their effective tax rate reconciliation as well as expanded information on income taxes paid by jurisdiction. The disclosure requirements will be applied on a prospective basis, with the option to apply them retrospectively. The standard is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. We are evaluating the disclosure requirements related to the new standard.

Note 2: Trade Receivables, Net

Trade Receivables, Net consists of the following at:

($ in thousands)	**June 30, 2025**	**June 30, 2024**
Trade Receivables	$ 100,799	$ 93,827
Less:		
Allowance for Credit Losses	(867)	(648)
Sales Returns Reserve	(2,257)	(1,064)
Customer Rebate and Discount Reserve	(306)	242
Total Allowances	(3,430)	(1,470)
Trade Receivables, Net	$ 97,369	$ 92,357

Allowance for Credit Losses Roll forward	**June 30, 2025**	**June 30, 2024**
($ in thousands)		
Beginning Balance	(648)	(235)
Current Period Provision for Expected Credit Losses	(1,068)	(686)
Write-offs	861	285
Recoveries of Previously Written-off Accounts	(12)	(12)
Ending Balance	(867)	(648)

Note 3: Inventory, Net

Inventory, Net (all finished goods) consists of the following at:

($ in thousands)	June 30, 2025	June 30, 2024
Inventory	$ 108,590	$ 105,749
Less: Reserves	(5,742)	(8,320)
Inventory, Net	**$ 102,848**	**$ 97,429**

There were no inventory write-downs recorded for the fiscal years ended June 30, 2025, and 2024.

Note 4: Other Current and Long-Term Assets

Other Current and Long-Term Assets consist of the following at:

($ in thousands)	June 30, 2025	June 30, 2024
Other Assets–Current		
Prepaid Intellectual Property	$ 2,786	$ 2,628
Escrow Receivable	8,500	-
Insurance Receivable	1,377	-
Prepaid Insurance	377	183
Prepaid Acquisitions	-	55
Prepaid Catalogs	632	310
Prepaid Manufacturing Components	385	-
Prepaid Maintenance	1,041	795
Prepaid Inventory	-	559
Prepaid Molding	140	-
Prepaid Shipping Supplies	1,270	768
Prepaid Vault	154	-
Prepaid Royalties	17	-
Total Other Assets–Current	$ 16,679	$ 5,298
Other Long-Term Assets		
Deposits	$ 175	$ 273
Income tax receivable	614	230
Total Other Long-Term Assets	$ 789	$ 503

Note 5: Property and Equipment, Net

Property and Equipment, Net consists of the following at:

($ in thousands)	June 30, 2025	June 30, 2024
Property and Equipment		
Leasehold Improvements	$ 908	$ 908
Machinery and Equipment	30,624	30,490
Furniture and Fixtures	1,717	1,717
Capitalized Software	10,377	10,377
Equipment Under Finance Leases	12,488	12,488
Computer Equipment	1,757	1,757
Construction in Progress	43	-
	57,914	57,737
Less: Accumulated Depreciation and Amortization	(46,623)	(44,795)
Total Property and Equipment, Net	$ 11,291	$ 12,942

Depreciation Expense for the years ended June 30, 2025, and 2024 was $1.8 million and $1.9 million respectively.

Note 6: Goodwill and Intangibles, Net

($ in thousands)	June 30, 2025	June 30, 2024
Goodwill, Beginning Balance	$ 89,116	89,116
Goodwill, Ending Balance	$ 89,116	89,116

Intangibles, Net consists of the following at:

($in thousands)		Year ended June 2025		Year Ended June 2024	
Intangibles:	Intangibles Cost	Accum. Amortization	Intangibles, Net	Accum. Amortization	Intangibles, Net
Customer Relationships	$ 78,000	(73,928)	$ 4,072	(72,019)	$ 5,981
Trade Name – Alliance	$ 5,200	(5,200)	$ -	(5,200)	$ -
Contract Acquisition	$ 1,800	(180)	$ 1,620	-	$ -
Tradename - HMBR	$ 6,800	-	$ 6,800	-	-
Mecca Customer Relationships	$ 8,023	(6,393)	$ 1,630	(5,818)	$ 2,205
Customer List	$ 12,760	(8,407)	$ 4,353	(7,565)	$ 5,195
Total	$ 112,583	(94,108)	$ 18,475	(90,602)	$ 13,381

During the years ended June 30, 2025, and 2024, the Company recorded amortization expense of $3.5 million and $4.0 million, respectively.

Expected amortization over the next five years and thereafter, as of June 30, 2025, is as follows:

($ in thousands)	Intangible Assets
Year Ended June 30,	
2026	$ 3,375
2027	3,326
2028	2,298
2029	1,019
2030	379
Thereafter	1,278
Total Expected Amortization	$ 11,675
Indefinite-lived Intangible asset	6,800
Total Intangible Assets	$ 18,475

Note 7: Accrued Expenses

Accrued Expenses consists of the following at:

($ in thousands)	June 30, 2025	June 30, 2024
Marketing Funds Accruals	$ 4,870	$ 5,012
Payroll and Payroll Tax Accruals	1,690	2,782
Accruals for Other Expenses	1,688	1,577
Accrued Contract Liability	1,300	-
Total Accrued Expenses	$ 9,548	$ 9,371

Note 8: Revolving Credit Facility

On December 21, 2023, the Company entered into a new credit facility with White Oak Commercial Finance, LLC, which will mature on December 21, 2026. The facility is a $120 million asset-based revolving credit facility (the "Revolving Credit Facility"). Borrowings under the Revolving Credit facility bear interest at the 30-day SOFR rate, subject to a floor of 2%, plus a margin ranging from 4.00% to 4.25%, depending on the Company's utilization and consolidated fixed charge coverage ratio. The 30-day SOFR rates as of June 30, 2025, and June 30, 2024, were 4.35% and 5.29%, respectively. The effective interest rates at June 30, 2025, and June 30, 2024, were 9.2% and 9.5%, respectively.

On June 30, 2025, the Company entered into an amendment to its Credit Facility with White Oak, which reduced the applicable interest rate margin from a range of 4.5% – 4.75% to a range of 4.0% – 4.25%, effective immediately. The Company expects the reduction in the applicable interest rate range to decrease its interest expense in future periods.

If the Company reduces or terminates the commitments under the Revolving Credit Facility before its maturity, it will incur an early termination fee of 1% if done between December 21, 2024, and August 21, 2025. As of August 21, 2025, the Company is no longer subject to any early termination fees.

Availability under the Revolving Credit Facility is determined by the Company's borrowing base calculation, as defined in the credit agreement relating to this facility. The Company also incurs a commitment fee of 0.25% for unused credit line with fees for the fiscal year ended June 30, 2025, and June 30, 2024, of $0.22 million and $0.15 million, respectively. Availability as of June 30, 2025, was approximately $54 million with an outstanding revolver balance of approximately $57 million. Availability as of June 30, 2024, was $44 million with an outstanding revolver balance of $73 million.

The maximum borrowings under the Revolving Credit Facility are determined by a formula based on eligible accounts receivable and inventory, subject to lender discretion. The facility includes standard representations and warranties, events of default, and financial reporting requirements, including maintaining a fixed charge coverage ratio of at least 1.1 to 1.0 on a trailing twelve-month basis. The facility also imposes covenants restricting the Company's ability to incur additional indebtedness, grant liens, pay dividends, make unpermitted investments, or materially change its business operations. The facility is secured by a first-priority security interest in the Company's and its subsidiaries' cash, accounts receivable, and related assets.

The Company was in compliance with its covenants as of June 30, 2025 and 2024. Revolving Credit Facility, net consists of the following at:

($ in thousands)	**June 30, 2025**	**June 30, 2024**
Outstanding Balance	$ 57,257	$ 72,979
Less: Deferred Finance Costs	(1,988)	(3,392)
Revolving Credit Facility, Net	$ 55,269	$ 69,587

During the years ended June 30, 2025, and 2024, the Company had interest expenses of $7.2 million and $11.2 million, respectively, and amortization of deferred finance costs of $1.4 million and $0.9 million, respectively.

Note 9: Employee Benefits Company Health Plans

During the year ended June 30, 2025, the Company transitioned its health insurance coverage from a self-funded model to an Individual Coverage Health Reimbursement Arrangement ("ICHRA"). As a result, the self-insured medical plans (including both PPO and HDHP options) under the Alliance Health & Benefits Plan ("AHBP") were terminated. Under the ICHRA model, the Company reimburses employees and executive officers for individual health insurance premiums, with contribution levels varying based on coverage tiers.

There were no changes to the Company's dental (PPO and HMO), vision, life insurance, or short-term disability plans. The Company's dental HMO plan remains self-insured, with exposure limited to a maximum per individual procedure based on a published fee schedule. The dental PPO plan is fully insured. The Company contributes various percentages toward premium costs across benefit offerings, based on coverage levels and Board-approved schedules. The vision, life insurance, and short- and long-term disability plans are fully insured and Company-sponsored, with premiums paid by both the employer and employees in accordance with Board-approved contribution structures.

As of June 30, 2025, the Company had no remaining liability related to the terminated self-insured medical plans, as the previously accrued estimated run-out exposure was fully settled during the fourth quarter of fiscal 2025. At June 30, 2024, the accrued estimated run-out exposure for the medical and dental plans totaled approximately $332,000 and was included in accrued expenses on the Company's consolidated balance sheet. Effective in fiscal 2025, the Company implemented an Individual Coverage Health Reimbursement Arrangement ("ICHRA") plan, which eliminates the Company's exposure to self-insured medical and dental claims; therefore, no similar liabilities are expected under the current plan structure.

401(k) Plan

The Company has the Alliance Entertainment 401(k) Plan (the Plan) covering all eligible employees of the Company. All employees over the age of 18 are eligible to participate in the Plan at the beginning of the month following date of hire. The Plan has automatic deferral at the beginning of the month following the date of hire. Employees are automatically enrolled in the Plan with a 3% contribution; however, they have the option to increase/decrease their deferrals or opt out of the Plan at any time. The Company currently offers a match contribution of $0.50 of every dollar up to 4% of contribution percentage. For the fiscal year ending June 30, 2025, and 2024 the company's matching expense was approximately $588,000 and $620,000, respectively. The Company conducts a retirement plan review on an annual basis.

Note 10: Segment Information

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which requires enhanced disclosures about a public entity's reportable segments, including significant segment expense categories and expanded interim reporting requirements. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted ASU 2023-07 for the fiscal year ended June 30, 2025.

Management performed an assessment of the Company's operating segments in accordance with ASC 280-10-50-1 through 50-9. Based on this evaluation, the Company determined that it operates as a single operating segment, which is also its sole reportable segment. Segment revenue is derived from the sale of distribution of pre-recorded music, video movies, video games and related accessories, and merchandising. This conclusion is consistent with prior periods.

The Company's Chief Executive Officer and Chairman are the Chief Operating Decision Makers ("CODM") and review financial performance and make resource allocation decisions at the consolidated entity level. The CODM uses net income, prepared in accordance with U.S. GAAP to assess performance and make resource allocation decisions. The CODM utilizes net income, prepared in accordance with U.S. GAAP, to evaluate financial performance, monitor variances against budget and forecast, and guide strategic decisions. Segment assets are reported as consolidated assets on the Company's balance sheet.

Significant expense categories regularly reviewed by the CODM include:

- Cost of Revenues (excluding depreciation and Amortization)
- Distribution and Fulfillment Expense
- Sales and Marketing

Other Segment Items:

Other segment items include expenses that are part of segment profit or loss but are not classified as significant segment expenses. These include:

- General and Administrative Expense
- Technology Expense
- Interest Expense
- Income Tax Expense

The following table presents segment revenue, net loss, and the significant segment expenses for the Company's single reportable segment for the fiscal years ended June 30, 2025, and 2024 (in thousands):

Reconciliation to Consolidated Net Income:

	Fiscal Year ended June 30	
	2025	2024
Net Revenues	$ 1,063,457	$ 1,100,483
Cost of Revenues (excluding depreciation and Amortization)	930,605	971,594
Distribution and Fulfillment Expense	40,375	48,818
Sales and Marketing	26,919	27,220
Other Segment items*	50,480	23,776
Net income	15,078	4,581

*Other segment items include interest expense, income tax expense, general and administrative expenses, and technology expenses, which are reported separately on the consolidated statements of income.

Note 11: Income Taxes

The Company accounts for income taxes under an asset and liability approach that requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the Company's consolidated financial statements or tax returns as well as tax credits carry forward. In estimating future tax consequences, the Company generally considers all expected future events other than enactments of changes in the tax laws or rates. Valuation allowances are established as necessary to reduce deferred tax assets to an amount more likely than not to be realized.

The Company's policy on income statement classification of interest and penalties related to income tax obligations is to include such items as part of total interest expense and other expense, respectively. As of June 30, 2025, and 2024, the Company did not have any material uncertain tax positions and thus has not recognized any interest or penalties in these consolidated financial statements. The Federal income tax return remains open for examination by the U.S. tax authorities for all years subsequent to 2020.

The components of the provision for (benefit from) income taxes for the fiscal year-ended June 30, 2025 and 2024 are as follows:

	Year Ended June 30	
($ in thousands)	**2025**	**2024**
Income Tax Expense:		
Current:		
Federal	$ 592	$ 475
State	715	431
Total Current Expense	$ 1,308	$ 906
Deferred:		
Federal	$ 2,404	$ (2,856)
State	(81)	(778)
Total Deferred Expense (Benefit)	2,322	(3,634)
Income Tax Expense (Benefit)	$ 3,630	$ (2,728)

The items accounting for the difference between income taxes computed at the U.S. federal statutory income tax rate and the income tax expense (benefit) at the effective tax rate for each of the years are as follows:

	Year Ended June 30			
($ in thousands)	**2025**		**2024**	
Federal Income Tax Provision at Statutory Rate	$ 3,922	21%	$ 389	21%
State Taxes, Net of Federal Benefits	634	3%	(347)	(19)%
Other – Permanent Adjustments	26	0%	20	1%
Fair Value Adjustments on Warrants	178	1%	-	-
Foreign Derived Intangible Income	(349)	(2)%	(293)	(16)%
Deferred Tax True-Up	(682)	0%	(2,730)	(147)%
Immaterial Income Tax out-of-period Adjustment	(99)	(4)%	-	0%
Equity Compensation	-	0%	233	13%
Income Tax Expense (Benefit)	$ 3,630	20%	$ (2,728)	(147)%

Deferred income taxes reflect the net tax effects of temporary differences between the amount of assets and liabilities for accounting purposes and the amounts used for tax purposes.

The components of deferred taxes consist of the following (amounts in thousands):

($in thousands)	**Year Ended June 30, 2025**	**Year Ended June 30, 2024**
Deferred Tax Assets:		
Other Deferred Tax Assets (ICDISC)	$ -	$ 590
Net Operating Losses	4,856	8,607
Credit Losses	234	149
Inventory	2,364	2,990
Section 248 Organization Costs	1,674	1,827
Accruals Not Currently Deductible	5,170	3,481
Lease Liability	5,347	5,800
Total Deferred Tax Assets	19,645	23,444
Deferred Tax Liabilities:		
Prepaids	(1,033)	(918)
Property and Equipment	(2,223)	(3,864)
Operating Lease Assets	(4,970)	(5,732)
Goodwill/Intangibles	(7,208)	(6,397)
Total Deferred Tax Liabilities	(15,434)	(16,911)
Net Deferred Tax Asset, Net	$ 4,211	$ 6,533

As of June 30, 2025, 2024 and 2023, The Company had recorded no unrecognized tax benefits and, therefore, no accrued interest or penalties for unrecognized tax positions. In addition, The Company is under examination by the Florida tax authorities. These proceedings may lead to adjustments or proposed adjustments to their taxes or provisions for uncertain tax provisions. The Company believes that it would prevail under such examination and, accordingly, has not recorded a provision for uncertain tax positions.

The Company evaluates deferred tax assets each period for recoverability. The Company records a valuation allowance for assets that do not meet the threshold of "more likely than not" to be realized in the future. To make that determination, the Company evaluates the likelihood of realization based on the weight of all positive and negative evidence available. As of June 30, 2025 and 2024, The Company has not recorded a valuation allowance.

The Company will reevaluate this determination quarterly and record a tax expense if and when future evidence requires a valuation allowance.

As of June 30, 2025, the Company had federal net operating loss carryforwards ("NOLs") of $14.7 million and state NOLs of $19.3 million. Of these carryforwards, approximately $10.3 million will expire, if not utilized, in various years through 2043. The remaining carryforwards have no expiration.

The Internal Revenue Code of 1986, as amended, imposes restrictions on the utilization of net operating losses and certain credits in the event of an "ownership change" of a corporation. Accordingly, a company's ability to use net operating losses and certain credits may be limited as prescribed under.

Note 12: Commitments and Contingencies

Commitments

The Company enters into various agreements with suppliers for the products it distributes. The Company had no long-term purchase commitments or arrangements with its suppliers as of June 30, 2025, and June 30, 2024.

Litigation, Claims and Assessments

We are exposed to claims and litigations of varying degrees arising in the ordinary course of business and use various methods to resolve these matters. When a loss is probable, we record an accrual based on the reasonably estimable loss or range of loss. When no point of loss is more likely than another, we record the lowest amount in the estimated range of loss and, if material, disclose the estimated range of loss. We do not record liabilities for reasonably possible loss contingencies but do disclose a range of reasonably possible losses if they are material and we are able to estimate such a range. If we cannot provide a range of reasonably possible losses, we explain the factors that prevent us from determining such a range. Historically, adjustments to our estimates have not been material. We believe the recorded reserves in our consolidated financial statements are adequate in light of the probable and estimable liabilities. We do not believe that any of these identified claims or litigation will be material to our results of operations, cash flows, or financial condition.

On August 8, 2024, a class action complaint, Feller v. Alliance Entertainment, LLC and DirectToU, LLC, was filed under the Video Privacy Protection Act ("VPPA"). The complaint alleges that the Company violated the VPPA by disclosing users' personally identifiable information, as well as information regarding videos they viewed on the Company's website, to Facebook through the use of Facebook Pixel. The Company is evaluating the claims and intends to defend against the allegations vigorously. At this time, the potential outcome or range of financial impact cannot be reasonably estimated.

On June 6, 2024, Office Create Corporation filed a complaint against COKeM International Ltd. ("COKeM") in the United States District Court for the District of Minnesota alleging contributory trademark infringement, contributory false designation of origin and unjust enrichment relating to COKeM's [alleged] distribution of a specific video game, Cooking Mama: Cookstar. Office Create Corporation is seeking damages of no less than $20,913,200, plus interest of 9% accruing from October 3, 2022. On August 29, 2024, COKeM filed a response denying all allegations. COKeM intends to vigorously defend the lawsuit. On September 12, 2024, COKeM filed a Third-Party Complaint against Planet Entertainment LLC and Steven Grossman asserting claims for indemnification and contribution. Mediation has been postponed. Office Create Corporation has filed an amended complaint impleading the former owner, chairman, CFO and SVP of Sales for COKeM seeking willful trademark infringement claims and civil conspiracy. Alliance filed an amended Answer insofar as any new claims pertain to COKeM directly on March 12, 2025. The Amended Complaint is now seeking damages in excess of $35MM. The court did schedule a settlement conference for August 11, 2025 but Office Create Corporation cancelled it with no new date scheduled. COKeM has offered a settlement amount of $330,000 which has been rejected by Office Create Corporation. COKeM believes that Office Create Corporation is relying on case law that has been overturned and precedent that is not-binding in the 8th Circuit. COKeM has some insurance coverage for this claim with CNA but the policy is capped at $2.5 million for all claims and also has to be shared with the VPPA class action claim(s) discussed below.

Jonathan Hoang To v. DirectToU, LLC, United States District Court for the Northern District of California; Case No. 3:24-cv-06447; Douglas Feller, Jeffry Haise, and Joseph Mull v. Alliance Entertainment, LLC and DirectToU, LLC, United States District Court for the Southern District of Florida, Case No. 0:24-cv-61444; and Vivek Shah v. DirectToU, LLC, JAMS Arbitration, No. 5220006749.- On or about September 12, 2024, Jonathan Hoang To, who allegedly used the website www.deepdiscount.com; Douglas Feller and Jeffry Haise, who allegedly used the website www.ccvideo.com; Joseph Mull and Vivek Shah, who allegedly used the website www.moviesunlimited.com. The lawsuits also put at issue any other website owned or operated by Alliance Entertainment, LLC ("Alliance") or one of its corporate affiliates, including the websites www.ccmusic.com and wowhd.co.uk. The lawsuits bring claims against DirectToU, LLC ("DirectToU") and/or Alliance, alleging a violation of the Video Privacy Protection Act ("VPPA") related to the alleged collection of, and alleged disclosure to Meta and other third parties, including data brokers, of alleged private information and user data regarding a user's account information and video viewing/ purchasing history from the respective Websites. Plaintiff Hoang To also alleges violations of California's state VPPA equivalent, as well as violations of California's Unfair Competition Law. DirectToU and Alliance dispute the allegations and will defend the lawsuits vigorously. The parties in the Hoang To matter have reached a settlement with respect to all potential class members. The settlement agreement has been submitted to the court for approval, slated for December 15, 2024. An approved settlement would cover the class members covered by the Feller matter, rendering such litigation moot. A motion to stay the Feller matter pending court approval of the settlement in Hoang To has been filed and granted. Counsel for the Feller parties filed a motion to intervene and stay the settlement in Hoang, which motions were rejected. The parties await final settlement approval. The settlement was rejected and the court has mandated the parties initiate discovery with respect to third-party data collection. The Alliance parties have filed a reply memorandum in support of its motion to compel arbitration on April 28, 2025. The parties reached a settlement on June 12, 2025, whereby COKeM will pay to the class a settlement amount of $1.577MM and COKeM's insurance carrier CNA has approved to cover their part of the settlement amount. COKeM will have an estimated receivable of $1.377M. The company had accrued for the liability and the receivables from CNA on the balance sheet for the fiscal year ended June 30, 2025. The settlement approval before the court is pending and is expected to be ruled on in late October/early November 2025.

McConigle v. Alliance/DirectToU, LLC: On December 29, 2024, McConigle filed a class action lawsuit against the Company in the United States District Court for the Southern District of Florida (Case No. 0:24-cv-62443-DSL), alleging violations of the Telephone Consumer Protection Act, 47 U.S.C. § 227 ("TCPA"). On August 8, 2025, subsequent to year-end, the parties entered into a settlement agreement for $70,000. The Company did not record an accrual for this matter as of June 30, 2025, as the amount was not considered material to the consolidated financial statements. The Company does not expect any further material impact from this matter.

Balabbo v Abysse America, Inc., Target Corporation, DirectToU, LLC (Prop 65): On or about December 11, 2024, DirectToU received a tender of defense from Target Corporation citing a possible violation of California Proposition 65 for a product sold by DirectToU allegedly containing lead. The product in question was supplied to Alliance by Abysse America. Alliance/DTU have tendered defense to Abysse. Abysse has engaged counsel to respond to the Prop 65 Violation Notice. At this time, Alliance/DTU have discontinued the product, but have documentation supplied by Abysse showing that the product was properly tested and was within allowable thresholds for lead and other substances.

Algomus v. Alliance: Alliance received a cease and desist notice from Algomus on July 24, 2025, alleging that Alliance breached a non-solicitation provision of a Master Services Agreement between the parties when Alliance agreed to become the Category Advisor for Walmart. Alliance responded to the letter on August 8, 2025, asserting that Algomus's position lacks merit. Alliance had been conducting business with Walmart prior to the Master Services Agreement, and Algomus and Walmart's relationship is not governed by the language of the non-solicitation provision.

On June 9, 2025, Sparkle Pop, LLC v. Alliance Entertainment Holding Corporation and Alliance Entertainment. LLC (U.S. Bankruptcy Court for MD-In Re Diamond Comic Distributors): Sparkle Pop has sued the Alliance entities in bankruptcy court alleging theft of trade secrets and tortious interference with contracts arising out of Alliance's successful bid and subsequent termination of the Asset Purchase Agreement in the DCD bankruptcy matter. Alliance brought a motion to dismiss the original complaint with prejudice, but during the pendency of the motion plaintiff filed an Amended Complaint. Alliance will file a motion to dismiss the Amended Complaint shortly.

Note 13: Related Party Transactions

GameFly Holdings, LLC

On February 1, 2023, Alliance entered into a Distribution Agreement (the "Agreement") with GameFly Holdings, LLC, a customer owned by the principal stockholders of Alliance, effective from February 1, 2023, through March 31, 2028. At that time, the Agreement continues indefinitely until either party provides the other party with six-month advance notice to terminate the Agreement. During the year ending June 30, 2025, and 2024, Alliance had distribution revenue of $0 and $0.25 million, respectively.

During the fiscal year ended June 30, 2025, and 2024, the Company had sales to GameFly LLC, owned by the Company's shareholders, of $2.7 million and $8.4 million, respectively.

As of June 30, 2025, and June 30, 2024, the Company had receivables from GameFly of $0.20 million and $1.8 million, respectively, recorded within other receivables, net, on the consolidated balance sheets.

During the year ended June 30, 2024, the Company repaid $0.50 million of outstanding promissory notes to two former Adara shareholders to fund operating costs. These interest-free notes were due for payment at the earlier of the Merger's closing of February 10, 2023.

MVP Logistics, LLC

MVP Logistics is an independent contractor, which, prior to August 31, 2023, was partially owned by Joe Rehak, the SVP of Operations of COKeM International Limited, which Alliance acquired in September 2020. Subsequent to August 31, 2023, Mr. Rehak no longer has an equity stake in MVP Logistics and retired from COKeM in January 2024. Alliance believes the amounts payable to MVP Logistics are at fair market value.

During the years ended June 30, 2025 and 2025, Alliance incurred costs with MVP Logistics, LLC, in the amount of $0 and $1.0 million, respectively, for freight shipping fees, transportation costs, warehouse distribution, and 3PL management services (for Arcades) at the Santa Fe Springs, California and South Gate, California distribution facilities.

Ogilvie Loans

On July 3, 2023, the Company entered into a $17 million line of credit (the "Ogilvie Loan") with Bruce Ogilvie, a principal stockholder. Initial borrowings amounted to $10 million on that date, followed by an additional $5 million on July 10, 2023. These sums were repaid on July 26, 2023. On August 10, 2023, the Company accessed the Ogilvie Loan for the full $17 million, repaying $7 million on August 28, 2023. Further transactions occurred on September 14th, with a borrowing of $7 million, repaid on September 28, 2023. On October 10, 2023, an additional $7 million was borrowed and repaid on October 18th, 2023. As of June 30, 2025, the outstanding balance on the Ogilvie Loan was $10 million. The Ogilvie Loan matures on December 22, 2026, and bears interest at the rate of the 30-day SOFR plus 5.5%. Interest expenses for the fiscal years ended June 30, 2025, and June 30, 2024, were $1.0 million each. The interest rate as of June 30, 2025, and 2024, was 9.8% and 10.8% respectively.

B&D Capital Partners, LLC

During the fiscal year ended June 30, 2024, the Company entered into a financial advisory agreement with B&D Capital Partners, LLC ("BDCP"). W. Tom Donaldson III, a director of the company, is a managing partner and a principal equity holder of Blystone & Donaldson, the parent company of BDPC. The agreement, dated July 28, 2023, engaged BDCP as a non-exclusive financial advisor to assist the Company in issuing privately held debt securities and related transactions. BDCP is owned by Blystone & Donaldson, LLC, and Mr. Donaldson, an independent director of the Company, is a principal of BDCP.

Under the terms of the agreement, BDCP provided financial advisory services, including the review of confidential information, identification and engagement of potential transaction parties, and assistance with investor presentations. During the fiscal year ended June 30, 2025, the Company did not incur any related party fees with BDCP. For the fiscal year ended June 30, 2024, the Company paid BDCP approximately $1.8 million, which included an advisory fee equal to 1.5% of the gross proceeds from transactions involving White Oak Commercial Finance, LLC.

Note 14: Leases

The Company leases offices, warehouses, computer equipment, and vehicles. Certain leases include options to renew, which may extend the lease term from one to 13 years. The decision to exercise renewal options is at the Company's sole discretion and is included in the lease term when it is reasonably certain that the option will be exercised.

Leasehold improvements and assets are depreciated over the shorter of their useful life or the lease term unless the lease includes a purchase option or title transfer that is reasonably certain to occur.

Our lease agreements do not include material residual value guarantees or restrictive covenants. Lease payments generally include fixed payments, with some leases requiring variable payments. These variable payments typically cover the Company's proportionate share of property taxes, insurance, and common area maintenance and are recognized as incurred rather than being included in the lease liability.

On the balance sheet, operating leases are reflected in "Operating Lease Right-of-Use Assets, Net," "Current Portion of Operating Lease Obligations," and "Operating Lease Obligations, Non-Current." Finance leases are included under "Property & Equipment, Net," "Current Portion of Finance Lease Obligations," and "Finance Lease Obligations, Non-Current.

On June 1, 2024, the Company executed a modification to one of its existing lease agreements to extend the lease term for an additional seventy-four months. As a result of this modification, the Company recognized an additional $21.9 million to its right-of-use (ROU) asset.

The extended lease term will result in continued amortization of the ROU asset over the remaining lease period, with the associated lease liabilities being remeasured in accordance with ASC 842, *Leases*. The Company will continue to amortize the ROU asset in line with the revised lease terms and conditions, reflecting the financial impact of the extension in future periods.

Components of lease expense were as follows for the years ended June 30, 2025, and 2024:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Lease Cost ($ in thousands)		
Finance Lease Cost:		
Amortization of Right of Use Assets	$ 1,581	$ 183
Interest on lease liabilities	492	4
Operating Lease Cost	4,292	3,779
Short - Term Lease Cost	79	73
Variable Lease Cost	1,117	2,273
Total Lease Cost	$ 7,561	$ 6,312
Other Information ($ in thousands)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	$ -	$ 5
Operating cash flows from operating leases	$ 3,112	$ 4,080
Financing cash flows from finance leases	$ 2,870	$ 196
Right of use assets obtained in exchange for new finance lease liabilities	-	7,853
Right of use assets obtained in exchange for new operating lease liabilities	$ -	$ 21,900
Net Right of use asset remeasurement	-	(9)
Weighted average remaining lease term - finance leases (in Years)	1.58	0.28
Weighted average remaining lease term - operating leases (in Years)	5.52	6.50
Weighted average discount rate - finance leases	7.08%	3.33%
Weighted average discount rate - operating leases	5.69%	5.68%

Maturities of operating and finance lease liabilities as of June 30, 2025 are as follows:

($ in thousands)	Operating Leases	Finance Leases
2026	$ 4,223	$ 3,340
2027	4,154	1,987
2028	4,232	-
2029	4,352	-
2030	4,493	-
Thereafter	2,680	-
Total Lease Payments	24,134	5,327
Less Imputed Interest	(3,473)	(321)
Present Value Obligation	20,661	5,006
Short-term Liability	3,229	3,075
Total	$ 17,432	$ 1,931

Finance ROU leases are recorded in Property and Equipment, net on the consolidated balance sheets.

	June 30, 2025	June 30, 2024
Cost	13,831	13,831
Additions	10	-
Accumulated Depreciation	(3,403)	(1,843)
Net Book Value	10,438	11,988

Note 15: Merger

As disclosed in Note 1, on February 10, 2023, the Company completed the Merger with Alliance and a Merger Sub, resulting in the Company becoming a publicly traded company. While Alliance was the legal acquirer in the Merger, for financial accounting and reporting purposes under U.S. GAAP, Legacy Alliance was the accounting acquirer, and the Merger was accounted for as a "reverse recapitalization." A reverse recapitalization (i.e., a capital transaction involving the exchange of stock by Alliance for Legacy Alliance's stock) does not result in a new basis of accounting, and the consolidated financial statements of the combined entity represent the continuation of the consolidated financial statements of Legacy Alliance. Accordingly, the consolidated assets, liabilities, and results of operations of Legacy Alliance became the historical consolidated financial statements of the combined company, and Alliance's assets, liabilities and results of operations were consolidated with Legacy Alliance beginning on the acquisition date. Operations prior to the Merger are presented as those of Legacy Alliance in future reports. The net assets of Alliance were recognized at historical cost (which was consistent with carrying value), with no goodwill or other intangible assets recorded.

At the closing of the Merger, each of the then issued and outstanding shares of Alliance common stock were cancelled and automatically converted into the right to receive the number of shares of Alliance common stock equal to the exchange ratio (determined in accordance with the Business Combination Agreement). The Company's 900 shares of previously outstanding common stock were exchanged for 47,500,000 shares of Class A Common Stock. In addition, the treasury stock was cancelled. This change in equity structure has been retroactively reflected in the financial statements for all periods presented.

The following table summarizes the shares of Class A outstanding following consummation of the Merger:

Alliance Public Shares	167,170
Alliance Sponsor Shares	1,500,000
Legacy Alliance Shares	47,500,000
Total Shares of Common Stock Outstanding after Merger	49,167,170

Up to 60 million additional Class E shares may be issued to the Legacy Alliance shareholders at no cost based on future performance of the company's stock price, and 9.9 million warrants (Class A) that can be exercised for common shares at $11.50 per share (See Note 20). The 60 million Class E shares are set aside in an escrow account as additional consideration contingent on triggering events occurring within 10 years after the Merger. Upon reaching the following triggering events, the Class E shares will be released from the escrow account to the three major shareholders, and converted to Class A shares on a 1:1 basis:

- If the stock price increases to $20 per share within 5 years, 20 million Class E shares will be released.
- If the stock price increases to $30 per share within 7 years, 20 million Class E shares will be released.
- If the stock price increases to $50 per share within 10 years, 20 million Class E shares will be released.

Each share of Class A and Class E common stock has one vote, and the common shares collectively will possess all voting power and will have the exclusive right to vote for the election of directors and on all other matters properly submitted to a vote of the stockholders. Since the Class E shares are subject to vesting conditions and meet the contingent exercise and settlement provisions to be considered indexed to the Company's stock, they are accounted for as equity instruments, and are reflected as a reduction of retained earnings, at their fair value on the date of the Merger.

The Company incurred total transaction costs of approximately $5.0 million, including legal, financial advisory and other professional fees related to the Merger, which was recorded as an expense as the offering costs exceeded the proceeds received in the Merger.

In connection with the Merger, the Company's 2023 Omnibus Equity Incentive Plan (the "2023 Plan") became effective. The 2023 Plan is a comprehensive incentive compensation plan under which the Company can grant equity-based and other incentives awards to based officers, employees and directors of, and consultants and advisers to, Alliance and its subsidiaries. The Company has reserved a total of 600,000 shares of common stock for issuance as or under awards to be made under the 2023 Plan. To the extent that an award lapses, expires, is canceled, is terminated unexercised or ceases to be exercisable for any reason, or the rights of its holder terminate, any common stock subject to such award shall again be available for the grant of a new award. The 2023 Plan shall continue in effect, unless sooner terminated, until the tenth anniversary of the date on which it is adopted by the Board of Directors (except as to awards outstanding on that date). The Board of Directors, in its discretion, may terminate it at any time with respect to any shares for which awards have not theretofore been granted, provided certain conditions are met, in accordance with the 2023 Plan. The price at which a share may be purchased upon exercise of a share option shall be determined by the Plan Committee; provided, however, that such option price (i) shall not be less than the fair market value of a share on the date such share option is granted, and (ii) shall be subject to adjustment as provided in the 2023 Plan. As of June 30, 2025, and 2024, 101,300 and 463,800 shares, respectively, were awarded under the 2023 Plan.

Note 16: Asset Purchase

On December 17, 2024, the Company completed an asset purchase from Bensussen Deutsch & Associates, LLC, "an unrelated third party" for a total cash consideration to the seller of $7,551,000. The asset purchase included inventory, tooling equipment, and a trademark.

The allocation of the purchase price was as follows:

($ in thousands)

Inventory	$	753
Property and Equipment, tooling		124
Prepaid Assets		2
Accrued Liability		(25)
Total Identifiable net assets (liabilities)		854
Intangible assets (Trademark) (including capitalized costs)		6,800
Total Purchase Price (allocated)	$	7,654
Total Cash Consideration Paid to Seller	$	7,551
Capitalized Acquisition Costs (Legal and Shipping fees)		103

The acquired intangible asset represents a trademark associated with the Company's recently acquired product line, Handmade by Robots. The trademark is determined to have an indefinite useful life and will not be amortized. Instead, it will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset may be impaired, in accordance with ASC 350 (Intangibles – Goodwill and Other).

Inventory was recorded at its estimated fair value on the acquisition date and is expected to be sold within 18 months. Acquisition-related costs of $59 thousand, consisting of capitalized legal and shipping fees, included in the value of the intangible asset in accordance with ASC 805 -50-30-1. As a result, the total allocated purchase price, including capitalized costs, is $7,610 thousand.

Note 17: Reclassification of Private Warrants to Public Warrants

Reclassification from Liability to Equity

During the fiscal year ended June 30, 2025, certain shareholders of the Company sold private warrants to third parties who were not deemed "permitted transferees" under the terms of the Warrant Agreement. In accordance with the Warrant Agreement, upon such a sale, the private warrants became subject to the same redemption provisions as the Company's public warrants.

As a result of this change in terms, the affected warrants, which had previously been accounted for as a liability, were reclassified to equity. Accordingly, the Company reclassified approximately 769,000 warrants with a carrying value of $0.5 million from warrant liabilities to Paid-in Capital during fiscal 2025. This reclassification had no impact on the Company's consolidated statements of income and comprehensive income or cash flows. Prior period balances were not restated (See Note 20).

Note 18: Stock-Based Compensation:

As part of the merger with Adara on February 10, 2023, 600,000 shares were authorized for a one-time employee stock plan. The compensation committee approved 463,800 shares of restricted stock awards to employees on June 15, 2023. The shares fully vest on October 4, 2023.The company does not have an annual stock-based compensation plan.

In September 2024, the Company's Board approved, subject to stockholder approval, an amendment to the 2023 Plan to increase the number of shares authorized for issuance thereunder by 400,000 shares of Class A common stock, for a total amount reserved under the 2023 Plan of 1,000,000 shares of Class A common stock. On November 7, 2024, the Company's stockholder approved the amendment to the 2023 Plan.

	Number of RSAs
Outstanding as of June 30, 2023	459,200
Vested	(449,000)
Forfeited	(10,200)
Outstanding as of June 30, 2024	-
Granted	101,300
Vested	-
Forfeited	-
Outstanding as of June 30, 2025	101,300

In connection with awards granted, the Company recognized $0.05 million and $1.4 million in stock-based compensation during the years ended June 30, 2025, and 2024, respectively.

No restricted stock vested during the year ended June 30, 2025. The total fair value of restricted stock that vested during the year ended June 30, 2024, was $1.4 million.

Note 19: Impact of Warrant Liabilities on Earnings Per Share (EPS)

Certain outstanding warrants issued by the Company are classified as liabilities in accordance with ASC 815-40, Derivatives and Hedging – Contracts in Entity's Own Equity, due to specific terms that require them to be remeasured at fair value at each reporting date. Changes in fair value are recognized as a non-cash gain or loss in the consolidated statements of income and comprehensive income, which resulted in fluctuations in the Company's reported net income and earnings per share (EPS).

During the fiscal year ended June 30, 2025, and 2024, the Company recorded a loss of $0.9 million, and a loss of $0.04 million, respectively, related to the fair value measurement of warrant liabilities, primarily due to changes in the market price of our common stock and the volatility assumptions used in the valuation model.

The fair value of the warrant liabilities at June 30, 2025, and 2024, was $0.6 million and $0.2 million, respectively, and is recorded under warrant liabilities on the consolidated balance sheets.

Investors should note that the remeasurement of warrant liabilities is a non-operational, non-cash item. Future changes in fair value will continue to be recorded in earnings until the warrants are either exercised or expire. Additional details on the fair value assumptions and measurement techniques are provided in Note 21 – Fair Value.

Note 20: Warrants

As a result of the Merger, at June 30, 2025 and 2024, there were 5,750,000 Public Warrants , 4,120,000 Private Placement Warrants and 50,090 Representatives Warrants issued and outstanding, each exercisable for one share of Class A Common Stock with an exercise price of $11.50 (the "Warrants").

The Company will not be obligated to deliver any shares of Class A common stock pursuant to the exercise of a warrant. It will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act covering the issuance of the shares of Class A common stock underlying the Warrants is then effective. A prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. Additionally, no warrant will be exercisable, and the Company will not be obligated to issue shares of Class A common stock upon exercise of a warrant unless Class A common stock issuable upon such warrant exercise has been registered, qualified, or deemed to be exempt under the securities laws of the state of residence of the registered holder of the Warrants.

The Company filed with the SEC on April 11, 2023, its registration statement covering the shares of Class A common stock issuable upon exercise of the Warrants, to cause such registration statement to become effective and to maintain a current prospectus relating to those shares of Class A common stock until the warrants expire or are redeemed, as specified in the warrant agreement. The registration, as amended, became effective June 29, 2023.

Public Warrants:

The Public Warrants qualify for the derivative scope exception under ASC 815 and are therefore classified as equity on the consolidated balance sheets. They may only be exercised for a whole number of shares. The Public Warrants are currently exercisable at $11.50 per share and will expire five years after the completion of the Merger or earlier upon redemption or liquidation. The Company may redeem for cash the outstanding Public Warrants:

- in whole and not in part.
- at a price of $0.01 per Public Warrant.
- upon not less than 30 days' prior written notice of redemption after the warrants become exercisable to each warrant holder; and
- if, and only if, the reported last sale price of the Class A common stock equals or exceeds $18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations, and the like) for any 20 trading days within a 30-trading day period commencing once the Public Warrants become exercisable and ending three business days before the Company sends the notice of redemption to the warrant holders. If and when the Public Warrants become redeemable by the Company, the Company may exercise its redemption right.

Even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement. The exercise price and number of shares of Class A common stock issuable upon exercise of the Public Warrants may be adjusted in certain circumstances including in the event of a stock dividend, or recapitalization, reorganization, merger, or consolidation. However, the Public Warrants will not be adjusted for issuances of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the Public Warrants.

Private Placement Warrants:

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering but are classified as liabilities on the consolidated balance sheet as they are not considered indexed to the company's own stock. Additionally, the Private Placement Warrants are exercisable on a cashless basis and are non-redeemable, so long as they are held by the initial purchasers or their permitted transferees. If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants as described above.

Representative Warrants

The Company issued Representative Warrants, for minimal consideration to ThinkEquity, a division of Fordham Financial Management, Inc. (and/or its designees), in a private placement simultaneously with the closing of Alliance's initial public offering, which are also classified as liabilities on the consolidated balance sheet. The Representative Warrants are identical to the Private Warrants except that so long as the Representative Warrants are held by ThinkEquity (and/or its designees) or its permitted transferees, the Representative Warrants (i) will not be redeemable by the Company, (ii) may be exercised by the holders on a cashless basis, (iii) are entitled to registration rights and (iv) are not exercisable more than five years from the effective date of the Merger.

Note 21: Fair Value

The Company complies with the provisions of ASC 820, Fair Value Measurements, for its financial and non-financial assets and liabilities. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis.

The Company accounts for certain assets and liabilities at fair value. The hierarchy below lists three levels of fair value based on the extent to which inputs used in measuring fair value are observable in the market. The company categorizes each of its fair value measurements in one of these three levels based on the lowest level input that is significant to the fair value measurement in its entirety.

As of June 30, 2025 and 2024, the Company has classified the Private Placement Warrants and the Representative Warrants as Level 3 fair value measurements. Management evaluates a variety of inputs and then estimates fair value based on those inputs. As discussed below, the Company utilized the Black Scholes Model in valuing the Private Placement Warrants and Representative Warrants.

The estimated fair value of cash, trade receivables, accounts payable, accrued expenses and other current liabilities are based on Level 1 inputs as the fair values approximate carrying amounts as of June 30, 2025, and 2024, based on the short-term nature and maturity of these instruments.

The estimated fair values of subordinated shareholder debt and the credit facility is based on Level 2 inputs, which consist of interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities. As of June 30, 2025, and 2024 the estimated fair value of the Company's short and long-term debt approximates it carrying value due to market interest rates charged on such debt or their short-term maturities.

The Company recomputes the fair value of the Private and the Representative Warrants at the issuance date and the end of each quarterly reporting period. Such value computation includes subjective input assumptions that are consistently applied each period. If the Company were to alter its assumptions or the numbers input based on such assumptions, the resulting fair value could be materially different.

The Company utilized the following assumptions to estimate fair value of the Private Warrants and Representative Warrants as of:

	June 30, 2025	June 30, 2024
Stock Price	$ 3.77	$ 3.00
Exercise price per share	$ 11.50	$ 11.50
Risk-free interest rate	3.63%	4.41%
Expected term (years)	2.62	3.6
Expected volatility	47.1%	36.0%
Expected dividend yield	-	—

The significant assumptions using the Lattice model approach for valuation of the Private Placement Warrants and Representative Warrants were determined in the following manner:

(i) Risk-free interest rate: the risk-free interest rate is based on the U.S. Treasury rate with a term matching the time to expiration.

(ii) Expected term: the expected term is estimated to be equivalent to the remaining contractual term.

(iii) Expected volatility: expected stock volatility is based on daily observations of the Company's historical stock value and implied by market price of the Public Warrants, adjusted by guideline public company volatility.

(iv) Expected dividend yield: expected dividend yield is based on the Company's anticipated dividend payments. As the Company has never issued dividends, the expected dividend yield is 0%, and this assumption will be continued in future calculations unless the Company changes its dividend policy.

The table below presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy as follows (in thousands)

	As of June 30, 2025			
	Total	Level 1	Level 2	Level 3
Private Placement and Representative Warrants	$ 646	$ -	$ -	$ 646

	As of June 30, 2024			
	Total	Level 1	Level 2	Level 3
Private Placement and Representative Warrants	$ 247	$ —	$ —	$ 247

The table below presents the change in the number and fair value of the Private and Representative Warrants since the Merger on June 30, 2025 (in thousands, except the number of shares)

	Private Warrants		Representative Warrants		Total	
	Shares	Value	Shares	Value	Shares	Value
June 30, 2023	4,120,000	$ 203	50,090	$ 3	4,170,090	$ 206
Exercised	-	-	-	-	-	-
Change in value	-	$ 41	-	-	-	41
June 30, 2024	4,120,000	$ 244	50,090	$ 3	4,170,090	$ 247
Exercised	-	-	-	-	-	-
Classification change from Private to Public	(763,233)	-	(6,750)	-	(769,083)	(454)
Change in value	-	394	-	5	-	853
June 30, 2025	3,356,767	$ 638	43,340	$ 8	3,401,007	$ 646

Note 22 – Issuance of Common Stock

During the fiscal year ended June 30, 2024, the Company sold 1,335,000 shares of its Class A common stock at a price of $3.00 per share, generating gross proceeds of approximately $4.0 million. After deducting underwriting discounts, offering expenses, and representative warrants, net proceeds were approximately $2.1 million. No shares were issued during the fiscal year ended June 30, 2025.

Note 23: Subsequent Events

The Company has evaluated subsequent events through September 10, 2025, the date the consolidated financial statements were issued, and determined that there are no subsequent events that require adjustment to or disclosure in the consolidated financial statements.

FIRST AMENDMENT TO LOAN AND SECURITY AGREEMENT

This First Amendment to Loan and Security Agreement (this "**Amendment**"), dated as of June 2, 2025, is among **Alliance Entertainment Holding Corporation**, a Delaware corporation ("**Parent**"), as a Guarantor, **AENT Corporation**, a Delaware corporation ("**AENT**"), **Project Panther Acquisition Corporation**, a Delaware corporation ("**Panther**"), **AEC Direct, LLC**, a Delaware limited liability company ("**AEC**"), **Alliance Entertainment, LLC**, a Delaware limited liability company ("**Alliance**"), **Directtou, LLC**, a Delaware limited liability company ("**Directtou**"), **Mill Creek Entertainment, LLC**, a Minnesota limited liability company ("**Mill Creek**"), **COKeM International, Ltd.**, a Minnesota corporation ("**COKeM**", and together with AENT, Panther, AEC, Alliance, Directtou, and Mill Creek, jointly and severally, the "**Borrowers**" and each individually a "**Borrower**"), the other Persons from time to time party hereto as Guarantors, the several financial institutions from time to time party to this Amendment as Lenders, **White Oak Commercial Finance, LLC**, a Delaware limited liability company ("**WOCF**"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**") and WOCF, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Administrative Agent**"; together with Collateral Agent, each an "**Agent**" and collectively, the "**Agents**").

RECITALS:

A. Borrowers, Parent, the Affiliates of Borrowers from time to time party thereto as Guarantors, the entities from time to time party thereto as Lenders and Agents are party to that certain Loan and Security Agreement, dated as of December 21, 2023 (as amended, supplemented and/or otherwise modified from time to time, the "**Loan Agreement**").

B. Pursuant to a series of sale and/or assignment and assumption agreements in conformance with the Loan Agreement, (i) White Oak ABL 2, LLC, a Delaware limited liability company ("**WOABL 2**") assigned all of its rights, title and interests in and to the Loans, the Loan Agreement and the other Loan Documents to WOCF, solely in its capacity as a Lender and not as Agent, and (ii) WOCF, solely in its capacity as a Lender and not as Agent, assigned all of its rights, title and interests in and to the Loans, the Loan Agreement and the other Loan Documents to White Oak ABL 3, LLC, a Delaware limited liability company ("**WOABL 3**"); WOABL 2 and WOCF (solely in its capacity as a Lender and not as Agent) shall be referred to as the "**Prior Lenders**".

C. Loan Parties have requested that Agents and Lenders amend certain provisions of the Loan Agreement as provided herein on and subject to the terms and conditions set forth herein. Agents and Lenders are willing to agree to the requests of the Loan Parties, but only on the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby specifically acknowledged, the parties hereby covenant and agree as follows:

1. Definitions; References; Interpretation.

(a) Unless otherwise specifically defined herein, each capitalized term used herein (including in the Recitals hereof) that is defined in the Loan Agreement shall have the meaning assigned to such term in the Loan Agreement.

(b) The rules of interpretation set forth in Section 1.02 of the Loan Agreement shall be applicable to this Amendment, *mutatis mutandis*.

2. Acknowledgments of Obligations, Existing Defaults and Related Matters.

(a) Acknowledgment of Obligations. Loan Parties hereby acknowledge, confirm and agree that Loan Parties are, jointly and severally, unconditionally indebted to Agents and Lenders as of the close of business on May 29, 2025, in respect of the Loans and all other Obligations in the aggregate principal amount of not less than $72,957,644.36, together with interest accrued and accruing thereon, and all fees, costs, expenses and other sums and charges now or hereafter payable by Loan Parties to Agents and Lenders pursuant to the Loan Agreement and the other Loan Documents, all of which are unconditionally owing by Loan Parties to Agents and Lenders pursuant to the Loan Documents, in each case without offset, defense or counterclaim of any kind, nature or description whatsoever.

(b) Acknowledgment of Security Interests. Loan Parties hereby acknowledge, confirm and agree that Agents and Lenders have, and shall continue to have, valid, enforceable and perfected security interests in and liens upon the Collateral heretofore granted by Loan Parties to Collateral Agent, for the benefit of Secured Parties, pursuant to the Loan Documents or otherwise granted to or held by Collateral Agent.

(c) Binding Effect of Loan Documents. Loan Parties hereby acknowledge, confirm and agree that: (i) each of the Loan Documents to which any Loan Party is a party has been duly executed and delivered to Agents and Lenders by such Loan Party and each is in full force and effect as of the date hereof, (ii) the agreements and obligations of Loan Parties contained in such Loan Documents to which any Loan Party is a party and in this Amendment constitute the legal, valid and binding Obligations of Loan Parties, enforceable against Loan Parties in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, and Loan Parties have no valid defense to the enforcement of such Obligations, and (iii) Agents and Lenders are and shall be entitled to the rights, remedies and benefits provided for in the Loan Documents and pursuant to applicable law, but subject to the terms and conditions of this Amendment.

3. Amendments. Subject to satisfaction of the conditions precedent set forth in Section 5 hereof, effective as of May 19, 2025, the Loan Agreement is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the Loan Agreement attached as Annex A to this Amendment. Any Annex, Schedule, Exhibit or other attachment to the Loan Agreement not amended pursuant to the terms of this Amendment or otherwise included as part of said Annex A shall remain in effect without any amendment or other modification thereto.

4. Representations and Warranties. Each Loan Party hereby represents and warrants to Agents and Lenders as follows:

(a) No Default or Event of Default has occurred and is continuing (or would result from the amendment of the Loan Agreement contemplated hereby);

(b) The execution, delivery and performance by each Loan Party of this Amendment has been duly authorized by all necessary corporate and other action and do not and will not require any registration with, consent or approval of, or notice to or action by, any Person other than such as have been obtained or made and are in full force and effect; and

(c) All representations and warranties of each Loan Party contained in the Loan Agreement and in each other Loan Document are true and correct in all material respects (except to the extent such representations and warranties expressly refer to an earlier or specified date, in which case they are true and correct as of such earlier or specified date).

5. Conditions of Effectiveness. This Amendment shall become effective upon the satisfaction of all of the following conditions:

(a) Borrowers shall have delivered to Administrative Agent an executed copy of this Amendment, duly executed by each of the parties hereto and thereto;

(b) Administrative Agent shall have received an Affidavit of Out-of-State Execution, duly executed by each of the Loan Parties;

(c) Administrative Agent shall have received in immediately available funds all fees, costs and expenses (including, without limitation, the reasonable fees, costs and expenses of counsel to Administrative Agent and each Lender incurred by Administrative Agent and each Lender in connection with the transactions contemplated by the Loan Documents and reimbursable to such parties or directly payable by Loan Parties pursuant to the terms of the Loan Agreement; and

(d) Administrative Agent shall have received such other documents and agreements as reasonably requested.

6. Reservation of Rights; No Waiver. Neither any Agent nor any Lender has agreed to forbear with respect to the exercise of any of its rights, powers, privileges and remedies concerning any Event of Default. Agents and Lenders hereby reserve all of their respective rights, powers, privileges and remedies available as to the Loan Parties and/or all other Persons (or any of the foregoing) as a result of or otherwise in connection with any Event of Default (whether now existing or hereafter arising) and/or any other circumstance or event (whether known or unknown and whether previously or currently existing or arising in the future), any or all of which may be exercised at any time without further notice, and no delay on the part of any Agent or any Lender in exercising all or any of such rights, powers, privileges and remedies should be construed as a waiver of any such rights, powers, privileges and remedies. All rights and obligations of the Loan Parties under the Loan Documents are hereby expressly reaffirmed and the rights of Agents and Lenders under each such document are likewise hereby reaffirmed. The execution and delivery of this Amendment shall not: (i) constitute an extension, modification, or waiver of any term or aspect of the Loan Agreement or the other Loan Documents, except as otherwise set forth herein; (ii) extend the terms of the Loan Agreement or the due date of any of the Obligations, except as otherwise set forth herein; (iii) give rise to any other obligation on the part of Agents or Lenders to extend, modify or waive any term or condition of the Loan Agreement or any of the other Loan Documents; or (iv) give rise to any defenses or counterclaims to the right of Agents or Lenders to compel payment of the Obligations or to otherwise enforce their rights and remedies under the Loan Agreement and the other Loan Documents.

7. Release. In consideration of the agreements of Agents and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Loan Party hereby releases and forever discharges each Agent and each Lender (including the Prior Lenders) and their respective directors, officers, employees, agents, attorneys, affiliates, subsidiaries, successors and permitted assigns from any and all liabilities, obligations, actions, contracts, claims, causes of action, damages, demands, costs and expenses whatsoever (collectively "**Claims**"), of every kind and nature, however evidenced or created, whether known or unknown, arising prior to or on the date of this Amendment including, but not limited to, any Claims involving the extension of credit under or administration of this Amendment, the Loan Agreement or the Loan Documents, as each may be amended,

or the Obligations incurred by a Loan Party or any other transactions evidenced by this Amendment, the Loan Agreement or the Loan Documents. For the avoidance of doubt, nothing in this Section 7 shall release any Claim of any Loan Party arising from the Loan Documents or the Obligations incurred by a Loan Party in each case from and after the date of the execution of this Amendment.

8. General Provisions.

(a) This Amendment shall be binding upon and inure to the benefit of the parties to the Loan Agreement and their respective successors and assigns.

(b) This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. Each of the parties hereto understands and agrees that this document (and any other document required herein) may be delivered by the other party thereto either in the form of an executed original or an executed original sent by facsimile or electronic transmission to be followed promptly by mailing of a hard copy original, and that receipt by Agent of an electronically or telecopier facsimile document purportedly bearing the signature of a Loan Party or such other Person party hereto and shall bind such Loan Party or other Person with the same force and effect as the delivery of a hard copy original.

(c) This Amendment contains the entire and exclusive agreement of the parties to the Loan Agreement with reference to the matters discussed herein. This Amendment supersedes all prior drafts and communications with respect hereto. This Amendment may not be amended except in accordance with the provisions of the Loan Agreement.

(d) Article X of the Loan Agreement is incorporated herein by this reference and made applicable as if set forth herein in full, *mutatis mutandis*.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Amendment as of the date first written above.

LOAN PARTIES:

ALLIANCE ENTERTAINMENT HOLDING CORPORATION,
a Delaware corporation

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

ALLIANCE ENTERTAINMENT, LLC,
a Delaware limited liability company

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

AENT CORPORATION,
a Delaware corporation

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

PROJECT PANTHER ACQUISITION CORPORATION, a Delaware corporation

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

AEC DIRECT, LLC,
a Delaware limited liability company

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

DIRECTTOU, LLC,
a Delaware limited liability company

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

MILL CREEK ENTERTAINMENT, LLC,
a Minnesota limited liability company

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

COKEM INTERNATIONAL, LTD.,
a Minnesota corporation

By: Bruce Ogilvie
Name: Bruce Ogilvie
Title: Chairman

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

AGENTS:

WHITE OAK COMMERCIAL FINANCE, LLC

By: _____
DocuSigned by:
Tom Otte
EBDDCC820C54E...
Name: Thomas K. Otte
Title: Manager

LENDERS:

WHITE OAK ABL 3, LLC

By: _____
DocuSigned by:
Tom Otte
EBDDCC820C54E...
Name: Thomas K. Otte
Title: Manager

WHITE OAK EUROPE ABL LIMITED

By: _____
DocuSigned by:
Tom Otte
EBDDCC820C54E...
Name: Thomas K. Otte
Title: Manager

Annex A

Loan Agreement

[See Attached]

Annex A to First Amendment to Loan and Security Agreement and Consent

LOAN AND SECURITY AGREEMENT

dated as of December 21, 2023

among

ALLIANCE ENTERTAINMENT HOLDING CORPORATION,

as Parent and a Guarantor,

and

CERTAIN OF ITS SUBSIDIARIES FROM TIME-TO-TIME PARTY HERETO,

as Borrowers and/or Guarantors,

THE ENTITIES FROM TIME-TO-TIME PARTY HERETO,

as Lenders,

WHITE OAK COMMERCIAL FINANCE, LLC,

as Administrative Agent
and

as Collateral Agent

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SCHEDULES

EXHIBITS

LOAN AND SECURITY AGREEMENT

This Loan and Security Agreement dated as of December 21, 2023, is entered into by and among **Alliance Entertainment Holding Corporation**, a Delaware corporation ("**Parent**"), as a Guarantor, **AENT Corporation**, a Delaware corporation ("**AENT**"), **Project Panther Acquisition Corporation**, a Delaware corporation ("**Panther**"), **AEC Direct, LLC**, a Delaware limited liability company ("**AEC**"), **Alliance Entertainment, LLC**, a Delaware limited liability company ("**Alliance**"), **Directtou, LLC**, a Delaware limited liability company ("**Directtou**"), **Mill Creek Entertainment, LLC**, a Minnesota limited liability company ("**Mill Creek**"), **COKeM International, Ltd.**, a Minnesota corporation ("**COKeM**", and together with AENT, Panther, AEC, Alliance, Directtou, and Mill Creek, jointly and severally, the "**Borrowers**" and each individually a "**Borrower**"), the other Persons from time to time party hereto as Guarantors, the several financial institutions from time to time party to this Agreement as Lenders, **White Oak Commercial Finance, LLC**, a Delaware limited liability company ("**WOCF**"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Collateral Agent**") and WOCF, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, "**Administrative Agent**").

RECITALS

WHEREAS, the Borrowers have requested that Lenders make available to the Borrowers the extensions of credit referenced herein on the terms and conditions contained herein; and

WHEREAS, Lenders have agreed severally to make such extensions of credit available to the Borrowers on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

ARTICLE I
CERTAIN DEFINED TERMS; CERTAIN RULES OF CONSTRUCTION

SECTION 1.01 CERTAIN DEFINED TERMS.

As used herein:

"**ABR Index Rate**" means, as of any SOFR Index Adjustment Date, a rate per annum equal to the highest of: (a) the Federal Funds Rate plus 1/2 of 1.00%; (b) the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as reasonably determined by Administrative Agent) or any similar release by the Federal Reserve Board (as reasonably determined by Administrative Agent), and (c) the Floor.

"**ABR Index Rate Loans**" shall mean Loans that bear interest at a rate based upon the ABR Index Rate.

"**Account Charge**" means, individually and collectively, one or more English law-governed and/or Irish law-governed charged account control deeds, to be entered into on or prior to the date set forth in Paragraph 9 of **Schedule 6.19**, among Alliance and/or Directtou (as chargors), Collateral Agent, and Bank of America, N.A. or Bank of America Europe DAC (or any other applicable Affiliate thereof) with respect to the Permitted Euros Accounts, the Permitted Japanese Yen Account, and the Permitted Sterling Accounts, as amended, restated, supplemented and otherwise modified from time to time.

"**Account Debtor**" means any Person who is or may become obligated with respect to, or on account of, an Account, Chattel Paper or General Intangible (including a payment intangible (as that term is defined in the UCC)).

"**Accounts**" means, as to any Person, all accounts (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), including: (a) all accounts (as that term is defined in the UCC), payment intangibles (as that term is defined in the UCC), other receivables, book debts, all other rights to payment and/or reimbursement of every kind and description, including under governmental entitlement programs, and all other forms of obligations (other than forms of obligations evidenced by Chattel Paper or Instruments) (including any such obligations that may be characterized as an account or contract right under the UCC); (b) all of such Person's rights in, to and under all purchase orders or receipts for goods or services; (c) all of such Person's rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods); (d) all rights to payment due to such Person for Goods or other property sold, leased, licensed, assigned or otherwise disposed of, for a policy of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, arising out of the use of a credit card or charge card or similar online payment application like PayPal, or for services rendered or to be rendered by such Person or in connection with any other transaction (whether or not yet earned by performance on the part of such Person); and (e) all collateral security of any kind given by any Account Debtor or any other Person with respect to any of the foregoing.

"**Accounts Formula Amount**" means the result of the sum of (a) 90% of the Value of Eligible Domestic Accounts *plus* (b) 90% of the Value of Eligible Financed Accounts *plus* (c) the lesser of (i) $10,000,000 and (ii) 80% of the Value of Eligible Foreign Accounts; provided, that, during the months of: (x) April through September of each year, such percentages in clauses (a) and (b) shall be reduced by 1.0% for each percentage point (or portion thereof) that Dilution exceeds 5.0% (or, without duplication, a Revolver Availability Reserve will be established to the same effect), and (y) January, February, March, October, November and December of each year, such percentages shall be reduced by 1.0% for each percentage point (or portion thereof) that Dilution (or at Administrative Agent's sole discretion, Historical Dilution, if higher) exceeds 5.0% (or, without duplication, a Revolver Availability Reserve will be established to the same effect). Administrative Agent may modify the advance rates set forth herein from time to time in its Permitted Discretion.

"**Accounts Payable Reserve**" means the aggregate amount of Borrowers' accounts payable that are unpaid after the later of (a) 60 days after the original due date, or (b) the date to which the original due date is extended by written permission (including by e-mail) from the supplier, but in no event more than 90 days after the original due date; provided, however, that any of the following types of accounts payable shall not be included in (and shall be specifically excluded from) any calculation of the Accounts

Payable Reserve: (i) in the Permitted Discretion of Administrative Agent, any such accounts payable that are disputed by the applicable Borrower in good faith, and solely to the extent that (x) any such disputes are substantiated with satisfactory documentation provided to Administrative Agent by the applicable Borrower and (y) the aggregate amount, at any one time, of any such disputed accounts payable shall not exceed $1,000,000, (ii) any such past due accounts payable that are coded as consignment or holdback by the applicable Borrower, solely to the extent that the aggregate amount, at any one time, of any such accounts payable shall not exceed $5,000,000 and (iii) any such accounts payable that are due and owing from the applicable Borrower and that are subject to return authorization or any return credit, marketing credit, or vendor credit that is due and payable to the applicable Borrower.

"**Accrued Royalties Reserve**" means the aggregate amount of (a) Borrowers' royalty fees and license fees that are unpaid after the original due date and (b) Borrowers' royalty fees and license fees that are not past due, to the extent such royalty fees and license fees (in the aggregate in the case of this clause (b)) exceed $2,000,000.

"**Administrative Agent**" has the meaning set forth in the preamble.

"**Administrative Agent Account**" means a special account established by Administrative Agent (f/b/o Alliance) at Bank of America, N.A. (account number as set forth on **Schedule 6.12B** under the heading "Administrative Agent Account") or, from time to time, another bank or banks reasonably acceptable to Administrative Agent.

"**Administrative Borrower**" has the meaning set forth in **Section 2.12(g)**.

"**Administrative Detail Form**" means an administrative detail form supplied by, or otherwise acceptable to, Administrative Agent.

"**Affected Financial Institution**" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

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

"**Agent**" means each of Administrative Agent and Collateral Agent, and "**Agents**" means, collectively, Administrative Agent and Collateral Agent.

"**Agent's Office**" means each Agent's address and, as appropriate, account as set forth on **Schedule 10.02**, or such other address or account as such Agent may from time to time notify Administrative Borrower and each other Lending Party.

"**Agreement**" means this Loan and Security Agreement, as amended, restated, replaced, supplemented or otherwise modified from time to time.

"**Airlie Protection**" means Airlie Protection Insurance Company, Inc., a Montana corporation.

"**Amazon**" means Amazon.com, Inc., a Delaware corporation.

"**Anti-Corruption Laws**" means the FCPA, the U.K. Bribery Act of 2010, as amended, and all other applicable laws and regulations or ordinances concerning or relating to bribery or corruption in any

jurisdiction in which any Loan Party or any of its Subsidiaries or Affiliates is located or is doing business.

"**Anti-Money Laundering Laws**" means the applicable laws or regulations in any jurisdiction in which any Loan Party or any of its Subsidiaries or Affiliates is located or is doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

"**Anti-Terrorism Law**" means, collectively: (a) the Patriot Act; (b) the Executive Order; (c) the Trading With the Enemy Act (50 U.S.C. § 1 *et seq.*); (d) the FCPA, (e) any similar Law enacted in the United States following the date of this Agreement, and (f) any other applicable terrorism laws, rules, regulations, and orders.

"**Applicable Lender**" means the Revolver Lenders.

"**Applicable Margin**" means, as of any date of determination, with respect to any Revolver Loan, the applicable margin set forth in the following table that corresponds to the Average Excess Revolver Availability of Borrowers for the most recently completed Fiscal Month and the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, for the most recently completed Test Period:

Level	Average Excess Revolver Availability / Consolidated Fixed Charge Coverage Ratio	Applicable Margin (SOFR Index Rate Loans)	Applicable Margin (ABR Index Rate Loans)
I	Average Excess Revolver Availability ≥ $7,500,000 *and* Consolidated Fixed Charge Coverage Ratio ≥ 1.00:1.00	~~4.50~~4.00%	~~3.50~~3.00%
II	Average Excess Revolver Availability < $7,500,000 *or* Consolidated Fixed Charge Coverage Ratio < 1.00:1.00	~~4.75~~4.25%	~~3.75~~3.25%

Until and including March 31, 2024, the Applicable Margin will be based on Level I. Average Excess Revolver Availability shall be calculated by Administrative Agent in good faith based on the Borrowing Base Reports delivered by Administrative Borrower during the immediately preceding Fiscal Month. The Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, shall be determined by Administrative Agent in good faith based on the financial statements most

recently delivered to Administrative Agent pursuant to **Section 6.01(c)**. The Applicable Margin shall be re-determined as follows: any increase or decrease in the Applicable Margin resulting from a change in (i) Average Excess Revolver Availability shall become effective as of the first calendar day of each Fiscal Month and (ii) the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, shall become effective as of the first calendar day of the Fiscal Month following the delivery to Administrative Agent, in accordance with **Section 10.02**, of the financial statements required to be delivered to Administrative Agent pursuant to **Section 6.01(c)** for the immediately preceding Fiscal Month; provided, that if the Borrowing Base Reports (including any required financial information in support thereof) or applicable financial statements are not delivered when due, then Level II shall apply until such time as such Borrowing Base Reports and supporting information or applicable financial statements (as the case may be) are delivered. Any adjustment in the Applicable Margin shall be applicable to all Revolver Loans then existing or subsequently made during the applicable period for which the relevant Applicable Margin applies.

"**Approved Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities, which Person is administered or managed by (a) a Lending Party, (b) an Affiliate of a Lending Party or (c) an entity, or an Affiliate of an entity, that administers or manages a Lending Party; provided, that an "**Approved Fund**" shall not include any Loan Party or any of its Affiliates.

"**Assignment and Assumption**" means an assignment and assumption entered into by a Lending Party and an Eligible Assignee (with the consent of any party whose consent is required by **Section 10.06(b)**), and accepted by Administrative Agent, substantially in the form of **Exhibit C**, or such other form as agreed to by Administrative Agent.

"**Attributable Debt**" means, on any date of determination: (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP; and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"**Audited Closing Financial Statements**" means the audited financial statements of Parent comprised of the balance sheet of Parent as of June 30, 2023, and the related statements of income, stockholder's equity and cash flows for the fiscal year ended June 30, 2023, together with all related notes thereto.

"**Auditor**" has the meaning set forth in **Section 6.01(a)**.

"**Authorized Financial Officer**" means, with respect to each Loan Party, the chief executive officer, president, chief financial officer, or any other senior officer in the finance department of such Loan Party. Any document delivered hereunder that is signed by an Authorized Financial Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Authorized Financial Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"**Average Excess Revolver Availability**" means, with respect to any period, the sum of the aggregate amount of Excess Revolver Availability for each Business Day in such period (as calculated by

Administrative Agent as of the end of each respective Business Day) divided by the number of Business Days in such period.

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"**Bail-In Legislation**" means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"**Bankruptcy Code**" means Title 11 of the United States Code, as in effect from time to time.

"**Bankruptcy Laws**" means, collectively: (a) the Bankruptcy Code; and (b) all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor-relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"**Base Rate**" means an interest rate equal to (a) the sum of: (x) the SOFR Index Rate, as adjusted as of each SOFR Index Adjustment Date, *plus* (y) the Applicable Margin in effect from time to time per annum or (b) with respect to the affected Loans, during the existence of a Market Disruption Event (commencing on the first day of the first month following such Market Disruption Event and for each subsequent month occurring during such Market Disruption Event with respect to any outstanding affected Loans), the sum (x) of the ABR Index Rate, as adjusted as of each SOFR Index Adjustment Date, *plus* (y) the Applicable Margin in effect from time to time per annum.

"**BHC Act Affiliate**" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"**Board of Directors**" means, as to any Person, the board of directors (or comparable managers) or other governing Person or body of such Person, or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

"**Books and Records**" means, as to any Person, all of such Person's books and records including ledgers, federal and state tax returns, records regarding such Person's assets or liabilities, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrower**" and "**Borrowers**" have the respective meanings ascribed thereto in the introductory paragraph hereof.

"**Borrowing Base Report**" means a report of the Revolver Borrowing Base, in the form of **Exhibit F** or otherwise in form and substance satisfactory to Administrative Agent in its Permitted Discretion.

"**Borrowing Request**" means a written request for funding of a Loan, substantially in the form of **Exhibit D**.

"**Business Day**" means (i) any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York, New York or any city and state where any Agent's Office is located, (ii) any day that any of the Federal Reserve Bank of New York or the New York Stock Exchange is closed, and (iii) any other day included in the recommended holiday schedule of the Loan Syndications and Trading Association for calculating delayed compensation; provided, that, if such day relates to any interest rate settings as to a Loan that is based on SOFR, any fundings, disbursements, settlements, and payments in respect of any Loan accruing interest based upon the SOFR Index Rate, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Loan, the term "Business Day" means any such day that is also a U.S. Government Securities Business Day.

"**Canadian Control Agreement**" means that certain Deposit Account Control Agreement, to be entered into on or prior to the date set forth in Paragraph 9 of **Schedule 6.19**, among Alliance, Collateral Agent, and Bank of America, N.A. (acting through its Canada branch) with respect to the Permitted Canadian Dollars Account, as amended, restated, supplemented and otherwise modified from time to time.

"**Capital Expenditures**" means, with respect to any Person, all expenditures by such Person for the acquisition or leasing of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that are required to be capitalized under GAAP on a balance sheet of such Person. For purposes of this definition, the purchase price of equipment that is purchased simultaneously with the trade-in of existing equipment owned by such Person thereof or with insurance proceeds shall be included in Capital Expenditures only to the extent of the gross amount of such purchase price *minus* the credit granted by the seller of such equipment for such equipment being traded in at such time, or the amount of such proceeds, as the case may be.

"**Capital Lease**" means any lease which, in accordance with GAAP, is required to be capitalized for financial reporting purposes.

"**Cash Equivalents**" means any of the following types of property, to the extent owned by Parent or any of its Domestic Subsidiaries that are Loan Parties free and clear of all Liens (other than Permitted Liens):

(a) cash, denominated in Dollars;

(b) readily marketable direct obligations of the government of the United States or any agency or instrumentality thereof, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by the government of the United States or any state or municipality thereof, in each case so long as such obligation has an investment grade rating by S&P and Moody's;

(c) commercial paper rated at least P-1 (or the then equivalent grade) by Moody's and A-1 (or the then equivalent grade) by S&P, or carrying an equivalent rating by a nationally recognized rating agency if at any time neither Moody's nor S&P shall be rating such obligations;

(d) insured certificates of deposit or bankers' acceptances of, or time deposits with any Lender or with any commercial bank that (i) is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in the first portion of clause (c) above, (iii) is organized under the laws of the United States or of any state thereof and (iv) has combined capital and surplus of at least $250,000,000;

(e) readily marketable general obligations of any corporation organized under the laws of any state of the United States of America, payable in the United States of America, expressed to mature not later than twelve months following the date of issuance thereof and rated A or better by S&P or A3 or better by Moody's; and

(f) readily marketable shares of investment companies or money market funds that, in each case, invest solely in the forgoing Investments described in clauses (a) through (f) above.

"**CFC**" means a controlled foreign corporation within the meaning of Section 957 of the Code in which any Loan Party or direct or indirect owner of a Loan Party is a "United States shareholder" within the meaning of Section 951(b) of the Code.

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

"**Change of Control**" means that:

(a) The Permitted Holders fail to own and control, beneficially and of record, directly or indirectly, at least 51% of the issued and outstanding Equity Interests of Parent.

(b) Parent fails to own and control, beneficially and of record, 100% of the issued and outstanding Equity Interests of AENT;

(c) AENT fails to own and control, beneficially and of record, directly or indirectly, 100% of the issued and outstanding Equity Interests of each of its Subsidiaries which constitute Borrowers or other Loan Parties;

(d) any "change of control" or similar event under the Organizational Documents of any Loan Party occurs; or

(e) the sale or transfer of all or substantially all assets of any Loan Party (other than to a Loan Party that is not Parent).

"**Chattel Paper**" means, as to any Person, all chattel paper (as that term is defined in the UCC), including electronic chattel paper (as that term is defined in the UCC), now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party).

"**Claims**" means, collectively, any claim or cause of action based upon or arising out of this Agreement, the other Loan Documents or any of the transactions contemplated hereby or thereby, including contract claims, tort claims, breach of duty claims, and all other common law or statutory claims.

"**Closing Date**" means December 21, 2023.

"**Closing Date Accounts**" has the meaning ascribed thereto in **Section 6.12(a)**.

"**CME Term SOFR Page**" means, as of any time on any SOFR Index Adjustment Date, the display designated as "CME Term SOFR Rates" on the website of CME Group Benchmark Administration Limited at such time on such date (or, if such display is unavailable, then on any successor or substitute page of such service, or any successor to, or substitute for, such service, providing rate quotations comparable to those currently provided on such page of such service, as reasonably determined by the Administrative Agent from time to time for purposes of providing forward-looking term rates for SOFR).

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**COKeM $2,500,000 Sellers Note**" means that certain Bond Promissory Note in the original principal amount of up to $2,5000,000, dated as of September 29, 2020, issued by COKeM to Charles Bond, as agent for the COKeM Sellers, or their assigns, as a portion of the purchase price for the COKeM Acquisition.

"**COKeM $6,000,000 Sellers Note**" means that certain Subordinated Promissory Note in the original principal amount of up to $6,000,000, dated as of September 29, 2020, issued by Panther and COKeM to Charles Bond, as agent for the COKeM Sellers, or their assigns, as a portion of the purchase price for the COKeM Acquisition.

"**COKeM Acquisition**" has the meaning assigned to such term in the definition of "COKeM Purchase Agreement".

"**COKeM Independent Contractor Agreement**" means that certain Independent Contractor Agreement dated as of September 29, 2020, between COKeM and Charles Bond.

"**COKeM Purchase Agreement**" means that certain Share Purchase Agreement, dated as of September 29, 2020, among Panther, COKeM, and the COKeM Sellers, pursuant to which Panther purchased from the COKeM Sellers all of the Equity Interests of COKeM, subject to the terms and conditions therein (the "**COKeM Acquisition**").

"**COKeM Purchase Price Adjustment**" means an adjustment to the Purchase Price (as defined in the COKeM Purchase Agreement) which may occur in accordance with Section 2.4 of the COKeM Purchase Agreement.

"**COKeM Sellers**" means the "Shareholders" as defined in the COKeM Purchase Agreement.

"**COKeM Sellers Notes**" means the COKeM $2,500,000 Sellers Note and the COKeM $6,000,000 Sellers Note.

"**Collateral**" means, collectively, all right, title and interest of each Loan Party that is a party hereto, whether now owned or hereafter acquired or arising (or in which such Loan Party has rights or the power to transfer rights to a secured party), in, to or upon all Accounts, cash and Cash Equivalents, Chattel Paper, Collateral Accounts (including the Permitted Canadian Dollars Account, the Permitted Euros Accounts, the Permitted Japanese Yen Account, and the Permitted Sterling Accounts), commercial tort claims, Documents, Equipment, General Intangibles, Goods, Instruments, Inventory, Investment Property, Letter- of-Credit Rights, Permits, Supporting Obligations, Books and Records, real property, motor vehicles and other title vehicles, and all other assets, tangible and intangible, real and personal, of such Loan Party and all Proceeds (in whatever form or nature) of the foregoing; provided that, notwithstanding the foregoing, "**Collateral**" shall not include Excluded Property of any such Loan Party.

"**Collateral Access Agreement**" means a landlord waiver, bailee letter, vendor letter, licensor agreement or acknowledgement agreement between Collateral Agent and any lessor, warehouseman, processor, consignee, vendor, licensor of a Loan Party or any of its Subsidiaries (including, without limitation, with respect to any leased Real Property), or any other Person in possession of, having a Lien upon, or having rights or interests in any Loan Party's or any of its Subsidiaries' books and records, Equipment, or Inventory, or Intellectual Property in each case, in form and substance reasonably satisfactory to each Agent.

"**Collateral Accounts**" means all commodity accounts, deposit accounts and securities accounts (in each case, as defined in the UCC) of any Loan Party, other than the Excluded Accounts.

"**Collateral Agent**" means WOCF, in its capacity as collateral agent, security trustee or pledgee in its own name under any of the Loan Documents, or any successor collateral agent.

"**Collateral Documents**" means, collectively: (a) this Agreement; (b) each Control Agreement entered into in connection with this Agreement; (c) each Copyright Security Agreement; (d) each Patent and Trademark Security Agreement; (e) each Collateral Access Agreement; (f) each Pledge Agreement; (g) each Foreign Control Agreement; and (h) any guaranty, guaranty and security agreement, security agreement or other document similar to the documents referred to in clauses (a) through (g) of this definition executed on or after the Closing Date pursuant to the terms hereof or otherwise in connection with the transactions contemplated hereby; and all financing statements (or comparable documents now or hereafter filed in accordance with the Uniform Commercial Code or other comparable Law) against Borrowers or any other Loan Party or any other Loan Document as debtor in favor of Collateral Agent, for the benefit of itself and each other Lending Party (or any of the foregoing), as secured party.

"**Collateralization**" and "**Collateralize**" each means, with respect to any Letter of Credit, the deposit by the Borrowers in a cash collateral account established and controlled by or on behalf of Administrative Agent of an amount equal to 105% of the undrawn amount of such Letter of Credit.

"**Commitment**" means for any Lender, the aggregate amount of such Lender's Revolver Commitment.

"**Commitments**" means the aggregate amount of all Revolver Commitments.

"**Compliance Certificate**" means a certificate substantially in the form of **Exhibit A**.

"**Consolidated EBITDA**" means, for any period, for Parent and its Subsidiaries on a consolidated basis, Consolidated Net Income for such period, *plus* (a) without duplication and to the extent deducted in determining Consolidated Net Income for such period, the sum of (i) Consolidated Interest Expense (net of interest income); (ii) all amounts treated as expenses for depreciation and the amortization of intangibles of any kind, (iii) all accrued taxes on or measured by income and distributions for such taxes, (iv) fees, charges and expenses incurred by Parent and its Subsidiaries in connection with the execution, delivery and performance by Parent and its applicable Subsidiaries of the Loan Documents to which they are or are intended to be a party and the funding of Loans thereunder, in an aggregate amount not to exceed $6,000,000, (v) any extraordinary or any non-recurring non-cash losses, including any extraordinary or any non-recurring non-cash losses from Dispositions permitted by this Agreement, as approved by Administrative Agent in its Permitted Discretion, and (vi) any non-recurring non-cash or other non-cash charges (except to the extent representing a reserve or accrual for cash expenses in another period), including goodwill, asset and other impairment charges, losses on early extinguishment of debt, and write- downs of deferred financing costs, but excluding amounts related to Accounts or Inventory, as approved by Administrative Agent in its Permitted Discretion; *minus* (b) without duplication and to the extent included in Consolidated Net Income, cash income, gains or profits realized during such period from the Disposition of Equipment and other fixed or capital assets; provided that, for the purposes of the calculation of Consolidated EBITDA for any period, (I) Consolidated Net Income for such period shall be computed without giving effect to any non-cash, extraordinary, non-recurring, transactional or unusual (x) gains or (y) charges approved by Administrative Agent in its Permitted Discretion, in each case that would otherwise be added or subtracted, as applicable, in calculating Consolidated Net Income for such period, (II) Consolidated EBITDA shall exclude non-cash effects of any purchase accounting adjustments, to the extent not related to Accounts or Inventory, as approved by Administrative Agent in its Permitted Discretion (such amounts under this clause (II), "**Non-Cash Adjustments**") and (III) the sum of Non-Cash Adjustments plus all amounts added back to Consolidated Net Income under the immediately preceding clauses (a)(v) and (a)(vi), in each case, for such period shall not exceed 20% of Consolidated EBITDA (calculated prior to giving effect to such adjustments and add-backs) for such period. For the avoidance of doubt, all calculations will be consistent with GAAP principles and guidance in effect as of the Closing Date. Notwithstanding the foregoing, Consolidated EBITDA of Parent and its Subsidiaries for each pre-closing period listed below shall be deemed to equal the amount listed opposite such period, except to the extent that the financial statements of Parent and its Subsidiaries hereafter delivered pursuant to any of **Sections 6.01(a)**, **(b)** or **(c)** (and that include such pre-closing period) reflect a materially different amount of Consolidated EBITDA of Parent and its Subsidiaries for any such pre-closing period (in which case, subject to the prior written consent of Administrative Agent (not to be unreasonably withheld), the amount of Consolidated EBITDA of Parent and its Subsidiaries for such pre-closing period shall be the amount reflected in any such financial statements, as such financial statements may be restated from time to time):

Month Ending	Amount
January 31, 2023	($2,596,000)
February 28, 2023	$110,000
March 31, 2023	$108,000
April 30, 2023	$878,000

May 31, 2023	$285,000
June 30, 2023	$2,257,000
July 31, 2023	$783,000
August 31, 2023	$6,000
September 30, 2023	$515,000
October 31, 2023	$5,052,000
November 30, 2023	$8,335,000

"**Consolidated Fixed Charge Coverage Ratio**" means, as of the last day of any Test Period determined on a consolidated basis in accordance with GAAP, subject to **Section 1.02(f)**, the ratio of: (a) the result for such period of (without duplication): (i) Consolidated EBITDA; *minus* (ii) all payments in cash for taxes on or measured by income made by Parent and its Subsidiaries; *minus* (iii) Unfinanced Capital Expenditures actually made in cash by Parent and its Subsidiaries (net of any insurance proceeds, condemnation award or proceeds relating to any financing with respect to such expenditures); *minus* (iv) Restricted Payments paid in cash by any Loan Party to any Person that is not a Loan Party (the sum, for any applicable period, of the amounts set forth in the immediately preceding clauses (ii) through (iv), the "**FCCR Deduct Amount**"); *to* (b) the sum for such period of (without duplication) (such sum for any applicable period, the "**Fixed Charges Amount**"): (i) Consolidated Interest Expense paid in cash; *plus* (ii) the aggregate amount of scheduled principal payments actually made or required to be made on the Loans; *plus* (iii) without duplication, all scheduled principal payments and all principal payments made for future periods made with respect to Capital Leases and other Debt (other than the Obligations) and collateral management fees. Notwithstanding the foregoing, (x) the FCCR Deduct Amount for each pre-closing period listed below shall be deemed to equal the amount listed opposite such period, except to the extent that the financial statements of Parent and its Subsidiaries hereafter delivered pursuant to any of **Sections 6.01(a)**, **(b)** or **(c)** (and that include such pre-closing period) reflect a materially different amount for any of the components that constitute the FCCR Deduct Amount for any such pre-closing period (in which case, subject to the prior written consent of Administrative Agent (not to be unreasonably withheld), such component of the FCCR Deduct Amount for such pre-closing period shall be the amount reflected in any such financial statements, as such financial statements may be restated from time to time):

Month Ending	FCCR Deduct Amount
January 31, 2023	$0
February 28, 2023	$0
March 31, 2023	$0
April 30, 2023	$12,000
May 31, 2023	$53,000

June 30, 2023	$825,000
July 31, 2023	$0
August 31, 2023	$0
September 30, 2023	$0
October 31, 2023	$0
November 30, 2023	$0

and (y) the Fixed Charges Amount for each pre-closing period listed below shall be deemed to equal the amount listed opposite such period, except to the extent that the financial statements of Parent and its Subsidiaries hereafter delivered pursuant to any of **Sections 6.01(a)**, **(b)** or **(c)** (and that include such pre-closing period) reflect a materially different amount for any of the components that constitute the Fixed Charges Amount for any such pre-closing period (in which case, subject to the prior written consent of Administrative Agent (not to be unreasonably withheld), such component of the Fixed Charges Amount for such pre-closing period shall be the amount reflected in any such financial statements, as such financial statements may be restated from time to time):

Month Ending	**Fixed Charges Amount**
January 31, 2023	$1,131,000
February 28, 2023	$1,195,000
March 31, 2023	$1,223,000
April 30, 2023	$1,236,000
May 31, 2023	$1,115,000
June 30, 2023	$909,000
July 31, 2023	$1,236,000
August 31, 2023	$1,145,000
September 30, 2023	$1,312,000
October 31, 2023	$1,287,000
November 30, 2023	$1,278,000

"**Consolidated Interest Expense**" means, for any period determined on a consolidated basis, total interest expense (including that attributable to Capital Leases) of Parent and its Subsidiaries for such period with respect to all outstanding Debt of Parent and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers'

acceptances to the extent such net costs are allocable to such period in accordance with GAAP) net of interest income, calculated on a consolidated basis for Parent and its Subsidiaries for such period in accordance with GAAP.

"**Consolidated Net Income**" means, for any period, for Parent and its Subsidiaries on a consolidated basis, net income (or loss) for such period, but excluding (without duplication): (a) any income of any Person if such Person is not a Subsidiary, except that a Loan Party's direct or indirect equity in the net income of any such Person for such period shall be included in such computation of net income (or loss) up to the aggregate amount of cash actually distributed by such Person during such period to a Loan Party or a Subsidiary thereof as a dividend or other distribution; (b) net income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of that income is prohibited by operation of the terms of its Organizational Documents or any Contractual Obligation or Laws applicable to such Subsidiary or by which Subsidiary is bound and (c) any unrealized net gains in the fair market value of any arrangements under Hedge Agreements and gains attributable to the early extinguishment or conversion of arrangements under Hedge Agreements or other derivative instruments.

"**Contractual Obligation**" means, as to any Person, any document or other agreement or undertaking to which such Person is a party or by which it or any of its property is bound.

"**Control**" means (other than when used in the terms "**Change of Control**" and "**Control Agreement**") the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "**Controlling**" and "**Controlled**" have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, the power to vote more than 10% or more of the securities having ordinary voting power for the election of directors, managing general partners, managers or the equivalent or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"**Control Agreement**" means any agreement entered into among a depository institution, commodities intermediary or securities intermediary at which a Loan Party maintains a Collateral Account, such Loan Party and Collateral Agent, pursuant to which Collateral Agent obtains control (within the meaning of the UCC) over such Collateral Account, in form and substance reasonably satisfactory to Collateral Agent.

"**Copyright License**" means, as to any Person, all licenses and other similar rights now provided or hereafter provided to such Person (or in which such Person has rights or the power to transfer rights to a secured party) with respect to any Copyright of another Person.

"**Copyright Security Agreement**" means that certain Copyright Security Agreement, dated as of the Closing Date, by Borrowers in favor of Collateral Agent, as amended, restated supplemented and otherwise modified from time to time.

"**Copyrights**" means, as to any Person, all of the following now owned or hereafter adopted or acquired by such Person: (a) all copyrights in any original work of authorship fixed in any tangible medium of expression, now known or later developed, all registrations and applications for registration of any such copyrights in the United States or any other country, including registrations, recordings and applications, and supplemental registrations, recordings, and applications in the United States

Copyright Office; and (b) all proceeds of the foregoing, including license royalties and proceeds of infringement suits, the right to sue for past, present and future infringements, all rights corresponding thereto throughout the world and all renewals and extensions thereof.

"**Covered Entity**" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"**Covered Party**" has the meaning ascribed thereto in **Section 10.19**.

"**Credit Extensions**" means all of the following: (a) the Revolver Loan, (b) all Swing Loans, (c) all Protective Advances and (d) all Letter of Credit Liabilities.

"**Credit Outstandings**" means, as of any date of determination, the then Outstanding Amount of all Credit Extensions and the Make-Whole Amount (if any, that is due and payable as of such date of determination) owing with respect thereto.

"**Cybersecurity Incident**" means a data or security breach including, but not limited to, a network or system intrusion, ransomware attack, exfiltration of data, denial of service attack, or any combination thereof.

"**Debt**" means, as to any Person as of any date of determination, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments; (b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial letters of credit), bankers' acceptances, bank guaranties, surety bonds and similar instruments; (c) the swap termination value (after giving effect to netting) under Hedge Agreements to which such Person is a party; (d) all obligations of such Person to pay the deferred purchase price of property or services when due and payable (other than trade accounts payable in the ordinary course of business not past due more than sixty (60) days after the date on which such trade account payable was created); (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; (f) the amount of Attributable Debt in respect of all Capital Lease obligations and Synthetic Lease Obligations of such Person, (g) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (h) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances, (i) all obligations under any earn-out of such Person, (j) any other Off-Balance Sheet Liability of such Person, (k) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Disqualified Equity Interest, valued, in the case of a Disqualified Equity Interest that is a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference *plus* accrued and unpaid dividends; and (l) all Guarantees of such

Person in respect of any Debt referred to in the immediately preceding clauses (a) through (k) to the extent of such Person's maximum liability under such Guarantees. For all purposes hereof, the Debt of any Person shall include the Debt of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer (but solely to the extent that such joint venturer is liable therefor as a result of its ownership interest in such entity), unless such Debt is expressly made non-recourse to such Person. The amount of Debt of any Person for purposes of clause (e) shall be deemed to be equal to the lesser of (i) the aggregate unpaid amount of such Debt and (ii) the fair market value of the property encumbered thereby.

"**Debt to be Repaid**" means the Debt listed on **Schedule 4.01**.

"**Default**" means any Event of Default or any event or condition that, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"**Default Rate**" means an interest rate equal to the sum of the Base Rate then in effect, *plus* 2.00% per annum.

"**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"**Defaulting Lender**" means any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and Administrative Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable Default or Event of Default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two (2) Business Days of the date when due, (b) has notified Administrative Borrower and Administrative Agent in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable Default or Event of Default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or Administrative Borrower, to confirm in writing to Administrative Agent and Administrative Borrower that it will comply with its prospective funding obligations hereunder (provided, that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by Administrative Agent and Administrative Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of any Insolvency Proceeding, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-in Action; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Administrative Agent that a Lender is a Defaulting Lender

under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to Administrative Borrower and each Lender.

"**Defaulting Lender Rate**" means (a) for the first three days from and after the date the relevant payment is due, the ABR Index Rate, and (b) thereafter, the interest rate then applicable to Revolver Loans that are ABR Index Rate Loans (inclusive of the Applicable Margin).

"**Deposit Account**" means any deposit account (as that term is defined in the UCC).

"**Dilution**" means, as of any date of determination, a percentage, determined by Administrative Agent in its Permitted Discretion taking into account the then current timing of rebates, that is the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrowers' Accounts during such period, by (b) Borrowers' billings with respect to Accounts during such period.

~~"**Deposit Account**" means any deposit account (as that term is defined in the UCC).~~

"**Disposition**" means the sale, assignment, transfer, conveyance, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person (or the granting of any option or other right to do any of the foregoing), including any transfer of assets by way of division, and any sale, assignment, transfer, conveyance or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith. The term "*Dispose*" has a meaning correlative thereto.

"**Disqualified Equity Interest**" means any Equity Interest of any Person that, by its terms (or by the terms of any Equity Interest or other security into which it is convertible or for which it is exchangeable at the option of the holder thereof), or upon the happening of any event or circumstance, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, or requires or mandates payments or distributions in cash, on or prior to the date that is one year after the Maturity Date.

"**Dividing Person**" has the meaning assigned to such term in the definition of "Division."

"**Division**" means the division of the assets, liabilities and/or obligations of a Person (the "**Dividing Person**") among two or more Persons (whether pursuant to a "plan of division" or similar arrangement), which may or may not include the Dividing Person and pursuant to which the Dividing Person may or may not survive.

"**Division Successor**" means any Person that, upon the consummation of a Division of a Dividing Person, holds all or any portion of the assets, liabilities and/or obligations previously held by such Dividing Person immediately prior to the consummation of such Division. A Dividing Person which retains any of its assets, liabilities and/or obligations after a Division shall be deemed a Division Successor upon the occurrence of such Division.

"**Documents**" means, as to any Person, all documents (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located, including all bills of lading, dock warrants, dock receipts, warehouse receipts, and other documents of title, whether negotiable or non-negotiable.

"**Dollar**" and "**$**" mean lawful money of the United States.

"**Domestic Subsidiary**" means any Subsidiary of a Loan Party that is organized under the laws of any political subdivision of the United States or the District of Columbia (but excluding any territory or possession thereof).

"**Dominion Control Agreement**" has the meaning ascribed thereto in **Section 2.01(b)(vi)**.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"**Electronic Platform**" means an electronic system for the delivery of information (including documents), such as IntraLinks On Demand Workspaces™ or DXSyndicate™, that may or may not be provided or administered by Administrative Agent or an Affiliate thereof.

"**Eligible Amazon Inventory**" means Inventory held by Amazon (pursuant to the Fulfillment by Amazon program) in the continental United States from time to time (a) with an aggregate value (calculated at the lower of cost or market on a basis consistent with Borrowers' historical accounting practices) which does not exceed $2,500,000 and (b) which is not in-transit.

"**Eligible Assignee**" means any of the following (a) a Lender (other than a Defaulting Lender); (b) an Affiliate of a Lender; (c) an Approved Fund of the Lenders; (d) any fund or account managed or administered solely by an Agent or any of its Affiliates; and (e) any other Person (other than a natural person) consented to by the Administrative Agent and Swing Lender and, so long as no Event of Default is continuing as of the date of any assignment to such Person, Administrative Borrower (such consent not to be unreasonably withheld, conditioned or delayed).

"**Eligible Customs Broker**" means a customs broker that has its principal assets and principal place of business in the United States of America, is licensed and regulated by the U.S. and Customs Border Protection and which is acceptable to Collateral Agent and with which Collateral Agent has entered into an Imported Goods Agreement. Without limiting the foregoing, Apex Logistics International (ORD), Inc. (or an Affiliate thereof) shall be deemed acceptable to the Collateral Agent to serve as an Eligible Customs Broker upon its execution and delivery of an Imported Goods Agreement.

"**Eligible Domestic Account**" means those Accounts created by any Borrower in the ordinary course of its business, that arise out of such Borrower's sale of goods or rendition of services, that comply with each of the representations and warranties respecting Eligible Domestic Accounts made in the Loan Documents, and that are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, that such criteria may be revised from time to time by Administrative

Agent in its Permitted Discretion. In determining the amount to be included, Eligible Domestic Accounts shall be calculated at their Values. Eligible Domestic Accounts shall not include the following:

(a) Accounts with respect to which the Account Debtor has failed to pay within one hundred twenty (120) days of original invoice date or within sixty (60) days of its due date;

(b) Accounts owed by an Account Debtor (or its Affiliates) where 50% or more of all Accounts owed by that Account Debtor (or its Affiliates) are deemed ineligible under clause (a) above;

(c) Accounts with respect to which the Account Debtor is (i) an employee or agent of any Borrower or any Affiliate of any Borrower or (ii) an Affiliate of any Borrower, or otherwise constitutes an intercompany Account;

(d) Accounts (i) arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, a rebate, or any other terms by reason of which the payment by the Account Debtor may be conditional, except to the extent of any such Accounts that are bill and hold Accounts with respect to which the Account Debtor is Barnes & Noble, Inc. or a Subsidiary thereof and to the extent the book value of such bill and hold Accounts, in the aggregate, does not exceed $500,000, or (ii) with respect to which the payment terms are "C.O.D.", cash on delivery or other similar terms;

(e) Accounts that are not payable in Dollars;

(f) Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office in the United States, or (ii) is not organized under the laws of the United States or any state or territory thereof;

(g) Accounts with respect to which the Account Debtor has been billed by the applicable Borrower from an office or location of the applicable Borrower that is not located in the United States, or the collection of the Account is to occur via an office or location of the applicable Borrower that is not located in the United States, or the payment of such Account will not be to a deposit account in the United States subject to a Dominion Control Agreement;

(h) Accounts with respect to which the Account Debtor is a creditor of any Borrower, has asserted a right of recoupment or setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such claim, right of recoupment or setoff, or dispute, or Accounts constituting "contra" accounts;

(i) Accounts with respect to an Account Debtor whose total obligations owing to all Borrowers exceed (i) 30% in the case of Best Buy Co, Inc., Walmart, Target Corporation or Amazon and their respective Subsidiaries, (ii) 15% in the case of Barnes & Noble, Inc. and its Subsidiaries, (iii) a percentage specified in writing by Administrative Agent to Borrowers in respect of a specific Account Debtor approved in writing by Administrative Agent in its discretion for an increased concentration limit under this subclause, and (iv) 10% for all other Account Debtors, in each case, of all Eligible Domestic Accounts with respect to all Account Debtors, to the extent of the obligations owing by such Account Debtor in excess of such percentage; provided, that, the amount of Accounts that are excluded because they exceed the foregoing percentage shall be determined by Administrative Agent in its Permitted Discretion based on all of the otherwise Eligible Domestic Accounts prior to giving effect to any eliminations based upon the foregoing concentration limit; provided further, that such percentages, as

applied to a particular Account Debtor, shall be subject to reduction by Administrative Agent in its Permitted Discretion if the creditworthiness of such Account Debtor deteriorates;

(j) Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not Solvent, has gone out of business, or as to which any Borrower has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor;

(k) Accounts, the collection of which, Administrative Agent in its Permitted Discretion, believes to be doubtful, including by reason of the Account Debtor's financial condition or credit worthiness;

(l) Accounts that are not subject to a valid and perfected first-priority Lien in favor of Collateral Agent;

(m) Accounts with respect to which (i) the goods giving rise to such Account have not been shipped and billed to the Account Debtor, or (ii) the services giving rise to such Account have not been performed and billed to the Account Debtor;

(n) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity;

(o) Accounts (i) that represent deferred revenue or advance billings (including pre billings, billed but not shipped orders, and upfront mobilization billings), (ii) that represent the right to receive progress or milestone payments that are due prior to the completion of full performance by any Borrower of the subject contract for goods or services or (iii) that are subject to a customer deposit or consist of vendor rebates;

(p) Accounts that are finance charges billed to Account Debtors;

(q) Accounts which are subject to enforceable anti-assignment provisions without written waivers on terms deemed acceptable by Administrative Agent in its Permitted Discretion;

(r) Accounts that consist of obligations of a Governmental Account Debtor, unless (i) such Accounts are backed by a Letter of Credit acceptable to the Administrative Agent which is in the possession of, and is directly drawable by, the Administrative Agent, or (ii) the Federal Assignment of Claims Act of 1940, as amended (31 U.S.C. § 3727 et seq. and 41 U.S.C. § 15 et seq.), and any other steps necessary to perfect the Lien of Collateral Agent in such Accounts have been complied with to the Administrative Agent's satisfaction;

(s) Accounts with respect to which any representation or warranty relating thereto contained in this Agreement or in any other Loan Document with respect to such Account or in any assignment or statement of warranties or representations relating to such Account delivered by such Borrower to Administrative Agent has been breached or is untrue in any material respect or such Borrower is not in compliance with all applicable laws with respect to such Account;

(t) Accounts that are evidenced by chattel paper or an instrument of any kind unless such instrument is duly endorsed to and in Collateral Agent's possession;

(u) Accounts that constitute a receivable due to any Borrower from a credit card issuer or credit card processor (including PayPal); provided, that any such Accounts which generate an aggregate amount of up to $5,000,000 of Revolver Availability under the Revolver Borrowing Base shall not be excluded solely pursuant to this clause (u), so long as (i) the credit card issuer or credit card processor has not failed to pay such Accounts within five (5) days of the original sale date and (ii) the applicable Borrower shall have delivered a notice, in form satisfactory to Administrative Agent, to the applicable credit card issuer or credit card processor (and acknowledged by such credit card issuer or credit card processor and thereupon delivered to Administrative Agent) directing payments from such credit card issuer or credit card processor to a deposit account of such Borrower in the United States subject to a Dominion Control Agreement (it being acknowledged and agreed that such Accounts shall be calculated net of any unpaid and/or accrued credit card issuer or credit card processor fee or expense balances);

(v) Accounts that are subject to or included as part of an accounts receivable purchase or factoring program, inventory financing program or other supply chain financing program (including any Permitted Receivables Purchase Arrangement), or Accounts that are otherwise Eligible Domestic Accounts but are owing from the same Account Debtor as Accounts that are subject to or included as part of an accounts receivable purchase or factoring program, inventory financing program or other supply chain financing program (including any Permitted Receivables Purchase Arrangement);

(w) Accounts owing from poor credit quality Account Debtors, as determined by Administrative Agent in its Permitted Discretion;

(x) Accounts that do not constitute commercially acceptable collateral for purposes of inclusion in the Revolver Borrowing Base, as determined by Administrative Agent in its Permitted Discretion; and

(y) Accounts or any portion of Accounts otherwise deemed ineligible by Administrative Agent in its Permitted Discretion.

An Account which is at any time an Eligible Domestic Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Domestic Account. Further, with respect to any Account, if Administrative Agent in its Permitted Discretion at any time hereafter determines that the prospect of payment or performance by the Account Debtor with respect thereto is materially impaired for any reason whatsoever, such Account shall cease to be an Eligible Domestic Account.

"**Eligible Financed Account**" means an Account that would otherwise be an Eligible Domestic Account if it were not excluded under clause (v) of the definition thereof, and that Administrative Agent, in its Permitted Discretion, following receipt by Administrative Agent of such reporting and testing in respect of any such Accounts to the extent required by Administrative Agent in its Permitted Discretion (provided, that Administrative Agent shall have completed any such testing within 15 Business Days of the Closing Date), deems to be an Eligible Financed Account. Without limiting the foregoing, no Account shall be an Eligible Financed Account unless it (i) is owing to COKeM or Alliance by Walmart, Sam's West, or an Affiliate thereof, (ii) is subject to the applicable Wells Fargo Receivables Purchase Agreement and the applicable Wells Fargo RPA Intercreditor Agreement, in each case, for COKeM and Alliance as applicable, (iii) is not older than 10 days since its origination date, and (iv) has not been purchased by Wells Fargo.

"**Eligible Foreign Account**" means those Accounts (other than Eligible Domestic Accounts and Eligible Financed Accounts) created by any Borrower in the ordinary course of its business, that arise out of such Borrower's sale of goods or rendition of services, are payable in Dollars (provided, however, that Accounts of Borrowers that are payable and will be paid in Euros, Sterling, Japanese Yen or Canadian Dollars shall not be rendered ineligible merely because they are not payable in Dollars to the extent that (a) the aggregate amount of all such Accounts owing at any one time does not exceed $2,000,000 and (b) such currency is commonly used in the jurisdiction of such Account Debtor's office or location), comply with each of the representations and warranties respecting Eligible Foreign Accounts made in the Loan Documents, and are not excluded as ineligible by virtue of one or more of the excluding criteria set forth below; provided, that such criteria may be revised from time to time by Administrative Agent in its Permitted Discretion. In determining the amount to be included, Eligible Foreign Accounts shall be calculated at their Values. Eligible Foreign Accounts shall not include the following:

(a) Accounts with respect to which the Account Debtor has failed to pay within one hundred twenty (120) days of original invoice date or within sixty (60) days of its due date;

(b) Accounts owed by an Account Debtor (or its Affiliates) where 50% or more of all Accounts owed by that Account Debtor (or its Affiliates) are deemed ineligible under clause (a) above;

(c) Accounts with respect to which the Account Debtor is (i) an employee or agent of any Borrower or any Affiliate of any Borrower or (ii) an Affiliate of any Borrower, or otherwise constitutes an intercompany Account;

(d) Accounts (i) arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, a rebate, or any other terms by reason of which the payment by the Account Debtor may be conditional, or (ii) with respect to which the payment terms are "C.O.D.", cash on delivery or other similar terms;

(e) Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office (or the foreign equivalent thereof) in an Eligible Foreign Jurisdiction, or (ii) is not organized under the laws of an Eligible Foreign Jurisdiction or any state or territory thereof, unless (A) the Account is supported by an irrevocable letter of credit reasonably satisfactory to Administrative Agent in its Permitted Discretion (as to form, substance, and issuer or domestic confirming bank) that has been delivered to Administrative Agent and is directly drawable by Administrative Agent, or (B) the Account is covered by credit insurance in form, substance, and amount, and by an insurer, reasonably satisfactory to Administrative Agent in its Permitted Discretion;

(f) Accounts with respect to which the Account Debtor has been billed by the applicable Borrower from an office or location of the applicable Borrower that is not located in the United States, or the collection of the Account is to occur via an office or location of the applicable Borrower that is not located in the United States, the United Kingdom or Ireland, or the payment of such Account will not be to a deposit account subject to a Control Agreement;

(g) Accounts with respect to which the Account Debtor is a creditor of any Borrower, has asserted a right of recoupment or setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of such claim, right of recoupment or setoff, or dispute, or Accounts constituting "contra" accounts;

(h) Accounts with respect to an Account Debtor whose total obligations owing to all Borrowers exceed either (i) 10% of all Eligible Foreign Accounts with respect to all Account Debtors (or such higher percentage specified in writing by Administrative Agent to Borrowers in respect of a specific Account Debtor approved in writing by Administrative Agent in its discretion for an increased concentration limit under this subclause) or (ii) $2,000,000, in each case, to the extent of the obligations owing by such Account Debtor in excess thereof; provided, that, the amount of Accounts that are excluded because they exceed the foregoing percentage or amount shall be determined by Administrative Agent in its Permitted Discretion based on all of the otherwise Eligible Foreign Accounts prior to giving effect to any eliminations based upon the foregoing concentration limit; provided further, that such percentage or amount, as applied to a particular Account Debtor, shall be subject to reduction by Administrative Agent in its Permitted Discretion if the creditworthiness of such Account Debtor deteriorates;

(i) Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not Solvent, has gone out of business, or as to which any Borrower has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor;

(j) Accounts, the collection of which, Administrative Agent in its Permitted Discretion, believes to be doubtful, including by reason of the Account Debtor's financial condition or credit worthiness;

(k) Accounts that are not subject to a valid and perfected first-priority Lien in favor of Collateral Agent;

(l) Accounts with respect to which (i) the goods giving rise to such Account have not been shipped and billed to the Account Debtor, or (ii) the services giving rise to such Account have not been performed and billed to the Account Debtor;

(m) Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity;

(n) Accounts (i) that represent deferred revenue or advance billings (including pre billings, billed but not shipped orders, and upfront mobilization billings), (ii) that represent the right to receive progress or milestone payments that are due prior to the completion of full performance by any Borrower of the subject contract for goods or services or (iii) that are subject to a customer deposit or consist of vendor rebates;

(o) Accounts that are finance charges billed to Account Debtors;

(p) Accounts which are subject to enforceable anti-assignment provisions without written waivers on terms deemed acceptable by Administrative Agent in its Permitted Discretion;

(q) Accounts that consist of obligations of a Governmental Account Debtor;

(r) Accounts with respect to which any representation or warranty relating thereto contained in this Agreement or in any other Loan Document with respect to such Account or in any assignment or statement of warranties or representations relating to such Account delivered by such Borrower to

Administrative Agent has been breached or is untrue in any material respect or such Borrower is not in compliance with all applicable laws with respect to such Account;

(s) Accounts that are evidenced by chattel paper or an instrument of any kind unless such instrument is duly endorsed to and in Collateral Agent's possession;

(t) Accounts that constitute a receivable due to any Borrower from a credit card issuer or credit card processor;

(u) Accounts that are subject to or included as part of an accounts receivable purchase or factoring program, inventory financing program or other supply chain financing program (including any Permitted Receivables Purchase Arrangement), or Accounts that are otherwise Eligible Foreign Accounts but are owing from the same Account Debtor as Accounts that are subject to or included as part of an accounts receivable purchase or factoring program, inventory financing program or other supply chain financing program (including any Permitted Receivables Purchase Arrangement);

(v) Accounts owing from poor credit quality Account Debtors, as determined by Administrative Agent in its Permitted Discretion;

(w) Accounts that do not constitute commercially acceptable collateral for purposes of inclusion in the Revolver Borrowing Base, as determined by Administrative Agent in its Permitted Discretion; and

(x) Accounts or any portion of Accounts otherwise deemed ineligible by Administrative Agent in its Permitted Discretion.

An Account which is at any time an Eligible Foreign Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Foreign Account. Further, with respect to any Account, if Administrative Agent in its Permitted Discretion at any time hereafter determines that the prospect of payment or performance by the Account Debtor with respect thereto is materially impaired for any reason whatsoever, such Account shall cease to be an Eligible Foreign Account.

"**Eligible Foreign Jurisdiction**" means any jurisdiction from time to time designated or approved as an "Eligible Foreign Jurisdiction" by Administrative Agent in its sole discretion. As of the Closing Date, each of the following countries is designated or approved by Administrative Agent as an Eligible Foreign Jurisdiction: (1) Australia; (2) Austria; (3) Belgium; (4) Canada; (5) Denmark; (6) Finland; (7) France; (8) Germany; (9) Hong Kong; (10) Ireland; (11) Israel; (12) Japan; (13) Luxembourg; (14) The Netherlands; (15) New Zealand; (16) Norway; (17) Puerto Rico; (18) Singapore; (19) Sweden; (20) Switzerland; and (21) the United Kingdom.

"**Eligible In-Transit Inventory**" means finished goods Inventory of a Borrower (excluding, for the avoidance of doubt, Eligible Amazon Inventory) that would be Eligible Inventory but for the fact that it is not located in the United States of America, and that is not excluded as ineligible by virtue of one or more of the criteria set forth below; provided, that such criteria may be revised from time to time by Administrative Agent in its Permitted Discretion. An item of Inventory shall only be included in Eligible In-Transit Inventory if:

(a) such Inventory is the subject of a Negotiable Document that designates the Administrative Agent, an Eligible Customs Broker or, with the consent of Administrative Agent, the applicable Borrower as consignee, which Negotiable Document is in tangible form;

(b) such Inventory has been paid for by a Borrower or Administrative Agent has otherwise satisfied itself that a final sale of such Inventory to such Borrower has occurred and title has passed to such Borrower;

(c) such Inventory has not been in transit for longer than forty-five (45) days and if such Inventory has been shipped from a location outside of the United States of America, such Inventory is scheduled to be delivered to an Eligible Customs Broker within twenty-one days,

(d) Administrative Agent has received assurances satisfactory to it that all of the original documents evidencing such Inventory (all of which documents shall be Negotiable Documents) have been issued by the applicable carrier and have been forwarded to an Eligible Customs Broker (and, if such documents are not actually received by an Eligible Customs Broker within ten (10) days after the sending thereof, such Inventory shall thereupon cease to be Eligible In-Transit Inventory), or, if required by Administrative Agent in the exercise of its sole discretion, all of such original documents are in the possession, in the United States of America, of Administrative Agent or an Eligible Customs Broker (as specified by Administrative Borrower);

(e) no default exists under any agreement in effect between the vendor of such Inventory and the applicable Borrower that would permit such vendor under any applicable law (including the UCC) to divert, reclaim, reroute, or stop shipment of such Inventory;

(f) such Inventory is fully insured by marine cargo or other similar insurance, in such amounts, with such insurance companies and subject to such deductibles as are satisfactory to Administrative Agent and in respect of which Administrative Agent has been named as lender loss payee; and

(g) Administrative Agent has received an executed Imported Goods Agreement with respect to such Inventory from an Eligible Customs Broker; and

(h) such Inventory consists of TasteMakers arcade games shipped from China.

Inventory which is at any time Eligible In-Transit Inventory but which subsequently fails to meet any of the foregoing requirements shall forthwith cease to be Eligible In-Transit Inventory.

"**Eligible Inventory**" means Inventory (including Eligible Amazon Inventory) consisting of finished goods of a Borrower that complies with each of the representations and warranties respecting Eligible Inventory made in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the criteria set forth below; provided, that such criteria may be revised from time to time by Administrative Agent in its Permitted Discretion. An item of Inventory shall not be included in Eligible Inventory if:

(a) a Borrower does not have good, valid, and marketable title thereto;

(b) a Borrower does not have actual and exclusive possession thereof (either directly or through a bailee or agent of such Borrower) (except to the extent such Inventory constitutes Eligible Amazon Inventory);

(c) it is not located at premises owned or leased by any Borrower in the continental United States (except to the extent such Inventory constitutes Eligible Amazon Inventory);

(d) it consists of raw materials, work-in-process Inventory, obsolete or slow-moving Inventory, fabricated parts Inventory, supplies and packaging materials, product literature, or refurbished Inventory;

(e) it is Inventory acquired on consignment;

(f) [reserved];

(g) it is located on real property leased by any Borrower, in each case, unless it is subject to a Collateral Access Agreement executed by the lessor or warehouseman, as the case may be, and unless it is segregated or otherwise separately identifiable from goods of others, if any, stored on the premises; provided, however, Administrative Agent may, in its Permitted Discretion implement a Revolver Availability Reserve in an amount reasonably satisfactory to Administrative Agent in its Permitted Discretion in lieu of such Collateral Access Agreement;

(h) it is stored at a contract manufacturing location;

(i) it consists of Inventory in-transit (except (x) between locations of Borrowers in the United States or (y) such Inventory is Eligible In-Transit Inventory);

(j) it consists of goods returned or rejected by a Borrower's customers, but only to the extent such goods no longer constitute "new" goods and cannot be resold as such within thirty (30) days of receipt;

(k) it consists of goods that are obsolete or goods that constitute spare parts, supplies used or consumed in a Borrower's business, bill and hold goods, defective goods, or "seconds,";

(l) it is not subject to a valid and perfected first-priority Lien in favor of Collateral Agent;

(m) it is subject to a third-party trademark, licensing or other proprietary rights, unless Administrative Agent is satisfied that such Inventory can be freely sold by the Collateral Agent on and after the occurrence of an Event of Default despite such third-party rights;

(n) it is produced in violation of the Fair Labor Standards Act and subject to the so- called "hot goods" provisions contained in Title 29 U.S.C. 215(a)(i) or any replacement statute; or

(o) it consists of Inventory that is governed by a license agreement, licensing agreement, distribution agreement and/or rights agreement to which a Borrower is a party and under which agreement a sell-off period has commenced, in each case, to the extent of any such Inventory with a book value in excess of (i) $250,000 in the case of any single license agreement, licensing agreement, distribution agreement and/or rights agreement and (ii) $500,000 in the aggregate in the case of all Inventory under this clause (o);

(p) it is Inventory otherwise deemed ineligible by Administrative Agent in its Permitted Discretion.

Inventory which is at any time Eligible Inventory but which subsequently fails to meet any of the foregoing requirements shall forthwith cease to be Eligible Inventory.

"**Environmental Claims**" means all claims, however asserted, by any Governmental Authority or other Person alleging Environmental Liabilities.

"**Environmental Laws**" means all Laws relating to pollution, the protection of the environment or the release of any materials into the environment, including those related to Hazardous Materials or wastes, air emissions and discharges to waste or public systems.

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

"**Environmental Lien**" means any Lien in favor of any Governmental Authority for Environmental Liabilities.

"**Equipment**" means, as to any Person, all equipment (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located, including any and all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other similar tangible personal property (other than Inventory) of every kind and description, and all parts, accessories and accessions thereto and substitutions and replacements therefor.

"**Equity Interests**" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination. For avoidance of doubt, Equity Interests shall include all of the foregoing arising in connection with or relating to any long-term incentive plan, 401(k) plan and/or any stock appreciation rights.

"**EPA**" means the Environmental Protection Agency.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

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

"**ERISA Event**" means any of the following: (a) a Reportable Event with respect to a Pension Plan; (b) the incurrence by any Loan Party or any ERISA Affiliate of any liability with respect to a withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a "substantial employer" (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the incurrence by any Loan Party or any ERISA Affiliate of any liability with respect to a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan or the receipt by any Loan Party or any ERISA Affiliate of notification that a Multiemployer Plan is in reorganization, insolvent, or in critical or endangered status, (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (f) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; (g) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate; or (h) a failure by any Loan Party or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules in respect of a Pension Plan, whether or not waived, or the failure by any Loan Party or ERISA Affiliate to make any required contribution to a Multiemployer Plan.

"**Erroneous Payment**" has the meaning ascribed thereto in **Section 9.12(a)**.

"**Erroneous Payment Deficiency Assignment**" has the meaning ascribed thereto in **Section 9.12(d)**.

"**Erroneous Payment Impacted Loans**" has the meaning ascribed thereto in **Section 9.12(d)**.

"**Erroneous Payment Return**" has the meaning ascribed thereto in **Section 9.12(c)**.

"**Erroneous Payment Return Deficiency**" has the meaning ascribed thereto in **Section 9.12(d)**.

"**Estimated Revolver Usage**" means as of any date of determination, (a) if such date of determination is prior to the twelve (12) month anniversary of the Closing Date, $100,000,000, and (b) if such date of determination is on or after the twelve (12) month anniversary of the Closing Date, an amount equal to the average daily outstanding principal amount of the Loans for the immediately preceding twelve (12) month period, as calculated by Administrative Agent in good faith.

"**EU Bail-In Legislation Schedule**" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"**Event of Default**" has the meaning ascribed thereto in **Section 8.01**.

"**Event of Loss**" means, with respect to any property of any Loan Party, any of the following: (a) any loss, destruction or damage of such property; or (b) any actual condemnation, seizure or taking, by

exercise of the power of eminent domain or otherwise, of such property, or confiscation of such property or the requisition of the use of such property.

"**Excess Revolver Availability**" means, as of any date of determination, the amount equal to (a) Borrowers' Revolver Availability on such date *minus* (b) the aggregate amount, if any, of all book overdrafts of the Loan Parties in excess of historical practices with respect thereto, in each case, as determined by Administrative Agent in its Permitted Discretion.

"**Exchange Act**" means the Securities Exchange Act of 1934.

"**Excluded Accounts**" means (a) Deposit Accounts specially and exclusively used for payroll, payroll taxes or withholding tax payments related thereto and sales taxes in each case, so long as the funds held or maintained in any such Deposit Account do not exceed the amounts expected to be used for current requirements for such purpose, (b) Deposit Accounts specifically and exclusively used as disbursement accounts, (c) Deposit Accounts with a balance which does not exceed $100,000 for all such accounts in the aggregate at any one time, and (d) any deposit account that is specifically and exclusively used as a trust account or escrow account for the benefit of a Person that is not an Affiliate of Parent or any of its Subsidiaries.

"**Excluded Property**" means collectively, all right, title and interest of each Loan Party that is a party hereto, whether now owned or hereafter acquired or arising (or in which such Loan Party has rights or the power to transfer rights to a secured party), in, to or upon:

(a) any rights or interest in any contract, lease, Permit, charter or license agreement covering real or personal property of any Loan Party that is a party hereto if, under the terms of such contract, lease, Permit, charter or license agreement, or applicable Law with respect thereto, the grant of a Lien therein is prohibited as a matter of law or under the terms of such contract, lease, Permit, charter or license agreement, except, in each of the foregoing cases, to the extent (i) any described prohibition or restriction is unenforceable under Section 9-406, 9-407, 9-408 or 9-409 of the UCC or other applicable Laws, or (ii) any consent or waiver has been obtained that would permit the Lien notwithstanding the prohibition or restriction on the pledge of such asset;

(b) any property now owned or hereafter acquired by any Loan Party that is a party hereto that is subject to a purchase money Lien or a capital lease permitted hereunder if the contractual obligation pursuant to which such Lien is granted (or the documentation providing for such purchase money Lien or capital lease) validly prohibits the creation by such Loan Party of a Lien thereon or expressly requires the consent of any Person other than a Loan Party or its Affiliates which consent has not been obtained as a condition to the creation of any other Lien on such property;

(c) any "intent to use" Trademark applications for which a statement of use has not been filed (but only until such statement is filed);

(d) any motor vehicles having a fair market value of less than $75,000 individually or $150,000 in the aggregate; and

(e) all Excluded Accounts and all amounts deposited therein or credited thereto except to the extent any such amounts were deposited therein or credited thereto other than for the purposes for which such Excluded Accounts were established; provided that: (i) "**Excluded Property**" shall not include any Proceeds, products, substitutions or replacements of any Excluded Property (unless such Proceeds,

products, substitutions or replacements would otherwise constitute Excluded Property); and (ii) if any assets constitute "**Excluded Property**" as a result of the failure of the applicable Loan Party that is a party hereto to obtain consent as described in clauses (a) and (b) of this definition, such Loan Party shall use commercially reasonable efforts to obtain such consent, and, upon obtaining such consent, such property shall cease to constitute "**Excluded Property**."

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to a Lending Party or required to be withheld or deducted from a payment to a Lending Party: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes and branch profits taxes, in each case (i) imposed as a result of such Person being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) which are Other Connection Taxes; (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loans or its Commitments (other than pursuant to an assignment request by any Loan Party) pursuant to applicable Law in effect on the date on which (i) such Lender acquires such interest in the Loans or its Commitments (other than pursuant to an assignment request by any Loan Party) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to **Section 2.08**, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office; (c) United States Taxes attributable to such Person's failure to comply with **Section 2.08(f)**; and (d) any withholding Taxes imposed under FATCA.

"**Extraordinary Receipts**" means any payments received by any Loan Party or any of its Subsidiaries not in the ordinary course of business (and not consisting of proceeds relating to an Event of Loss or Disposition, as described in **Section 2.03(c)(i)** of this Agreement), consisting of (a) proceeds of judgments, proceeds of settlements, or other consideration of any kind received in connection with any cause of action or claim, (b) indemnity payments (other than to the extent such indemnity payments are immediately payable to a Person that is not an Affiliate of any Loan Party or any of its Subsidiaries), (c) tax refunds, (d) proceeds of business interruption insurance and/or key-man life insurance, (e) proceeds of representations and warranties insurance, and (f) any purchase price adjustment received in connection with any purchase agreement.

"**FATCA**" means Sections 1471 through 1474 of the Code as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), 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.

"**FDA**" means the United States Food and Drug Administration.

"**Federal Funds Rate**" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent (0.01%)) charged to major money center banks on such day on

such transactions as determined by the Administrative Agent and (c) if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Fee Letter**" means that certain Fee Letter by and among Administrative Agent and Borrowers.

"**Fifth Third**" means Fifth Third Bank, National Association.

"**Fifth Third Equipment Lease**" means that certain Master Equipment Lease Agreement dated September 27, 2021, between Fifth Third, as Lessor, and Alliance, as Lessee, together with all schedules thereto and all other documents executed in connection therewith, in each case as in effect on the Closing Date.

"**Fifth Third Equipment Lease Additional Collateral**" means the tangible and intangible equipment, goods, software, computer programs, personal property and other items listed and more particularly described in clause (ii) of **Schedule 1.01** and made a part hereof, including any and all accessions, accessories and attachments thereto, together with all subleases, rentals, and similar arrangements with respect thereto.

"**Fifth Third Equipment Lease Guaranty**" means that certain unsecured Continuing Guaranty by AENT in favor of Fifth Third, dated September 27, 2021, guaranteeing the obligations of Alliance owing to Fifth Third under the Fifth Third Equipment Lease, as the same is in effect on the Closing Date.

"**Fifth Third Equipment Lease Guaranty Reserve**" means $964,000; provided that such amount shall be established by Administrative Agent on the Closing Date.

"**Fifth Third Equipment Lease Original Collateral**" means the tangible and intangible equipment, goods, software, computer programs, personal property and other items listed and more particularly described in clause (i) of **Schedule 1.01** and made a part hereof, including any and all accessions, accessories and attachments thereto, together with all subleases, rentals, and similar arrangements with respect thereto.

"**Fifth Third Subordination Agreement**" means that certain Collateral Access and Lien Subordination Agreement, dated as of the Closing Date, between Fifth Third and Collateral Agent, in respect of the Fifth Third Equipment Lease, as may be amended, restated, supplemented or otherwise modified from time to time.

"**Fiscal Month**" means, as of any date of determination with respect to Parent or any Subsidiary thereof, each calendar month occurring during each Fiscal Year.

"**Fiscal Quarter**" means, as of any date of determination with respect to Parent or any Subsidiary thereof, each calendar quarter occurring during each Fiscal Year.

"**Fiscal Year**" means, as of any date of determination with respect to Parent or any Subsidiary thereof, a calendar year which ends on June 30 of each calendar year.

"**Floor**" means a rate of interest equal to (a) 2.00% per annum with respect to Loans based upon the SOFR Index Rate and (b) 5.50% per annum with respect to Loans based upon the ABR Index Rate.

"**Foreign Lender**" means any Lender that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Code).

"**Foreign Control Agreement**" means each of (a) each Account Charge and (b) the Canadian Control Agreement.

"**Foreign Security Documents**" has the meaning set forth in **Section 9.13**.

"**FRB**" means the Board of Governors of the Federal Reserve System of the United States.

"**FTC**" means the United States Federal Trade Commission.

"**Fulfillment Express**" means Fulfillment Express Limited, a company incorporated in England and Wales.

"**GAAP**" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

"**GameFly**" means GameFly Holdings, LLC, a Delaware limited liability company.

"**General Intangibles**" means, as to any Person, all general intangibles (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), including all right, title and interest that such Person may now or hereafter have under any contract, all payment intangibles (as that term is defined in the UCC), customer lists, licenses, Intellectual Property, interests in partnerships, joint ventures and other business associations, permits, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, Software, databases, data, skill, expertise, experience, processes, models, drawings, materials, Books and Records, Goodwill (including Goodwill associated with any Intellectual Property), all rights and claims in or under insurance policies (including insurance for fire, damage, loss, and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key-person, and business interruption insurance, and all unearned premiums), uncertificated securities, choses-in-action, rights to receive tax refunds and other payments, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for Equity Interests and other Investment Property, and rights of indemnification.

"**Goods**" means, as to any Person, all goods (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located, including embedded software to the extent included in goods (as that term is defined in the UCC) and fixtures (as that term is defined in the UCC).

"**Goodwill**" means, as to any Person, all goodwill, trade secrets, proprietary or confidential information, technical information, procedures, formulae, quality control standards, designs, operating

and training manuals, customer lists, and distribution agreements now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party).

"**Governmental Account Debtor**" means any Account Debtor that is a Governmental Authority.

"**Governmental Authority**" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, department, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, any supra-national bodies such as the European Union or the European Central Bank).

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

"**Guaranteed Obligations**" has the meaning ascribed thereto in **Section 10.14(a)**.

"**Guarantor Subordinated Debt**" has the meaning ascribed thereto in **Section 10.14(i)**.

"**Guarantor Subordinated Debt Payments**" has the meaning ascribed thereto in **Section 10.14(i).**

"**Guarantors**" means, collectively: (a) Parent, (b) all other Guarantors from time to time party hereto; and (c) each other Person who, on or following the date hereof pursuant to the terms of any Loan Document, has executed or is required to execute a Guaranty of all or any portion of the Obligations or a third-party pledge agreement (or similar document), as pledgor or in a pledgor capacity, in favor of Collateral Agent or the Lending Parties with respect to all or any portion of the Obligations.

"**Guaranty**" means any guaranty or third-party pledge agreement (or similar document), in form and substance reasonably satisfactory to Administrative Agent, made by a Person for the benefit of the Lending Parties or an Agent on behalf of the Lending Parties and includes the guaranty set forth in **Section 10.14**.

"**Hazardous Materials**" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates,

asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

"**Hedge Agreement**" means a "swap agreement" as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

"**Historical Dilution**" means, as of any date of determination during the month of:

(a) October, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of November and December of the prior calendar year and January of the current calendar year, by (ii) Borrowers' billings during the period of August, September and October of the prior calendar year;

(b) November, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of December of the prior calendar year and January and February of the current calendar year, by (ii) Borrowers' billings during the period of September, October and November of the prior calendar year;

(c) December, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of January, February and March of the current calendar year, by (ii) Borrowers' billings during the period of October, November and December of the prior calendar year;

(d) January, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of February, March and April of the prior calendar year, by (ii) Borrowers' billings during the period of November and December of the calendar year before the prior calendar year and January of the prior calendar year;

(e) February, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of March, April and May of the prior calendar year, by (ii) Borrowers' billings during the period of December of the calendar year before the prior calendar year and January and February of the prior calendar year; and

(f) March, a percentage that is the result of dividing the Dollar equivalent amount of (i) bad debt write-downs or write-offs, discounts, returns, promotions, credits, credit memos and other dilutive items with respect to Borrowers' Accounts during the period of April, May and June of the prior calendar year, by (ii) Borrowers' billings during the period of January, February and March of the prior calendar year.

"**IC-DISC Notes**" means any notes issued after September 29, 2020 in connection with the making of payments by any Loan Party or Subsidiary to My Worldwide.

"**IC-DISC Notes 3/4**" means that certain (a) Second Amended and Restated Subordinated PIK Note, dated as of February 1, 2017, made by Alliance and payable to the order of Ogilvie in the original principal amount of $3,358,000,and (b) Second Amended and Restated Subordinated PIK Note, dated as of February 1, 2017, made by Alliance and payable to the order of Walker in the original principal amount of $3,358,000.

"**Imported Goods Agreement**" means an agreement in form and substance satisfactory to Collateral Agent by which any customs broker, freight-forwarder or other handler in possession or control of any Collateral agrees to (i) waive or subordinate any Lien it may have in such Collateral, (ii) agrees to hold any Documents in its possession relating to the Collateral as agent for Collateral Agent and (iii) agrees to deliver the Collateral to Collateral Agent upon its request.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in the immediately preceding clause (a), Other Taxes.

"**Indemnitees**" means, collectively, each Lending Party and each Related Party of any of the foregoing Persons.

"**Information**" has the meaning ascribed thereto in **Section 10.07**.

"**Instrument**" means, as to any Person, all instruments (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located, including all promissory notes and other evidences of indebtedness, other than instruments that constitute, or are part of a group of writings that constitute, Chattel Paper.

"Insolvency Proceeding" means any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief or debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; or (c) an assignment or trust mortgage for the benefit of creditors.

"**Intellectual Property**" means, as to any Person, all Copyrights, Licenses, Patents, Trademarks, inventions (whether or not patentable), designs, trade secrets, know-how, confidential information, domain names, data and database, customers lists, other proprietary rights, whether registered or not, now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located.

"**Intercompany Subordination Agreement**" means an intercompany subordination agreement, dated as of the date of this Agreement, executed and delivered by Parent, each of its Subsidiaries, and Administrative Agent, the form and substance of which is satisfactory to Administrative Agent.

"**Interest Payment Date**" means with respect to all Loans, (a) the last Business Day of each Fiscal Month during the term hereof during which Loans are outstanding commencing with the last Business Day of December, 2023 and (b) the Maturity Date.

"**Inventory**" means, as to any Person, all inventory (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer

rights to a secured party), wherever located, including all inventory, merchandise, goods and other personal property that are held by or on behalf of such Person for sale or lease or are furnished or to be furnished under a contract of service or that constitute raw materials, work in process, finished goods, returned goods or materials or supplies of any kind.

"**Inventory Formula Amount**" means an amount equal to (a) the lesser of (i) the product of (x) 85%, multiplied by (y) the appraised NOLV of Eligible Inventory (according to appraisals conducted by Hilco Valuation Services, LLC or such other nationally reputable appraisal company acceptable to Administrative Agent in its Permitted Discretion, as such appraisals may be updated from time to time) and (ii) 70% of Eligible Inventory, valued at the lower of cost or wholesale fair market value, calculated on an "average cost" basis plus (b) the lesser of (i) the product of (x) 85%, multiplied by (y) the appraised NOLV of Eligible In-Transit Inventory (according to appraisals conducted by Hilco Valuation Services, LLC or such other appraisal company acceptable to Administrative Agent in its sole discretion, as such appraisals may be updated from time to time) and (ii) 70% of Eligible In-Transit Inventory, valued at the lower of cost or wholesale fair market value, calculated on an "average cost" basis. Administrative Agent may modify the advance rates set forth herein from time to time in its Permitted Discretion.

"**Inventory Reserve**" means reserves established by Administrative Agent to reflect factors that may negatively impact the NOLV of Eligible Inventory or Eligible In-Transit Inventory or the appraised value of Eligible Inventory or Eligible In-Transit Inventory (in each case, as applicable), including change in salability, obsolescence, aging, slow-turnover, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

"**Investment**" means, as to any Person, any direct or indirect acquisition or investment by such Person in another Person, whether by means of: (a) the purchase or other acquisition of assets, capital stock or other securities of another Person or (b) a loan, advance or capital contribution to, Guarantee or assumption of Debt of, or purchase or other acquisition of any other debt or Equity Interests in, another Person, including any partnership, limited liability company or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Debt of such other Person. For purposes of covenant compliance, the amount of any Investment (i) shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person), (ii) if made by the transfer or exchange of property other than cash, shall be deemed to be the original principal or capital amount equal to the fair market value of such property at the time of such transfer or exchange, and (iii) if made in the form of a Guarantee or acquisition or assumption of Debt, shall be deemed the maximum principal amount of such Debt or maximum value of the obligation Guaranteed when made, as applicable.

"**Investment Property**" means, as to any Person, all investment property (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), wherever located.

"**IRS**" means the United States Internal Revenue Service or, as applicable, any successor agency.

"**Joinder Agreement**" means an agreement entered into by a Subsidiary of any Borrower following the date hereof to join in the Guaranty set forth in **Section 10.14**, in substantially the form of **Exhibit B** or any other form approved by Administrative Agent.

"**Laws**" means, collectively, all international, foreign, federal, state and local laws, statutes, treaties, rules, authorities, guidelines, regulations, ordinances, codes and administrative or judicial precedents or judgments, orders, decrees, permits and other governmental restrictions, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations, concessions, grants, franchises and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"**LC Issuer**" means one or more banks, trust companies or other Persons in each case expressly identified by Administrative Agent from time to time, in its sole discretion, as an LC Issuer for purposes of issuing one or more Letters of Credit hereunder. Without limitation of Administrative Agent's discretion to identify any Person as an LC Issuer, no Person shall be designated as an LC Issuer unless such Person maintains reporting systems acceptable to Administrative Agent with respect to letter of credit exposure and agrees to provide regular reporting to Administrative Agent satisfactory to it with respect to such exposure.

"**Lender**" means, initially, each Person designated on **Schedule 2.01** as a "**Lender**" and, thereafter, each Person that has a Commitment or that has an outstanding Loan, and shall include, for the avoidance of doubt, the Swing Lender (it being understood and agreed that WOCF and WOABL shall constitute separate Lenders for all purposes of this Agreement).

"**Lender Letter of Credit**" means a Letter of Credit issued by an LC Issuer that is also, at the time of issuance of such Letter of Credit, a Lender.

"**Lending Office**" means, as to any Lender, the account or office of such Lender described as such in such Lender's Administrative Detail Form, or such other account, office or offices as a Lender may from time to time notify Administrative Borrower and Lending Parties.

"**Lending Parties**" means, collectively, each Agent, LC Issuer and Lenders.

"**Letter of Credit**" means a standby letter of credit issued for the account of any Borrower by an LC Issuer which expires by its terms within one year after the date of issuance and in any event at least thirty (30) days prior to the Revolver Commitment Termination Date. Notwithstanding the foregoing, a Letter of Credit may provide for automatic extensions of its expiry date for one or more successive one (1) year periods, *provided, however,* that the LC Issuer that issued such Letter of Credit has the right to terminate such Letter of Credit on each such annual expiration date and no renewal term may extend the term of the Letter of Credit to a date that is later than the thirtieth (30th) day prior to the Revolver Commitment Termination Date. Each Letter of Credit shall be either a Lender Letter of Credit or a Supported Letter of Credit.

"**Letter of Credit Liabilities**" means, at any time of calculation, the sum of (a) without duplication, the amount then available for drawing under all outstanding Lender Letters of Credit and all Supported Letters of Credit, in each case without regard to whether any conditions to drawing thereunder can then be met, plus (b) without duplication, the aggregate unpaid amount of all reimbursement

obligations in respect of previous drawings made under all such Lender Letters of Credit and Supported Letters of Credit.

"**Letter of Credit Rights**" means, as to any Person, all letter of credit rights (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), including rights to payment or performance under a letter of credit, whether or not such Person, as beneficiary, has demanded or is entitled to demand payment or performance thereunder.

"**Letter of Direction**" means that certain Lender of Direction, dated as of the date hereof, by and among the Borrowers and Administrative Agent.

"**Licenses**" means, as to any Person, all Copyright Licenses, Patent Licenses, Trademark Licenses or other licenses of rights or interests now held or hereafter acquired by such Person, including in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of property or any other conduct of such Person's business.

"**Licensor**" means any Person from whom Loan Party obtains the right to use any Intellectual Property.

"**Lien**" means any mortgage, deed of trust, deed to secure debt, assignment of leasehold interest or rents, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), option, right of first offer, right of first refusal, easement, encroachment, title defect, claim, restriction, charge, limitation or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any easement, right of way or other encumbrance on title to real property).

"**Lien Instrument**" means any document (or other instrument) evidencing any Lien securing the Obligations pursuant to any Negotiable Collateral.

"**Loan**" means any Revolver Loan, Swing Loan or Protective Advance made (or to be made) hereunder.

"**Loan Account**" has the meaning ascribed thereto in **Section 2.01(b)(v)**.

"**Loan Documents**" means, collectively, this Agreement, the Fee Letter, the Letter of Direction, each Note, each Guaranty, each Collateral Document, the Perfection Certificate, the Intercompany Subordination Agreement, the Ogilvie Subordination Agreement, the Fifth Third Subordination Agreement, each Vendor Intercreditor Agreement, each Wells Fargo RPA Intercreditor Agreement, any other Subordination Agreement, and all other present or future documents entered into by any Loan Party for the benefit of Lending Parties (or any of them), in connection with this Agreement.

"**Loan Parties**" means, collectively, Borrowers and each Guarantor.

"**Loss and Disposition Threshold Amount**" has the meaning specified therefor in **Section 2.03(c)(i)**.

"**Lockbox**" means a postal box rented in Collateral Agent's name or its designee to be used for collection of remittances received in payment of accounts receivable.

"**Make-Whole Amount**" means, in connection with any Prepayment Event, the sum of (a) if such event occurs (i) on or prior to the date which is twelve (12) months following the Closing Date, two percent (2.0%) of the amount of the Revolver Commitments, Revolver Loans or other Obligations (as the case may be) subject to such Prepayment Event; (ii) after the date which is twelve (12) months following the Closing Date, but on or prior to the date which is twenty (20) months following the Closing Date, one percent (1.0%) of the amount of the Revolver Commitments, Revolver Loans or other Obligations (as the case may be) subject to such Prepayment Event; and (iii) after the date which is twenty (20) months following the Closing Date, no Make-Whole Amount is applicable *plus* (b) if such event occurs (i) on or prior to the date which is eighteen (18) months following the Closing Date, the Revolver Minimum Interest Amount; and (ii) after the date which is eighteen (18) months following the Closing Date, no Make-Whole Amount under this clause (b) is applicable (for the avoidance of doubt, without limitation of any Make- Whole Amount due and payable under the immediately preceding clause (a)).

"**Market Disruption Event**" means any of the following: (a) any Lender notifies Administrative Agent that the SOFR Index Rate does not adequately and fairly reflect the cost to such Lender of funding its respective Loans, or any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable lending office to make, maintain or fund Loans whose interest is determined by reference to the SOFR Index Rate or to determine or charge interest rates based upon such SOFR Index Rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing; or (b) the circumstances set forth in **Section 2.02(e)(i)** exist or the Scheduled Unavailability Date has occurred, and no SOFR Successor Rate has been determined in accordance with **Section 2.02(e)**.

"**Material Adverse Effect**" means (a) a material adverse change in, or a material adverse effect on, the operations, business, assets, properties, liabilities (actual or contingent), or financial condition of the Loan Parties, taken as a whole; (b) a material adverse effect on the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents or of any Lending Party's ability to enforce the Obligations or realize upon the Collateral; (c) a material adverse effect on the legality, validity, binding effect or enforceability of, or the rights or benefits available to (or remedies of) Agents or the Lenders under the Loan Documents; or (d) a material impairment of the enforceability or priority of Collateral Agent's Liens with respect to a material portion of the Collateral.

"**Material Contract**" means, with respect to any Loan Party and its Subsidiaries: (a) each contract or agreement, or series of contracts or agreements (irrespective of whether related to the same subject matter and including any related purchase orders), to which such Loan Party or any of its Subsidiaries is a party (i) involving aggregate consideration or revenues under all such contract(s) and agreement(s) payable to such Loan Party or any of its Subsidiaries by a specific Person or such Person's Affiliates, or by such Loan Party or any of its Subsidiaries to a specific Person or such Person's Affiliates, as applicable, in excess of 10% of all such amounts payable to or from such Loan Party or any of its Subsidiaries, as applicable, in any calendar year or (ii) that relates to (x) Debt which is subject to a Subordination Agreement or (y) otherwise, to Debt in an aggregate principal amount of $1,000,000 or more, (b) each executive employment agreement entered into by any Loan Party with Ogilvie and/or Walker, and (c) each other contract or agreement the loss of which could reasonably be expected to result in a Material Adverse Effect. Each Material Contract existing on the Closing Date is listed on **Schedule 5.21**.

"**Material Indebtedness**" means Debt (other than the Loans and Letters of Credit), or obligations in respect of one or more Hedge Agreements of any Loan Party in an aggregate principal amount exceeding $1,000,000. For purposes of this definition, the "principal amount" of the obligations of any Loan Party in respect of any Hedge Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that such Loan Party would be required to pay if such Hedge Agreement were terminated at such time.

"**Material Intellectual Property**" means Intellectual Property that is material to the business of the Borrowers and their Subsidiaries, taken as a whole.

"**Maturity Date**" means the Revolver Commitment Termination Date.

"**Maximum Rate**" means, at any time, the maximum rate of non-usurious interest permitted by applicable Laws.

"**MCE Earn Out Agreement**" means that certain Earn Out Agreement, dated as of September 30, 2019, by and among Alliance, Mill Creek, Gulf Stream Capital, LLC, a Minnesota limited liability company, ILJ Enterprises, LLC, a Minnesota limited liability company, Scott Moss, and Robert Zakheim, in his capacity as SP Representative.

"**Mecca**" means Mecca Electronics Industries, Inc., a New York corporation.

"**Mecca Earn Out Agreement**" means that certain Earn Out Agreement, dated as of April 30, 2018, by and among Panther, Raymond Aboody, Danny Mashal and Abe Lerner.

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

"**My Worldwide**" means My Worldwide Marketplace, Inc., a Nevada corporation.

"**NatWest Deposit Account**" means the Deposit Account maintained with National Westminster Bank Plc (NatWest) bearing account number 71083154.

"**Negotiable Collateral**" means all of each Borrower's now owned and hereafter acquired right, title, and interest with respect to letters of credit, letter of credit rights, instruments, promissory notes, drafts, documents (including each Negotiable Document), documents of title, and Chattel Paper (including electronic Chattel Paper and tangible Chattel Paper), and all supporting obligations in respect of any of the foregoing.

"**Negotiable Document**" means a document that is "negotiable" within the meaning of Article 7 of the UCC.

"**Net Proceeds**" means:

(a) 100% of the cash proceeds actually received by the Loan Parties or any Subsidiary from any Disposition, Event of Loss, or Extraordinary Receipts, net of:

(i) attorneys' fees, accountants' fees, investment banking fees, required debt

payments and required payments of other obligations that are secured by the applicable asset or property (including without limitation principal amount, premium or penalty, if any, interest and other amounts) (other than pursuant to the Loan Documents), other expenses and brokerage, consultant and other fees actually incurred in connection therewith;

(ii) in the case of any Disposition, any escrow or reserve for any indemnification payments (fixed or contingent) attributable to the seller's indemnities and representations and warranties to the purchaser in respect thereof (provided that, upon release of any such escrow or reserve, the amount released shall constitute Net Proceeds);

(iii) taxes paid or reasonably estimated to be payable as a result thereof (*provided* that, if the amount of any such estimated taxes exceeds the amount of taxes actually required to be paid in cash in respect of such Disposition or Event of Loss, the aggregate amount of such excess shall constitute Net Proceeds at the time such taxes are actually paid); and

(iv) with respect to Extraordinary Receipts, to the extent not duplicative of reductions to the amount of Extraordinary Receipts set forth in the definition thereof, the aggregate amount of the realized losses related to the event that caused the Extraordinary Receipt; and

(b) 100% of the cash proceeds from the incurrence, issuance or sale by any Loan Party or Subsidiary of any Debt or Equity Interests, net of all taxes paid or reasonably estimated to be payable as a result thereof and fees (including investment banking fees and discounts), commissions, costs and other expenses, in each case incurred in connection with such issuance or sale; provided that, if the amount of any estimated taxes exceeds the amount of taxes actually required to be paid in cash, the aggregate amount of such excess shall constitute Net Proceeds at the time such taxes are actually paid;

provided that for purposes of calculating the amount of Net Proceeds, fees, commissions and other costs and expenses payable to any Loan Party or any Affiliate thereof (other than reasonable and documented out-of-pocket expenses) shall be disregarded.

"**NOLV**" means, as of any date of determination, in respect of Eligible Inventory or Eligible In-Transit Inventory, as applicable, the net orderly liquidation value thereof as determined by a third-party appraiser satisfactory to Administrative Agent in the most recent appraisal of the Eligible Inventory or Eligible In-Transit Inventory, as applicable, satisfactory to Administrative Agent that has been obtained by Administrative Agent.

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

"**Non-Defaulting Lender**" means each Lender other than a Defaulting Lender.

"**Notice of LC Credit Event**" means a notice from a Responsible Officer of Administrative Borrower to Administrative Agent with respect to any issuance, increase or extension of a Letter of Credit specifying: (a) the date of issuance or increase of a Letter of Credit; (b) the identity of the LC Issuer with respect to such Letter of Credit, (c) the expiry date of such Letter of Credit; (d) the proposed

terms of such Letter of Credit, including the face amount; and (e) the transactions that are to be supported or financed with such Letter of Credit or increase thereof.

"**Note**" means each promissory note (if any) executed and delivered by each Borrower in favor of a Lender evidencing that portion of the Credit Extensions owed to such Lender, such note being substantially in the form of **Exhibit G**.

"**Obligations**" means, collectively, all (a) principal of and premium, if any, on the Loans and Letters of Credit, (b) interest, expenses, fees, indemnification obligations and other amounts payable by the Loan Parties (or any of them) to the Agents, the Lenders and/or any Secured Party under the Loan Documents, and (c) other Debts, obligations and liabilities of any kind owing by the Loan Parties (or any of them) to the to the Agents, the Lenders and/or any Secured Party under the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, including Post-Petition Interest, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

"**OFAC**" means the United States Office of Foreign Assets Control and any successor thereto.

"**Off-Balance Sheet Liability**" of a Person means (a) any repurchase obligation or liability of such Person with respect to accounts or notes receivable sold by such Person, (b) any indebtedness, liability or obligation under any so-called "synthetic lease" transaction entered into by such Person, or (c) any indebtedness, liability or obligation arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the balance sheet of such Person (other than operating leases).

"**Ogilvie**" means Bruce Ogilvie, Jr., an individual.

"**Ogilvie Subordinated Debt**" has the meaning ascribed to the term "Junior Liabilities" in the Ogilvie Subordination Agreement.

"**Ogilvie Subordinated Note**" means that certain Amended and Restated Promissory Note dated the date hereof in the original face principal amount of $10,000,000 made by Alliance in favor of the Ogilvie Trust, as may be further amended, restated, supplemented or otherwise modified from time to time as permitted under the Ogilvie Subordination Agreement.

"**Ogilvie Subordination Agreement**" means that certain Subordination Agreement, dated as of the date of this Agreement, in form and substance satisfactory to Administrative Agent and the Lenders, executed and delivered by Administrative Agent, the Ogilvie Trust, and the Loan Parties, as may be amended, restated, supplemented or otherwise modified from time to time.

"**Ogilvie Trust**" means the Bruce Ogilvie, Jr. Trust dated January 20, 1994, and as to which the trustee is Ogilvie.

"**Organizational Documents**" means: (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction) of such Person; (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement or limited liability company agreement (or equivalent comparable documents with respect to any non-U.S. jurisdiction) of such

Person; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization (or equivalent or comparable documents with respect to any non-U.S. jurisdiction) of such Person; and (d) any agreement, instrument, filing or notice with respect thereto (other than routine filings as to registered agent, annual statements and similar notices and filings) filed in connection with such Person's formation, governance, or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such Person.

"**Other Connection Taxes**" means, with respect to any Lending Party or any other recipient of any payment to be made by or on account of any obligation of any Loan Party under any Loan Document, Taxes imposed as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Other Taxes**" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a Lien under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment by a Lender of an interest in a Loan or Commitment after the date hereof (other than such an assignment pursuant to **Section 2.11** or another request by a Loan Party or during an Event of Default described in **Section 8.01(a), (g), (h) or (p)**).

"**Outstanding Amount**" means, with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to prepayments or repayments of such Loans or the making of such Loans, as the case may be, occurring on such date.

"**Paid in Full**" or "**Repaid in Full**" (or any variation thereof, such as "**payment in full**" or "**repayment in full**") means, with respect to any Obligations, the indefeasible payment in full of such Obligations (other than Unasserted Obligations) in cash (or otherwise to the written satisfaction, in such holder's discretion, of the holder thereof), and, in the event any such Obligations are paid over time or modified pursuant to Section 1129 of the Bankruptcy Code (or any similar provision of any other applicable Bankruptcy Law), shall further mean that the holder thereof shall have received the final payment due on account of such Obligations. For purposes of the foregoing, the "**holder**" of any applicable Obligations shall be deemed to be the Person entitled to receipt of payment thereof. Notwithstanding the foregoing, the Obligations shall not be deemed to have been "**Paid in Full**" until all Commitments have expired or been terminated in accordance with their terms.

"**Parent**" has the meaning ascribed thereto in the introductory paragraph of this Agreement.

"**Participant**" has the meaning ascribed thereto in **Section 10.06(d)**.

"**Participant Register**" has the meaning ascribed thereto in **Section 10.06(d)**.

"**Patent and Trademark Security Agreement**" means that certain Patent and Trademark Security Agreement, dated as of the Closing Date, by Borrowers in favor of Collateral Agent, as amended, restated supplemented and otherwise modified from time to time.

"**Patent License**" means, as to any Person, all licenses and other similar rights now provided or hereafter provided to such Person (or in which such Person has rights or the power to transfer rights to a secured party) with respect to any Patent of another Person.

"**Patents**" means, as to any Person, all of the following in which such Person now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and applications filed with the United States Patent and Trademark Office or in any similar office or agency of any other country; and (b) all reissues, reexaminations, divisionals, continuations, continuations-in-part or extensions thereof and foreign counterparts thereof.

"**Patriot Act**" means the USA Patriot Act (Title III of Pub. L. 107 56 (signed into law October 26, 2001)).

"**Payment Conditions**" means, at the time of determination with respect to a proposed payment to fund a Specified Transaction, that:

(a) no Default or Event of Default then exists or would arise as a result of the consummation of such Specified Transaction,

(b) both:

(i) Excess Revolver Availability, (x) at all times during the 60 consecutive days immediately preceding the date of such proposed payment and the consummation of such Specified Transaction, calculated on a pro forma basis as if such proposed payment was made and such Specified Transaction was consummated on the first day of such 60 day period and after giving effect to such proposed payment and Specified Transaction, and (y) as projected by Parent on a month end basis for each of the 6 consecutive Fiscal Months immediately succeeding the date of the proposed payment and the consummation of such Specified Transaction, based on projections reasonably acceptable to Administrative Agent, in each case, is not less than $10,000,000, and

(ii) the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, is equal to or greater than 1.35:1.00 for (x) the Test Period most recently ended for which financial statements are required to have been delivered to Administrative Agent pursuant to **Section 6.01(c)** of this Agreement (calculated on a pro forma basis as if such proposed payment were included in the numerator of such ratio on the last day of such Test Period (it being understood that such proposed payment shall also be included on the last day of such Test Period for purposes of calculating the Consolidated Fixed Charge Coverage Ratio under this clause (ii) for any subsequent proposed payment to fund a Specified Transaction)) and (y) the upcoming six Test Periods immediately succeeding the date of the proposed payment and the consummation of such Specified Transaction, as projected by Parent on a month-end basis for each such month, based on projections reasonably acceptable to Administrative Agent, and

(c) Administrative Borrower has delivered a certificate to Administrative Agent certifying that all conditions described in clauses (a) and (b) above have been satisfied.

"**Payoff Documents**" means, collectively, (a) payoff letters evidencing repayment in full of all Debt to be Repaid and the release of all Liens granted in connection therewith and (b) Uniform Commercial Code or other appropriate termination statements and documents effective to evidence the foregoing, in each case, the form and substance of which is satisfactory to Administrative Agent.

"**PayPal**" means PayPal, Inc., a Delaware corporation.

"**PBGC**" means the Pension Benefit Guaranty Corporation.

"**Pension Plan**" means any employee pension benefit plan (including a multiple employer plan but excluding a Multiemployer Plan) that is maintained or is contributed to by a Loan Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"**Percentage Share**" means, as to any Lender, at any time, subject to the terms hereof, with respect to all Loans, payments, indemnification and reimbursement obligations, computations and other matters relating to the Revolver Commitment, Letter of Credit Liabilities, the Revolver Loan of any Lender and indemnification obligations of any Revolver Lender with respect to the Agents, the percentage (expressed as a decimal carried out to the ninth decimal place) obtained by *dividing* (a) the Revolver Commitment or the Revolver Exposure of that Lender, by (b) the aggregate Revolver Commitment or Revolver Exposure of all Lenders. The initial Percentage Share of each Lender with respect to the Revolver Commitment or the Revolver Loan, as applicable, is set forth opposite the name of such Lender on **Schedule 2.01**, or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as applicable.

"**Perfection Certificate**" means the perfection certificate dated as of the Closing Date in form and substance acceptable to each Agent.

"**Permit**" means any permit, approval, authorization, certification, license, consent, exemption, variance, accreditation or permission required from or issued or granted by a Governmental Authority under any applicable Law or any accrediting organization.

"**Permitted Canadian Dollars Account**" means the Deposit Account identified as "Canadian Dollars" on **Schedule 6.12B**, so long as (a) such Deposit Account does not contain any currency other than Canadian Dollars, (b) at the end of each calendar week, any amounts in excess of Cdn$ 400,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in such Deposit Account are converted to Dollars and swept to the Primary Collection Account at Bank of America, N.A., and (c) subject to **Section 6.19**, such Deposit Account is subject to the Canadian Control Agreement, in form and substance satisfactory to Collateral Agent.

"**Permitted Discretion**" means a determination made in good faith and in the exercise of reasonable credit judgment (from the perspective of a senior secured, asset-based lender).

"**Permitted Euros Accounts**" means the Deposit Accounts identified as "Euros" on **Schedule 6.12B**, so long as (a) such Deposit Accounts do not contain any currency other than Euros, (b) at the end of each calendar week, any amounts in excess of €300,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the

Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in the aggregate in all such Deposit Accounts are converted to Dollars and swept to the Primary Collection Account at Bank of America, N.A., and (c) subject to **Section 6.19**, each such Deposit Account is subject to an Account Charge, in form and substance satisfactory to Collateral Agent.

"**Permitted Foreign Deposit Accounts**" means, collectively, the Permitted Canadian Dollars Account, the Permitted Euros Accounts, the Permitted Japanese Yen Account, and the Permitted Sterling Accounts.

"**Permitted Holders**" means (a) Ogilvie and/or Walker, (b) the spouse and lineal descendants and spouses of lineal descendants of Ogilvie and/or Walker (c) trusts established for the benefit of any Person named in clauses (a) or (b), (d) the estates or legal representatives of any Person named in clauses (a) or (b), or (e) limited liability companies or other entities Controlled by any Person or Persons named in clauses (a) or (b).

"**Permitted Japanese Yen Account**" means the Deposit Account identified as "Japanese Yen" on **Schedule 6.12B**, so long as (a) such Deposit Account does not contain any currency other than Japanese Yen, (b) at the end of each calendar week, any amounts in excess of ¥20,000,000 (minus any pending Automated Clearing House(ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in such Deposit Account are converted to Dollars and swept to the Primary Collection Account at Bank of America, N.A., and (c) subject to **Section 6.19**, such Deposit Account is subject to an Account Charge, in form and substance satisfactory to Collateral Agent.

"**Permitted Liens**" has the meaning ascribed thereto in **Section 7.01**.

"**Permitted Protest**" means the right of any Loan Party or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment; provided, that (a) a reserve with respect to such obligation is established on such Loan Party's or its Subsidiaries' books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by such Loan Party or its Subsidiary, as applicable, in good faith, and (c) Administrative Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Collateral Agent's Liens.

"**Permitted Receivables Purchase Arrangements**" means each of (a) the sale of Accounts by COKeM to Wells Fargo and (b) the sale of Accounts by Alliance to Wells Fargo, in each case, in the ordinary course of business and only so long as (i) the Account Debtor is Walmart, Sam's West, or an Affiliate thereof, (ii) such sale is made pursuant to (x) the applicable Wells Fargo Receivables Purchase Agreement (and subject to the applicable Wells Fargo RPA Intercreditor Agreement) for COKeM and/or (y) the applicable Wells Fargo Receivables Purchase Agreement (and subject to the applicable Wells Fargo RPA Intercreditor Agreement) for Alliance, and (iii) each deposit account into which proceeds of such sale are deposited is identified in writing to Collateral Agent and is subject to a Dominion Control Agreement.

"**Permitted Sterling Accounts**" means the Deposit Accounts identified as "Pounds Sterling" on **Schedule 6.12B**, so long as (a) such Deposit Accounts do not contain any currency other than Sterling,

(b) at the end of each calendar week, any amounts in excess of £300,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House(IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in the aggregate in all such Deposit Accounts are converted to Dollars and swept to the Primary Collection Account at Bank of America, N.A., and (c) subject to **Section 6.19**, each such Deposit Account is subject to an Account Charge, in form and substance satisfactory to Collateral Agent.

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

"**Plan**" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of any Loan Party or any Subsidiary, or any such plan to which any Loan Party or any Subsidiary is required to contribute on behalf of any of its employees or with respect to any such Loan Party has any liability.

"**Pledge Agreement**" means those certain Pledge Agreements made by Parent, AENT and Panther, each dated as of the Closing Date in favor of Collateral Agent, as amended, restated, supplemented and otherwise modified from time to time.

"**Post-Closing Domestic DACA Accounts**" has the meaning set forth on **Schedule 6.12B**.

"**Post-Petition Interest**" means any interest, fee or charge that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one of more of the Loan Parties (or would accrue but for the operation of applicable bankruptcy or insolvency laws) whether or not such interest, fee or other charge is allowed or allowable as a claim in any proceeding.

"**Prepayment Event**" has the meaning ascribed thereto in **Section 2.03(d)**.

"**Primary Collection Account**" means that certain Deposit Account of Alliance maintained at Bank of America, N.A., with an account number as set forth on **Schedule 6.12B** under the heading "Primary Collection Account", over which Collateral Agent has control for withdrawal purposes.

"**Primary Disbursement Account**" means that certain Deposit Account of Alliance maintained at Bank of America, N.A., with an account number as set forth on **Schedule 6.12B** under the heading "Primary Disbursement Account".

"**Pro Rata**" means, with respect to any Revolver Lender, a percentage (rounded to the ninth decimal place) determined by dividing the amount of such Revolver Lender's Revolver Commitment by the aggregate outstanding Revolver Commitments.

"**Proceeds**" means proceeds (as that term is defined in the UCC).

"**Protection for You**" means Protection for You Insurance Company, Inc., a Montana corporation.

"**Protective Advances**" has the meaning ascribed thereto in **Section 8.02(c)**.

"**Public Lender**" has the meaning ascribed thereto in **Section 10.02(b)(ii)**.

"**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. § 5390(c)(8)(D).

"**QFC Credit Support**" has the meaning specified therefor in **Section 10.19**.

"**Register**" means a register for the recordation of the names and addresses of Lenders and, as applicable, the Commitments of, and Credit Outstandings owing to (including principal and stated interest), each Lender pursuant to the terms hereof from time to time.

"**Reimbursement Obligations**" means, at any date, the obligations of each Borrower then outstanding to reimburse (a) Administrative Agent for payments made by Administrative Agent under a Support Agreement, and/or (b) any LC Issuer, for payments made by such LC Issuer under a Lender Letter of Credit.

"**Related Business**" means any business that is the same, similar or otherwise reasonably related, ancillary or complementary to the business of Parent and its Subsidiaries on the Closing Date.

"**Related Parties**" means, with respect to any Person, such Person's Affiliates and the partners, members, directors, officers, employees, agents, trustees, administrator, managers, advisors, consultants, service providers and representatives of such Person, and specifically includes, in the case of the Lending Parties, WOCF in its capacity as Administrative Agent and WOCF in its capacity as Collateral Agent.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment.

"**Rent and Charges Reserve**" means the aggregate of (a) all past due rent and other amounts owing by an obligor to any landlord, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, vendor, broker or other Person who possesses any Collateral or could assert a Lien on any Collateral; and (b) a reserve of up to three months' rent and other charges that could be payable to any such Person as determined by Administrative Agent in its Permitted Discretion, unless it has executed a Collateral Access Agreement.

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

"**Required Lenders**" means Non-Defaulting Lenders holding in excess of 50% of the aggregate Revolver Exposure of all Non-Defaulting Lenders; provided, however that if there are two or more Lenders, then "Required Lenders" shall mean WOABL and WOCF.

"**Reserves**" means, collectively, Revolver Availability Reserves.

"**Resolution Authority**" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"**Responsible Officer**" means, with respect to each Loan Party, the chief executive officer, president, chief financial officer, treasurer, controller or director of financial services. Any document

delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"**Restricted Payment**" means, as to any Person: (a) any declaration or payment of any dividend or the making of any other payment or distribution, directly or indirectly, (whether in cash, securities or other property) with respect to any Equity Interests (including, for the avoidance of doubt, preferred equity interests) of such Person; (b) any payment, purchase, redemption, making of any sinking fund or similar payment, or other acquisition or retirement for value (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interest of such Person (whether pursuant to a put right or otherwise); (c) any making of any payment to retire, or to obtain the surrender of, any outstanding warrants, options, or other rights to acquire Equity Interests of such Person now or hereafter outstanding; (d) any payment of principal or interest or any purchase, redemption, retirement, acquisition or defeasance with respect to any Debt of such Person which is subordinated to the payment of the Obligations; (e) the acquisition for value by such Person of any Equity Interests issued by such Person or any other Person that Controls such Person; (f) payment of any management, consulting, servicing or other similar fees payable by any Loan Party to any shareholder or other Affiliate thereof to the extent not otherwise permitted under **Section 7.08**; (g) any payment of any earn-out; (h) any payment deemed a Restricted Payment pursuant to **Section 6.23**, and (i) any other transaction that has a similar effect as clauses (a) through (h) of this definition.

"**Revolver Availability**" means the Revolver Borrowing Base *minus* Revolver Usage.

"**Revolver Availability Reserve**" means the sum (without duplication) of (a) the Rent and Charges Reserve taken in respect of Revolver Loans; (b) the Inventory Reserve; (c) the aggregate amount of liabilities secured by Liens upon the Collateral that are senior to Collateral Agent's Liens, such as Liens or trusts in favor of carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for ad valorem, excise, sales, or other taxes where given priority under applicable law (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (d) reserves to reflect the amount of all past-due account payables (unless Administrative Agent otherwise agrees at its sole option), including the Accounts Payable Reserve and such other amounts owing to material vendors and subcontractors, or other sums that any Loan Party or its Subsidiaries are required to pay under any Section of this Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, environmental liabilities or obligations or, in the case of leased assets, rents or other amounts payable under such leases) and has failed to pay; (e) the Accrued Royalties Reserve; (f) the Fifth Third Equipment Lease Guaranty Reserve; (g) the Wage Lien Reserve; and (h) such additional reserves, in such amounts and with respect to such matters, as Administrative Agent may elect in its Permitted Discretion to impose from time to time, including, without limitation, (i) the aggregate amount of any mandatory prepayment required to be paid and applied to the Revolver Loans under **Section 2.03(c)**, (ii) the amount of any insurance claims that may be senior to the Revolver Loans, (iii) obligations in respect of performance bonds (other than surety bonds), state and local compliance bonds and similar obligations, and (iv) the cost of repair of any physical injury to the whole or any other goods to which any accession, which is included in the Revolver Borrowing Base, may be a part. For the avoidance of doubt, the Revolver Availability Reserve shall only be applied to the Revolver Borrowing Base.

"**Revolver Borrowing Base**" means on any date of determination, the lesser of (a) the aggregate Revolver Commitments and (b) the result of (i) the sum of (x) the Accounts Formula Amount *plus* (y) the Inventory Formula Amount *minus* (ii) the Revolver Availability Reserve.

"**Revolver Commitment**" means, as to any Revolver Lender at any time, its obligation to make a Revolver Loan to Borrowers on or after the Closing Date in an aggregate principal amount equal to the amount set forth opposite such Revolver Lender's name on **Schedule 2.01** under the heading Revolver Commitment. As of the Closing Date, the aggregate amount of the Revolver Commitments is $120,000,000.

"**Revolver Commitment Termination Date**" means the earliest to occur of (a) December 21, 2026; (b) the date on which the Revolver Commitments are permanently reduced to zero pursuant to **Section 2.01(b)(iii)**; and (c) the date on which the Revolver Commitments are terminated pursuant to **Section 2.01(b)(iii)**.

"**Revolver Exposure**" means, with respect to any Revolver Lender, as of any date of determination (a) prior to the termination of the Revolver Commitments, the amount of such Lender's Revolver Commitment, and (b) after the termination of the Revolver Commitments, the aggregate outstanding principal amount of the Revolver Loans and Letter of Credit Liabilities of such Lender.

"**Revolver Lender**" means each Lender which has a Revolver Commitment or, if the Revolver Commitments have terminated, each Lender having any Revolver Usage outstanding.

"**Revolver Loan**" means any loan made pursuant to **Section 2.01(b)**.

"**Revolver Minimum Interest Amount**" means, as of any date of determination, an amount equal to the aggregate amount of interest which would have otherwise been payable on Revolver Loans if the Estimated Revolver Usage calculated from the Closing Date through the date of the occurrence of the Prepayment Event had been outstanding from the date of the occurrence of the Prepayment Event until the date which is eighteen (18) months following the Closing Date.

"**Revolver Overadvance**" has the meaning set forth in **Section 2.01(b)(iv)**.

"**Revolver Usage**" means the aggregate amount of outstanding Revolver Loans (inclusive of Swing Loans and Protective Advances), plus Letter of Credit Liabilities.

"**Sam's West**" means Sam's West, Inc., an Arkansas corporation.

"**Sanctioned Entity**" means (a) a country or territory or a government of a country or territory, (b) an agency of the government of a country or territory, (c) an organization directly or indirectly controlled by a country or territory or its government, or (d) a Person resident in or determined to be resident in a country or territory, in each case of clauses (a) through (d) that is a target of Sanctions, including a target of any country sanctions program administered and enforced by OFAC.

"**Sanctioned Person**" means, at any time (a) any Person named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC, OFAC's consolidated Non-SDN list or any other Sanctions-related list maintained by any Governmental Authority, (b) a Person or legal entity that is a target of Sanctions, (c) any Person operating, organized or resident in a Sanctioned Entity, or (d)

any Person directly or indirectly owned or controlled (individually or in the aggregate) by or acting on behalf of any such Person or Persons described in clauses (a) through (c) above.

"**Sanctions**" means individually and collectively, respectively, any and all economic sanctions, trade sanctions, financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes anti-terrorism laws and other sanctions laws, regulations or embargoes, including those imposed, administered or enforced from time to time by: (a) the United States of America, including those administered by OFAC, the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future executive order, (b) the United Nations Security Council, (c) the European Union or any European Union member state (d) His Majesty's Treasury of the United Kingdom, or (d) any other Governmental Authority with jurisdiction over any Lender or any Loan Party or any of their respective Subsidiaries or Affiliates.

"**Scheduled Unavailability Date**" has the meaning ascribed thereto in **Section 2.02(e)(iii)(B)**. "**SEC**" means the United States Securities and Exchange Commission and any successor thereto. "**Secured Parties**" means each Agent, each Lender and each LC Issuer.

"**Settlement**" has the meaning ascribed thereto in **Section 2.10(b)(i)**. "**Settlement Date**" has the meaning ascribed thereto in **Section 2.10(b)(i)**.

"**SOFR**" means, a rate equal to the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"**SOFR Screen Rate**" means the SOFR quote on an applicable screen page that the Administrative Agent designates to determine SOFR pursuant to **Section 2.02** (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

"**SOFR Index Adjustment Date**" means (a) the Closing Date and (b) thereafter, the last Business Day of each calendar month as any Obligations remain outstanding.

"**SOFR Index Rate**" means, as of any SOFR Index Adjustment Date, the greater of (a) the Floor, and (b) the sum of (i) the rate per annum for the forward-looking term rate for SOFR for a period one (1) month, which appears on the CME Term SOFR Page on or about 5:00 a.m. on the date of such SOFR Index Adjustment Date; provided, that, to the extent that the rate described in this clause (b)(i) is not ascertainable pursuant to the foregoing provisions of this definition, then the rate described in this clause (b)(i) shall be the interest rate per annum determined by the Administrative Agent in the Administrative Agent's reasonable discretion in accordance with **Section 2.02(e)** *plus* (ii) the SOFR Spread Adjustment.

"**SOFR Index Rate Loans**" shall mean Loans that bear interest at a rate based upon the SOFR Index Rate.

"**SOFR Spread Adjustment**" means 11.448 basis points per annum.

"**SOFR Successor Rate**" has the meaning specified therefor in **Section 2.02(e)**.

"**SOFR Successor Rate Conforming Changes**" means, with respect to any proposed SOFR Successor Rate, any conforming changes to the definition of Base Rate, SOFR Index Rate, ABR Index

Rate, SOFR Screen Rate, CME Term SOFR Page, SOFR Spread Adjustment, Business Day, U.S. Government Securities Business Day, or any related, similar or analogous definitions, timing and frequency of determining rates, making payments of interest, the applicability and length of lookback periods, and other technical, administrative and operational matters as may be appropriate, in the reasonable discretion of the Administrative Agent, to reflect the adoption of such SOFR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such SOFR Successor Rate exists, in such other manner of administration as the Administrative Agent determines is reasonably necessary in connection with the administration of this Agreement.

"**Software**" means, as to any Person, all software (as that term is defined in the UCC) now owned or hereafter acquired by such Person (or in which such Person has rights or the power to transfer rights to a secured party), including all computer programs and all supporting information provided in connection with a transaction related to any program.

"**Solvent**" means, with respect to any Person as of any date of determination, that (a) at fair valuations, the sum of such Person's debts (including contingent liabilities) is less than all of such Person's assets, (b) such Person is not engaged or about to engage in a business or transaction for which the remaining assets of such Person are unreasonably small in relation to the business or transaction or for which the property remaining with such Person is an unreasonably small capital, (c) such Person has not incurred and does not intend to incur, or reasonably believe that it will incur, debts beyond its ability to pay such debts as they become due (whether at maturity or otherwise), and (d) such Person is "solvent" or not "insolvent", as applicable within the meaning given those terms and similar terms under applicable laws relating to fraudulent transfers and conveyances. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"**Specified Collection Accounts**" those certain Deposit Accounts maintained by Alliance and/or Directtou at Bank of America, N.A. and bearing the account numbers as set forth on **Schedule 6.12B** under the heading "Specified Collection Accounts".

"**Specified License Agreements**" shall mean any license agreements, licensing agreements, distribution agreements and/or rights agreements in existence as of the Closing Date or entered into from time to time thereafter by and between any Loan Party or Subsidiary and any of Buena Vista Home Entertainment, Inc. (Disney), CW Licensing, LLC (but only until March 30, 2024 unless such license agreement with CW Licensing, LLC is renewed), Mattel, Inc., Pinnacle Peak Pictures, Sony Pictures Home Entertainment, Indigo Entertainment Limited, TV2, RUNIFILM, Uni TV, or Universal Studios Home Entertainment (or any of their respective subsidiaries or affiliates).

"**Specified Materials**" means, collectively, all written materials provided by or on behalf of any Loan Party relating to the Loan Parties (or any of them) or their respective Affiliates or any other materials or matters relating to the Loan Documents (including any amendments or waivers of the terms thereof or supplements thereto).

"**Specified Transaction**" means, any Investment, prepayment of Debt, or Restricted Payment (or declaration of any prepayment or Restricted Payment).

"**Spot Rate**" means the exchange rate, as determined by Administrative Agent, that is applicable to conversion of one currency into another currency, which is the exchange rate reported by Bloomberg (or other commercially available source designated by Administrative Agent) on any applicable day as of the end of the preceding Business Day in the financial market for the first currency.

"**Subordination Agreement**" means (i) the Intercompany Subordination Agreement, (ii) the Ogilvie Subordination Agreement (iii) the Fifth Third Subordination Agreement, (iv) each Vendor Intercreditor Agreement, (v) each Wells Fargo RPA Intercreditor Agreement and (vi) any other written subordination agreement with respect to subordinated obligations by and among Administrative Agent, the holder(s) of such subordinated obligations and the Loan Parties, which agreement subordinates payments under such subordinated obligations to Payment in Full of all Obligations and is otherwise on subordination terms reasonably satisfactory to Administrative Agent.

"**Subsidiary**" of a Person means any other Person of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "**Subsidiary**" or to "**Subsidiaries**" shall refer to a Subsidiary or Subsidiaries of a Loan Party.

"**Support Agreement**" has the meaning set forth in Section 2.01(c).

"**Supported Letter of Credit**" means a Letter of Credit issued by an LC Issuer in reliance on one or more Support Agreements.

"**Supported QFC**" has the meaning specified therefor in **Section 10.19**.

"**Swing Lender**" means WOCF or any other Lender that, at the request of Borrowers and with the consent of Administrative Agent agrees, in such Lender's sole discretion, to become the Swing Lender under **Section 2.01(d)** of this Agreement.

"**Swing Loan**" has the meaning specified therefor in **Section 2.01(d)** of this Agreement.

"**Swing Loan Exposure**" means, as of any date of determination with respect to any Lender, such Lender's Percentage Share of the Swing Loans on such date.

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

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

"**Technicolor Services Agreement**" means that certain Manufacturing and Distribution Services Agreement, dated as of June 1, 2015, between Technicolor Home Entertainment Services, Inc. and Technicolor Videocassette of Michigan, Inc., on the one hand, and Mill Creek, on the other hand, as amended.

"**Test Period**" means, for any date of determination under this Agreement, the most recent period as of such date of twelve (12) consecutive Fiscal Months of Parent and its Subsidiaries for which financial statements have been delivered (or were required to have been delivered) pursuant to **Section 6.01(c)**.

"**Think 3Fold Purchase Agreement**" means that certain Asset Purchase Agreement, dated as of June 18, 2022, between Think 3Fold, LLC, an Arkansas limited liability company, as seller, and Parent, as purchaser.

"**Threshold Amount**" means $1,000,000.

"**Trademark License**" means, as to any Person, all licenses and other similar rights now provided or hereafter provided to such Person (or in which such Person has rights or the power to transfer rights to a secured party) with respect to any Trademark of another Person.

"**Trademarks**" means, as to any Person, all of the following now owned or hereafter adopted or acquired by such Person: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or Territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all Goodwill associated with or symbolized by any of the foregoing.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York, except when used in connection with the perfection of the Collateral, in which case, "**UCC**" means the Uniform Commercial Code as in effect from time to time in the applicable jurisdiction with respect to such affected Collateral.

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended form time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"**Unasserted Obligations**" means, at any time, Obligations consisting of obligations for taxes, costs, indemnifications, reimbursements, damages and other liabilities (except for the principal of and interest on, and fees relating to, any Debt) in respect of which no claim or demand for payment has been

made (or, in the case of obligations for indemnification, no notice for indemnification has been issued by the Indemnitee or is otherwise known to the Indemnitee) at such time.

"**Unfinanced Capital Expenditures**" means, for any period, Capital Expenditures made during such period which are not financed from the proceeds of any Debt (other than the Revolver Loans; it being understood and agreed that, to the extent any Capital Expenditures are financed with Revolver Loans, such Capital Expenditures shall be deemed Unfinanced Capital Expenditures).

"**Unfunded Pension Liability**" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of such Pension Plan's assets, determined in accordance with the assumptions used for funding such Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"**United States**" and "**U.S.**" mean the United States of America.

"**Unused Line Fee**" has the meaning set forth in **Section 2.04(a)**.

"**U.S. Government Securities Business Day**" means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which 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.

"**U.S Special Resolution Regimes**" has the meaning ascribed thereto in **Section 10.19**.

"**Value**" means for an Account, its face amount, net of any customer deposits, unapplied cash, returns, rebates, discounts (calculated on the shortest terms), credits, chargebacks, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

"**Vendor Intercreditor Agreements**" means each of (a) that certain Intercreditor and Subordination Agreement (letter) dated the date hereof between Warner/Elektra/Atlantic Corp. (WMX), on behalf of itself and its parent and certain of its affiliates, and Collateral Agent (the "**Warner ICA**"), (b) that certain Intercreditor and Subordination Agreement (letter) dated the date hereof between UMG Commercial Services, Inc. (formerly known as Universal Music Group Distribution, Corp.) (UMG) and Collateral Agent, and (c) that certain Intercreditor and Subordination Agreement (letter) dated the date hereof between SONY Music Entertainment, on behalf of itself and certain of its subsidiaries, and Collateral Agent, each as may be amended, restated, supplemented or otherwise modified from time to time.

"**Wage Lien Reserve**" means reserves established by Administrative Agent in its Permitted Discretion to reflect up to one (1) month of severance obligations due to employees of any Loan Party located in the State of Wisconsin, the State of Virginia, or the United Kingdom.

"**Walker**" means Jeffrey C. Walker, an individual.

"**Walmart**" means Walmart, Inc., a Delaware corporation.

"**Warner ICA**" has the meaning assigned to such term in the definition of "Vendor Intercreditor Agreements".

"**Wells Fargo**" means Wells Fargo Bank, National Association, a national banking association.

"**Wells Fargo Receivables Purchase Agreements**" means each of (a) that certain Receivables Purchase Agreement dated as of November 9, 2011, between Wells Fargo and COKeM, related to the purchase of Accounts owing to COKeM by Walmart and Sam's West and (b) that certain Receivables Purchase Agreement dated as of August 6, 2021, between Wells Fargo and Alliance, related to the purchase of Accounts owing to Alliance by Walmart and Sam's West.

"**Wells Fargo RPA Intercreditor Agreements**" means each of (a) that certain Letter Agreement Re: Consent to Sale of Receivables, to be entered into on or prior to the date set forth in Paragraph 2 of **Schedule 6.19**, from Wells Fargo to, and agreed by, each Agent and COKeM and (b) that certain Letter Agreement Re: Consent to Sale of Receivables, to be entered into on or prior to the date set forth in Paragraph 2 of **Schedule 6.19**, from Wells Fargo to, and agreed by, each Agent and Alliance, each as may be amended, restated, supplemented or otherwise modified from time to time.

"**White Oak**" means WOABL and WOCF.

"**WOABL**" means White Oak ABL, LLC, a Delaware limited liability company (including, for the avoidance of doubt, any secured party acting in place of WOABL pursuant to a valid exercise of rights and remedies by such secured party as and to the extent permitted under any credit documentation to which WOABL and such secured party are a party).

"**WOCF**" has the meaning set forth in the preamble.

"**Withholding Agent**" means any Loan Party and Administrative Agent.

"**Write-Down and Conversion Powers**" means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail- In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

SECTION 1.02 CERTAIN RULES OF CONSTRUCTION.

(a) General Rules.

(i) Unless the context otherwise clearly requires, the meaning of a defined term is applicable equally to the singular and plural forms thereof.

(ii) The words "**hereof**," "**herein**," "**hereunder**" and similar words refer to this

Agreement as a whole and not to any particular provision of this Agreement.

(iii) The word "**documents**" includes instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(iv) The words "**include**", "**includes**" and "**including**" are not limiting and, unless the context otherwise clearly requires, the word "**or**" is not exclusive.

(v) A "**Default**" or "**Event of Default**" hereunder referenced as "continuing" (or any variation thereof) shall: (A) with respect to a Default that has not yet matured into an Event of Default, be deemed to be continuing unless and until cured within any applicable cure period set forth in this Agreement; and (B) with respect to an Event of Default, be deemed to be continuing unless and until waived in writing by Required Lenders or all Lenders, as applicable.

(vi) In the computation of periods of time from a specified date to a later specified date, the word "**from**" means "**from and including**"; the words "**to**" and "**until**" each mean "**to but excluding**" and the word "**through**" means "**to and including**".

(vii) Unless the context otherwise clearly requires, the words "**property,**" "**properties,**" "**asset**" and "**assets**" refer to both personal property (whether tangible or intangible) and real property.

(viii) As used herein, "**ordinary course of business**" means, in respect of any transaction involving any Person, the ordinary course of business of such Person, as undertaken by such Person in accordance with past practices or reasonable extensions of such past practices, as applicable, or otherwise undertaken by such Person in good faith and not for purposes of evading any covenant or restriction in any Loan Document.

(ix) Wherever the phrase "**to the knowledge of any Loan Party**" or words of similar import relating to the knowledge or the awareness of any Loan Party are used in this Agreement or any other Loan Document, unless otherwise indicated, such phrase shall mean and refer to the actual knowledge of a Responsible Officer of any Loan Party.

(x) Unless the context otherwise clearly requires: (A) Article, Section, subsection, clause, Schedule and Exhibit references are to this Agreement; (B) references to documents (including this Agreement) shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document; (C) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation; and (D) or unless prohibited by the terms of any Loan Document, references to any Person shall be deemed to include such Person's successors and assigns.

(b) Time References. Unless the context otherwise clearly requires, all references herein to times of day shall be references to New York, New York time (daylight or standard, as applicable).

(c) Captions. The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(d) Cumulative Nature of Certain Provisions. This Agreement and the other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall be performed in accordance with their respective terms.

(e) No Construction Against Any Party. This Agreement and the other Loan Documents are the result of negotiations among, and have been reviewed by counsel to, the Loan Parties, each Agent and the other Lending Parties and are the products of all parties. Accordingly, they shall not be construed against any Agent or any other Lending Party merely because of the involvement of any or all of the preceding Persons in their preparation.

(f) GAAP. Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP applied in a manner consistent with that used in preparing the Audited Closing Financial Statements, except as otherwise specifically prescribed herein. If at any time any change in GAAP would affect the computation of any financial ratio, financial covenant or other requirement set forth in any Loan Document and either Administrative Borrower or Required Lenders shall so request, each Agent, Lending Parties and Administrative Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of Required Lenders); provided that, until so amended: (i) such financial ratio, financial covenant or other requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Loan Parties shall provide or cause to be provided to each Agent and the other Lending Parties financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such financial ratio, financial covenant or other requirement made before and after giving effect to such change in GAAP. Notwithstanding anything to the contrary contained herein, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Debt at the fair value thereof. Notwithstanding anything to the contrary contained herein, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under the Statement of Financial Accounting Standards No. 159 (or any similar accounting principle) permitting a Person to value its financial liabilities or Debt at the fair value thereof. Notwithstanding the foregoing or anything other provision of the Loan Documents, financial calculations and other deliverables under this Agreement or any other Loan Document and financial definitions (including the determination of the amount of any obligations under Capital Leases) shall be computed to exclude any change to lease accounting rules from those in effect pursuant to Financial Account Standards Board Account Standards Codification 842 (Leases) and other related lease account guidance as in effect on the Closing Date. For the avoidance of doubt, any obligation of a Person under a lease that is not (or would not be) required to be classified and accounted for as an obligation under a Capital Lease on a balance sheet of such Person under GAAP as in effect on December 31, 2018, shall not be treated as an obligation under a Capital Lease as a result of the adoption of changes in GAAP or changes in the application of GAAP and shall continue to be treated as an operating lease.

(g) Rounding. Any financial ratios required to be maintained by the Loan Parties or any of them pursuant to the Loan Documents shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is

expressed herein and rounding the result up or down to the nearest number using the common – or symmetric arithmetic – method of rounding (in other words, rounding up if there is no nearest number).

(h) Documents Executed by Responsible Officers. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate or other organizational action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

(i) UCC Terms. Terms defined in the UCC in effect on the Closing Date and not otherwise defined herein shall, unless the context otherwise requires, have the meanings provided by those definitions. Subject to the foregoing, the term "**UCC**" refers, as of any date of determination, to the UCC then in effect.

(j) Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (i) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (ii) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

(k) The Agents do not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to SOFR or any SOFR Successor Rate, any component definition thereof or rates referenced in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including SOFR or any SOFR Successor Rate), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any SOFR Successor Rate), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, SOFR or any SOFR Successor Rate, prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any SOFR Successor Rate Conforming Changes. Each Agent and its affiliates or other related entities may engage in transactions that affect the calculation of SOFR or any SOFR Successor Rate, any alternative, successor or replacement rate (including any SOFR Successor Rate) or any relevant adjustments thereto and such transactions may be adverse to a Borrower. Each Agent may select information sources or services in its reasonable discretion to ascertain any benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service. The Agents shall not be liable for any inability, failure or delay on their part to perform any of their duties set forth in this Agreement as a result of the unavailability of SOFR or the applicable SOFR Successor Rate and absence of a designated SOFR Successor Rate, including as a result of any inability, delay, error or inaccuracy on the part of any other transaction party, including without limitation the Required Lenders, in providing any direction, instruction, notice or information required or contemplated by the terms of this Agreement and reasonably required for the performance of such duties.

SECTION 1.03 CURRENCY EQUIVALENTS.

(a) Calculations. All references in the Loan Documents to Loans, Obligations, Revolver Borrowing Base components and other amounts shall be denominated in Dollars, unless expressly provided otherwise. The Dollar equivalent of any amounts denominated or reported under a Loan Document in a currency other than Dollars shall be determined by Administrative Agent based on the current Spot Rate. Borrowers shall report Value and other Revolver Borrowing Base components to Administrative Agent in the currency invoiced by Borrowers (for Accounts) or shown in Borrowers' financial records (for all other assets), and unless expressly provided otherwise, shall deliver financial statements and calculate financial covenants in Dollars. Notwithstanding anything herein to the contrary, if an Obligation is funded or expressly denominated in a currency other than Dollars, Borrowers shall repay such Obligation in such other currency.

(b) Judgments. If, in connection with obtaining judgment in any court, it is necessary to convert a sum from the currency provided under a Loan Document ("**Agreement Currency**") into another currency, the Spot Rate shall be used as the rate of exchange. Notwithstanding any judgment in a currency ("**Judgment Currency**") other than the Agreement Currency, a Borrower shall discharge its obligation in respect of any sum due under a Loan Document only if, on the Business Day following receipt by Administrative Agent of payment in the Judgment Currency, Administrative Agent can use the amount paid to purchase the sum originally due in the Agreement Currency. If the purchased amount is less than the sum originally due, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify Administrative Agent and the other Lending Parties against such loss. If the purchased amount is greater than the sum originally due, Administrative Agent shall return the excess amount to such Borrower (or to the Person legally entitled thereto).

ARTICLE II
CREDIT EXTENSIONS

SECTION 2.01 LOANS AND LETTERS OF CREDIT.

(a) [Reserved].

(b) Revolver Commitment.

(i) Revolver Loans. In the event that Swing Lender is not obligated to make a Swing Loan, each Revolver Lender agrees, severally on a Pro Rata basis up to its Revolver Commitment, on the terms set forth herein, to make Revolver Loans to Borrowers from time to time through the Revolver Commitment Termination Date. The Revolver Loans may be repaid and reborrowed as provided herein. In no event shall Revolver Lenders have any obligation to honor a request for a Revolver Loan if Revolver Usage at such time plus the requested Loan would exceed the Revolver Borrowing Base. The Revolver Loans shall be made pursuant to a Borrowing Request, duly completed and given by a Responsible Officer of Administrative Borrower to Administrative Agent not later than 11:00 a.m. on the requested funding date. If any Revolver Lender shall not remit the full amount that it is required to make available to Administrative Agent in immediately available funds as and when required hereby and if Administrative Agent has made available to Borrowers such amount, then that Revolver Lender shall be obligated to immediately remit such amount to Administrative Agent, together with interest at the Defaulting Lender Rate for each day until the date on which such amount is so remitted. Notices received by the Administrative Agent after the applicable required time shall be deemed received on the next Business Day. Each Borrowing Request shall be irrevocable and shall specify (A) the borrowing amount, and (B) the requested funding date (which must be a

Business Day). Unless otherwise sooner paid, any amount required to be paid as interest hereunder, or as fees or other charges under this Agreement or any other Loan Document with respect to Revolver Loans, which shall become due, shall be deemed a request for a Revolver Loan as of the date such payment is due, in the amount required to pay in full such interest, fee, charge or Revolver Loan under this Agreement, or any other Loan Document and such request shall be irrevocable.

(ii) Notes. Loans and interest accruing thereon shall be evidenced by the records of Administrative Agent and the applicable Revolver Lender. At the request of a Revolver Lender, Borrowers shall deliver promissory note(s) to such Revolver Lender, evidencing its Revolver Loans.

(iii) Termination or Reduction of Revolver Commitments. The Revolver Commitments shall terminate on the Revolver Commitment Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least five (5) days' prior written notice to Administrative Agent at any time, Borrowers may, subject to payment of the Make-Whole Amount and the Cash Collateralization of all (or, in the case of a reduction of the Revolver Commitments, all applicable) Letter of Credit Liabilities, if applicable, at their option, terminate, or, from time to time, reduce, the Revolver Commitments; provided, that (a) any such reduction shall be in a minimum amount of $1,000,000 and in an amount that is an integral multiple of $500,000 and (b) the Revolver Commitments shall not be reduced if, after giving effect thereto, the Revolver Usage would exceed the Revolver Commitments. Any notice of termination or reduction given by Administrative Borrower shall be irrevocable. On the Revolver Commitment Termination Date or the date set forth therefor in the applicable notice of reduction (as the case may be), Borrowers shall (i) in the case of the termination of the Revolver Commitments, make Payment in Full of all Obligations in respect of Revolver Loans (including any Make-Whole Amount, if applicable) and (ii) in the case of the reduction of the Revolver Commitments, make payment of the outstanding principal amount of the Revolver Loans (together with all interest accrued thereon and any Make- Whole Amount, if applicable) in an amount such that, after giving effect thereto, the Revolver Usage would not exceed the Revolver Commitments. Notwithstanding anything herein to the contrary, Administrative Borrower may rescind any notice of termination or reduction under this **Section 2.01(b)(iii)** if such termination or reduction would have resulted from a refinancing of the Loans or other contingent transaction, which refinancing or transaction shall not be consummated or shall otherwise be delayed (in which case, a new notice shall be required to be sent in connection with any subsequent termination or reduction).

(iv) Revolver Overadvances. If Revolver Usage exceeds the Revolver Borrowing Base ("**Revolver Overadvance**") at any time, the excess shall be payable by Borrowers on demand by Administrative Agent or, with respect to Letter of Credit Liabilities, Cash Collateralized in the manner specified in Section 2.01(c) or cause the cancellation of outstanding Letters of Credit, or any combination of the foregoing, and each shall constitute an Obligation secured by the Collateral, entitled to all benefits of the Loan Documents. In no event shall Loans be required that would cause Revolver Usage to exceed the aggregate Revolver Commitments. No funding or sufferance of a Revolver Overadvance shall constitute a waiver by Administrative Agent, Swing Lender or applicable Revolver Lenders of the Event of Default caused thereby. Revolver Overadvances shall not include any Protective Advances made by the Revolver Lenders. No Loan Party shall be a beneficiary of this **Section 2.01(b)(iv)** nor authorized to

enforce any of its terms.

(v) Maintenance of Loan Account; Statements of Account. Administrative Agent shall maintain an account on its books in the name of Borrowers (the "**Loan Account**") in which Borrower will be charged with all Revolver Loans made by Revolver Lenders to Borrowers or for Borrowers' account, including Revolver Loans, interest, fees, expenses and any other Obligations in respect of Revolver Loans. The Loan Account will be credited with all amounts received by Administrative Agent from Borrowers or for Borrowers' account, including, as set forth below, all amounts received in the Administrative Agent Account. Administrative Agent shall send Administrative Borrower a monthly statement reflecting the activity in the Loan Account. Each such statement shall be an account stated and shall be final, conclusive and binding on Borrowers, except for notice of objection which Administrative Borrower may send to Administrative Agent within fifteen (15) days from the date upon which the monthly statement of activity in the Loan Account is sent, and absent manifest error. Borrowers hereby authorize Administrative Agent to charge the Loan Account with the amount of all principal, interest, fees, expenses and other payments to be made hereunder and under the other Loan Documents with respect to Obligations owing in respect of Revolver Loans. Administrative Agent may, but shall not be obligated to, discharge Borrowers' payment obligations hereunder by so charging the Loan Account (but solely to the extent any Borrower shall have not otherwise paid the amount of such payment obligation). Anything herein to the contrary notwithstanding, if the Administrative Agent so charges the Loan Account, then same shall discharge Borrowers' payment obligations related thereto.

(vi) Collection of Receivables. Collateral Agent shall, at all times have (x) dominion and control over each deposit account of any Loan Party (other than an Excluded Account and a Permitted Foreign Deposit Account), and each such deposit account shall be subject to a Control Agreement (a "**Dominion Control Agreement**") which shall provide, among other things, that all amounts therein will be forwarded by daily sweep to the Administrative Agent Account, or as otherwise directed by Collateral Agent, and (y) springing dominion and control over each Permitted Foreign Deposit Account, and each such Permitted Foreign Deposit Account shall, subject to **Section 6.19**, be subject to an applicable Foreign Control Agreement which shall provide, among other things, that upon notice by Collateral Agent to the deposit account bank, all amounts in such deposit account will be forwarded by daily sweep to the Administrative Agent Account, or as otherwise directed by Collateral Agent. At all times Borrowers shall cause all invoices evidencing accounts receivable to be marked payable to Borrowers at the Lockbox or if payments are made electronically, payable directly to a deposit account that is subject to a Dominion Control Agreement or (as applicable in the case of Account Debtors domiciled outside of the United States) a Permitted Foreign Deposit Account. All collections and other amounts received by the Loan Parties from any account debtor, in addition to all other cash received by the Loan Parties from any other source, shall upon receipt be forwarded to the Lockbox in the form received or deposited into a deposit account that is subject to a Dominion Control Agreement or (as applicable in the case of Account Debtors domiciled outside of the United States) a Permitted Foreign Deposit Account. Administrative Agent will credit all payments received by it to the Loan Account, conditional upon final collection; credit will be given only for cleared funds received prior to 2:00 p.m. (New York time) by Administrative Agent. In all cases, the Loan Account will be credited only with the net amounts actually received in payment of its accounts receivable. The Loan Parties will not commingle any collections with any of their other funds or property, but will segregate them from their other assets and will hold them in

trust and for the account and as the property of Revolver Lenders. Borrowers hereby agree to, and will cause the other Loan Parties to, endorse any collections upon the request of Administrative Agent. Administrative Agent may apply all amounts received by it to such of the Revolver Loans and in such order as it may elect in its sole and absolute discretion. Unless otherwise agreed by Administrative Agent and Administrative Borrower, any Loan requested by Administrative Borrower and made by Administrative Agent hereunder shall be disbursed to the Primary Disbursement Account.

(vii) Sweep of Permitted Foreign Deposit Accounts. Borrowers shall, (A) with respect to the Permitted Canadian Dollars Account, cause the applicable depository bank to convert to Dollars and sweep to the Primary Collection Account at the end of each calendar week, any amounts in excess of Cdn$400,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in such Deposit Account, (B) with respect to the Permitted Japanese Yen Account, cause the applicable depository bank to convert to Dollars and sweep to the Primary Collection Account at the end of each calendar week, any amounts in excess of ¥20,000,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in such Deposit Account, (C) with respect to the Permitted Euros Accounts, cause the depository bank to convert to Dollars and sweep to the Primary Collection Account at the end of each calendar week, any amounts in excess of €300,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in the aggregate in all such Deposit Accounts, and (D) with respect to the Permitted Sterling Accounts, cause the depository bank to convert to Dollars and sweep to the Primary Collection Account at the end of each calendar week, any amounts in excess of £300,000 (minus any pending Automated Clearing House (ACH) or international Automated Clearing House (IACH) transfer amounts, as disclosed by the Borrowers in a report, in form and substance satisfactory to Administrative Agent, to Administrative Agent prior to the end of such calendar week) in the aggregate in all such Deposit Accounts.

(viii) Defaulting Lenders. Administrative Agent shall not be obligated to transfer to a Defaulting Lender any payments made by a Borrower to Administrative Agent for the Defaulting Lender's benefit or any proceeds of Collateral that would otherwise be remitted hereunder to the Defaulting Lender, and, in the absence of such transfer to the Defaulting Lender, Administrative Agent shall transfer any such payments (A) first, to Administrative Agent to the extent of any Protective Advances or Revolver Overadvances that were made by Administrative Agent and that were required to be, but were not, paid by Defaulting Lender, (B) second, to Swing Lender to the extent of any Swing Loans that were made by Swing Lender and that were required to be, but were not, paid by Defaulting Lender, (C) third, to each Non-Defaulting Lender ratably in accordance with their Commitments (but, in each case, only to the extent that such Defaulting Lender's portion of a Revolver Loan (or other funding obligation) was funded by such other Non- Defaulting Lender), (D) fourth, in Administrative Agent's sole discretion, to a suspense account maintained by Administrative Agent, the proceeds of which shall be retained by Administrative Agent and may be made available to be re-advanced to or for the benefit of

Borrowers (upon the request of a Borrower and subject to the conditions set forth in **Section 4.02**) as if such Defaulting Lender had made its portion of Revolver Loans (or other funding obligations) hereunder, and (E) fifth, from and after the date on which all other Obligations have been paid in full, to such Defaulting Lender in accordance with **Section 8.02(d)**. Subject to the foregoing, Administrative Agent may hold and, in its discretion, re-lend to Borrowers for the account of such Defaulting Lender the amount of all such payments received and retained by Administrative Agent for the account of such Defaulting Lender. Solely for the purposes of voting or consenting to matters with respect to the Loan Documents and for the purpose of calculating the fee payable under **Section 2.04(a)**, such Defaulting Lender shall be deemed not to be a "Lender" and such Lender's Commitment shall be deemed to be zero; provided, that the foregoing shall not apply to any of the matters governed by **Section 10.01(i)(A)** through **(C)**. The provisions of this **Section 2.3(b)(viii)** shall remain effective with respect to such Defaulting Lender until the earlier of (y) the date on which all of the Non-Defaulting Lenders, Administrative Agent, LC Issuers, and Borrowers shall have waived, in writing, the application of this **Section 2.01(b)(viii)** to such Defaulting Lender, or (z) the date on which such Defaulting Lender makes payment of all amounts that it was obligated to fund hereunder, pays to Administrative Agent all amounts owing by Defaulting Lender in respect of the amounts that it was obligated to fund hereunder, and, if requested by Administrative Agent, provides adequate assurance of its ability to perform its future obligations hereunder. The operation of this **Section 2.01(b)(viii)** shall not be construed to increase or otherwise affect the Commitment of any Lender, to relieve or excuse the performance by such Defaulting Lender or any other Lender of its duties and obligations hereunder, or to relieve or excuse the performance by a Borrower of its duties and obligations hereunder to any Agent or to the Lenders other than such Defaulting Lender. Any failure by a Defaulting Lender to fund amounts that it was obligated to fund hereunder shall constitute a material breach by such Defaulting Lender of this Agreement and shall entitle each Borrower, at its option, upon written notice to Administrative Agent, to arrange for a substitute Lender to assume the Commitment of such Defaulting Lender, such substitute Lender to be reasonably acceptable to Administrative Agent. In connection with the arrangement of such a substitute Lender, the Defaulting Lender shall have no right to refuse to be replaced hereunder. In the event of a direct conflict between the priority provisions of this **Section 2.01(b)(viii)** and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, the terms and provisions of this **Section 2.01(b)(viii)** shall control and govern. Further, (I) if any Swing Loan is outstanding at the time that a Lender becomes a Defaulting Lender then such Defaulting Lender's Swing Loan Exposure shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Percentage Shares but only to the extent (x) the sum of all Non-Defaulting Lenders' Percentage Share of Revolver Usage plus such Defaulting Lender's Swing Loan Exposure does not exceed the total of all Non-Defaulting Lenders' Revolver Commitments and (y) the conditions set forth in **Section 4.02** are satisfied at such time; provided, that if the reallocation described immediately above cannot, or can only partially, be effected, Borrowers shall within one Business Day following notice by Administrative Agent prepay such Defaulting Lender's Swing Loan Exposure (after giving effect to any partial reallocation described immediately above), (II) so long as any Lender is a Defaulting Lender, the Swing Lender shall not be required to make any Swing Loan to the extent (x) the Defaulting Lender's Percentage Share of such Swing Loans cannot be reallocated pursuant to clause (I) immediately above or (y) the Swing Lender has not otherwise entered into arrangements reasonably satisfactory to the Swing Lender and Borrowers

to eliminate the Swing Lender's risk with respect to the Defaulting Lender's participation in Swing Loans and (III) subject to **Section 10.18**, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(c) Letters of Credit and Letter of Credit Fees.

(i) Letter of Credit. On the terms and subject to the conditions set forth herein, the Revolver Commitment may be used by Borrowers, in addition to the making of Revolver Loans hereunder, for the issuance, prior to that date which is one year prior to the Revolver Commitment Termination Date, by (i) Administrative Agent, of letters of credit, Guarantees or other agreements or arrangements (each, a "**Support Agreement**") to induce an LC Issuer to issue or increase the amount of, or extend the expiry date of, one or more Letters of Credit and (ii) a Lender, identified by Administrative Agent, as an LC Issuer, of one or more Lender Letters of Credit, so long as, in each case:

(A) Administrative Agent shall have received a Notice of LC Credit Event at least five (5) Business Days before the relevant date of issuance, increase or extension; and

(B) after giving effect to such issuance, increase or extension, (A) the aggregate Letter of Credit Liabilities do not exceed $700,000, and (B) the Revolver Usage does not exceed the Revolver Loan Limit.

Nothing in this Agreement shall be construed to obligate any Lender to issue, increase the amount of or extend the expiry date of any Letter of Credit, which act or acts, if any, shall be subject to agreements to be entered into from time to time between Borrowers and such Lender. Each Lender that is an LC Issuer hereby agrees to give Administrative Agent prompt written notice of each issuance of a Lender Letter of Credit by such Lender and each payment made by such Lender in respect of Lender Letters of Credit issued by such Lender.

(ii) Letter of Credit Fee. Borrowers shall pay to Administrative Agent, for the benefit of the Revolver Lenders in accordance with their respective Percentage Shares, a letter of credit fee with respect to the Letter of Credit Liabilities for each Letter of Credit, computed for each day from the date of issuance of such Letter of Credit to the date that is the last day a drawing is available under such Letter of Credit, at a rate per annum equal to the Applicable Margin then applicable to Revolver Loans whose interest rate is based on the SOFR Index Rate. Such fee shall be payable in arrears on the last day of each calendar month prior to the Revolver Commitment Termination Date and on such date. In addition, Borrowers agree to pay promptly to the LC Issuer any fronting or other fees or other charges, costs and/or expenses, that it may charge in connection with any Letter of Credit.

(iii) Reimbursement Obligations of Borrowers. If either (i) Administrative Agent shall make a payment to an LC Issuer pursuant to a Support Agreement, or (ii) any Lender shall notify Administrative Agent that it has made payment in respect of, a Lender Letter of Credit, (A) the applicable Borrower shall reimburse Administrative Agent or such Lender, as applicable, for the amount of such payment by the end of the day on which Administrative Agent or such Lender shall make such payment and (B) Borrowers shall be deemed to have immediately

requested that Revolver Lenders make a Revolver Loan, in a principal amount equal to the amount of such payment (but solely to the extent such Borrower shall have failed to directly reimburse the Administrative Agent or, with respect to Lender Letters of Credit, the applicable LC Issuer, for the amount of such payment). Administrative Agent shall promptly notify Revolver Lenders of any such deemed request and each Revolver Lender hereby agrees to make available to Administrative Agent not later than noon on the Business Day following such notification from Administrative Agent such Revolver Lender's Percentage Share of such Revolver Loan. Each Revolver Lender hereby absolutely and unconditionally agrees to fund such Revolver Lender's Percentage Share of the Loan described in the immediately preceding sentence, unaffected by any circumstance whatsoever, including, without limitation, (x) the occurrence and continuance of a Default or Event of Default, (y) the fact that, whether before or after giving effect to the making of any such Revolver Loan, the Revolver Exposure exceed or will exceed the Revolver Commitment, and/or (z) the non- satisfaction of any conditions set forth in Section 4.02. Administrative Agent hereby agrees to apply the gross proceeds of each Revolver Loan deemed made pursuant to this Section 2.01(c) in satisfaction of Borrowers' reimbursement obligations arising pursuant to this Section 2.01(c). Borrowers shall pay interest, on demand, on all amounts so paid by Administrative Agent pursuant to any Support Agreement or to any Applicable Lender in honoring a draw request under any Lender Letter of Credit for each day from the date of such payment until Borrowers reimburse the Administrative Agent or the Applicable Lender therefor (whether pursuant to clause (A) or (B) of the first sentence of this subsection (c)) at a rate per annum equal to the interest rate applicable to Revolver Loans for such day.

(iv) Reimbursement and Other Payments by Borrowers. The obligations of each Borrower to reimburse the applicable Agent and/or the applicable LC Issuer pursuant to Section 2.01(c) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including the following:

(A) any lack of validity or enforceability of, or any amendment or waiver of or any consent to departure from, any Letter of Credit or any related document;

(B) the existence of any claim, set-off, defense or other right which any Borrower may have at any time against the beneficiary of any Letter of Credit, the LC Issuer (including any claim for improper payment), any Agent, any Lender or any other Person, whether in connection with any Loan Document or any unrelated transaction, *provided, however*, that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(C) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(D) any affiliation between the LC Issuer and an Agent; or

(E) to the extent permitted under applicable law, any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(v) Deposit Obligations of Borrowers. In the event any Letters of Credit are

outstanding at the time that Borrowers prepay in full or are required to repay the Obligations or the Revolver Commitment is terminated, Borrowers shall (i) deposit with Collateral Agent for the benefit of all Revolver Lenders cash in an amount equal to one hundred ten percent (105%) of the aggregate outstanding Letter of Credit Liabilities to be available to Collateral Agent, for its benefit and the benefit of Administrative Agent and issuers of Letters of Credit, to reimburse payments of drafts drawn under such Letters of Credit and pay any fees and expenses related thereto, and (ii) prepay the fee payable under Section 2.01(c) with respect to such Letters of Credit for the full remaining terms of such Letters of Credit assuming that the full amount of such Letters of Credit as of the date of such repayment or termination remain outstanding until the end of such remaining terms. Upon termination of any such Letter of Credit and so long as no Event of Default has occurred and is continuing, the unearned portion of such prepaid fee attributable to such Letter of Credit shall be refunded to Borrowers, together with the deposit described in the preceding clause (i) attributable to such Letter of Credit, but only to the extent not previously applied by Administrative Agent in the manner described herein.

(vi) Participations in Support Agreements and Lender Letters of Credit.

(A) Concurrently with the issuance of each Supported Letter of Credit, Administrative Agent shall be deemed to have sold and transferred to each Revolver Lender, and each such Revolver Lender shall be deemed irrevocably and immediately to have purchased and received from Administrative Agent, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Percentage Share, the Administrative Agent's Support Agreement liabilities and obligations in respect of such Supported Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Concurrently with the issuance of each Lender Letter of Credit, the LC Issuer in respect thereof shall be deemed to have sold and transferred to each Revolver Lender, and each such Revolver Lender shall be deemed irrevocably and immediately to have purchased and received from such LC Issuer, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Percentage Share, such Lender Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Any purchase obligation arising pursuant to the immediately two preceding sentences shall be absolute and unconditional and shall not be affected by any circumstances whatsoever.

(B) If either (A) Administrative Agent makes any payment or disbursement under any Support Agreement and/or (B) an LC Issuer makes any payment or disbursement under any Lender Letter of Credit, and (I) Borrowers have not reimbursed Administrative Agent or the applicable LC Issuer, as applicable, in full for such payment or disbursement in accordance with Section 2.01(c), or (II) any reimbursement under any Support Agreement or Lender Letter of Credit received Administrative Agent or any LC Issuer, as applicable, from any Loan Party is or must be returned or rescinded upon or during any bankruptcy or reorganization of any Loan Party or otherwise, each Revolver Lender shall be irrevocably and unconditionally obligated to pay to Administrative Agent or the applicable LC Issuer, as applicable, its Percentage Share of such payment or disbursement (but no such payment shall diminish the Obligations of Borrowers under Section 2.01(c)). To the extent any such Revolver Lender shall not have made such amount available to Administrative Agent or the applicable LC Issuer, as applicable, before 12:00 Noon on the Business Day on which such Lender receives notice from Administrative Agent or the applicable LC Issuer, as applicable, of such payment or

disbursement, or return or rescission, as applicable, such Lender agrees to pay interest on such amount to Administrative Agent or the applicable LC Issuer, as applicable, forthwith on demand accruing daily at the Federal Funds Rate, for the first three (3) days following such Lender's receipt of such notice, and thereafter at the Base Rate in respect of Revolver Loans. Any such Revolver Lender's failure to make available to Administrative Agent or the applicable LC Issuer, as applicable, its Percentage Share of any such payment or disbursement, or return or rescission, as applicable, shall not relieve any other Lender of its obligation hereunder to make available such other Revolver Lender's Percentage Share of such payment, but no Revolver Lender shall be responsible for the failure of any other Lender to make available such other Lender's Percentage Share of any such payment or disbursement, or return or rescission.

(d) Swing Loans. In the case of a Revolver Loan and so long as any of (i) the aggregate amount of Swing Loans made since the last Settlement Date, *minus* all payments or other amounts applied to Swing Loans since the last Settlement Date, *plus* the amount of the requested Swing Loan does not exceed $10,000,000, or (ii) Swing Lender, in its sole discretion, agrees to make a Swing Loan notwithstanding the foregoing limitation, Swing Lender shall make a Revolver Loan (any such Revolver Loan made by Swing Lender pursuant to this Section 2.01(d) being referred to as a "**Swing Loan**" and all such Revolver Loans being referred to as "**Swing Loans**") available to Borrowers on the funding date applicable thereto by transferring immediately available funds in the amount of such Swing Loan as directed by Borrowers pursuant to the applicable Borrowing Request. Each Swing Loan shall be deemed to be a Revolver Loan hereunder and shall be subject to all the terms and conditions (including **Article IV**) applicable to other Revolver Loans, except that all payments (including interest) on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of **Section 2.01(b)(iv)**, Swing Lender shall not make and shall not be obligated to make any Swing Loan if Swing Lender has actual knowledge that (i) one or more of the applicable conditions precedent set forth in **Article IV** will not be satisfied on the requested funding date for the applicable Swing Loan, or (ii) the requested Swing Loan would exceed the Revolver Availability on such funding date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in **Article IV** have been satisfied on the funding date applicable thereto prior to making any Swing Loan. The Swing Loans shall be secured by Collateral Agent's Liens, constitute Revolver Loans and Obligations, and bear interest at the rate applicable from time to time to Revolver Loans.

SECTION 2.02 INTEREST.

(a) Interest. Subject to the provisions hereof (including **Sections 2.02(c)** and **2.02(e)**), the outstanding principal balance of each Loan shall bear interest from the date advanced until such Loan is repaid in full at the Base Rate applicable to such Loan payable in cash. If a Market Disruption Event occurs, then Administrative Agent shall, as soon as practicable thereafter, use commercially reasonable efforts to give notice thereof in accordance with **Section 10.02** to Administrative Borrower and Lenders.

(b) Payment Dates. Interest on each Loan shall be due and payable in arrears, in cash, on each Interest Payment Date and at such other times as may be specified herein (including on demand if specified herein). Interest hereunder shall be due and payable in accordance with the terms hereof both before and after judgment, and both before and after the commencement of any proceeding under any Bankruptcy Law. Subject to the provisions hereof, Borrowers shall pay accrued and unpaid interest under **Section 2.02(a)** to the Administrative Agent to which such interest relates, for the benefit of the Applicable Lenders (i) on a monthly basis in arrears on each Interest Payment Date with respect to the

Loans; (ii) upon payment or prepayment of the principal balance of the Loans or any portion thereof, on the amount so paid or prepaid; and (iii) on the Maturity Date.

(c) Default Rate. Notwithstanding anything to the contrary contained in **Section 2.02(a)**, at any time that an Event of Default exists, then all (or, in the sole discretion of Agents, any portion) of the Obligations shall automatically bear interest at the Default Rate, such interest to be payable in cash upon demand therefor by Administrative Agent.

(d) Compounding. Subject to the other provisions of this **Section 2.02**, without affecting any of the Agents' or any Lender's rights and remedies hereunder or in respect hereof, all interest (including interest at the Default Rate) on the Loans that is not paid when due shall, at the election of the Administrative Agent (acting at the direction of the Required Lenders), be added to the outstanding principal balance thereof and thereafter bear interest at the rate then applicable to the outstanding principal balance of the Loans.

(e) Inability to Determine Rates.

(i) If, in connection with any request for a Loan based on the SOFR Index Rate, (A) Administrative Agent determines, that (x) adequate and reasonable means do not exist for determining the SOFR Index Rate with respect to any such proposed or existing Loan, and (y) the circumstances described in clause (iii)(A) below do not apply (in each case with respect to this clause (i)(A), "Impacted Loans"), or (B) Administrative Agent determines, for any reason, that the SOFR Index Rate with respect to such a proposed Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, Administrative Agent will promptly so notify Administrative Borrower and each Lender, in each case, in writing. Thereafter, (1) the obligation of Lenders to make or maintain Loans based on the SOFR Index Rate shall be suspended (to the extent of the affected Loans), and (2) in the event of a determination described in the preceding sentence with respect to the SOFR Index Rate component of the Base Rate, the utilization of the SOFR Index Rate component in determining the Base Rate shall be suspended, in each case until Administrative Agent revokes such notice in writing. Upon receipt of such notice, Administrative Borrower may revoke any pending request for a borrowing of Loans based on the SOFR Index Rate (to the extent of the affected Loans).

(ii) Notwithstanding the foregoing, if Administrative Agent has made the determination described in clause (i)(A) above, Administrative Agent, in consultation with Administrative Borrower, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (A) Administrative Agent revokes the notice delivered in writing with respect to the Impacted Loans under clause (i)(A) above, (B) Administrative Agent notifies Administrative Borrower in writing that such alternative interest rate does not adequately and fairly reflect the cost to the Lenders of the Impacted Loans, or (C) any Lender determines that any law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest, or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing, and provides Administrative Agent, the other Lenders, and Administrative Borrower written notice thereof.

(iii) Notwithstanding anything to the contrary in this Agreement or any other Loan

Documents, if the Required Lenders or Administrative Agent determines (which determination shall be conclusive absent manifest error) that:

(A) adequate and reasonable means do not exist for ascertaining the SOFR Index Rate, including, without limitation, because the SOFR Screen Rate is not available or published on a current basis and such circumstances are unlikely to be temporary;

(B) the administrator of the SOFR Screen Rate or a Governmental Authority having jurisdiction over Administrative Agent or any Lender has made a public statement identifying a specific date after which SOFR or the SOFR Screen Rate shall no longer be made available, or used for determining the interest rate of loans (such specific date, the "**Scheduled Unavailability Date**"); or

(C) syndicated loans currently being executed, or that include language similar to that contained in this **Section 2.02(e)**, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace SOFR; then, reasonably promptly after such determination by Administrative Agent or Required Lenders, Administrative Agent, Required Lenders and Administrative Borrower may amend this Agreement to replace SOFR with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein) (any such proposed rate, a "SOFR Successor Rate"), together with any proposed SOFR Successor Rate Conforming Changes, and any such amendment shall become effective at 5:00 p.m. on the fifth (5th) Business Day after Administrative Agent shall have notified all Lenders and Administrative Borrower of such proposed amendment unless Administrative Borrower or Required Lenders shall have objected thereto by written notice to Administrative Agent prior to such effective time. Such SOFR Successor Rate shall be applied in a manner consistent with market practice; provided, that, to the extent such market practice is not administratively feasible for Administrative Agent, such SOFR Successor Rate shall be applied in a manner as otherwise reasonably determined by Administrative Agent.

(iv) If no SOFR Successor Rate has been determined and either the circumstances under clause (iii)(A) above exist or the Scheduled Unavailability Date has occurred (as applicable), Administrative Agent will promptly so notify Administrative Borrower and each Lender in writing. Thereafter, (x) the obligation of the Lenders to make or maintain Loans based in the SOFR Index Rate shall be suspended (to the extent of the affected Loans), and (y) the SOFR Index Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, Administrative Borrower may revoke any pending request for a borrowing of Loans based on the SOFR Index Rate (to the extent of the affected Loans).

(v) Notwithstanding anything else herein, any definition of SOFR Successor Rate shall provide that in no event shall such SOFR Successor Rate be less than the Floor for purposes of this Agreement.

SECTION 2.03 PAYMENT AND PREPAYMENT OF PRINCIPAL.

Subject to the provisions hereof:

(a) Payment on Maturity Date. Borrowers shall repay in full the Credit Outstandings and all other outstanding Obligations on the Maturity Date.

(b) Voluntary Prepayments. Borrowers may voluntarily prepay the Outstanding Amount of the Loans, in whole or in part, upon not less than five (5) Business Days' prior irrevocable written notice by Administrative Borrower to the Administrative Agent (or such shorter period as the Administrative Agent, in its sole discretion, may otherwise agree). Notwithstanding anything herein to the contrary, Administrative Borrower may rescind any notice of prepayment under this **Section 2.03(b)** if such prepayment would have resulted from a refinancing of the Loans or other contingent transaction, which refinancing or transaction shall not be consummated or shall otherwise be delayed (in which case, a new notice shall be required to be sent in connection with any subsequent prepayment). For the avoidance of doubt, no Make-Whole Amount or other prepayment premium or penalty shall be payable in connection with voluntary prepayments of Revolver Loans except to the extent accompanied by a corresponding reduction in Revolver Commitments consented to by Administrative Agent.

(c) Mandatory Prepayments.

(i) Loss and Disposition Payments. In the event that Net Proceeds resulting from any Event of Loss or Disposition or series of Dispositions by Parent or any Subsidiary thereof (other than any Disposition pursuant to **Sections 7.05(b), (c), (d), (e)** and **(h)**) and such Net Proceeds within any Fiscal Year exceed, in the aggregate for all such Events of Loss and Dispositions in such Fiscal Year, $250,000 (the "**Loss and Disposition Threshold Amount**"), within five (5) Business Days of receipt of such Net Proceeds, Borrowers shall prepay the Loans in an amount equal to 100% of such Net Proceeds that exceed the Loss and Disposition Threshold Amount in such Fiscal Year. Such repayments shall be applied in accordance with **Section 8.02(d)**. So long as (v) no Default or Event of Default shall have occurred and is continuing or would result therefrom, (w) Administrative Borrower shall have given Administrative Agent prior written notice (which shall include a description of the planned reinvestment and certification by Administrative Borrower that such plan is realizable within one hundred eighty (180) days after the initial receipt of such monies) of the applicable Loan Parties' intention to apply such monies to the costs of replacement of the properties or assets subject of such Disposition or Event of Loss or the cost of purchase or construction of other assets useful in the business of Loan Parties, (x) the monies are held in a Deposit Account in which Collateral Agent has a perfected first-priority Lien until applied in accordance with this proviso, (y) the Loan Parties complete such replacement, purchase, or construction within one hundred eighty (180) days after the initial receipt of such monies, and (z) the aggregate amount of any planned reinvestments do not exceed (1) when taken together with any other reinvestments made during such Fiscal Year, $250,000 in the aggregate in any Fiscal Year and (2) when taken together with all reinvestments made during the term of this Agreement, $500,000 in the aggregate during the term of this Agreement, then the Loan Party whose assets were the subject of such Disposition shall have the option to apply such monies to the costs of replacement of the assets that are the subject of such Disposition or Event of Loss or the costs of purchase or construction of other assets useful in the business of such Loan Party unless and to the extent that such applicable period shall have expired without such replacement, purchase, or construction being made or completed, in which case, any amounts remaining in the Deposit Account referred to in clause (y) above shall be paid Administrative Agent and applied in accordance with **Section 8.02(d)**). Nothing contained in this **Section 2.03(c)(i)** shall permit Loan Parties to sell or otherwise Dispose of any assets other than in accordance with **Section 7.05**. The Administrative Borrower shall deliver to Administrative Agent a Borrowing Base Report to the extent the assets subject to

the Event of Loss or Disposition giving rise to the mandatory prepayment had a value of $250,000 or more, either individually or in the aggregate (based on the fair market value of the assets so disposed) and were included in the most recently delivered Borrowing Base Report. For the avoidance of doubt, no Make-Whole Amount or other prepayment premium or penalty shall be payable in connection with mandatory prepayments of Revolver Loans pursuant to this **Section 2.03(c)(i)**.

(ii) Payments in respect of Extraordinary Receipts. Within five (5) Business Days after the date of receipt by Loan Parties or their Subsidiaries of the Net Proceeds of any Extraordinary Receipts in excess of $250,000 in the aggregate (the "**Excess Extraordinary Receipts Threshold Amount**"), Borrowers shall prepay the Loans in an amount equal to the sum of the lesser of (1) 100% of such Net Proceeds received in excess of the Excess Extraordinary Receipts Threshold Amount and (2) the Outstanding Amount of the Loans. For the avoidance of doubt, no Make-Whole Amount or other prepayment premium or penalty shall be due and owing in connection with a prepayment of the Loans under this **Section 2.03(c)(ii)**. Such repayments shall be applied to the Revolver Loans.

(iii) Payments in respect of Debt. Within five (5) Business Days after the date of receipt by Loan Parties or their Subsidiaries of the Net Proceeds of any Debt incurred (other than Debt permitted under **Section 7.03**), Borrowers shall prepay the Loans in an amount equal to the lesser of (A) 100% of such Net Proceeds received and (B) the Outstanding Amount of the Loans. Such repayments shall be applied to the Revolver Loans. The provisions of this **Section 2.03(c)(iii)** shall not be deemed to be implied consent to any incurrence of Debt otherwise prohibited by the terms of this Agreement. For the avoidance of doubt no Make-Whole Amount or other prepayment premium or penalty shall be payable in connection with mandatory prepayments of Revolver Loans pursuant to this **Section 2.03(c)(iii)**.

(iv) Payments in respect of Equity Interests. Within five (5) Business Days after the date of receipt by Loan Parties or their Subsidiaries of the Net Proceeds of any Equity Interests, Borrowers shall, to the extent that as of such date of receipt (and prior to giving effect to any prepayment pursuant to this **Section 2.03(c)(iv)**) Excess Revolver Availability is less than 30% of the Revolver Borrowing Base, prepay the Loans in an amount equal to the lesser of (A) such amount of Net Proceeds received such that, immediately following the making of such prepayment, Excess Revolver Availability shall equal or exceed 30% of the Revolver Borrowing Base and (B) the Outstanding Amount of the Loans. Such repayments shall be applied to the Revolver Loans. The provisions of this **Section 2.03(c)(iii)** shall not be deemed to be implied consent to any issuance of any Equity Interest otherwise prohibited by the terms of this Agreement. For the avoidance of doubt no Make-Whole Amount or other prepayment premium or penalty shall be payable in connection with mandatory prepayments of Revolver Loans pursuant to this **Section 2.03(c)(iv)**.

(v) Overadvance. If a Revolver Overadvance exists at any time, each Borrower shall, subject to **Section 2.01(b)(iv)**, on the sooner of Administrative Agent's demand or the first Business Day after such Borrower has knowledge thereof, repay Revolver Loans in an amount sufficient to reduce Revolver Usage to the then current Revolver Borrowing Base. For the avoidance of doubt no Make-Whole Amount or other prepayment premium or penalty shall be payable in connection with mandatory prepayments of Revolver Loans pursuant to this **Section 2.03(c)(v)**.

(d) Payments Under Certain Circumstances. Notwithstanding anything to the contrary contained herein, (i) upon any reduction or the termination of the Revolver Commitments, (ii) in the event of any payment of principal on the Revolver Loans made, required to be made or deemed to be made in connection with any repricing, refinancing or replacement of any Revolver Loans through any waiver, consent or amendment, in each case prior to the Revolver Commitment Termination Date, or (iii) upon the acceleration of the Obligations or any portion thereof prior to the Maturity Date as a result of or upon the occurrence of an Event of Default, including in the event that the Obligations or any portion thereof are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by other similar means (each of clauses (i) through (iii) referred to herein as a "**Prepayment Event**"), then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to the Lenders or profits lost by the Lenders as a result of such Prepayment Event, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of the Lenders, each Borrower agrees to pay to Administrative Agent, for the pro rata benefit of all of the Lending Parties entitled to a portion of the principal amount of the Obligations subject to such Prepayment Event, in immediately available funds, measured as of the date of the occurrence of such Prepayment Event, the applicable Make-Whole Amount. The Make-Whole payable in accordance with the immediately preceding sentence shall be presumed to be the liquidated damages sustained by each Lender as the result of the early termination, and each Borrower agrees that it is reasonable under the circumstances. Without limiting the generality of the foregoing, it is understood and agreed that, as set forth in clauses (i), (ii) and (iii) of the definition of "Prepayment Event", if the Revolver Commitments are reduced or terminated or if all or any portion of the Obligations are accelerated, in each case, prior to the date which is twenty (20) months following the Closing Date as a result of or upon the occurrence of an Event of Default, the Make-Whole Amount, determined as of the date of acceleration or the reduction or termination of the Revolver Commitments, as applicable, will also be due and payable as though said Obligations were voluntarily prepaid and the Revolver Commitments were terminated as of such date and shall constitute part of the Obligations. The Make-Whole Amount shall also be payable in the event the Obligations are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure, or by any other similar means. Each Borrower expressly agrees that: (A) the Make-Whole Amount is reasonable and is the product of an arm's length transaction between sophisticated parties, ably represented by counsel, (B) the Make-Whole Amount shall be payable notwithstanding the then prevailing market rates at the time payment is made, (C) there has been a course of conduct between Lenders and Borrowers giving specific consideration in this transaction for such agreement to pay the Make-Whole Amount and (D) Borrowers shall be estopped hereafter from claiming differently than as agreed to in this paragraph. Each Borrower expressly acknowledges that its agreement to pay the Make-Whole Amount as herein described is a material inducement to the Lenders to provide the Commitment and make the Loans. Without affecting any of any Lender's rights and remedies hereunder or in respect hereof, if a Borrower fails to pay the applicable Make- Whole Amount when due, then the amount thereof shall thereafter bear interest until paid in full at the Default Rate.

(e) Notice of Payments. Borrower shall provide written notice of any payments made pursuant to **Section 2.03(c)** by 12:00 p.m. (noon) one (1) Business Day prior to the proposed prepayment date, which notice shall state pursuant to which paragraph of **Section 2.03(c)** the prepayment is being made.

SECTION 2.04 CERTAIN FEES.

(a) Unused Line Fee. Administrative Borrower shall pay to Administrative Agent, for the ratable account of the Revolver Lenders, an unused line fee (the "**Unused Line Fee**") in an amount equal

to 0.50% per annum times the result of (i) the aggregate amount of the Revolver Commitments, less (ii) the Revolver Usage during the immediately preceding month (or portion thereof), which Unused Line Fee shall be due and payable, in arrears, on the first day of each month from and after the Closing Date up to the first day of the month prior to the date on which the Obligations are paid in full and on the date on which the Obligations are paid in full.

(b) Monthly Collateral Monitoring Fee. Borrowers shall pay to Administrative Agent, for the equal benefit of WOABL and WOCF, a monthly collateral monitoring fee equal to $5,000, which fee shall be fully earned and due and payable on the Closing Date and in advance on the first Business Day of each month following the Closing Date, and once paid, shall be non-refundable for any reason whatsoever.

(c) Account Servicing and Other Related Fees. Borrowers shall pay to Administrative Agent the actual charges and expenses paid or incurred by Administrative Agent, or any third Persons engaged by Administrative Agent, for account servicing of any Borrower; provided, that, without limiting any obligation of Borrowers to comply with this Section 2.04(c), the aggregate amount of such charges and expenses shall not exceed $50,000 on an annual basis.

(d) Fee Letter. Without limiting any other provision set forth in this Agreement, Borrowers shall also pay to Administrative Agent, for the ratable benefit of the Lenders, fees in the amounts and at the times specified in the Fee Letter.

SECTION 2.05 [RESERVED].

SECTION 2.06 MANNER OF PAYMENTS.

(a) Invoices. Administrative Agent agrees to endeavor to provide Administrative Borrower with an invoice setting forth the Outstanding Amount of the Loans and stating the amount of interest due on any Interest Payment Date in reasonable detail; provided that (i) Administrative Agent shall have no liability for failing to do so and (ii) any failure by Administrative Agent to provide any such invoice shall not affect Administrative Borrower's (or any other Loan Party's) obligation to pay when due any amounts owing hereunder in accordance with the provisions hereof.

(b) Payments on Business Days. If any payment hereunder becomes due and payable on a day (including an Interest Payment Date) that is not a Business Day, then such due date shall be extended to the next succeeding Business Day; provided that interest and fees shall continue to accrue during the period of any such extension.

(c) Computations. All interest and fees owing hereunder shall be computed on the basis of a year of 360 days and calculated in each case for the actual number of days elapsed.

(d) Evidence of Debt. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by Administrative Agent in the ordinary course of business. The accounts or records maintained by Administrative Agent and each Lender, as evidenced to Administrative Borrower in the invoice prescribed in **Section 2.06(a)** setting forth the Outstanding Amount, shall be conclusive, except for notice of objection which Administrative Borrower may send to Administrative Agent within fifteen (15) days from the date upon which the monthly invoice is sent, absent manifest error of the amount of the Credit Extensions made by Lenders to Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however,

limit or otherwise affect the obligation of Borrowers hereunder to pay any amount owing with respect to the Obligations. If any conflict exists between the accounts and records maintained by any Lender and the accounts and records of Administrative Agent in respect of such matters, the accounts and records of Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender, Borrowers shall execute and deliver to such Lender a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto.

SECTION 2.07 INCREASED COSTS.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(ii) subject any Lending Party to any Taxes (other than (A) Indemnified Taxes or (B) Excluded Taxes) on any Credit Extension made by it, its Commitment or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender any other condition, cost or expense (other than Taxes) affecting this Agreement and the Loans made by such Lender; and the result of any of the foregoing shall be to increase the cost to such Lending Party of making, converting to, continuing or maintaining any Loan or to increase the cost to such Lending Party, or to reduce the amount of any sum received or receivable by such Lending Party hereunder (whether of principal, interest or any other amount), then, upon fifteen (15) days advanced written notice to Administrative Borrower from such Lending Party, Borrowers shall pay to such Lending Party such additional amount or amounts as will compensate such Lending Party for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Credit Extensions made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time Borrowers shall pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this **Section 2.07**, as well as the basis for determining such amount or amounts, and delivered to Administrative Borrower shall be conclusive absent manifest error. Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this **Section 2.07** shall not constitute a waiver of such Lender's

right to demand such compensation, *provided* that Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this **Section 2.07** for any reductions suffered more than nine (9) months prior to the date that such Lender notifies Administrative Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to in this subsection (d) shall be extended to include the period of retroactive effect thereof)

(e) Survival. All obligations of each Loan Party under this **Section 2.07** shall survive termination of the Commitments and the payment in full of all other Obligations.

SECTION 2.08 PAYMENTS FREE OF TAXES.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made free and clear of and without reduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Laws and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that, after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 2.08**), the applicable Lending Party receives an amount equal to the sum it would have received had no such deduction or withholding been made.

(b) Payment of Other Taxes by Borrowers. Each Loan Party shall timely pay to the relevant Governmental Authority in accordance with applicable Laws, or, at the option of Administrative Agent, timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by Borrowers. Each Loan Party shall indemnify each Agent, any other Lending Party or any other recipient of any payment to be made by or on account of any obligation of Borrowers or any Loan Party hereunder or under any Loan Document, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to the amounts payable under this **Section 2.08**) payable or paid by such Person or required to be withheld or deducted from a payment to such Person and any reasonable expenses arising therefrom or with respect thereto (including reasonable attorneys' and tax advisors' fees and expenses), whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to a Borrower by any such Person (with a copy to each Agent), or by any Agent on its own behalf or on behalf of such Person, shall be conclusive absent manifest error.

(d) Indemnification by Lenders. Each Lender hereby agrees to severally indemnify each Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that any Loan Party has not already indemnified such Agent for such Indemnified Taxes and without limiting the obligation of any Loan Party to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of **Section 10.06(d)** relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by an Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally

imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by an Agent shall be conclusive absent manifest error. Each Lender hereby authorizes each Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by any Agent to such Lender from any other source against any amount due to such Agent under this **Section 2.08(d)**.

(e) Evidence of Payments; Treatment of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority pursuant to this **Section 2.08**, such Loan Party shall deliver to each Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to each Agent. Unless otherwise expressly provided for herein, all payments made to any Lending Party for the benefit of Lenders (or any of them) on account of the Obligations (other than that portion of the Obligations consisting of the Outstanding Amount of all Credit Outstandings or any fees payable in connection with the retirement, prepayment or termination of all or a portion of the Obligations) shall be treated as interest for U.S. federal income tax purposes.

(f) Status of Lenders.

(i) Any Lender which is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to Administrative Agent, at the time or times reasonably requested by Administrative Agent, such properly completed and executed documentation reasonably requested by Administrative Agent as will permit such payments to be made without withholding Tax or at a reduced rate of withholding Tax. In addition, any Lender, if reasonably requested by Administrative Agent, shall deliver such other documentation prescribed by applicable Laws or reasonably requested by Administrative Agent as will enable Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 2.08(f)(ii)(A)**, **(ii)(B)** and **(ii)(D)**) shall not be required if, in such 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.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is not a Foreign Lender shall deliver to Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Administrative Agent), executed valid copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (I) with respect to

payments of interest under any Loan Document, executed valid copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (II) with respect to any other applicable payments under any Loan Document, executed valid copies of IRS Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed valid copies of IRS Form W-8ECI;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (I) a certificate substantially in the form of **Exhibit E-1** to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrowers within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (II) executed valid copies of IRS Form W-8BEN or W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed valid copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit E-2** or **Exhibit E-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that, if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit E-4** on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Administrative Agent), executed copies of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Laws to permit Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by Administrative Agent such documentation prescribed by applicable Laws (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Administrative Agent as may be necessary for Administrative Agent to comply with their obligations under

FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Administrative Agent in writing of its legal inability to do so.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.08** (including by the payment of additional amounts pursuant to this **Section 2.08**), it shall, subject to **Section 8.02**, pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this **Section 2.08** with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party incurred in obtaining such refund and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this subsection (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this subsection (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection (g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Survival. All obligations of each Loan Party under this **Section 2.08** shall survive the resignation or replacement of an Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments, and the payment in full of all other Obligations.

SECTION 2.09 SHARING OF PAYMENTS.

If any Lender shall, by exercising any right of setoff, recoupment or counterclaim or otherwise, obtain payment in respect of any Credit Outstandings or accrued and unpaid interest thereon resulting in such Lender receiving payment of a proportion of the Credit Outstandings or accrued and unpaid interest thereon greater than its Percentage Share (or other applicable share) thereof as provided herein, then such Lender receiving such greater proportion shall: (a) notify Administrative Agent of such fact; and (b) purchase (for cash at face value) participations in that portion of the Credit Outstandings or accrued and unpaid interest thereon held by the other Applicable Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with their respective Percentage Shares thereof; provided that: (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and (ii) the provisions of this **Section 2.09** shall not be construed to apply to: (A) any payment made by a Borrower pursuant to and in accordance with the express terms of this Agreement; or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any portion of the Credit

Outstandings held by it to any assignee or participant, other than to any Loan Party (as to which the provisions of this **Section 2.09** shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Laws, that any Lender acquiring a participation pursuant to the foregoing arrangements may, except to the extent otherwise specified in such Lender's participation agreement, exercise against such Loan Party rights of setoff, recoupment and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

SECTION 2.10 PAYMENTS GENERALLY.

(a) (a) condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by any Loan Party hereunder shall be made to Administrative Agent, for the account of Administrative Agent, the Lenders or such other parties to which such payment is owed, at Administrative Agent's Office in Dollars and in immediately available funds not later than 11:00 a.m. on the date specified herein. In the case of any payment for the account of the Lenders, Administrative Agent will promptly distribute to each Lender its applicable Percentage Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by Administrative Agent after 11:00 a.m. may, in Administrative Agent's discretion, be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by Borrowers shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) Settlement. It is agreed that each Lender's funded portion of the Revolver Loans is intended by the Lenders to equal, at all times, such Lender's Percentage Share of the outstanding Revolver Loans. Such agreement notwithstanding, Administrative Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrowers) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("**Settlement**") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent in its sole discretion (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the outstanding Revolver Overadvances and Protective Advances, and (3) with respect to any Loan Party's or any of their Subsidiaries' payments or other amounts received, as to each by notifying the Lenders by facsimile, telephone, or other similar form of transmission, of such requested Settlement, no later than 2:00 p.m. on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "**Settlement Date**"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including **Section 2.01(b)(viii)**): (y) if the amount of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) made by a Lender that is not a Defaulting Lender exceeds such Lender's Percentage Share of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) as of a Settlement Date, then Agent shall, by no later than 12:00 p.m. on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that

each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Percentage Share of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances), and (z) if the amount of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) made by a Lender is less than such Lender's Percentage Share of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) as of a Settlement Date, such Lender shall no later than 12:00 p.m. on the Settlement Date transfer in immediately available funds to Agent's Office, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Percentage Share of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances). Such amounts made available to Administrative Agent under clause (z) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans, Revolver Overadvances or Protective Advances and, together with the portion of such Swing Loans, Revolver Overadvances or Protective Advances representing Swing Lender's Percentage Share thereof, shall constitute Revolver Loans of such Lenders. If any such amount is not made available to Administrative Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Administrative Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender's balance of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) is less than, equal to, or greater than such Lender's Percentage Share of the Revolver Loans (including Swing Loans, Revolver Overadvances and Protective Advances) as of a Settlement Date, Administrative Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Administrative Agent with respect to principal, interest, fees payable by Borrowers and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Administrative Agent, to the extent Revolver Overadvances, Protective Advances or Swing Loans are outstanding, may pay over to Administrative Agent or Swing Lender, as applicable, any payments or other amounts received by Administrative Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolver Loans, for application to the Revolver Overadvances, Protective Advances or Swing Loans. Between Settlement Dates, Administrative Agent, to the extent no Revolver Overadvances, Protective Advances or Swing Loans are outstanding, may pay over to Swing Lender any payments or other amounts received by Administrative Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolver Loans, for application to Swing Lender's Percentage Share of the Revolver Loans. If, as of any Settlement Date, payments or other amounts of the Loan Parties or their Subsidiaries received since the then immediately preceding Settlement Date have been applied to Swing Lender's Percentage Share of the Revolver Loans other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Administrative Agent for the accounts of the Lenders, and Administrative Agent shall pay to the Lenders (other than a Defaulting Lender if Administrative Agent has implemented the provisions of **Section 2.01(b)(viii)**), to be applied to the outstanding Revolver Loans of such Lenders, an amount such that each such Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Percentage Share of the Revolver Loans. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Administrative Agent with respect to Revolver Overadvances and Protective Advances, and each Lender with respect to the Revolver Loans other than Swing Loans,

Revolver Overadvances and Protective Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Administrative Agent, or the Lenders, as applicable.

(iv) Anything in this **Section 2.10(b)** to the contrary notwithstanding, in the event that a Lender is a Defaulting Lender, Administrative Agent shall be entitled to refrain from remitting settlement amounts to the Defaulting Lender and, instead, shall be entitled to elect to implement the provisions set forth in **Section 2.01(b)(viii)**.

(c) Clawback Rights.

(i) Unless Administrative Agent shall have received notice from a Lender prior to the proposed date of the making of the Loans that such Lender will not make available to Administrative Agent such Lender's share thereof, Administrative Agent may assume that such Lender has made such share available on such date in accordance with **Section 2.01** and may, in reliance upon such assumption, make available to each Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Loans available to Administrative Agent, then the Applicable Lender, on the one hand, and each Borrower, on the other hand, each severally agrees to pay to Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from the date such amount is made available to such Borrower to the date of payment to Administrative Agent, at: (A) in the case of a payment to be made by such Lender, the Federal Funds Rate; and (B) in the case of a payment to be made by a Borrower, the interest rate applicable to the Loans. If Borrowers and such Lender shall pay such interest to Administrative Agent for the same or an overlapping period, Administrative Agent shall promptly remit to the applicable Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the Loans to Administrative Agent, then the amount so paid shall constitute such Lender's Loans included within all Loans. Any payment by a Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to Administrative Agent.

(ii) Unless Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due hereunder to Administrative Agent for the account of Lenders that such Borrower will not make such payment, Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to Lenders the amount due. In such event, if such Borrower has not in fact made such payment, then each Lender severally agrees to repay to Administrative Agent forthwith on demand the amount so distributed to such Lender in immediately available funds with interest thereon, for each day from the date such amount is distributed to it to the date of payment to Administrative Agent, at the Federal Funds Rate. A notice of Administrative Agent to any Lender or a Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(d) Failure to Satisfy Conditions Precedent. If any Lender makes available to Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this **Article II**, and such funds are not made available to Borrowers by Administrative Agent because the conditions to the applicable Credit Extension set forth in **Article IV** are not satisfied or waived in

accordance with the terms hereof, then Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(e) Obligations of Lenders Several. The obligations of Lenders hereunder to make Loans and to make payments under **Section 10.04(c)** are several and not joint. The failure of any Lender to make any Loans or to make any payment under **Section 10.04(c)** on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loans or to make its payments under **Section 10.04(c)**.

(f) Funding Sources. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

SECTION 2.11 MITIGATION OBLIGATIONS; REPLACEMENT OF LENDERS.

(a) Designation of a Different Lending Office. If any Lender requests compensation under **Section 2.07**, or requires the Borrowers to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to **Section 2.08**, then such Lender shall (at the request of the Borrowers) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to **Section 2.07** or **2.08**, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under **Section 2.07**, or if the Borrowers are required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to **Section 2.08** and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Non-Consenting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, **Section 10.06**), all of its interests, rights (other than its existing rights to payments pursuant to **Section 2.07** or **Section 2.08**) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrowers shall have paid to Administrative Agent the assignment fee (if any) specified in **Section 10.06**;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts), together with the Make-Whole Amount (if any) with respect thereto;

(iii) in the case of any such assignment resulting from a claim for compensation under **Section 2.07** or payments required to be made pursuant to **Section 2.08**, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

SECTION 2.12 NATURE AND EXTENT OF LIABILITY.

(a) Joint and Several Liability. Each Borrower agrees that it is jointly and severally liable for, and absolutely and unconditionally guarantees to the Secured Parties, all Obligations and all agreements under the Loan Documents. Each Borrower agrees that its guaranty obligations under the Loan Documents constitute a continuing guaranty of payment and not of collection, that such obligations shall not be discharged until the Maturity Date, and that such obligations are absolute and unconditional, irrespective of (i) the genuineness, validity, regularity, enforceability, subordination or any future modification of, or change in, any Obligations or Loan Document, or any other document, instrument or agreement to which any Loan Party or Subsidiary thereof is or may become a party or be bound; (ii) the absence of any action to enforce this Agreement (including this Section) or any other Loan Document, or any waiver, consent or indulgence of any kind by any Agent or any Lender with respect thereto; (iii) the existence, value or condition of, or failure to perfect a Lien or to preserve rights against, any security or guaranty for the Obligations or any action, or the absence of any action, by any Agent or any Lender in respect thereof (including the release of any security or guaranty); (iv) the insolvency of any Loan Party or Subsidiary thereof; (v) any election by any Agent or any Lender in proceeding under Bankruptcy Laws for the application of Section 1111(b)(2) of the Bankruptcy Code or similar provisions under other Bankruptcy Laws; (vi) any borrowing or grant of a Lien by any other Loan Party or Subsidiary thereof, as debtor-in- possession under Section 364 of the Bankruptcy Code or similar provisions under other Bankruptcy Laws, or otherwise; (vii) the disallowance of any claims of any Agent or any Lender against any Loan Party or Subsidiary thereof for the repayment of any Obligations under Section 502 of the Bankruptcy Code, or similar provision under other Bankruptcy Laws, or otherwise; or (viii) any other action or circumstances that might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, except Payment in Full on the Maturity Date.

(b) Waivers.

(i) Each Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel any Agent or Lenders to marshal assets or to proceed against any Loan Party, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. Each Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than Payment in Full. It is agreed among each Loan Party and the Secured Parties that the provisions of this **Section 2.12** are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, the Secured Parties would decline to make Loans.

Each Borrower acknowledges that its guaranty pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(ii) The Secured Parties may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral by judicial foreclosure or non-judicial sale or enforcement, without affecting any rights and remedies under this **Section 2.12**. If, in taking any action in connection with the exercise of any rights or remedies, an Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Loan Party or other Person, whether because of any applicable Laws pertaining to "election of remedies" or otherwise, each Borrower consents to such action and waives any claim of forfeiture of such rights or remedies based upon it, even if the action may result in loss of any rights of subrogation that such Borrower might otherwise have had. Any election of remedies that results in denial or impairment of the right of an Agent or any Lender to seek a deficiency judgment against any Loan Party shall not impair any Borrower's obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Borrower's rights of subrogation against any other Person. Each Agent may bid all or a portion of the Obligations at any foreclosure or trustee's sale or at any private sale, and the amount of such bid need not be paid by the Agent but shall be credited against the Obligations. The amount of the successful bid at any such sale, whether an Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 2.12**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which any Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

(c) Extent of Liability; Contribution.

(i) Notwithstanding anything herein to the contrary, each Borrower's liability under this **Section 2.12** shall be limited to the greater of (i) all amounts for which such Borrower is primarily liable, as described below, and (ii) such Borrower's Allocable Amount.

(ii) If any Borrower makes a payment under this **Section 2.12** of any Obligations (other than amounts for which such Borrower is primarily liable) (a "**Guarantor Payment**") that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower's Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "**Allocable Amount**" for any Borrower shall be the maximum amount that could then be recovered from such Borrower under this **Section 2.12** without rendering such payment voidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(d) Direct Liability. Nothing contained in this **Section 2.12** shall limit the liability of any Borrower to pay Loans made directly or indirectly to that Borrower (including Loans advanced to any other Borrower and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder.

(e) Joint Enterprise. Each Loan Party has requested that the Secured Parties make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. The Loan Parties' business is a mutual and collective enterprise, and the successful operation of each Loan Party is dependent upon the successful performance of the integrated group. The Loan Parties believe that consolidation of their credit facility will enhance the borrowing power of each Loan Party and ease administration of the Facility, all to their mutual advantage. The Loan Parties acknowledge that the Secured Parties' willingness to extend credit and to administer the Collateral on a combined basis hereunder is done solely as an accommodation to Loan Parties and at Loan Parties' request.

(f) Subordination. Each Loan Party hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, that it may have at any time against any other Loan Party, howsoever arising, to the Payment in Full on the Maturity Date.

(g) Administrative Borrower. Each Borrower hereby irrevocably appoints Alliance as the borrowing agent and attorney-in-fact for all Loan Parties (the "**Administrative Borrower**"), which appointment shall remain in full force and effect unless and until Administrative Agent shall have received prior written notice signed by each Borrower that such appointment has been revoked and that another Borrower has been appointed Administrative Borrower. Each Loan Party hereby irrevocably appoints and authorizes the Administrative Borrower (a) to provide Administrative Agent with all notices with respect to Revolver Loans and Letters of Credit for the benefit of any Loan Party and all other notices and instructions under this Agreement and the other Loan Documents (and any notice or instruction provided by the Administrative Borrower shall be deemed to be given by the Loan Parties hereunder and shall bind each Loan Party), (b) to receive notices and instructions from the Lending Parties (and any notice or instruction provided by any Lending Party to the Administrative Borrower in accordance with the terms hereof shall be deemed to have been given to each Loan Party), (c) entering into any amendment or waiver of any provision of this Agreement or any other Loan Document or any consent to any departure by such Loan Party therefrom, on each Loan Party's behalf, and (d) to take such action as the Administrative Borrower deems appropriate on its behalf to obtain Loans and Letters of Credit and to exercise such other powers as are reasonably incidental thereto to carry out the purposes of this Agreement. It is understood that the handling of the Loans, Letters of Credit and the Collateral and the administration of the Loan Documents in a combined fashion, as more fully set forth herein, is done solely as an accommodation to the Loan Parties in order to utilize the collective borrowing powers of Borrowers in the most efficient and economical manner and at their request, and that the Agents shall not incur liability to any Loan Party as a result hereof. Each Loan Party expects to derive benefit, directly or indirectly, from the handling of the Loans, Letters of Credit and the Collateral in a combined fashion since the successful operation of each Loan Party is dependent on the continued successful performance of the integrated group. To induce each Agent and the other Lending Parties to do so, and in consideration thereof, each Loan Party hereby jointly and severally agrees to indemnify each Agent and each other Lending Party and hold them harmless against any and all liability, expense, loss or claim of damage or injury, made against an Agent by any Loan Party or by any third party whosoever, arising from or incurred by reason of (i) the handling of the Loans, Letters of Credit and the Collateral and the

administration of the Loan Documents of the Loan Parties as herein provided or (ii) the Agents and the Lenders relying on any instructions of the Administrative Borrower.

ARTICLE III
THE COLLATERAL

SECTION 3.01 GRANT OF SECURITY INTEREST.

Each Loan Party hereby grants, pledges and assigns a security interest in the Collateral to Collateral Agent, on behalf of itself and each other Lending Party, to secure the prompt payment in full and performance when due of all of the Obligations. Each Loan Party represents, warrants and covenants to the Lending Parties that: (a) the security interest granted by it herein is and shall at all times continue to be a perfected, first-priority (except to the extent otherwise expressly provided in any Loan Document or expressly agreed to in writing by Collateral Agent) security interest in the Collateral (subject only to Permitted Liens which are non-consensual Permitted Liens, permitted purchase money Liens, or the interests of lessors under capital leases); (b) it has rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien pursuant to the Loan Documents, free and clear of any and all Liens or claims of others, other than Permitted Liens; and (c) no effective security agreement, financing statement (as that term is defined in the UCC), or other security or Lien Instrument covering all or any part of the Collateral is or will be on file or of record in any public office, except those relating to Permitted Liens and to the extent permitted under the definition thereof. If any Loan Party shall acquire a commercial tort claim (as that term is defined in the UCC), such Loan Party shall promptly notify Collateral Agent in a writing signed by such Loan Party of the details thereof and grant to Collateral Agent, on behalf of itself and the other Lending Parties, a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Collateral Agent. If this Agreement is terminated, Collateral Agent's Lien in the Collateral shall continue until all Obligations are Repaid in Full (other than Unasserted Obligations). At such time as the Obligations have been Paid in Full and the Lending Parties shall have received a release of all Claims from the Loan Parties, Collateral Agent shall, at Borrowers' sole cost and expense, release its Liens on the Collateral, which is the subject of all Collateral Documents.

SECTION 3.02 AGENTS' RIGHTS REGARDING THE COLLATERAL.

(a) In Collateral Agent's Permitted Discretion, Collateral Agent may, at any time in Collateral Agent's own name or on behalf of any Loan Party, communicate with Account Debtors and obligors in respect of Accounts to verify to Collateral Agent's satisfaction, the existence, amount and terms of, and any other matter relating to Accounts. If an Event of Default then exists and is continuing, in Collateral Agent's Permitted Discretion, Collateral Agent may, (i) at any time in Collateral Agent's own name or on behalf of any Loan Party, communicate with Account Debtors and obligors in respect of Instruments, Chattel Paper or other Collateral to verify to Collateral Agent's satisfaction, the existence, amount and terms of, and any other matter relating to, Instruments, Chattel Paper or other Collateral, and (ii) without prior notice to any Loan Party, notify Account Debtors or other Persons obligated on any Collateral that Collateral Agent has a security interest therein and that payments shall be made directly to Administrative Agent. During a continuing Event of Default, upon the request of Collateral Agent, each Loan Party shall so notify such Account Debtors and other Persons. Each Loan Party hereby appoints Collateral Agent or Collateral Agent's designee as such Person's attorney at any time after an Event of Default exists and is continuing, with power to endorse such Person's name upon any notes, acceptance drafts, money orders or other evidences of payment of Collateral.

(b) Each Loan Party shall promptly report to Administrative Agent all customer credits and all returns, repossessions and recoveries of Inventory, providing Administrative Agent with a description of such Inventory, in each case, solely to the extent that, for any month, such month's returns and return reserves exceed 10% of such month's gross sales. No Loan Party shall, without Administrative Agent's prior written consent, settle or adjust any dispute or claim, or grant any discount (except ordinary trade discounts), credit or allowance or accept any return of merchandise, except in the ordinary course of its business.

(c) Each Loan Party shall remain liable under any evidence of Collateral to observe and perform all the conditions and obligations to be observed and performed by it thereunder, and neither Agent nor any Lender shall have any obligation or liability whatsoever to any Person under any such Collateral by reason of or arising out of the execution, delivery or performance of this Agreement or the other Loan Documents, and neither Agent nor any Lender shall be required or obligated in any manner (i) to perform or fulfill any of the obligations of any Loan Party that is a party thereto, (ii) to make any payment or inquiry thereunder, or (iii) to take any action of any kind to collect, compromise or enforce any performance or the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times under or pursuant to any Collateral.

(d) In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, and if and to the extent that perfection or priority of Collateral Agent's security interest is dependent on or enhanced by possession, the Loan Party that is the holder and payee of such Negotiable Collateral, at any time after an Event of Default exists and is continuing, immediately upon the request of Collateral Agent, shall endorse and deliver physical possession of such Negotiable Collateral and all agreements and documents related thereto, to Collateral Agent or to a custodian to hold on behalf of Collateral Agent. All Negotiable Collateral shall be delivered to Collateral Agent or a custodian for the benefit of Collateral Agent, duly endorsed by the payee thereof to the order of Collateral Agent.

(e) Subject to the limitations in this **Section 3.02(e)** and elsewhere in this Agreement, any Agent (through any of its officers, employees, or agents) shall have the right, from time to time hereafter (i) to inspect and examine the Books and Records and the Collateral, (ii) to communicate directly with any and all Account Debtors to verify the existence and terms of Collateral, and (iii) to check, test, and appraise the Collateral, or any portion thereof, in order to verify Borrowers' financial condition or the amount, quality, value, condition of, or any other matter relating to, the Collateral, and each Borrower shall permit any designated representative of any Agent to visit and inspect any of the properties of any Borrower to inspect and to discuss its finances and properties and Collateral, during normal business hours. Without limiting the provisions of **Section 6.10**, each Loan Party shall, with respect to any Collateral owned, leased or otherwise controlled by it, upon prior appointment during normal business hours:

(i) provide access to such Collateral to each Agent and its respective officers, employees and agents, as frequently as is commercially reasonable or, at any time an Event of Default exists, as frequently as such Agent determines to be appropriate;

(ii) permit each Agent or any of its respective officers, employees and agents to inspect, audit and make extracts and copies (or take originals if reasonably necessary) from all of such Loan Party's Books and Records;

(iii) permit each Agent to inspect, review, evaluate and make physical verifications

and appraisals of the Inventory and other Collateral in any manner and through any means that such Agent considers reasonably advisable, and such Loan Party agrees to render to such Agent, at Borrowers' sole cost and expense, such clerical and other assistance as may be reasonably requested with regard thereto; and

(iv) facilitate such testing of Accounts and verification of invoices by each Agent to such extent and in such form as such Agent may require; provided that, if a Default shall have occurred and be continuing, the rights in this clause (d) shall extend to each Lending Party and each Agent shall have such access at any and all times.

(f) At any time that an Event of Default exists under **Section 8.01(a)**, **8.01(b)**, **8.01(f)** or **8.01(g)**, Borrowers, at their sole cost and expense, shall cause the certified public accountant(s) then engaged by Borrowers to prepare and deliver to each Agent at any time and from time to time, promptly upon any Agent's request therefor, the following reports: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances with respect to all Accounts; and (iv) test verifications of such Accounts as such Agent may request. Borrowers, at their sole cost and expense, shall also cause such certified independent public accountants to deliver to each Agent the results of any physical verifications of all or any portion of the Inventory made or observed by such accountants when and if such verification is conducted. Each Agent shall be permitted to observe and consult with such accountants in the performance of these tasks.

(g) At any time that an Event of Default exists, in addition to exercising its available default rights and remedies under **Sections 8.02(a)(iv)**, **(vi)** and **(ix)** with respect to the Inventory of the Loan Parties, Collateral Agent may exercise all of its available default rights and remedies with respect to such Inventory under the Collateral Access Agreements and any other Collateral Document or Loan Document.

(h) Beyond the exercise of reasonable care to assure the safe custody of Collateral in Collateral Agent's possession and the accounting for moneys actually received by Administrative Agent or any Lender hereunder, neither Agent nor any Lender shall have any duty or liability to exercise or preserve any rights, privileges or powers pertaining to the Collateral.

SECTION 3.03 GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY COLLATERAL; ADDITIONAL INTELLECTUAL PROPERTY.

Each Loan Party hereby grants to Collateral Agent an irrevocable, non-exclusive license, exercisable upon the occurrence and during the continuance of an Event of Default without payment of royalty or other compensation to such Loan Party, to use, transfer, license or sublicense any Intellectual Property now owned, licensed to, or hereafter acquired by such Loan Party, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, and represents, promises and agrees that any such license or sublicense is not and will not be in conflict with the contractual or commercial rights of any third Person or applicable Laws; provided that such license will terminate on the date on which all Obligations are Paid in Full; provided further that, upon the request of Collateral Agent, the applicable Loan Party will use reasonable commercial efforts to obtain from any third- party a security interest in any license of Intellectual Property granted by such third-party to such Loan Party. In addition, on a commercially reasonable periodic basis as Collateral Agent shall require, Administrative Borrower shall (i) provide Collateral Agent with a report of all new patentable, copyrightable, or trademarkable materials acquired or generated by any Loan Party during the

prior period, (ii) cause all Intellectual Property acquired or generated by any Loan Party that is not already the subject of a registration with the appropriate filing office (or an application therefor diligently prosecuted) to be registered with such appropriate filing office in a manner sufficient to impart constructive notice of such Loan Party's ownership thereof, and (iii) cause to be prepared, executed, and delivered to Collateral Agent supplemental schedules to the applicable Collateral Documents to identify such Intellectual Property as being subject to the security interests created thereunder; provided that neither any Borrower nor any of their Subsidiaries shall register with the U.S. Copyright Office any unregistered Copyrights (whether in existence on the Closing Date or thereafter acquired, arising, or developed) unless (A) such Loan Party provides Collateral Agent with written notice of its intent to register such Copyrights not less than thirty (30) days prior to the date of the proposed registration, and (B) prior to such registration, the applicable Person executes and delivers to Collateral Agent a copyright security agreement in form and substance satisfactory to Collateral Agent, supplemental schedules to any existing copyright security agreement or such other documentation as Collateral Agent reasonably deems necessary in order to perfect and continue perfected Collateral Agent's Liens on such Copyrights following such registration.

SECTION 3.04 AUTHORIZATION TO FILE FINANCING STATEMENTS.

Each Loan Party hereby authorizes Collateral Agent to file, without notice to any Loan Party, financing statements under the UCC with all appropriate jurisdictions to perfect, maintain, preserve or protect Collateral Agent's and the Lending Parties' interest or rights hereunder or any Collateral Document in the Collateral the subject hereof or thereof, including a notice that any disposition of all or any such collateral that is not otherwise permitted hereunder, whether by any Loan Party or any other Person, shall be deemed to violate the rights of Agents and Lenders hereunder and under applicable Laws. Without limiting the generality of the foregoing, each Loan Party hereby: (a) authorizes Collateral Agent to file, without notice to any such Loan Party, financing statements under the UCC with all appropriate jurisdictions listing all assets or all personal property of such Loan Party as the collateral covered by such financing statements; and (b) ratifies and approves the filing of any financing statements by or on behalf of Collateral Agent or any Lending Party (or any such Person's predecessor(s)-in-interest) prior to the Closing Date against such Loan Party and listing the Collateral or all assets or all personal property of such Loan Party as the collateral covered by such financing statements.

ARTICLE IV
CONDITIONS TO EFFECTIVENESS

SECTION 4.01 CONDITIONS PRECEDENT TO INITIAL LOAN.

This Agreement shall become binding on the parties hereto upon, and the obligation of each Lender to make the Loans, of Administrative Agent to issue any Support Agreements on the Closing Date and of any LC Issuer to issue any Lender Letter of Credit hereunder is subject to, the satisfaction of the following conditions precedent (provided, that, all Loan Documents and other documents to be delivered to Administrative Agent or any other Lending Party pursuant to this **Section 4.01** shall be subject to prior reasonable approval as to form and substance by Lenders, with delivery by a Lender of its signature page to this Agreement evidencing such Person's acknowledgement that the conditions set forth in this **Section 4.01** have been satisfied, unless otherwise set forth below or waived in writing):

(a) Receipt of Certain Documents and Assurances. Administrative Agent shall have received satisfactory evidence or assurances with respect to, and had delivered to it, all of the following, each of

which shall be, unless otherwise specified herein or otherwise required by Lenders, originals (or facsimiles or portable document format versions thereof (in either such case, if requested by any Lender, promptly followed by originals thereof)), each, to the extent to be executed by Loan Parties, properly executed by a Responsible Officer or, if applicable, an Authorized Financial Officer, of Parent and each other Loan Party, each dated the Closing Date (or, in the case of (x) certificates of governmental officials or (y) resolutions or consents of Parent and each other Loan Party authorizing action to enter into, or performance under, the Loan Documents, a recent date prior to the Closing Date), all in sufficient number as Administrative Agent shall separately identify (including, if specified by Administrative Agent, for purposes of the distribution thereof to the Lending Parties and each Borrower):

(i) counterparts of each of the following agreements, in each case duly executed and delivered by each of the parties thereto, and in a form reasonably acceptable to Administrative Agent: (A) this Agreement; (B) the Intercompany Subordination Agreement; (C) the Ogilvie Subordination Agreement; (D) the Fifth Third Subordination Agreement; (E) subject to **Section 6.19**, each Vendor Intercreditor Agreement; (F) each Wells Fargo RPA Intercreditor Agreement; (G) a Borrowing Request attaching the funds flow; (H) the Letter of Direction; (I) the Fee Letter; (J) the Payoff Documents; (K) each Control Agreement; (L) each Guaranty; and (M) each other agreement, document or certificate listed in the closing checklist submitted to Borrowers;

(ii) if requested by any Lender, a Note duly executed by each Borrower in favor of such Lender evidencing any Loans made by such Lender to each Borrower;

(iii) counterparts of each of the other Loan Documents (including all applicable Collateral Documents), duly executed by each of the parties thereto, and, as requested by Administrative Agent:

(A) any certificated securities representing shares of Equity Interests owned by or on behalf of any Loan Party constituting Collateral as of the Closing Date, together with undated stock powers (or their equivalent) with respect thereto executed in blank;

(B) any promissory notes and other instruments evidencing all loans, advances and other debt owed or owing to any Loan Party constituting Collateral as of the Closing Date, together with undated instruments of transfer with respect thereto executed in blank;

(C) all other documents, including UCC financing statements, required under the terms of the Collateral Documents to be filed, registered or recorded to create or perfect the Liens intended to be created under the Collateral Documents existing on the Closing Date; and

(D) a Perfection Certificate with respect to each Loan Party, dated the Closing Date and duly executed by a Responsible Officer of the applicable Loan Party, together with results of a search of the UCC (or equivalent) filings made and tax and judgment lien searches with respect to each Loan Party in the jurisdictions required by Lenders and copies of the financing statements (or similar documents) disclosed by such searches and evidence reasonably satisfactory to Administrative Agent that the Liens indicated by such financing statements (or similar documents) are permitted by **Section 7.01** or have been otherwise appropriately released or terminated on (concurrently with

the transactions contemplated hereby) or prior to the Closing Date;

(iv) a secretary's certificate from each Loan Party, (A) attaching a true and correct copy of the Organizational Documents of each Loan Party, as amended, modified or supplemented as of the Closing Date, which such Organizational Documents shall be (1) certified by a Responsible Officer of each Loan Party and (2) with respect to Organizational Documents that are charter documents, certified as of a recent date by the appropriate governmental official; (B) certifying to and attaching resolutions, in form and substance reasonably acceptable to Administrative Agent, approving the execution, delivery and performance of the Loan Documents by each Loan Party; (C) attesting to the incumbency and signatures of each Responsible Officer of each Loan Party and (D) attaching a good standing certificate of a recent date from the applicable Loan Party's jurisdiction of organization and any other jurisdiction in which the failure to be so qualified could reasonably be expected to have a Material Adverse Effect, evidencing that it is duly organized or formed, and that each Loan Party are validly existing, in good standing or words of like import, as applicable, in each such jurisdiction;

(v) a favorable opinion or opinions of counsel to each Loan Party, reasonably acceptable to Administrative Agent, addressed to each Agent and each Lending Party, as to such matters as are reasonably required by Administrative Agent with respect to each Loan Party, the Collateral and the Loan Documents;

(vi) evidence, in form and substance satisfactory to Administrative Agent, that each such Borrower has delivered true, correct and complete copies of the Material Contracts to Administrative Agent;

(vii) a certificate signed by a Responsible Officer of each Borrower certifying as to the matters described in **Sections 4.01(c)** and **4.01(d)**;

(viii) a certificate signed by an Authorized Financial Officer of Parent, certifying that Parent and its Subsidiaries, taken as a whole, are Solvent, after giving effect to the transactions contemplated hereby on the Closing Date;

(ix) (A) evidence, in form and substance satisfactory to Administrative Agent, that each Loan Party will maintain as of the Closing Date in full force and effect the insurance policies required by **Section 6.07**, and (B) draft insurance certificates to be issued by each Loan Party's insurance broker containing such information regarding such policies as Administrative Agent shall request, naming Collateral Agent as an additional insured, lenders loss payee and/or mortgagee, as applicable;

(x) (A) copies of the financial statements referred to in **Section 5.11**, and (B) projections prepared by the management of Parent, in form reasonably satisfactory to Administrative Agent, of consolidated and consolidating balance sheets and statements of income or operations, statements of cash flows, together with Revolver Borrowing Base and Excess Revolver Availability projections and projected financial covenant calculations for Parent and its Subsidiaries for the remainder of the current Fiscal Year and the upcoming Fiscal Year, prepared on a monthly basis, in each case, the results of which shall be satisfactory to Administrative Agent or any third-party consultant selected by Administrative Agent to review such financial statements and projections;

(xi) a three-statement management forecast covering the tenor of this Agreement which shall include, without limitation, a forecast of sales, gross margin and Consolidated EBITDA improvements, working capital levels and cash requirements, in each case in form and substance satisfactory to Administrative Agent;

(xii) evidence, in form and substance satisfactory to Administrative Agent, that Parent and its Subsidiaries had Consolidated EBITDA of at least $7,500,000 for the Fiscal Month ending November 30, 2023;

(xiii) a true, correct and complete copy of the Ogilvie Subordinated Note, reflecting (i) a maturity date not less than 180 days following the Maturity Date and (ii) payments (or, in the case of principal, prepayments) of principal and interest due and payable thereunder, in each case, subject to the terms and conditions set forth in this Agreement and in the Ogilvie Subordination Agreement, and otherwise in form and substance satisfactory to Administrative Agent;

(xiv) evidence that (A) all commitments under any secured facilities, if any, not otherwise permitted under **Section 7.03** have been or will be terminated not later than the Closing Date, and all outstanding amounts thereunder paid in full, (B) all Liens securing obligations under any secured facilities not otherwise permitted under **Section 7.03** have been or will be released and terminated not later than the Closing Date and (C) those certain supply chain financing arrangements (and related receivables purchase agreements) by and among any Loan Party and Bank of America, N.A. (or any Affiliate thereof) have been or will be terminated not later than the Closing Date, and all outstanding amounts thereunder paid in full and all Liens securing obligations thereunder released and terminated, in each case, not later than the Closing Date; and

(xv) such other assurances, certificates, documents, consents, reports or opinions as Administrative Agent or any other Lending Party may reasonably require.

(b) KYC Requirements. (i) All documentation and other information required by regulatory authorities under "know your customer" and all Anti-Terrorism Laws, Anti-Money Laundering Laws and all "know your customer" Laws shall have been supplied to Agents and Lenders, including, but not limited to, the Patriot Act and W-9s with respect to each Borrower and each other Person who will be a recipient of a wire sent by Administrative Agent or a Lender on the Closing Date, and all such documentation and other information shall be satisfactory to Administrative Agent, and (ii) each Agent shall have completed customary individual background checks for each Loan Party's senior management and key principals, the results of which shall be satisfactory to each Agent.

(c) No Material Adverse Change. There shall have been no material adverse change in the business, financial condition, revenues, sales volume, assets, liabilities or operations of Parent, any Loan Party, or with respect to the Collateral since June 30, 2023.

(d) Truth and Correctness of Representations and Warranties; No Default. The representations and warranties of Parent and each other Loan Party contained in this Agreement or any other Loan Document, or that are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the Closing Date, except to the

extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date. No Default or Event of Default shall exist or shall result, or could reasonably be expected to result, from the use of proceeds of the Loans on the Closing Date.

(e) Payment of Fees. Borrowers shall have paid (or concurrently with the funding of the Loans hereunder, will pay) (i) all fees required to be paid to Agents and Lenders on or before the Closing Date and (ii) unless any Lending Party shall have agreed in writing to any delay in such payment, all reasonable and documented out-of-pocket fees, charges and disbursements of counsel to Agents to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute such Person's reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude subsequent billing by such Lending Party or White Oak).

(f) Excess Revolver Availability. The Loan Parties shall have Excess Revolver Availability of not less than $10,000,000 on the Closing Date.

(g) Borrowing Base Report. Administrative Agent shall have received a Borrowing Base Report as of a date not more than seven (7) days prior to the Closing Date.

(h) Appraisals. The Agents shall have completed field examinations and appraisals of the Collateral and all books and records in connection therewith, the results of which shall be satisfactory in form and substance to Agents in their Permitted Discretion (including, without limitation, appraisals of Borrowers' Inventory).

(i) Due Diligence Review; Investment Committee Approval. Agents and their counsel shall have completed all required legal and financial diligence review with results satisfactory to Agents and their counsel, including, without limitation, (i) diligence telephone calls with Parent's auditor and at least one vendor and one customer of Borrowers, (ii) satisfactory receipt and review of Loan Parties' Material Contracts, (iii) an updated field examination, and (iv) approval from each Lender's respective investment committee to consummate the transactions contemplated by the Loan Documents.

(j) Litigation. There shall be no pending or, to the knowledge of the Loan Parties after due inquiry, threatened litigation, proceeding, inquiry or other action (i) seeking an injunction or other restraining order, damages or other relief with respect to the transactions contemplated by this Agreement or the other Loan Documents or (ii) which affects or could affect the business, prospects, operations, assets, liabilities or condition (financial or otherwise) of any Loan Party, except, in the case of clause (ii), where such litigation, proceeding, inquiry or other action could not reasonably be expected to have a Material Adverse Effect.

(k) Other Matters. Each Agent shall have received, in form and substance reasonably satisfactory to it, such other assurances, documents or consents related to the foregoing as each Agent or Required Lenders may reasonably require.

For purposes of determining compliance with the conditions specified in this **Section 4.01** (but without limiting the generality of the provisions of **Section 9.04**), each Lending Party that has signed this Agreement shall be deemed to have consented to, approved or accepted or become satisfied with,

each document or other matter required hereunder to be consented to or approved by or to be acceptable or satisfactory to a Lending Party unless otherwise waived in writing.

SECTION 4.02 CONDITIONS PRECEDENT TO ALL CREDIT EXTENSIONS.

The Lending Parties shall in no event be required to make any credit extension hereunder (including funding any Loan, issuing any Support Agreement or Lender Letter of Credit or granting any other accommodation to or for the benefit of Borrowers), unless all of the following conditions shall be satisfied on such date and upon giving effect thereto:

(a) Borrowing Request. Administrative Agent shall have received a Borrowing Request in form and substance reasonably satisfactory to it.

(b) No Material Adverse Change. The Lending Parties, in their sole and absolute discretion, shall be satisfied that there has been no material adverse change in the business or financial condition, revenues, sales volume, assets, liabilities or operations of the Loan Parties.

(c) Truth and Correctness of Representations and Warranties; No Default. The representations and warranties of each Loan Party contained in this Agreement or any other Loan Document, or that are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the applicable funding date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof). No Default or Event of Default shall exist or shall result from the funding of the Loans on the applicable funding date.

(d) Borrowing Base Report. With respect to any credit extension, Administrative Agent shall have received a Borrowing Base Report, together with all supporting documentation requested by Administrative Agent (including details on contra accounts).

Each request (or deemed request) by a Borrower for any credit extension shall constitute a representation by such Borrower that the foregoing conditions are satisfied on the date of such request and on the date of the credit extension. As an additional condition to a credit extension, each Agent may request any other information, certification, document, instrument or agreement as it deems appropriate.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

Each Loan Party represents and warrants to each Lending Party that:

SECTION 5.01 CORPORATE EXISTENCE AND POWER.

Each of the Loan Parties and their respective Subsidiaries: (a) is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, organization or formation (subject to such changes after the Closing Date as are permitted under the Loan Documents); (b) has the corporate, partnership or limited liability

company power and authority and all governmental licenses, authorizations, consents and approvals: (i) to own its assets and carry on its business, except to the extent that any failure to have any of the foregoing could not reasonably be expected to have a Material Adverse Effect; and (ii) to execute, deliver, and perform its obligations under the Loan Documents to which each is a party; and (c) is duly qualified as a foreign corporation, partnership or limited liability company, as applicable, and is licensed and in good standing under the laws of each jurisdiction where its ownership, leasing or operation of property or the conduct of its business requires such qualification or license, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.02 CORPORATE AUTHORIZATION; NO CONTRAVENTION.

The execution and delivery by each of the Loan Parties and their respective Subsidiaries (to the extent such Subsidiary is party hereto or to any other Loan Document) of, and the performance by each of the Loan Parties and their respective Subsidiaries of its obligations under, each Loan Document to which such Person is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not: (a) contravene the terms of any of such Person's Organizational Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under: (i) any Material Contract to which such Person is a party or affecting such Person or the properties of such Person or any Subsidiary thereof or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law. Each of the Loan Parties and their respective Subsidiaries are in compliance with all Material Contracts, except to the extent that any failure to be in compliance could not reasonably be expected to have a Material Adverse Effect. No Loan Party or any Subsidiary thereof is a party to or is bound by any Contractual Obligation, or is subject to any restriction in any Organizational Document, or any requirement of Laws, which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.03 GOVERNMENTAL AUTHORIZATION; COMPLIANCE WITH LAWS.

(a) Governmental Authorizations. No approval, consent, exemption, authorization, order, or other action by, or notice to, or filing, registration, or qualification with, any Governmental Authority is necessary or required in connection with the execution and delivery by any Loan Party of, or the performance by any Loan Party of its obligations under, any Loan Document to which it is a party, or the other transactions contemplated by this Agreement and the other Loan Documents, other than (i) such as have been obtained or made and are in full force and effect or (ii) filings necessary to perfect Liens created by the Loan Documents.

(b) Compliance with Laws. Each Loan Party and each Subsidiary thereof are in compliance in all respects with the requirements of all Laws (including the Patriot Act) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(c) Certain Actions. No Loan Party is engaged in or has engaged in any course of conduct that could subject any of their respective properties to any Lien, seizure or other forfeiture under any racketeer influenced and corrupt organizations law, whether civil or criminal, or other similar Laws.

SECTION 5.04 BINDING EFFECT.

This Agreement has been, and each other Loan Document (when delivered hereunder) will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement and each other Loan Document to which any Loan Party is a party constitute the legal, valid and binding obligations of such Loan Party, enforceable against such Loan Party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, moratorium, or other Laws of general application affecting enforcements of creditors' rights or general principles of equity.

SECTION 5.05 LITIGATION.

Except as specifically disclosed on **Schedule 5.05**, there are no actions, suits, investigations, proceedings, claims or disputes pending, or to the knowledge of each Loan Party, threatened in writing or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Loan Party or any Subsidiary thereof that: (a) purport to affect or pertain to any Loan Document, or any of the transactions contemplated thereby; or (b) could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for therein not be consummated as therein provided.

SECTION 5.06 NO DEFAULTS.

No Default or Event of Default exists or could reasonably be expected to result from the incurring of any Obligations by any Loan Party or from the grant and perfection of the Liens upon the Collateral in favor of Collateral Agent. No Loan Party is in default under or with respect to any Material Contract in any respect that, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under **Section 8.01(q)**.

SECTION 5.07 ERISA COMPLIANCE.

(a) Unless it could not reasonably be expected, individually or in the aggregate, to result in liabilities in excess of the Threshold Amount or otherwise have a Material Adverse Effect or a Lien under the Code or ERISA on the assets of any Loan Party: (i) each Plan is in compliance in all material respects with, and has been operated in accordance with, in all material respects, the applicable provisions of ERISA, the Code and other applicable Laws; (ii) each Plan which is intended to qualify under Section 401(a) of the Code either (A) has obtained from the IRS a favorable determination letter from the IRS as to its qualified status under the Code, or the expiration of the requisite period under applicable regulations promulgated by the IRS under the Code or IRS pronouncements in which to apply for such determination letter and to make any amendments necessary to obtain a favorable determination has not occurred, or (B) has been established under a prototype plan for which an IRS opinion letter has been obtained by the plan sponsor and is valid as to the adopting employer, and nothing has occurred that would cause the loss of such qualification; and (iii) no Loan Party has any liability for a fine, penalty, Tax, or damage with respect to, or arising from the operation of, a Plan or Multiemployer Plan.

(b) Unless it could not reasonably be expected, individually or in the aggregate, to result in liabilities in excess of the Threshold Amount or otherwise have a Material Adverse Effect: (i) there are no pending or, to the knowledge of any Loan Party, claims threatened in writing, actions or lawsuits, or

action by any Governmental Authority, with respect to any Plan and (ii) there has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan.

(c) Unless it could not reasonably be expected, individually or in the aggregate, to result in liabilities in excess of the Threshold Amount or otherwise have a Material Adverse Effect or result in the creation of a Lien under the Code or ERISA on the assets of any Loan Party, (i) no ERISA Event has occurred or is reasonably expected to occur, (ii) no Pension Plan has any Unfunded Pension Liability, and (iii) the potential liability of any Loan Party of any ERISA Affiliate for a complete withdrawal from a Multiemployer Plan (within the meaning of Sections 4203 or 4205 of ERISA), when aggregated with such potential liability for a complete withdrawal from all Multiemployer Plans, is zero. No event or circumstance has occurred or exists that, if such event or circumstance had occurred or arisen after the Closing Date, would create an Event of Default under **Section 8.01(i)**.

SECTION 5.08 USE OF PROCEEDS.

Each Borrower shall use the proceeds of the Loans solely in accordance with **Schedule 5.08**.

SECTION 5.09 TITLE TO ASSETS.

(a) Each Loan Party and each Subsidiary thereof has (a) good, valid, record and marketable title in fee simple to, or valid leasehold interests in, or valid rights to use (including easements) all Real Property material to the ordinary conduct of their respective businesses or reflected on the most recent financial statements delivered pursuant thereto, and (b) good and marketable title to all of their respective personal property reflected on the most recent financial statements delivered pursuant hereto, in each of the foregoing cases free and clear of all Liens other than Permitted Liens.

(b) **Schedule 5.09(b)** sets forth the address (including street address, county and state) of all Real Property that is owned in fee by any Loan Parties or any of its Subsidiaries as of the Closing Date and identifies the owner thereof. Each Loan Party and each of its Subsidiaries has good, marketable and insurable fee simple title to the Real Property owned by such Loan Party or such Subsidiary, free and clear of all Liens other than Permitted Liens.

(c) **Schedule 5.09(c)** sets forth the address (including street address, county and state) of all Real Property that is leased, subleased, or licensed to or by the Loan Parties and their Subsidiaries as of the Closing Date, and contains a true, correct, and complete description of such leases (the "**Leases**"). Each Loan Party and each of its Subsidiaries has a valid leasehold interest in such Real Properties, which leasehold interest is free and clear of all Liens, other than Permitted Liens. Neither the Loan Parties nor any of their Subsidiaries have defaulted under any such Lease or received any notice alleging a default hereof. Each such Lease is in full force and effect, and such Loan Parties and their Subsidiaries enjoy peaceful and undisturbed possession under all such Leases. The consummation of the transactions described herein will not, with or without the giving of notice or the lapse of time or both, violate any such Lease. No Loan Party or Subsidiary thereof has subleased, licensed, transferred, assigned or otherwise granted any Person the right to use or occupy any Real Property or portion thereof.

SECTION 5.10 TAXES.

Each Loan Party and each Subsidiary thereof has filed all federal and state income and other material tax returns and reports required to be filed, and has paid prior to delinquency all federal, state (including sales tax) and other Taxes shown thereon, and all other material taxes and assessments

imposed on it or any of its properties otherwise due and payable, except those that are subject to a Permitted Protest and with respect to which no notice of Lien has been filed in any filing office. There is no unpaid written, or to the knowledge of any Loan Party, proposed tax assessment against any Loan Party or any Subsidiary thereof that, if made, could reasonably be expected to have a Material Adverse Effect.

SECTION 5.11 FINANCIAL CONDITION.

(a) Financial Statements.

(i) The Audited Closing Financial Statements were prepared in accordance with GAAP consistently applied throughout the period covered thereby and present fairly in all material respects the financial position, results of operations, cash flows and the assets, liabilities, revenues, expenses and members' equity of Parent as of the dates and for the periods covered thereby.

(ii) The unaudited financial statements of Parent comprised of the balance sheet of Parent as of November 30, 2023 and the related statements of income and cash flows for the five (5) month period ended November 30, 2023, were prepared in accordance with GAAP consistently applied throughout the period covered thereby and present fairly in all material respects the financial position, results of operations, cash flows and the assets, liabilities, revenues, expenses and members' equity of Parent as of the date and for the period covered thereby, subject to the absence of footnotes and to normal year-end audit adjustments.

(b) No Material Adverse Effect. Since June 30, 2023, no Material Adverse Effect has occurred.

SECTION 5.12 ENVIRONMENTAL MATTERS.

Except as would not reasonably be expected to result in liability to a Loan Party in excess of the Threshold Amount:

(a) No Loan Party (i) has failed to comply with any applicable Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any applicable Environmental Law with respect to such Loan Party's operations, (ii) has become subject to an Environmental Claim with respect to any Environmental Liability, or (iii) has received written notice of any claim with respect to any Environmental Liability.

(b) To the knowledge of the Loan Parties, Hazardous Materials have not been released, discharged or disposed of on any property currently owned or operated by any Loan Party or on any property formerly owned or operated by any Loan Party in a manner that would reasonably expected to result in liability to any Loan Party.

SECTION 5.13 MARGIN REGULATIONS; REGULATED ENTITIES.

(a) No Loan Party nor any Subsidiary thereof is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. No Loan Party nor any Subsidiary thereof nor any Person controlling a Loan Party is an

"**investment company**" required to be registered as such within the meaning of the Investment Company Act of 1940.

SECTION 5.14 LOCATION OF INVENTORY AND EQUIPMENT; CHIEF EXECUTIVE OFFICE; ELIGIBLE INVENTORY.

Each Loan Party will, and will cause each of its Subsidiaries to, keep (a) their Inventory (other than in-transit Inventory) only at the locations identified on **Schedule 5.14** to this Agreement (provided that Borrowers may amend **Schedule 5.14** to this Agreement so long as such amendment occurs by written notice to Administrative Agent within five (5) Business Days of the date on which such Inventory is moved to such new location and such new location is within the continental United States), (b) their Equipment only at the locations identified on **Schedule 5.14** to this Agreement (provided that Borrowers may amend **Schedule 5.14** to this Agreement so long as such amendment occurs by written notice to Administrative Agent within five (5) Business Days of the date on which such Equipment is moved to such new location and such new location is within the continental United States), and (c) their respective chief executive offices only at the locations identified on **Schedule 5.14** to this Agreement. Each Loan Party will, and will cause each of its Subsidiaries to, on or before the Closing Date, subject to **Section 6.19**, use commercially reasonable efforts to obtain Collateral Access Agreements for each of the locations identified on **Schedule 5.14** to this Agreement where Collateral with a fair market value in excess of $100,000 is located. As to each item of Inventory that is identified by Borrowers as Eligible Inventory or Eligible In-Transit Inventory in a Borrowing Base Report submitted to Administrative Agent, such Inventory is (a) of good and merchantable quality, free from known defects, and (b) not excluded as ineligible by virtue of one or more of the excluding criteria (other than any Administrative Agent-discretionary criteria) set forth in the definition of Eligible Inventory and Eligible In-Transit Inventory, as applicable.

SECTION 5.15 INTELLECTUAL PROPERTY.

Each Loan Party and each Subsidiary thereof owns or is licensed, or otherwise has the right to use, all of the Intellectual Property that is reasonably necessary for the operation of its business, a correct and complete list of which is set forth on **Schedule 5.15** to this Agreement. To the knowledge of each Loan Party, the use of such Intellectual Property by such Loan Party and its Subsidiaries and the operation of their respective businesses do not infringe any valid and enforceable intellectual property rights of any other Person. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of each Loan Party, threatened, in writing.

SECTION 5.16 EQUITY INTEREST HELD BY LOAN PARTIES; EQUITY INTERESTS IN BORROWERS.

As of the Closing Date: (a) no Loan Party has Subsidiaries other than those listed on **Schedule 5.16**; (b) no Loan Party holds Equity Interests in any other Person other than those specifically disclosed on **Schedule 5.16**; and (c) the holders of all Equity Interests in each Loan Party are those listed on **Schedule 5.16**. All of the outstanding Equity Interests in each Loan Party and in each Subsidiary thereof have been validly issued and are fully paid and non-assessable.

SECTION 5.17 INSURANCE.

The properties of each Loan Party are insured with the insurers set forth in **Schedule 5.17**. None of such insurers are Affiliates of any of the Loan Parties, and the insurance coverages are in such

amounts, with such deductibles and covering such risks, as are described in **Schedule 5.17**. A true and complete listing of such insurance as of the Closing Date, including issuers, coverages and deductibles, is set forth on **Schedule 5.17**.

SECTION 5.18 COLLATERAL AND COLLATERAL DOCUMENTS.

The provisions of this Agreement and each of the other Collateral Documents, when delivered, are effective to create in favor of Collateral Agent, for the benefit of the Lending Parties, a valid and enforceable security interest or other Lien in all right, title, and interest of each Loan Party that is a party thereto in the Collateral described therein. Each such security interest or other Lien in favor of Collateral Agent, to the extent the same may be perfected by the filing of a UCC financing statement or the filing of an intellectual property security agreement or by control (within the meaning of the UCC), has, except as otherwise expressly provided in any Collateral Document, been perfected. Except as otherwise expressly provided herein or in any other Collateral Document, each security interest or other Lien in the Collateral described in any Collateral Document constitutes a perfected, first-priority security interest or other Lien in the subject Collateral, subject to no Liens other than Permitted Liens.

SECTION 5.19 LABOR RELATIONS.

There are no strikes, lockouts or other material labor disputes against any Loan Party or any Subsidiary thereof or, to the knowledge of any Loan Party, threatened against or affecting any Loan Party or any Subsidiary thereof, and no material unfair labor practice complaint is pending against any Loan Party or any Subsidiary thereof or, to the knowledge of any Loan Party, threatened in writing against any of them before any Governmental Authority that could reasonably be expected to result in a Material Adverse Effect. Except as set forth on **Schedule 5.19**: (a) none of the Loan Parties is a party to any collective bargaining agreements or contracts; (b) no union representation exists and, to the knowledge of each Loan Party, no union organizing activities are taking place on any of the properties owned or operated by any Loan Party or any of its Subsidiaries; and (c) all severance obligations due and owing by any Loan Party in respect of the termination by the Loan Parties of those certain employees terminated, prior to the Closing Date, in the

SECTION 5.20 SOLVENCY.

The Loan Parties and their respective Subsidiaries, taken as a whole on a consolidated basis, are Solvent.

SECTION 5.21 MATERIAL CONTRACTS.

Set forth on **Schedule 5.21** (as such Schedule may be updated from time to time in accordance herewith) is an accurate and complete list of the Material Contracts of each Loan Party and its Subsidiaries as of the most recent date on which Administrative Borrower provided the Compliance Certificate pursuant to **Section 6.02(a)**; provided, however, that Administrative Borrower may amend **Schedule 5.21** to add additional Material Contracts so long as such amendment occurs by written notice to Administrative Agent on the date that Administrative Borrower provides the Compliance Certificate. Unless it could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Material Contract (other than those that have expired at the end of their normal terms): (a) is in full force and effect and is binding upon and enforceable against the applicable Loan Party or its Subsidiary and, to each Loan Party's knowledge, each other Person that is a party thereto in accordance with its terms, (b) has not been otherwise amended or modified (other than

amendments or modifications permitted by **Section 7.06(b)**), and (c) is not in default due to the action or inaction of the applicable Loan Party or its Subsidiary.

SECTION 5.22 OFAC; SANCTIONS; ANTI-CORRUPTION LAWS; ANTI-MONEY LAUNDERING LAWS.

No Loan Party or any of its Subsidiaries is in violation of any Sanctions. No Loan Party nor any of its Subsidiaries nor, to the knowledge of such Loan Party, any director, officer, employee, agent or Affiliate of such Loan Party or such Subsidiary (a) is a Sanctioned Person or a Sanctioned Entity, (b) has any assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. Each of the Loan Parties and its Subsidiaries has implemented and maintains in effect policies and procedures reasonably designed to ensure compliance with Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws to the extent necessary to ensure compliance with Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries, and to the knowledge of each such Loan Party, each director, officer, employee, agent and Affiliate of each such Loan Party and each such Subsidiary, is in compliance with all Sanctions, Anti- Corruption Laws and Anti-Money Laundering Laws. No proceeds of any Loan made hereunder will be used directly, or to the Loan Parties' knowledge, indirectly, to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity, or otherwise used in any manner that would result in a violation of any Sanction, Anti-Corruption Law or Anti-Money Laundering Law by any Person.

SECTION 5.23 BROKERS AND FINANCIAL ADVISORS.

In connection with the transactions contemplated hereby (including the making of the Loans), no Borrower has engaged any advisors (financial or otherwise), brokers or arrangers other than B&D Capital Partners LLC ("**B&D**"). Borrowers hereby agree to pay, and hereby indemnify each Indemnitee from and against, all fees, costs and expenses of B&D and any other advisors (financial or otherwise), brokers or arrangers in connection with the transactions contemplated hereby (including the making of the Loans).

SECTION 5.24 FULL DISCLOSURE.

None of the representations or warranties made by any Loan Party in the Loan Documents to which it is a party as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by, or on behalf of, any Loan Party in connection with the Loan Documents (including the disclosure materials delivered by or on behalf of any Loan Party to Lending Parties (or any of the foregoing Persons) prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered (after giving effect to all supplements and updates thereto furnished to Lenders and/or each Agent from time to time); provided, that, with respect to any projections and forecasts provided by a Borrower (whether with respect to Borrowers or any other Loan Parties), Borrowers represent only that such projections and forecasts were prepared in good faith based upon assumptions believed to be reasonable at the time of the preparation thereof.

SECTION 5.25 ELIGIBLE ACCOUNTS.

As to each Account that is identified by Borrowers as an Eligible Domestic Account, an Eligible Financed Account or an Eligible Foreign Account in a Borrowing Base Report, such Account is (a) a

bona fide existing payment obligation of the applicable Account Debtor created by the sale and delivery of Inventory or the rendition of services to such Account Debtor in the ordinary course of Borrowers' business,

(b) owed to a Borrower without any known defenses, disputes, offsets, counterclaims, or rights of return or cancellation, and (c) not excluded as ineligible by virtue of one or more of the excluding criteria (other than any Administrative Agent-discretionary criteria) set forth in the definition of Eligible Domestic Account, Eligible Financed Account or Eligible Foreign Account (as applicable).

SECTION 5.26 CYBERSECURITY.

No Loan Party has been the subject of a Cybersecurity Incident, including any Cybersecurity Incident that required any Loan Party to report such event to a governmental authority, third party institution or individual. Each Loan Party has at all times conducted its business in compliance in all material respects with applicable privacy and data security laws.

SECTION 5.27 RESERVED.

SECTION 5.28 INTERRELATED BUSINESSES.

Borrowers and Guarantors make up a related organization of various entities constituting an overall economic and business enterprise such that any benefit from the Loans or other financial accommodations hereunder received by any one of them benefits the others. Borrowers and Guarantors render services to or for the benefit of the other Borrowers and/or Guarantors, purchase or sell and supply goods to or from or for the benefit of the others, make loans, advances and provide other financial accommodations to or for the benefit of the other Borrowers and Guarantors and provide administrative, marketing, payroll and management services to or for the benefit of the other Borrowers and Guarantors, as the case may be. Borrowers and Guarantors have the same chief executive office, share certain centralized accounting and legal services, and have certain common officers, directors and/or managers.

SECTION 5.29 PARENT; FULFILLMENT EXPRESS.

(a) Parent is in compliance with **Section 7.15**.

(b) Fulfillment Express is in compliance with **Section 7.16**.

SECTION 5.30 RELATED PARTY MATTERS; DIGITAL WAVES.

(a) IC-DISC. As of the Closing Date, (i) each of the IC-DISC Notes 3/4 and the IC - DISC Notes have been paid in full and terminated, (ii) there are no payments due and owing, or any accruals, commissions or other obligations or liabilities, from any Loan Party or Subsidiary to, or in favor of, My Worldwide and (iii) My Worldwide has been dissolved.

(b) Captive Insurance Policies. As of the Closing Date, no Loan Party or Subsidiary maintains a policy of insurance with Airlie Protection or Protection for You.

(c) Related Party Promissory Notes Paid. As of the Closing Date (after giving effect to this Agreement and the transactions contemplated hereby), no Loan Party or Subsidiary maintains any Debt for borrowed money other than Debt permitted by **Sections 7.03(a)** through **(l)** of this Agreement.

(d) MVP Logistics. As of the Closing Date, (i) MVP Logistics, LLC, a Minnesota limited liability company ("**MVP**"), is not an Affiliate of Parent or any other Loan Party and (ii) none of the Equity Interests of MVP are owned by Joseph Rehak, an individual.

(e) Digital Waves. The names Digital Waves International and/or Digital Waves are tradenames owned and used by Alliance (and not owned or used by Fulfillment Express).

SECTION 5.31 CONTINGENT DEBT MATTERS.

As of the Closing Date, all Debt and any other obligations and liabilities of the Loan Parties in respect of the following have been paid in full and satisfied or are otherwise not due and owing or outstanding:

(a) Debt of Parent under the Think 3Fold Purchase Agreement;

(b) Debt of Panther with respect to the "Earn Out Payment" (as defined in the Mecca Earn Out Agreement);

(c) Debt of Alliance with respect to the "Earn Out Payments" (as defined in the MCE Earn Out Agreement);

(d) Subject to **Section 7.03(l)**, Debt of Mill Creek with respect to the Incentive Fee and the Supplemental Incentive Fees as those terms are defined in the Technicolor Services Agreement;

(e) Debt of Panther under the COKeM Sellers Notes;

(f) Debt of Panther with respect to any upward adjustment resulting from the COKeM Purchase Price Adjustment; and

(g) Debt of COKeM with respect to payments due to Charles Bond under the COKeM Independent Contractor Agreement.

ARTICLE VI
AFFIRMATIVE COVENANTS

So long as any Obligations (other than Unasserted Obligations) have not been Repaid in Full:

SECTION 6.01 FINANCIAL STATEMENTS AND COLLATERAL REPORTING.

The Borrowers shall deliver, or shall cause to be delivered, to Administrative Agent for distribution by Administrative Agent to each Lending Party, the following, in form and detail satisfactory to Administrative Agent and Required Lenders, provided, however, that notwithstanding anything contained herein, the delivery of the financial statements required by **Sections 6.01(a)** and **6.01(b)** and the management's discussion and analysis required by **Section 6.01(e)** shall be (and be deemed to be) satisfied by the delivery by Parent of its Form 10-K and Form 10-Q); provided, further, that, in each case, the same are accompanied by the management financial statements in a format similar to those delivered on a monthly basis pursuant to **Section 6.01(c)**:

(a) Annual Financial Statements. As soon as available, but in any event within one hundred twenty (120) days after the end of each Fiscal Year commencing with the Fiscal Year ending June 30,

2024, a consolidated and consolidating balance sheet for Parent and its Subsidiaries as at the end of such Fiscal Year, and the related consolidated and consolidating statements of income or operations, shareholders' (or members') equity and cash flows for such Fiscal Year, setting forth in each case in comparative form (i) the figures for the previous Fiscal Year and (ii) the figures from Parent's budget for the current Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, such consolidated and consolidating statements to be audited and accompanied by a report and opinion of BDO or any other independent certified public accountant of nationally recognized standing reasonably acceptable to Administrative Agent (the "**Auditor**"), which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any (i) "going concern" or like qualification or exception, (ii) qualification or exception as to the scope of such audit (other than any such statement, qualification or exception resulting from or relating to the impending maturity date of any Debt permitted under this Agreement) or (iii) qualification or exception as to material weaknesses in internal controls over financial reporting;

(b) Fiscal Quarter Financial Statements. As soon as available, but in any event within forty-five (45) days after the end of each Fiscal Quarter, unaudited consolidated and consolidating balance sheets for Parent and its Subsidiaries as at the end of such Fiscal Quarter, and the related consolidated and consolidating statements of income or operations and cash flows for such Fiscal Quarter and the portion of the Fiscal Year then ended, setting forth, in each case in comparative form, (i) the figures for the corresponding portion of the previous Fiscal Year and (ii) the figures from the corresponding portion of Parent's budget for the current Fiscal Year, all in reasonable detail, such consolidated and consolidating statements to be certified by an Authorized Financial Officer of Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' (or members') equity and cash flows of Parent and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes, and accompanied by a calculation of the financial covenants with respect to the applicable period set forth in **Section 6.13**;

(c) Fiscal Month Financial Statements. As soon as available, but in any event (i) within thirty (30) days after the end of each Fiscal Month other than each Fiscal Month ended on June 30, and (ii) within forty five (45) days after the end of each Fiscal Month ended on June 30, unaudited consolidated and consolidating balance sheets for Parent and its Subsidiaries as at the end of such Fiscal Month, and the related consolidated and consolidating statements of income or operations and cash flows for such Fiscal Month and the portion of the Fiscal Year then ended, setting forth, in each case in comparative form, (i) the figures for the corresponding portion of the previous Fiscal Year and (ii) the figures from the corresponding portion of Parent's budget for the current Fiscal Year, all in reasonable detail, such consolidated and consolidating statements to be certified by an Authorized Financial Officer of Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' (or members') equity and cash flows of Parent and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes, and accompanied by (x) a calculation of the financial covenants with respect to the applicable month set forth in **Section 6.13** and (y) in the case of the statement of cash flows, a reconciliation to monthly balance sheet movements in substantially similar format as delivered to Administrative Agent on December 15, 2023 for the Fiscal Month ended on November 30, 2023;

(d) Forecasts and Budgets. As soon as available, but in any event no later than June 15 of each Fiscal Year (commencing with June 15, 2024), forecasts prepared by the management of Parent, in form reasonably satisfactory to Administrative Agent, of consolidated and consolidating balance sheets and statements of income or operations, statements of cash flows, together with Revolver Borrowing

Base and Excess Revolver Availability projections and projected financial covenant calculations for Parent and its Subsidiaries for (i) the upcoming Fiscal Year and (ii) each Fiscal Month in such year;

(e) MD&A. Concurrently with the delivery of the financial statements referred to in subsections (a) and (b) above, management's discussion and analysis of financial condition and results of operations, including the Loan Parties' consolidated liquidity and capital resources; and

(f) Borrowing Base Report. Together with each Borrowing Request (but in no event less often than weekly as well as on a monthly basis), a fully completed and executed Borrowing Base Report as of the last Business Day of the previous week and month, as applicable, and on or before the 3rd day of each week and the twentieth (20th) day of each month, as applicable, in each case by Borrower and detailing the Eligible Domestic Accounts, Eligible Financed Accounts, Eligible Foreign Accounts, Eligible Inventory and Eligible In-Transit Inventory, containing a calculation of Revolver Availability Reserves and Revolver Availability and reflecting all sales, collections, debit and credit adjustments, purchases and cost of goods sold for inventories, and all vendors who have asked to defer payments as of the last day of (or for) the preceding week (or as of a more recent date as Administrative Agent may from time to time request), and a reasonably detailed calculation of (i) those Accounts that are not Eligible Domestic Accounts, Eligible Financed Accounts or Eligible Foreign Accounts and (ii) Inventory which is not Eligible Inventory or Eligible In-Transit Inventory, all of which calculations shall be prepared under the supervision of the chief financial officer of each Borrower and certified by such officer.

(g) Accounts Receivable Agings. Concurrently with the delivery of each weekly Borrowing Base Report, agings of the Borrowers' accounts receivable, in scope and detail satisfactory to Administrative Agent. Concurrently with the delivery of each monthly Borrowing Base Report, such amounts shall be reconciled to Borrowers' general ledger together with a reconciliation and supporting documentation for significant items such as chargebacks and rebates and also for any reconciling items noted, and an account roll-forward, in a format reasonably acceptable to Administrative Agent in its discretion, tied to the beginning and ending account receivable balances of Borrowers' general ledger. Administrative Agent or any designee of Administrative Agent shall have the right at any time, in the name of Administrative Agent, to verify the validity, amount or any other matter relating to any accounts receivable of the Loan Parties by mail, telephone or otherwise.

(h) Inventory Schedule. Concurrently with the delivery of each weekly Borrowing Base Report, a schedule detailing the Borrowers' Inventory, in form reasonably satisfactory to Administrative Agent, by location (showing any Inventory which is in-transit or located with a third party under any consignment, bailee arrangement, or warehouse agreement), by class, by product type, and by volume on hand, which Inventory shall be valued for purposes of such Schedule by Borrowers at the lower of cost or wholesale fair market value and adjusted for Revolver Availability Reserves. Concurrently with the delivery of each monthly Borrowing Base Report, such items shall be reconciled to Borrowers' general ledger, together with a roll-forward report of all inventory variances and reserves by category or other results of Inventory counts performed by Borrowers since the last Inventory schedule (including information regarding cost of goods sold (on a trailing twelve-month basis), sales or other reductions, slow moving Inventory, additions, returns, credits issued by Borrowers, complaints and claims made against Borrowers and other information reasonably requested by Administrative Agent).

(i) Accounts Payable Agings. Concurrently with the delivery of each weekly and monthly Borrowing Base Report, a report of the agings of the Borrowers' accounts payable (by vendor, and an

aging, by vendor, of any held checks), aged by due date, with such amounts reconciled to Borrowers' general ledger in connection with the monthly Borrowing Base Report.

(j) Processor Agreements. Promptly following the effective date thereof, a copy of each document, instrument and agreement entered into between any Loan Party and (i) PayPal or (ii) any other Mastercard, Visa, American Express and/or Discover credit card processor for such Loan Party.

(k) Reconciliation Report. Concurrently with the delivery of the financial statements referred to in subsection (c), a report in form and substance reasonably satisfactory to Administrative Agent, reconciling the accounts receivable aging, the accounts payable aging, and Inventory listing and the accrued expense detail to the general ledger, with a further reconciliation to the balance sheet.

(l) Fifth Third Equipment Lease Guaranty. Promptly upon receipt (and in any event withing five (5) Business Days (or such later date as each Agent may agree in its sole discretion), any (i) material correspondence in connection with the Fifth Third Equipment Lease Guaranty, and (ii) compliance certificate or other reporting (without duplication to the reporting required hereunder) provided by a Loan Party to Fifth Third in connection therewith.

(m) Bank Accounts. At all times, read-only access to all Deposit Accounts.

(n) Affiliate Transactions. Monthly (or more frequently as Administrative Agent may request), not later than the 20th day of each month, for the immediately preceding month, a report detailing (i) any administrative, corporate, manufacturing or other shared services provided to or by a Borrower for Affiliates of such Borrower or any other Loan Party (by type of service performed, rates, volume, etc.), together with the costs incurred in connection therewith and a report of invoices issued to and evidence of payment made by Borrowers and such Affiliates with respect to such services and costs and (ii) any commercial transactions (e.g., purchases, sales, etc.) between a Borrower and any Affiliate of such Borrower or any other Loan Party (e.g., by date, description (including whether a purchase or sale), quantity, price per unit, total sales, etc.), in each case for items (i) and (ii) with supporting materials and all in form and substance as required by Administrative Agent.

(o) Specified License Agreements. Monthly (or more frequently as Administrative Agent may request), not later than the 20th day of each month, for the immediately preceding month, a report detailing (i) payments made during the immediately preceding month by any Loan Party or Subsidiary under any Specified License Agreements, (ii) as of the end of the immediately preceding month, all amounts accrued and unpaid by any Loan Party or Subsidiary under any Specified License Agreements, (iii) as of the end of the immediately preceding month, all amounts which are past due from any Loan Party or Subsidiary under any Specified License Agreement, and (iv) such other information in respect of the Specified License Agreements as the Administrative Agent may reasonably request, in each case for items (i)-(iv) with supporting materials and all in form and substance as required by Administrative Agent.

(p) Physical Product Sales & Margin. Monthly (or more frequently as Administrative Agent may request), not later than the 20th day of each month, for the immediately preceding month, a report detailing Loan Parties' gross physical product sales and product margin by segment by product (including gaming subcategories), in the form set forth on **Schedule 6.01(p)** (and, for the avoidance of doubt, in substantially similar format as delivered to Administrative Agent on December 1, 2023).

(q) Inventory Levels. Monthly (or more frequently as Administrative Agent may request), not later than the 20th day of each month, for the immediately preceding month, a report detailing inventory levels broken out by (i) inventory type and (ii) category for (x) each of Alliance and COKeM, in the form set forth on **Schedule 6.01(q)** (and, for the avoidance of doubt, as outlined in the inventory appraisal of Hilco Valuation Services, LLC as of August 31, 2023), which report shall include (I) for Alliance, (A) inventory type broken out by Warehouse, Super D / FBA, Pending R.T.V., and Unprocessed Returns and (B) inventory categories broken out by Vinyl LP, Toys & Collectibles, Audio, Video, Games, Blu-Ray Disc, Ultra HD, and Consumer Products and (II) for COKeM, (A) inventory type broken out by Tastemakers, Collectibles, Video Games, Hardware, Pre-Owned, and Other and (B) inventory categories broken out by Tastemakers, Accessories, Collectibles, Hardware, Value Video Game, Frontline, Pre- Owned, Video/PC/Other, Toys to Life, and Raw Materials and (y) any inventory that is governed by a license agreement, licensing agreement, distribution agreement and/or rights agreement to which a Loan Party or Subsidiary is a party and under which agreement a default has occurred and is continuing or a sell- off period has commenced, in each case of the date of such report, which report shall include, in respect of the inventory covered by such agreement, (i) the gross value thereof, (ii) the amount of time left in the applicable sell-off period and (iii) recent turnover trends in respect of such inventory.

(r) Other Information. Upon request of any Agent, such other information or items reasonably requested by such Agent.

SECTION 6.02 CERTIFICATES; OTHER INFORMATION.

Administrative Borrower shall deliver or cause to be delivered to each Agent the following, in form and detail reasonably satisfactory to each Agent and Required Lenders:

(a) Compliance Certificate. Concurrently with the delivery of the financial statements referred to in subsections (a) through (c) of **Section 6.01**, a duly completed Compliance Certificate signed by an Authorized Financial Officer of Administrative Borrower; which Compliance Certificate will include, without limitation, certifications in accordance with **Section 6.01(n)** with respect to Affiliate transactions.

(b) Cash Balance Access. At all times, each Agent shall, to the extent reasonably attainable, have read only electronic access to the Loan Parties' Deposit Accounts and other bank accounts;

(c) Additional Accountant Reports. Promptly after any request by any Agent or any other Lending Party, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by independent accountants in connection with the accounts or books of any Loan Party or any Subsidiary thereof, or any audit of any of them;

(d) Insurance. Promptly, and in any event within three (3) Business Days after the receipt thereof, a copy of any notice of cancellation from an insurance company or broker, including, without limitation, any Person providing financing of insurance premiums referenced in **Section 7.03(i)**.

(e) Debt Holder Reports. Promptly, and in any event within ten (10) Business Days after the furnishing thereof, copies of any statement or report furnished to an Agent shall be furnished to each Agent hereunder;

(f) Materials from or to Governmental Authorities. Promptly, and in any event within ten (10) Business Days after receipt thereof by any Loan Party, copies of each material notice or other correspondence received from, or delivered to, any Governmental Authority concerning any investigation or possible investigation or other inquiry by such agency regarding any material financial or other material operational results of any Loan Party or any Subsidiary thereof;

(g) Changes in Officers and Directors. Promptly, and in any event (i) within ten (10) Business Days of a Responsible Officer of any Loan Party becoming aware thereof, written notice (which may be delivered through electronic mail) of any change in the Persons constituting any of the chief executive officer (or equivalent position) or chief financial officer (or equivalent position) of a Loan Party and (ii) concurrently with the delivery of the financial statements referred to in **Section 6.01(c)**, written notice (which may be delivered through electronic mail) of any change in the Persons constituting the board of directors, board of managers or managing member (or equivalent governing body) of a Loan Party;

(h) Tax Returns. No later than ten (10) Business Days after the date they are required to be filed, copies of the executed and dated state and federal income tax returns of each Loan Party and each of its Subsidiaries and all related schedules, and copies of any extension requests;

(i) Equity Interest Holder Reports and Certain Public Filings. If and when applicable, promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the holders of Equity Interests of Parent or any Subsidiary and copies of all annual, regular, periodic and special reports and registration statements that Parent or any Subsidiary may file or be required to file with the Securities and Exchange Commission under Section 13 or Section 15(d) of the Exchange Act, and, in each case, not otherwise required to be delivered to Administrative Agent pursuant hereto; and

(j) Additional Information. Promptly upon (but no later than ten (10) Business Days after) request therefor by any Lending Party, such additional information (including budgets, sales projections, operating plans and other financial information and any information required to be delivered pursuant to the terms of the Patriot Act) regarding the business or the financial or corporate affairs of any Loan Party or any Subsidiary thereof or any assets thereof or the compliance by any Loan Party or any Subsidiary thereof with the terms of the Loan Documents or any other matter related to the Loan Parties and their Subsidiaries, in each case, as Administrative Agent or any Lending Party may from time to time reasonably request.

At the request of Administrative Agent, the Loan Parties shall deliver or shall cause to be delivered all documents required to be delivered pursuant to **Section 6.01** or **Section 6.02(a)** electronically (and in such format(s) as may be specified by such Lending Party), including by email. If such documents are so delivered, they shall be deemed to have been delivered on the date: (i) on which the Loan Parties post such documents, or provide a link thereto on the Loan Parties' website on the Internet at the website address listed on **Schedule 10.02**; (ii) on which such documents are posted on the Loan Parties' behalf on an Electronic Platform to which each Lending Party has access or (iii) on which the Loan Parties has received a "read" response if sent by email; provided that: (A) the Loan Parties shall also deliver paper copies of such documents to Administrative Agent (or to any Lender upon its request) until such time, if at all, that a written direction to cease delivering paper copies is given by Administrative Agent or such Lender; and (B) the Loan Parties shall notify each Lending Party (by facsimile or electronic mail) of the posting of any such documents and provide to Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Administrative Agent shall

not have an obligation to request the delivery of or to maintain paper copies of the documents referred to in this paragraph, and in any event Administrative Agent shall not have any responsibility to monitor compliance by the Loan Parties with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

SECTION 6.03 NOTICES.

Borrowers shall, upon any Responsible Officer of any Loan Party or any Subsidiary thereof becoming aware thereof, promptly (and in any event within five (5) Business Days) notify of such event each Lending Party in writing of:

(a) Defaults. The occurrence of any Default;

(b) Matters Involving a Material Adverse Effect. Any matter that, to the knowledge of any Loan Party, has resulted or could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect, including any such matter arising from: (i) any dispute, litigation, investigation, proceeding or suspension between any Loan Party or any Subsidiary thereof and any Governmental Authority; (ii) the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Subsidiary thereof, including pursuant to any applicable Environmental Laws; (iii) the loss of all or any material portion of the Collateral; or (iv) any dispute, litigation, investigation, proceeding;

(c) ERISA Events. The occurrence of any ERISA Event (together with a copy of any notice to or from the PBGC regarding such ERISA Event) which has resulted or could reasonably be likely to result in liability of a Loan Party in excess of $500,000;

(d) Labor Controversies. Any material labor controversy resulting in or that is reasonably likely to result in any strike, work stoppage, boycott, shutdown or other material labor disruption against or involving any Loan Party or any Subsidiary thereof;

(e) Litigation. The filing or commencement of any action, suit, litigation, investigation or proceeding, whether at law or in equity by or before any Governmental Authority, (i) against any Loan Party or any Subsidiary thereof that has resulted in, or could reasonably be expected to result in, liability of such Loan Party or Subsidiary in excess of $500,000, or (ii) with respect to any Loan Document;

(f) Financial Matters. Any material change in accounting policies or financial reporting practices by a Borrower or any Subsidiary thereof;

(g) New Subsidiaries. The acquisition or formation of any Subsidiary by any Loan Party; and

(h) Material Contracts. Any termination (other than termination upon expiry of the stated term of the agreement) or loss of a Material Contract, any default or event of default (however defined) beyond any applicable notice requirement or cure period under a Material Contract that gives the non-defaulting party the right to terminate such Material Contract, or any material modification, amendment, or supplement to any Material Contract.

(i) Auditor Discharge. The discharge by any Loan Party or Subsidiary thereof of its present Auditors or any withdrawal or resignation by such Auditors.

(j) Collective Bargaining Agreement. Any material correspondence in connection with any collective bargaining agreement or other labor contract to which a Loan Party is or becomes a party, including, without limitation, in connection with any disputes thereunder and any extension or renewal thereof.

(k) Liens and Taxes. The filing of any Lien for unpaid Taxes against any Loan Party, and the existence of all unreported vendor Liens since the delivery of the last Borrowing Base Report, to the extent such Liens secure amounts in excess of $100,000 in the aggregate.

(l) Casualty and Insurance Damage. Any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any interest in a material portion of the Collateral under power of eminent domain or by condemnation or similar proceeding or if any material portion of the Collateral is damaged or destroyed.

(m) Beneficial Ownership Certification. As soon as practicable following receipt of knowledge thereof, notify Administrative Agent and each Lender of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified in such certification.

(n) Material Notices. Any material notice received with respect to any Collateral that adversely and materially affects the interests of the Secured Parties.

(o) Specified License Agreements. Any termination (other than termination upon expiry of the stated term of the agreement) or loss of a Specified License Agreement, any default or event of default (however defined) beyond any applicable notice requirement or cure period under a Specified License Agreement that gives the non-defaulting party the right to terminate such Specified License Agreement, or any material modification, amendment, or supplement to any Specified License Agreement.

Each notice pursuant to this **Section 6.03** shall be accompanied by a statement of a Responsible Officer of each applicable Borrower setting forth details of the occurrence referred to therein and stating what action, if any, Borrowers (or the other applicable Person) have taken or propose to take with respect thereto. Each notice given pursuant to **Section 6.03(a)** shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been (or could reasonably be expected to be) breached or violated.

SECTION 6.04 PAYMENT OF CERTAIN OBLIGATIONS.

Each Loan Party shall and shall cause each of its Subsidiaries to pay and discharge prior to delinquency all Material Indebtedness and material Tax liabilities, assessments and governmental charges or levies imposed upon them or their respective properties, other than to the extent that the validity of such Material Indebtedness, Tax liability, assessment or governmental charge or levy is the subject of a Permitted Protest.

SECTION 6.05 PRESERVATION OF EXISTENCE, ETC.

Each Loan Party shall and shall cause each of its Subsidiaries to: (a) preserve, renew and maintain in full force and effect their respective legal existence and good standing under the Laws of the jurisdiction of their organization except in a transaction expressly permitted by **Section 7.04** or **Section 7.05**; and (b) take all reasonable actions to maintain all rights, privileges, Permits, licenses and franchises necessary or material in the normal conduct of their respective businesses; (c) use the standard of care consistent with Borrowers' past practices in the operation and maintenance of its facilities; and (d) preserve or renew all of their respective registered Intellectual Property except as otherwise permitted by **Section 7.05(a)**.

SECTION 6.06 MAINTENANCE OF PROPERTIES; LICENSES.

(a) Maintenance of Properties. Each Loan Party shall, and shall cause each of its Subsidiaries to: (a) maintain, preserve and protect all of their respective material properties and material equipment necessary to the operation of their respective businesses in good working order and condition, ordinary wear and tear and permitted Dispositions hereunder excepted; (b) make all commercially reasonable repairs thereto and renewals and replacements thereof; and (c) use commercially reasonable efforts to operate the facilities owned, leased or operated by such Person now or in the future in a manner believed by such Person to be consistent with, to such Loan Party's knowledge, prevailing industry standards in the locations where the facilities exist from time to time. Each Loan Party shall maintain all material records required to be maintained by all applicable Environmental Laws.

(b) Licenses. Each Loan Party shall, and shall cause each of its Subsidiaries to: (a) keep each material License affecting any Collateral (including the manufacture, distribution or disposition of Inventory) or any other material property of Loan Parties and Subsidiaries in full force and effect; (b) promptly notify Administrative Agent of any proposed modification to any such License, or entry into any new material License, in each case at least 30 days prior to its effective date; (c) pay all royalties and other amounts when due under any License; and (d) notify Administrative Agent of any default or breach asserted by any Person to have occurred under any material License which has not been cured within any applicable grace period.

SECTION 6.07 MAINTENANCE OF INSURANCE.

Each Loan Party shall and shall cause each of its Subsidiaries to maintain, with financially sound and reputable insurance companies not Affiliates of any Loan Party (including, for the avoidance of doubt, not with Airlie Protection or Protection for You), insurance with respect to their respective properties and businesses against loss or damage (including, without limitation, business interruption, data breach and cyber policy liability coverage, products liability and workers compensation). Subject to **Section 6.19**, all property policies shall have a lender's loss payable endorsement showing Collateral Agent, for the ratable benefit of the Lending Parties, as sole loss payee, and all liability policies shall show Collateral Agent, on behalf of the Lending Parties, or have endorsements showing Collateral Agent, on behalf of the Lending Parties, as an additional insured. Subject to **Section 6.19**, business interruption insurance shall be assigned as collateral security to Collateral Agent, for the ratable benefit of the Lending Parties. All policies (or the lender loss payable and additional insured endorsements) shall provide that the insurer shall give Collateral Agent, on behalf of the Lending Parties, at least thirty (30) days' notice before canceling, amending, or declining to renew its policy and ten (10) days' notice of any non-payment of premiums. At any Agent's request, Borrowers shall deliver copies of all of the insurance policies of Loan Parties and their Subsidiaries certified as complete and correct copies and that such insurance is in full force and effect. Collateral Agent shall have the right, at its election, upon (so long as no Default or Event of Default has occurred and remains continuing) ten days prior written notice to

Parent, in the name of any Loan Party and its Subsidiaries, to file claims under any insurance policies, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policy. If any Loan Party fails to obtain insurance as required under this **Section 6.07** or to pay any amount or furnish any required proof of payment to third persons and Lenders, Collateral Agent or Lenders, upon (so long as no Default or Event of Default has occurred and remains continuing) ten days prior written notice to Parent (which shall have the opportunity to cure such failure), may make all or part of such payments or obtain such insurance policies required in this **Section 6.07** and take any action under the policies that Lenders and Collateral Agent deem necessary or prudent.

SECTION 6.08 COMPLIANCE WITH LAWS.

Each Loan Party shall and shall cause each of its Subsidiaries to comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to them or to their respective properties or businesses, except in such instances in which the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect. Each Loan Party will, and will cause each of its Subsidiaries to, comply with all applicable Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws. Each of the Loan Parties and its Subsidiaries shall implement and maintain in effect policies and procedures reasonably designed to ensure compliance by the Loan Parties and their Subsidiaries and their respective directors, officers, employees, agents and Affiliates with Sanctions, Anti- Corruption Laws and Anti-Money Laundering Laws to the extent necessary to ensure compliance with Sanctions, Anti-Corruption Laws and Anti-Money Laundering Laws.

SECTION 6.09 BOOKS AND RECORDS.

Each Loan Party shall and shall cause each of its Subsidiaries to: (a) maintain proper Books and Records, in which full, true and correct (in all material respects) entries in conformity with GAAP consistently applied are made of all financial transactions and matters involving their respective properties and businesses; and (b) maintain such Books and Records in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over them, as the case may be. Parent shall maintain a full, true and correct copy of its Books and Records at Administrative Borrower's offices located at 8201 Peters Road, Suite 1000, Plantation, FL 33324.

SECTION 6.10 INSPECTION RIGHTS; LENDER MEETINGS.

(a) Each Loan Party shall and shall cause each of their Subsidiaries to permit each Agent from time to time, subject (unless a Default or an Event of Default exists) to reasonable prior notice and normal business hours, to visit and inspect any of their properties and assets, including the Collateral, to conduct appraisals of Collateral and to inspect, audit and make extracts from any Loan Party's or Subsidiary's books and records, and discuss with its officers, employees, agents, advisors and independent accountants such Loan Party's or Subsidiary's business, financial condition, assets, prospects and results of operations. Neither the Agents nor any Lender shall have any duty to any Loan Party to make any inspection, nor to share any results of any inspection, appraisal or report with any Loan Party or any of their Subsidiaries. Each Loan Party acknowledge that all inspections, appraisals and reports are prepared by Agents and Lenders for their purposes, and the Loan Parties shall not be entitled to rely upon them. Each Loan Party shall cause its senior management to hold meetings (if requested by an Agent) with (a) the Agents in person, on a semi-annual basis, and (b) with the Agents by conference

call, on a quarterly basis, in each case, to discuss the Loan Parties' financial performance and projections.

(b) Each Loan Party shall reimburse (i) each Agent for all its reasonable and documented charges, costs and expenses in connection with examinations of Loan Parties' books and records or any other financial or Collateral matters as it deems appropriate, up to two (2) times during any 12 month period; and (ii) each Agent for all its reasonable and documented charges, costs and expenses in connection with Inventory appraisals, in each case up to two (2) times per twelve month period; provided, however, that if an examination, appraisal or review is initiated during a Default or an Event of Default, all such charges, costs and expenses relating thereto shall be reimbursed by Borrowers without regard to such limits. Borrowers shall pay the applicable Agent's then standard charges for examination, appraisal and review activities, including charges for its internal examination and appraisal groups, as well as the documented charges of any third party acceptable to the applicable Agent used for such purposes. No Revolver Borrowing Base calculation shall include acquired Collateral (other than the purchase of Inventory in the ordinary course of business) until completion of applicable field examinations, reviews and appraisals (which shall not be included in the limits provided above) and other diligence required by (and with the results being reasonably satisfactory to) each Agent, in their Permitted Discretion.

SECTION 6.11 USE OF PROCEEDS.

Borrowers shall use the proceeds of the Loans solely for the purposes set forth on **Schedule 5.08**; provided that no part of the proceeds of any Loan will be used, directly or, to Borrowers' knowledge, indirectly, to make any payments to a Sanctioned Entity or a Sanctioned Person, to fund any investments, loans or contributions in, or otherwise make such proceeds available to, a Sanctioned Entity or a Sanctioned Person, to fund any operations, activities or business of a Sanctioned Entity or a Sanctioned Person, or in any other manner that would result in a violation of Sanctions, and (z) that no part of the proceeds of any Loan will be used, directly or, to Borrowers' knowledge, indirectly, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Sanctions, Anti-Corruption Laws or Anti-Money Laundering Laws.

SECTION 6.12 COLLATERAL ACCOUNTS AND EXCLUDED ACCOUNTS.

(a) **Schedule 6.12A** sets forth details with respect to all Collateral Accounts and Excluded Accounts of each Loan Party and its Subsidiaries in existence on the Closing Date (the "**Closing Date Accounts**").

(b) Each Loan Party shall, and shall cause each of its Subsidiaries to, provide Administrative Agent written notice within ten (10) days (or such longer period as Administrative Agent, in its sole discretion, may otherwise agree) of: (i) establishing any new Collateral Account or Excluded Account at or with any bank or other financial institution; or (ii) terminating or otherwise materially modifying any existing Collateral Account. Subject to **Section 6.19** with respect to the Closing Date Accounts (other than Excluded Accounts) and within fifteen (15) days of opening any new Collateral Account, for each Collateral Account that any Loan Party or any of its Subsidiaries at any time maintains, Loan Parties shall (except to the extent specifically not required by Administrative Agent in writing) cause the applicable bank or other financial institution at or with which such Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral

Account to perfect Collateral Agent's Lien, for the ratable benefit of each Lender, in such Collateral Account in accordance with the terms hereof and the Collateral Documents.

SECTION 6.13 FINANCIAL COVENANTS.

(a) Consolidated Fixed Charge Coverage Ratio. Parent and its Subsidiaries, on a consolidated basis, shall maintain, as of the end of each Fiscal Month for the Test Period then ended, commencing with the Fiscal Month ending December 31, 2023, a Consolidated Fixed Charge Coverage Ratio of not less than 1.00:1.00.

(b) [Reserved].

(c) Excess Revolver Availability. Borrowers shall maintain, at all times, Excess Revolver Availability in an amount not less than $5,000,000.

(d) Affiliate Accounts Receivable. Borrowers shall not permit, at any time, the outstanding balance of all Accounts with respect to which any Account Debtor is an Affiliate of any Borrower but not a Loan Party to exceed $1,000,000 in the aggregate for all such Account Debtors.

SECTION 6.14 PROTECTION OF INTELLECTUAL PROPERTY RIGHTS.

Each Loan Party shall and shall cause each of its Subsidiaries to: (a) protect, defend and maintain the validity and enforceability of their respective material Intellectual Property, except as otherwise permitted under **Section 7.05(a)**; (b) promptly advise Administrative Agent in writing of material infringements of their respective material Intellectual Property known to any Loan Party or any of its Subsidiaries; and (c) not allow any Intellectual Property that any Loan Party, acting reasonably, believes is material to the business of any Borrower or any of their Subsidiaries to be abandoned, forfeited or dedicated to the public without Collateral Agent's written consent.

SECTION 6.15 LITIGATION COOPERATION.

The Loan Parties shall make available to Lending Parties, without expense to Lending Parties, each Loan Party and its officers, employees and agents and such Loan Party's Books and Records, to the extent that any Lending Party may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against any Lending Party with respect to any Collateral the subject of any Collateral Document or relating to such Loan Party; provided that any expense reimbursement with respect thereto shall be governed by **Section 10.04** of this Agreement.

SECTION 6.16 ERISA COMPLIANCE.

Except as could not be expected to result in liability to a Loan Party in excess of the Threshold Amount, the Loan Parties shall comply and shall cause each of its Subsidiaries to comply in all material respects with the provisions of ERISA with respect to any Pension Plans to which a Borrower or any such Subsidiary is a party as employer.

SECTION 6.17 MATERIAL CONTRACTS.

Contemporaneously with the delivery of each Compliance Certificate (or such later date as agreed to by Administrative Agent in its reasonable discretion) pursuant to **Section 6.02(a)**, Borrowers

shall provide Administrative Agent with copies of (a) each Material Contract entered into since the delivery of the previous Compliance Certificate, and (b) each material amendment or modification of any Material Contract entered into since the delivery of the previous Compliance Certificate.

SECTION 6.18 FURTHER ASSURANCES.

Promptly upon the written request by an Agent, each Loan Party shall and shall cause each of its Subsidiaries to take such further acts (including the acknowledgement, execution, delivery, recordation, filing and registering of documents) as may reasonably be required from time to time to: (a) fully consummate all of the transactions contemplated hereby and under the other Loan Documents; (b) subject to the Liens created by any of the Collateral Documents any of the properties, rights or interests covered by any of the Collateral Documents or any other properties, rights or interests (including, without limitation, real property and Equity Interests) acquired by any Loan Party or any Subsidiary thereof following the Closing Date; (c) perfect and maintain the validity, effectiveness and priority of the Liens created or intended to be created by any of the Loan Documents; and (d) better assure, convey, grant, assign, transfer, preserve, protect and confirm to Lending Parties the rights, remedies and privileges existing or granted or now or hereafter intended to be granted to such Persons under any Loan Document or other document executed in connection therewith. Without limiting the generality of the foregoing, each Borrower hereby agrees that, concurrently upon any Person becoming a Subsidiary of such Borrower (notwithstanding any provision of this Agreement prohibiting the creation or acquisition of any Loan Party), cause to be delivered to Administrative Agent each of the following, as applicable:

(a) a Joinder Agreement duly executed by such Subsidiary, together with executed counterparts of each other Loan Document reasonably requested by Administrative Agent, including all Collateral Documents and other documents reasonably requested to establish and preserve the Lien of Collateral Agent in all Collateral of such Subsidiary;

(b) (i) Uniform Commercial Code financing statements naming such Person as "Debtor" and naming Collateral Agent for the benefit of the Lenders as "Secured Party," in form, substance and number sufficient in the reasonable opinion of Collateral Agent's counsel to be filed in all Uniform Commercial Code filing offices and in all jurisdictions in which filing is necessary to perfect in favor of Collateral Agent for the benefit of the Lending Parties the Lien on the Collateral conferred under such security instrument to the extent such Lien may be perfected by Uniform Commercial Code filing, and, once filed, copies of such Uniform Commercial Code financing statements, and (ii) pledge agreements (which pledge, if reasonably requested by Collateral Agent, shall be governed by the laws of the jurisdiction of organization of such Subsidiary), control agreements, Documents and original collateral (including pledged Equity Interests (other than Equity Interests that constitutes Excluded Property), Securities and Instruments) and such other documents and agreements as may be reasonably required by Collateral Agent, all as necessary to establish and maintain a valid, perfected security interest in favor of Collateral Agent for the benefit of the Lending Parties in all Collateral in which such Subsidiary has an interest consistent with the terms of the Loan Documents;

(c) upon the reasonable request of Administrative Agent, an opinion of counsel to each such Subsidiary and addressed to Administrative Agent and the Lending Parties, in form and substance reasonably acceptable to the Administrative Agent, each of which opinions may be in form and substance, including assumptions and qualifications contained therein, substantially similar to those opinions of counsel delivered pursuant to **Section 4.01(a)(v)**;

(d) current copies of the organization documents of each such Subsidiary, together with minutes of duly called and conducted meetings (or duly effected consent actions) of the Board of Directors, partners, or appropriate committees thereof (and, if required by such organization documents or applicable law, of the shareholders, members or partners) of such Person authorizing the actions and the execution and delivery of documents described in this **Section 6.18**, all certified by the applicable Governmental Authority or appropriate officer as Administrative Agent may elect; and

(e) within one (1) Business Day prior to becoming a Loan Party, all "know-your- customer" and customer due diligence documentation satisfactory to the Lenders to the extent such information is requested by Administrative Agent or the Lenders reasonably promptly after written notice to Administrative Agent of the proposed joinder of a Loan Party.

SECTION 6.19 POST-CLOSING COVENANT.

The Loan Parties shall perform or cause to be performed each of the conditions subsequent set forth in **Schedule 6.19** within the time periods specified therein.

SECTION 6.20 ENVIRONMENTAL.

(a) Except as could not be expected to result in liability to a Loan Party in excess of the Threshold Amount, the Loan Parties shall, and shall cause each of their respective Subsidiaries to (i) keep any property either owned or operated by any Loan Party or its Subsidiaries free of any material Environmental Liens or at Parent's election post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens, (ii) conduct its operations and keep and maintain its Real Property in compliance in all material respects with Environmental Laws, (iii) obtain, renew, and comply with all permits reasonably necessary for its operations and properties under Environmental Law, and (iv) provide to Administrative Agent documentation of such compliance which Administrative Agent reasonably requests.

(b) The Loan Parties shall, and shall cause each of their respective Subsidiaries to (i) promptly notify Administrative Agent of any material Release of a Hazardous Material in any reportable quantity from or onto property owned or operated by any Loan Party or its Subsidiaries of which any Loan Party has knowledge and (ii) take any Remedial Actions required to abate said Release or otherwise to come into compliance, in all material respects, with applicable Environmental Law.

SECTION 6.21 AFTER ACQUIRED PROPERTY.

(a) If any Loan Party acquires a fee interest in any Real Property on or after the Closing Date, such Loan Party shall promptly notify Administrative Agent thereof, and the Loan Parties shall be required to provide, within ninety (90) days of any such acquisition (or such longer period as Administrative Agent may in its discretion agree) a mortgage or deed of trust or other similar document executed and delivered to Collateral Agent and all related documents as either Agent may require in its respective Permitted Discretion with respect to such Real Property. For avoidance of doubt, the Collateral Agent shall not be required to accept a Lien on any Real Property (whether existing or acquired on or after the Closing Date).

(b) Subject to **Section 6.19**, the delivery of a Collateral Access Agreement with respect to each Real Property leased, subleased, licensed, or otherwise occupied by any Loan Party or their

Subsidiaries as of the Closing Date shall be a condition precedent to Closing as set forth in **Section 4.01(a)** above.

SECTION 6.22 RESERVED.

SECTION 6.23 AFFILIATE TRANSACTIONS.

All transactions with Affiliates (a) shall not be prohibited by **Section 7.08** and (b) shall be reflected in Borrowers' financial statements in accordance with GAAP. All payments made thereunder by (i) any Borrower or other Loan Party shall not be in excess of the amount specified in each agreement corresponding to such transaction as in effect on the Closing Date and (ii) any Loan Party party thereto shall be paid in cash within required terms and in any event no longer than thirty (30) days. Any payments made or to be made by a Borrower or other Loan Party that are not in compliance with all of the terms of this Section 6.23 shall be deemed Restricted Payments for all purposes hereunder, including, without limitation, for purposes of calculating the Consolidated Fixed Charge Coverage Ratio.

SECTION 6.24 CONTRACT CANCELLATIONS.

All future contract cancellations, terminations, non-renewals, cancellations, etc. that result in any Loan Party making a cash payment exceeding $750,000 shall be pre-approved by Administrative Agent in writing.

SECTION 6.25 CYBERSECURITY INCIDENT

Promptly, and in any event within two (2) Business Days after becoming aware of the occurrence of any actual or suspected Cybersecurity Incident, each Loan Party shall deliver to Administrative Agent a certificate executed by such Loan Party's chief executive officer or chief financial officer specifying the nature thereof and such Loan Party's proposed response thereto. In the event that any Loan Party knows or suspects that a Cybersecurity Incident has occurred, such Loan Party hereby grants to each Agent an immediate and express right to be provided with all preliminary and cyber-forensic investigative reports and actions undertaken to investigate and remediate such Cybersecurity Incident, subject to redaction to preserve any attorney-client privilege. In the event of any actual or suspected Loan Party Cybersecurity Incident, and where such Loan Party fails to engage cooperatively as set forth in this paragraph, each Loan Party hereby irrevocably appoints each Agent as its lawful attorney-in-fact authorizing such Agent, including such Agent's counsel, to directly engage and interact with any member of the Loan Party's incident or breach response team. Each Agent's foregoing appointment as the attorney-in-fact for each Loan Party, and all of such Agents' rights and powers, being coupled with an interest, are irrevocable until all Obligations have been Paid in Full.

ARTICLE VII
NEGATIVE COVENANTS

So long as any Obligations (other than Unasserted Obligations) have not been Repaid in Full, no Loan Party shall, nor shall it permit any Subsidiary of a Loan Party directly or indirectly to do any of the following:

SECTION 7.01 LIENS.

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than any of the following and subject to **Section 7.15** (collectively, "**Permitted Liens**"):

(a) any Lien created in favor of any Lending Party under any Loan Document;

(b) any Lien existing on the date hereof and listed on **Schedule 7.01** (setting forth, as of the Closing Date, the lienholder thereof, the principal amount of the obligations secured thereby and the property or assets subject to such Lien of such Loan Party or such Subsidiary party thereto), and any renewals or extensions thereof, provided that: (i) the Lien does not extend to any additional property or assets of such Loan Party or subsidiary (except for products and proceeds thereof); (ii) the amount secured or benefited thereby is not increased; (iii) the direct or any contingent obligor with respect thereto is not changed except as a result of a transaction permitted by **Section 7.04**; and (iv) and any renewal or extension of the obligations secured or benefited thereby is permitted by **Section 7.03(b)**;

(c) Liens for unpaid Taxes, assessments, or other governmental charges or levies that either (i) are not yet delinquent, or (ii) do not have priority over the Collateral Agent's Liens and the underlying Taxes, assessments, or charges or levies are the subject of Permitted Protests for which adequate reserves have been established in accordance with GAAP,

(d) Liens arising by operation of law in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet overdue by more than thirty (30) days, or (ii) are the subject of Permitted Protests; provided such Liens have been waived or subordinated to the Liens of Collateral Agent pursuant to Collateral Access Agreements reasonably acceptable to Collateral Agent or, if required by Administrative Agent, are subject to Reserves acceptable to Administrative Agent in its Permitted Discretion;

(e) Liens incurred, and pledges or deposits in the ordinary course of business in connection with, workers' compensation, unemployment insurance, social security legislation or other forms of governmental insurance or benefits, other than any Lien imposed by ERISA;

(f) any easement, right of way, encroachment, restriction or other similar encumbrance affecting real property that is non-monetary in nature and that, when aggregated with all other such Liens on such real property, is not substantial in amount, and that does not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(g) any Lien securing a judgment or judicial orders for the payment of money not constituting an Event of Default under **Section 8.01(h)** or securing an appeal or other surety bond related to any such judgment; provided such Lien is junior to the Liens of Collateral Agent;

(h) Liens and cash or Cash Equivalents securing obligations under Hedge Agreements permitted under **Section 7.03(e)**;

(i) any Lien securing obligations in respect of a Capital Lease or purchase money transaction on the assets subject to such Capital Lease or purchase money transaction; provided that (i)

such Capital Lease or purchase money transaction is permitted by **Section 7.03(d)**, (ii) any such Lien does not at any time encumber any property other than the property financed by the related Debt and proceeds thereof;

(j) any Lien arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that: (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by any Loan Party or any Subsidiary thereof in excess of those set forth by regulations promulgated by the FRB; (ii) such deposit account is not intended by any Loan Party or any Subsidiary thereof to provide collateral to the depository institution; and (iii) except with respect to deposit accounts which are Excluded Accounts, such bank has waived its rights pursuant to an effective Control Agreement satisfactory to Collateral Agent;

(k) (i) deposits made in the ordinary course of business to secure obligations to insurance carriers and (ii) Liens on insurance policies and the proceeds thereof securing the financing of the premiums with respect thereto; provided, that the aggregate amount of such deposits, together with the amount of premiums financed with respect to such Liens does not exceed $125,000 in the aggregate at any time, and (ii) Administrative Agent may include as part of Reserves any amount secured by such Lien which is or becomes prior to the Liens of Collateral Agent;

(l) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of Loan Parties and the other Subsidiaries, taken as a whole;

(m) deposits of cash with the owner or lessor of premises leased and operated by the Loan Parties or any other Subsidiary to secure the performance of its obligations under the lease for such premises, in each case in the ordinary course of business;

(n) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; provided such Liens have been waived or subordinated to the Liens of Collateral Agent pursuant to Collateral Access Agreements reasonably acceptable to Collateral Agent or, if required by Collateral Agent, are subject to Reserves acceptable to Administrative Agent in its Permitted Discretion;

(o) any Lien securing Debt that is permitted by **Section 7.03(m)**;

(p) the right of a licensee or sub-licensee under a non-exclusive license agreement entered into by any Loan Party or any Subsidiary thereof, as licensor, in the ordinary course of business for the use of intellectual property or other intangible assets of any Loan Party or any such Subsidiary;

(q) so long as such Liens are subject to the terms of the Fifth Third Subordination Agreement, Liens in favor of Fifth Third on the Fifth Third Equipment Lease Original Collateral and the Fifth Third Equipment Lease Additional Collateral; and

(r) Liens securing obligations owing to vendors in the ordinary course of business, so long as such Liens are subject to a Vendor Intercreditor Agreement satisfactory to Administrative Agent;

(s) Liens securing obligations owing to Wells Fargo in respect of a Permitted Receivables Purchase Arrangement; provided that (i) any such Permitted Receivables Purchase Arrangement is permitted by **Section 7.05(f)** and (ii) any such Lien does not at any time encumber any property other than the Purchased Receivables (as defined in the applicable Wells Fargo RPA Intercreditor Agreement) under such Permitted Receivables Purchase Arrangement and solely to the extent that the Lien thereon of Collateral Agent has been released pursuant to the terms of the applicable Wells Fargo RPA Intercreditor Agreement;

(t) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by AENT or any of its Subsidiaries in the ordinary course of business so long as any Inventory or Accounts of any Borrower subject to such Liens are reported by Borrowers as ineligible on the most recent Borrowing Base Report;

(u) Liens that are contractual rights of setoff relating to purchase orders and other agreements entered into with customers of AENT or any of its Subsidiaries in the ordinary course of business, so long as any Inventory or Accounts of any Borrower subject to such Liens are reported by Borrowers as ineligible on the most recent Borrowing Base Report; and

(v) other Liens as to which the aggregate amount of the obligations secured thereby does not exceed $500,000 at any time.

SECTION 7.02 INVESTMENTS.

Make any Investments or enter into any agreement to make Investments, except:

(a) Investments in cash and Cash Equivalents;

(b) Investments arising from transactions by any Loan Party or any Subsidiary thereof with customers or suppliers in the ordinary course of business (provided that, any such Investment with any shareholder or any other Affiliate shall also be conditioned upon compliance with **Sections 6.23** and **7.08**), including Investments (including debt obligations and equity) received in connection with the bankruptcy or reorganization of customers and suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(c) Investments made for the benefit of employees of any Loan Party or any Subsidiary thereof for the purposes of deferred compensation in the ordinary course of business in accordance with past practices;

(d) (i) Guarantees of Debt permitted by **Sections 7.03(b)** and (ii) Guarantees permitted by **Section 7.03(c)**;

(e) Investments existing as of the date hereof and disclosed on **Schedule 7.02**;

(f) security deposits not exceeding $250,000 in the aggregate with respect to real property leased by any Loan Party or any Subsidiary thereof;

(g) Investments in Hedge Agreements permitted under **Section 7.03(e)**;

(h) loans or advances to officers, directors, or employees of Parent or any Subsidiary for travel, entertainment, relocation and analogous ordinary business purposes in the ordinary course of business in an aggregate amount at any time outstanding not to exceed $125,000;

(i) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit and (ii) customary trade arrangements with customers consistent with the Loan Parties' historical practices;

(j) Investments by a Borrower in any Guarantor (other than Parent);

(k) ownership of the Equity Interests of Subsidiaries and Investments in Subsidiaries, in each case, existing on the Closing Date; and

(l) other Investments (other than acquisitions and Investments with Affiliates) in an aggregate amount not to exceed $250,000 so long as the Payment Conditions are satisfied.

SECTION 7.03 DEBT.

Create, incur, assume or suffer to exist any Debt, except (subject to **Section 7.15**):

(a) Debt under the Loan Documents;

(b) Debt outstanding on the date hereof and listed on **Schedule 7.03** and any refinancings, refundings, renewals or extensions thereof; provided that: (i) the amount of such Debt is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder; and (ii) the terms relating to principal amount, amortization, maturity, collateral (if any) and subordination (if any), and other material terms taken as a whole, of any such refinancing, refunding, renewing or extending Debt, and of any agreement entered into and of any instrument issued in connection therewith, are no less favorable in any material respect to the Loan Parties or Lenders than the terms of any agreement or instrument governing the Debt being refinanced, refunded, renewed or extended and the interest rate applicable to any such refinancing, refunding, renewing or extending Debt does not exceed the then-applicable market interest rate;

(c) (i) the Fifth Third Equipment Lease Guaranty, so long as AENT's obligations thereunder are and remain unsecured; and (ii) other unsecured Guarantees by any Loan Party or any Subsidiary thereof of Debt or operating leases (including real property leases) of any other Loan Party or any Subsidiary to the extent that the Person that is obligated under such guaranty could have incurred such underlying Debt or such operating leases (including real property leases); provided that the aggregate outstanding amount of all such Guarantees under this clause (ii) shall not exceed $125,000 at any time;

(d) Debt in respect of Capital Leases and purchase money obligations for fixed or capital assets in an aggregate amount outstanding at any time not to exceed $8,000,000;

(e) Debt under Hedge Agreements incurred in the ordinary course of business and not for speculative purposes;

(f) Debt in respect of: (i) workers' compensation claims or obligations in respect of health, disability or other employee benefits; (ii) property, casualty or liability insurance or self-insurance; (iii) completion, bid, performance, customs, appeal or surety bonds issued for the account of any Loan Party or any Subsidiary thereof; (iv) taxes, assessments or other government charges not yet delinquent or which are the subject of a Permitted Protest; or (v) bankers' acceptances and other similar obligations not constituting Debt for borrowed money; in each of the foregoing cases, to the extent incurred in the ordinary course of business;

(g) Debt of any Loan Party owing to and held by any other Loan Party; provided, that such Debt must be (i) unsecured and expressly subordinated to the prior payment in full in cash of all Obligations (including, with respect to any Guarantor, its obligations hereunder), (ii) subject to the terms of the Intercompany Subordination Agreement, and (iii) evidenced by a promissory note pledged to Collateral Agent under the applicable Collateral Document;

(h) (i) Debt owed in respect of any overdrafts and related liabilities, arising from treasury, depository and other cash management services or in connection with any automated clearing- house transfers of funds incurred in the ordinary course; (ii) cash management obligations and other unsecured Debt incurred in respect of netting services, automatic clearinghouse arrangements, overdraft protection, and other like services, in each case, incurred in the ordinary course of business, and (iii) Debt in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards") or other similar cash management services, in each case, incurred in the ordinary course of business, in an aggregate amount for all of the foregoing not to exceed $125,000; provided that if such Debt is secured, such Debt shall be subject to an intercreditor agreement acceptable to the Administrative Agent unless the foregoing Debt described in clauses (i) through (iii) above relates solely to Deposit Accounts otherwise subject to a Control Agreement in favor of Collateral Agent in form and substance satisfactory to Collateral Agent;

(i) Debt consisting of the financing of insurance premiums in the ordinary course of business; provided, that (i) the aggregate amount of such Debt, together with the aggregate amount of deposits made in the ordinary course of business to secure obligations to insurance carriers does not exceed $250,000 in the aggregate at any time, and (ii) Administrative Agent may include as part of Reserves any amount of such Debt secured by such Lien which is or becomes prior to the Liens of Collateral Agent;

(j) unsecured Debt which is subject to a Subordination Agreement (including Debt owing by Alliance under the Ogilvie Subordinated Note);

(k) Debt of Alliance with respect to the Fifth Third Equipment Lease that is in existence as of the Closing Date;

(l) Debt of Mill Creek with respect to the Incentive Fee and the Supplemental Incentive Fees as those terms are defined in the Technicolor Services Agreement, in an aggregate outstanding amount not to exceed (i) $100,000 due and payable during any Fiscal Year or (ii) $250,000 due and payable during the term of this Agreement; and

(m) Debt (other than any Debt owed to any Loan Party or Subsidiary or Affiliate thereof) not otherwise permitted by clauses (a) through (l) above in an aggregate outstanding amount not to exceed $500,000 at any time outstanding, so long as such Debt is on terms and conditions reasonably acceptable to Administrative Agent and, if such Debt is secured by a Lien on any assets of any Loan Party or any of

its Subsidiaries, such Debt shall be subject to an intercreditor agreement satisfactory to Administrative Agent.

SECTION 7.04 FUNDAMENTAL CHANGES.

(a) Engage in any material line of business other than a Related Business;

(b) Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all or any material portion of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that:

(i) (A) any Loan Party may merge with another Loan Party; provided, that a Borrower must be the surviving entity of any such merger to which it is a party, (B) any Loan Party (other than a Borrower or Parent) may merge with a Subsidiary of such Loan Party that is not a Loan Party so long as such Loan Party is the surviving entity of any such merger, and (C) any Subsidiaries of Loan Parties that are not themselves Loan Parties may merge with each other;

(ii) the Loan Parties may dissolve (or cause to be dissolved) Mecca; provided, that, until dissolved, Mecca shall not (and the Loan Parties shall not permit Mecca to) conduct, transact or otherwise engage in any business or operations or acquire any assets or properties or incur any liabilities except, in any such case, solely in connection with the dissolution thereof; and

(iii) any Subsidiary of a Loan Party may Dispose of all, or substantially all, of its assets (upon voluntary liquidation or otherwise) to such Loan Party (other than Parent) or to another Subsidiary of a Loan Party; provided, that, (x) if the transferor in such a transaction is a Loan Party, then the transferee must be a Loan Party, (y) the transferor in such transaction may not be a Borrower, and (z) if the transferor is a Domestic Subsidiary, then the transferee must be a Domestic Subsidiary;

(c) without at least thirty (30) days' prior written notice (or such shorter notice as the Administrative Agent may agree in its sole discretion) to Administrative Agent, in the case of any Loan Party, (i) change its jurisdiction of organization; (ii) change its organizational structure or type; or (iii) change its legal name;

(d) consummate a Division without the prior written consent of Administrative Agent; provided, that without limiting the foregoing, if any Loan Party that is a limited liability company consummates a Division (with or without the prior consent of Administrative Agent as required above), each Division Successor shall be required to comply with the obligations set forth in **Section 7.04** and the other further assurances obligations set forth in the Loan Documents and to become a Loan Party under this Agreement and the other Loan Documents;

(e) suspend or cease operating a substantial portion of its or their business, except as permitted pursuant to clause (b) above or in connection with a transaction permitted under **Section 7.05**; or

(f) change its Fiscal Year.

SECTION 7.05 DISPOSITIONS.

Make any Disposition or enter into any agreement to make any Disposition, except:

(a) (i) Dispositions of obsolete, surplus or worn out tangible property contained in COKeM's warehouse located at 5651 Innovation Blvd, Shakopee, MN 55379 in connection with the permanent closing of such warehouse, in an aggregate amount (valued at book value) for all such Dispositions under this clause (i) not to exceed $750,000 and (ii) other Dispositions of obsolete, surplus or worn out property (other than Intellectual Property), whether now owned or hereafter acquired, in the ordinary course of business, and the abandonment or other Disposition of Intellectual Property that is, in the reasonable judgment of the management of such Loan Party, no longer economically practicable to maintain or useful in the conduct of the business of such Loan Party and its Subsidiaries, taken as a whole, in an aggregate amount (valued at book value) for all such Dispositions under this clause (ii) not to exceed

$250,000 in any Fiscal Year;

(b) Dispositions of inventory in the ordinary course of business;

(c) Dispositions permitted by **Section 7.04(b)**;

(d) Dispositions of cash and Cash Equivalents, in each case in the ordinary course of business;

(e) Dispositions of accounts receivable in connection with the compromise, settlement or collection thereof in the ordinary course of business;

(f) any Permitted Receivables Purchase Arrangement;

(g) Dispositions of property for 100% cash consideration that are not otherwise permitted under this **Section 7.05**, so long as:

(i) such Disposition is to a Person who is not a Loan Party or an Affiliate of any Loan Party;

(ii) (A) immediately prior to and immediately after giving effect to any such Disposition, there does not exist a Default or Event of Default; (B) such Disposition could not reasonably be expected to result in a Default or Event of Default and (C) no Revolver Overadvance shall exist, in each case before or immediately after giving effect to such Disposition; and

(iii) the aggregate fair market value of all assets subject to Dispositions in reliance on this **Section7.05(g)** does not exceed $250,000 in any Fiscal Year or $500,000 during the term of this Agreement;

(h) Dispositions constituting (i) Liens permitted by **Section 7.01**, (ii) Investments permitted by **Section 7.02**, and (iii) Restricted Payments permitted by **Section 7.06**; and

(i) Dispositions of assets subject to an Event of Loss (including dispositions in lieu of condemnation);

provided that all sales, transfers, leases and other dispositions permitted under this **Section 7.05** shall (1) except in the case of clause (c) above, be made for at least fair value (as determined by such Loan Party or Subsidiary in its good faith, commercially reasonable discretion) and (2) except in the case of clause (c) above, be accompanied by the delivery of an updated pro forma Borrowing Base Report to the extent any asset or assets having a value of $50,000 or more, either individually or in the aggregate (based on the fair market value of the assets so disposed) was included in the most recently delivered Borrowing Base Report.

Notwithstanding the foregoing, in no event shall this **Section 7.05** or any other provision of this Agreement permit any Loan Party to make a Disposition or other transfer of any Material Intellectual Property or any of the Equity Interests of any Person that owns any Material Intellectual Property to any Person that is not a Loan Party, in each case, other than the non-exclusive licensing of Intellectual Property in the ordinary course of business; provided, that no Loan Party shall modify or change any terms of any licensing agreement relating to Material Intellectual Property which would eliminate or materially reduce the rights or benefits of such Loan Party or would in any other way be materially adverse to such Loan Party or the Agents and Lenders.

SECTION 7.06 RESTRICTED PAYMENTS; CERTAIN PAYMENTS OF DEBT.

(a) Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that, so long as it is permitted by law,

(i) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, Parent may make (and Subsidiaries of Parent may make distributions to Parent so that Parent may make) cash distributions to current and former employees, officers, or directors of Parent or its Subsidiaries (or any spouses, ex-spouses, or estates of any of the foregoing) on account of redemptions of Equity Interests of Parent held by such Persons; provided, that (A) the aggregate amount of such redemptions made by Parent during the term of this Agreement does not exceed $250,000 in the aggregate; and (B) the aggregate amount of such Restricted Payments made by Parent during the term of this Agreement for independent directors does not exceed $250,000 in the aggregate,

(ii) payments of dividends or other distributions by Subsidiaries of a Loan Party may be made to such Loan Party (other than Parent);

(iii) Parent may purchase, redeem or otherwise acquire shares of its Equity Interests that are not Disqualified Equity Interests or warrants or options to acquire any such equity interests that are not Disqualified Equity Interests with the proceeds received from the substantially concurrent issue of new shares of its equity interests that are not Disqualified Equity Interests;

(iv) [Reserved];

(v) to the extent constituting Restricted Payments, the Loan Parties and their Subsidiaries may take the actions permitted by **Section 7.02**, **Section 7.04(b)**, **Section 7.06(b)** and **Section 7.08**;

(vi) Parent may declare and make dividend payments or other distributions, in each case, which are payable solely by the issuance of Equity Interests of Parent that are not Disqualified Equity Interests of such Person;

(vii) Parent may declare and make (and Subsidiaries of Parent may make distributions to Parent so that Parent may make) dividend payments or other distributions to the holders of its Equity Interests, other than those in clause (vi), in each case, so long as (A) at the time of making such payment or distribution, no Default or Event of Default has occurred and is continuing or would result after giving effect thereto, (B) the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, is equal to or greater than 1.35:1.00 for (x) the Test Period most recently ended, prior to making such payment or distribution, for which financial statements are required to have been delivered to Administrative Agent pursuant to **Section 6.01(c)** of this Agreement (calculated on a pro forma basis as if such proposed payment or distribution were included in the numerator of such ratio on the last day of such Test Period (it being understood that such proposed payment or distribution shall also be included on the last day of such Test Period for purposes of calculating the Consolidated Fixed Charge Coverage Ratio under this clause (B) for any subsequent proposed payment or distribution under this **Section 7.06(a)(vii)**)) and (y) the upcoming six Test Periods immediately succeeding the date of the proposed payment or distribution, as projected by Parent on a month-end basis for each such month, based on projections reasonably acceptable to Administrative Agent, (C) Excess Revolver Availability, (x) at all times during the 60 consecutive days immediately preceding the date of such proposed payment or distribution, calculated on a pro forma basis as if such proposed payment or distribution was made on the first day of such 60 day period and after giving effect to such proposed payment or distribution, and (y) as projected by Parent on a month end basis for each of the 6 consecutive Fiscal Months immediately succeeding the date of the proposed payment or distribution, based on projections reasonably acceptable to Administrative Agent, in each case, is not less than $10,000,000 and (D) at the time of making such payment or distribution and on a pro forma basis after giving effect thereto, Parent and its Subsidiaries shall be in compliance with the financial covenants set forth in **Section 6.13**; and

(viii) the Loan Parties and their Subsidiaries may make (and Subsidiaries of Parent may make distributions to Parent so that Parent may make) other Restricted Payments so long as the Payment Conditions are satisfied.

(b) Make any payment (whether constituting principal, interest or otherwise) on account of, or redemption or acquisition for value of any portion of, any earn-out or any other Debt that has been contractually subordinated to the Obligations, except:

(i) the Ogilvie Subordinated Debt (including, for the avoidance of doubt, any principal and interest payments under the Ogilvie Subordinated Note), *provided*, that (v) no Default or Event of Default has occurred and is continuing at the time of such payment or would result after giving effect thereto, (w) Parent and its Subsidiaries shall be in compliance with the financial covenants set forth in **Section 6.13** at the time of making such payment and on a pro forma basis after giving effect thereto, (x) Excess Revolver Availability, (I) at all times during the 60 consecutive days immediately preceding the date of such proposed payment, calculated on a pro forma basis as if such proposed payment was made on the first day of such 60 day period and after giving effect to such proposed payment (provided, that the 60 day look-back period described in this clause (I) shall not apply in respect of payments of interest under the Ogilvie Subordinated Note for the period commencing on the Closing Date through the date that is sixty

(60) days following the Closing Date), and (II) as projected by Parent on a month end basis for each of the 6 consecutive Fiscal Months immediately succeeding the date of the proposed payment, based on projections reasonably acceptable to Administrative Agent, in each case, is not less than $5,000,000, (y) the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, is equal to or greater than 1.10:1.00 for (I) the Test Period most recently ended, prior to making such payment, for which financial statements are required to have been delivered to Administrative Agent pursuant to **Section 6.01(c)** of this Agreement (calculated on a pro forma basis as if such proposed payment were included in the numerator of such ratio on the last day of such Test Period (it being understood that such proposed payment shall also be included on the last day of such Test Period for purposes of calculating the Consolidated Fixed Charge Coverage Ratio under this clause (y) for any subsequent proposed payment under this **Section 7.06(b)(i)**)) and (II) the upcoming six Test Periods immediately succeeding the date of the proposed payment, as projected by Parent on a month-end basis for each such month, based on projections reasonably acceptable to Administrative Agent, and (z) such payments do not contravene any subordination provisions applicable thereto;

(ii) to the extent such payment is permitted at such time under the applicable subordination terms; and

(iii) any refinancing of such Debt with the proceeds of other Debt permitted under **Section 7.03.**

(c) Make any optional or voluntary prepayment, redemption, defeasance, purchase or other acquisition of any Debt of any Loan Party or its Subsidiaries, except:

(i) the Ogilvie Subordinated Debt, *provided*, that (v) no Default or Event of Default has occurred and is continuing at the time of such prepayment or would result after giving effect thereto, (w) Parent and its Subsidiaries shall be in compliance with the financial covenants set forth in **Section 6.13** at the time of making such prepayment and on a pro forma basis after giving effect thereto, (x) Excess Revolver Availability, (I) at all times during the 60 consecutive days immediately preceding the date of such proposed prepayment, calculated on a pro forma basis as if such proposed prepayment was made on the first day of such 60 day period and after giving effect to such proposed prepayment, and (II) as projected by Parent on a month end basis for each of the 6 consecutive Fiscal Months immediately succeeding the date of the proposed prepayment, based on projections reasonably acceptable to Administrative Agent, in each case, is not less than $5,000,000, (y) the Consolidated Fixed Charge Coverage Ratio of Parent and its Subsidiaries, on a consolidated basis, is equal to or greater than 1.10:1.00 for (I) the Test Period most recently ended, prior to making such prepayment, for which financial statements are required to have been delivered to Administrative Agent pursuant to **Section 6.01(c)** of this Agreement (calculated on a pro forma basis as if such proposed prepayment were included in the numerator of such ratio on the last day of such Test Period (it being understood that such proposed prepayment shall also be included on the last day of such Test Period for purposes of calculating the Consolidated Fixed Charge Coverage Ratio under this clause (y) for any subsequent proposed prepayment under this **Section 7.06(c)(i)**)) and (II) the upcoming six Test Periods immediately succeeding the date of the proposed prepayment, as projected by Parent on a month-end basis for each such month, based on projections reasonably acceptable to Administrative Agent, and (z) such prepayments do not contravene any subordination provisions applicable thereto;

(ii) any refinancing of such Debt with the proceeds of other Debt permitted under **Section 7.03**;

(iii) any payment of the Revolver Loans in accordance with this Agreement, and

(iv) other Debt in accordance with the terms of this Agreement or such Debt, as applicable, so long as the Payment Conditions are satisfied.

SECTION 7.07 CHANGES RELATING TO DEBT OR MATERIAL CONTRACTS.

Directly or indirectly, amend, change, supplement or otherwise modify: (i) any agreement, instrument, document, indenture or other writing evidencing or concerning any Debt that has been contractually subordinated to the Obligations, if such modification would breach an applicable subordination agreement or other subordination terms applicable to such Debt; (ii) any Material Contracts if the effect thereof, either individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect; or (iii) any agreement, instrument, document or other writing evidencing or concerning the Fifth Third Equipment Lease and/or the Fifth Third Equipment Lease Guaranty, without the written consent of Administrative Agent, if the change taken as a whole would be material and adverse to the interests of the Lending Parties.

SECTION 7.08 TRANSACTIONS WITH AFFILIATES.

Enter into or be a part of any transaction of any kind with any Affiliate of a Loan Party, irrespective of whether in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to such Loan Party or Subsidiary of such Loan Party as would be obtainable by such Person at the time in a comparable arm's length transaction with a Person other than an Affiliate, *provided* that the foregoing restriction shall not apply to:

(a) any indemnity provided for the benefit of directors (or comparable managers) or officers of a Loan Party or one of its Subsidiaries so long as it has been approved by such Loan Party's or such Subsidiary's board of directors (or comparable governing body) in accordance with applicable law,

(b) the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, and directors of a Loan Party or one of its Subsidiaries in the ordinary course of business and consistent with the Loan Parties' past practices so long as it has been approved by such Loan Party's or such Subsidiary's board of directors (or comparable governing body) in accordance with applicable law;

(c) Restricted Payments and Investments permitted hereunder and Debt permitted under **Section 7.03(g)**; and

(d) Guarantees permitted by **Section 7.03(c)**.

SECTION 7.09 BURDENSOME AGREEMENTS.

(a) Enter into any Contractual Obligation that: (i) limits the ability: (A) of any Subsidiary of a Loan Party to make Restricted Payments to such Loan Party or to otherwise transfer property to such Loan Party; (B) of any Loan Party or Subsidiary of a Loan Party to Guarantee the Debt of a Borrower; (C) of any Loan Party or any Subsidiary thereof to create, incur, assume or suffer to exist Liens on

property of such Person; provided that this clause (C) shall not prohibit any negative pledge incurred or provided in favor of any holder of Debt under **Section 7.03(b)** or **Section 7.03(d)** solely to the extent that any such negative pledge relates to the property financed by or the subject of such Debt, or (D) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person;

(b) amend, supplement, modify, waive or alter (or agree to do so) its Organizational Documents, in each case to the extent such amendment, modification or waiver could reasonably be expected, either individually or in the aggregate, to be adverse in any material respect to the interests of the Lenders; or

(c) pay excessive or unreasonable salaries, bonuses, commissions, consultant fees or other compensation to any officer, director, management-level employee, equity holder or consultant of any Loan Party or any of its Subsidiaries, or any family member of any of the foregoing.

SECTION 7.10 MARGIN STOCK.

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

SECTION 7.11 CERTAIN GOVERNMENTAL REGULATIONS.

Be or become subject at any time to any law, regulation, or list of any government agency (including the OFAC list) that prohibits or limits any Lending Party from making any loans or extensions of credit (including the Loans) to any Loan Party or from otherwise conducting business with any Loan Party, or (b) fail to provide documentary and other evidence of any Loan Party's identity as may be requested by any Lending Party at any time to enable such Lending Party to verify any Loan Party's identity or to comply with any applicable Law, including Section 326 of the Patriot Act, the Investment Company Act, and the FCPA.

SECTION 7.12 DISQUALIFIED EQUITY INTERESTS.

(a) Issue any Disqualified Equity Interests, or (b) be or become liable in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of any Equity Interests of any Loan Party or any Subsidiary.

SECTION 7.13 NATWEST ACCOUNT.

Permit the balance in the NatWest Deposit Account and/or any other deposit account or securities account owned by Fulfillment Express, taken together, to exceed $50,000 in the aggregate at any time.

SECTION 7.14 PAYPAL ACCOUNTS

Fail to sweep at least weekly all monies held in each of Borrowers' PayPal accounts to one or more deposit accounts that are subject to a Dominion Control Agreement; provided, that so long as no

Default or Event of Default has occurred and is continuing, Borrowers may exclude from each such sweep up to $150,000 in the aggregate for all such PayPal accounts.

SECTION 7.15 PARENT.

Notwithstanding anything to the contrary contained herein, permit Parent to, and Parent shall not, directly or indirectly, engage in any material business activities, hold any material assets, grant any Lien or incur any Debt, other than (a) ownership of the Equity Interests of AENT and the insurance policies required by **Section 6.07** and renewals or replacements thereof to the extent in compliance with this Agreement; (b) acting as a holding company and transactions incidental thereto, including to facilitate transactions permitted hereunder; (c) entering into the Loan Documents and the transactions required in this Agreement or expressly permitted in this Agreement to be performed by Parent; (d) receiving and distributing the dividends, distributions, and payments permitted to be made to Parent pursuant to **Section 7.06(a)**; (e) issuing Equity Interests and performing its obligations under its Organizational Documents and agreements with the holders of its Equity Interests; (f) activities related to the payment of its tax liabilities and any tax liabilities of the other Loan Parties in the ordinary course of business; (g) entering into confidentiality agreements; (h) making and performing option agreements, shareholder agreements, other incentive compensation agreements and related guaranties, in each case to which Parent is or may become a party; and (i) other activities incidental to or in furtherance of any of the foregoing.

SECTION 7.16 FULFILLMENT EXPRESS.

Notwithstanding anything to the contrary contained herein, permit Fulfillment Express to, directly or indirectly, engage in any material business activities, hold, purchase or sell any inventory or any other material assets, grant any Lien or incur any Debt, other than (a) filing for value-added-tax ("**VAT**") refunds for goods purchased by Alliance from European Union-based suppliers (and which VAT refunds shall be deposited, or caused to be deposited, directly into deposit accounts owned by Alliance that are subject to a Control Agreement); (b) employing one individual Person solely in connection with effecting the activities set forth in the immediately preceding clause (a); (c) entering into such transactions as expressly permitted in this Agreement to be performed by Fulfillment Express; (d) performing its obligations under its Organizational Documents; (e) activities related to the payment of its tax liabilities in the ordinary course of business; and (f) other activities incidental to or in furtherance of any of the foregoing.

SECTION 7.17 GAMEFLY.

Enter into, or permit to exist, any agreement with GameFly or amend any existing agreement with GameFly, in each case, to the extent any such agreement or amendment is adverse to the interests or rights of any Loan Party in any material respect or includes any of the following:

(a) (i) the establishment of an express trust, (ii) an agreement to hold in trust any portion of amounts collected in connection with sales thereunder or (iii) the creation or maintaining of an express fiduciary relationship between any such Loan Party or Subsidiary and GameFly; or

(b) the segregation from such Loan Party's or Subsidiary's general funds of any amounts collected in respect of sales thereunder.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

SECTION 8.01 EVENTS OF DEFAULT.

Each of the following shall constitute an event of default hereunder (each, an "**Event of Default**"):

(a) Non-Payment. A Borrower or any other Loan Party fails to pay when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) (i) all or any portion of the Obligations consisting of fees or charges due to any Agent or Lender, reimbursement of costs and expenses under **Section 10.04(a)**, or other amounts (other than any portion thereof consisting of principal or interest) constituting Obligations, and such failure continues for a period of three (3) Business Days, or (ii) all or any portion of the principal or interest on any of the Loans; or

(b) Specific Covenants. (i) A Borrower or any other Loan Party or Subsidiary thereof fails to perform or observe (A) any term, covenant or agreement contained in any of **Sections 6.01**, **6.02(a)**, **6.03**, **6.05(a)**, **6.07**, **6.10**, **6.11**, **6.12**, **6.13**, **6.18**, **6.19**, **6.22**, **6.23**, **6.24**, **6.25** or **Article VII** (in each case subject to a two Business Day grace period, not more than twice per year, in respect of the delivery of information required under any of **Sections 6.01**, **6.02** or **6.03**), or (B) any other term of any Loan Document which by its terms is incapable of cure; (ii) any Guarantor fails to perform or observe any term, covenant or agreement contained in its Guaranty beyond any applicable grace or cure period; or (iii) any pledgor fails to perform or observe any term, covenant or agreement contained in any Pledge Agreement beyond any applicable grace or cure period; or

(c) Representations and Warranties. Any representation, warranty, certification or written statement of fact made or deemed made by or on behalf of a Borrower or any other Loan Party herein, in any other Loan Document or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) when made or deemed made; or

(d) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in **Sections 8.01(a)**, **8.01(b)** or **8.01(c)**) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days, provided, however, that such grace period shall not apply if the breach or failure to perform is not capable of being cured within such thirty (30) day period or is a willful breach by a Loan Party; or

(e) Cross Default. (i) Any Loan Party or any Subsidiary thereof: (x) subject to any applicable cure or grace period, fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Debt (other than Debt hereunder and Debt under any Hedge Agreements) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount; or (y) subject to any applicable cure or grace period fails to observe or perform any other agreement or condition relating to any such Debt described in clause (i) above or contained in any document evidencing, securing or relating to any of such Debt, or any other default or event occurs, the effect of which failure, default or other event is to cause, or to permit the holder or holders of such Debt (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Debt to be demanded or to

become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Debt to be made, prior to its stated maturity, or (ii) there occurs under any Hedge Agreement an early termination date (as defined in such Hedge Agreement) resulting from (A) any event of default under such Hedge Agreement as to which any Loan Party or any Subsidiary is the Defaulting Party (as defined in such Hedge Agreement) or (B) any Termination Event (as so defined) under such Hedge Agreement as to which any Loan Party or any Subsidiary is an Affected Party (as so defined) and, in either event, the swap termination value owed by a Loan Party or any Subsidiary as a result thereof is greater than the Threshold Amount; provided that this clause (e) shall not apply to secured Debt that becomes due, or which any Loan Party or any Subsidiary thereof shall be required to prepay or repurchase, as a result of the sale or transfer (including by way of condemnation or casualty) of the property or assets securing such Debt if such sale or transfer is permitted hereunder and under the documents providing for such Debt; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Subsidiary thereof (i) institutes or consents to the institution of any proceeding under any Bankruptcy Law, or makes an assignment for the benefit of creditors; (ii) applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) days; or (iii) is the subject of any proceeding under any Bankruptcy Law relating to any such Person or to all or any material part of its property that is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party or any Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due; or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party or any Subsidiary thereof: (i) a final judgment or order for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage); or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case: (A) enforcement proceedings are commenced by any creditor upon such judgment or order; or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount or a Lien on the assets of any Loan Party under Section 303(k) of ERISA or Section 4068 of ERISA or Section 430(k) of the Code; or (ii) any Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any Loan Document or any provision thereof, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or the satisfaction in full of all of the Obligations (other than Unasserted Obligations) and other than as a result of an action or inaction by an Agent or any Lender, ceases to be in full force and effect other than in accordance with its terms; or any Loan Party or any other Person (other than a Lending Party) contests in any manner in writing the validity or enforceability of any Loan Document or any provision thereof; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to limit, revoke, terminate or rescind any Loan Document or any provision thereof; or

(k) Impairment of Collateral. Any Lien purported to be created by any Collateral Document shall cease to be, or shall be asserted by any Loan Party not to be, a valid, perfected, first-priority (except as otherwise expressly provided in this Agreement or such Collateral Document (or other than by a written waiver or release by Collateral Agent)) Lien in the assets covered thereby, other than in respect of assets that, individually and in the aggregate, do not have a value in excess of the Threshold Amount; or

(l) Certain Actions. Any Loan Party or any of its senior officers responsible for the day to day management thereof is criminally indicted or convicted for (i) a felony or (ii) violating any state or federal Laws (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act) in the conduct of the Loan Party's business that has resulted in, or could reasonably be expected to lead to, a forfeiture of any material property or any assets (including the Collateral) upon which such Loan Party has granted a Lien to Collateral Agent or the right to conduct a material part of such Loan Party's business; or

(m) Invalidity of Subordination Provisions. The subordination provisions of any Subordination Agreement or any other agreement or instrument governing any subordinated obligations shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or any Person shall contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations, for any reason shall not have the priority contemplated by this Agreement or such subordination provisions; or

(n) [Reserved]; or

(o) Guaranty. If the obligation of any Guarantor under the guaranty contained herein is limited or terminated by operation of law or by such Guarantor (other than in accordance with the terms of this Agreement or such Guaranty) or if any Guarantor repudiates or revokes or purports to repudiate or revoke any such guaranty; or

(p) Change of Control. There occurs a Change of Control; or

(q) Material Contracts. Unless it could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, (i) the termination of any Material Contract, (ii) the failure of any Material Contract (other than any collective bargaining agreement) to be in full force and effect (other than as a result of expiry at the end of their normal terms), and with respect to which no replacement agreement or arrangement reasonably acceptable to Administrative Agent has been or will be put in place within forty-five (45) days of such event; provided that Administrative Agent cannot unreasonably withhold its acceptance of a replacement agreement or arrangement, or (iii) the failure of any collective bargaining agreement to be in full force and effect; or

(r) Executive Officers. (i) Ogilvie shall cease serving in the capacity of executive chairman of Parent, whether by removal, resignation, death, incapacity or otherwise, and Parent shall have failed to employ or engage a replacement approved by Administrative Agent (such approval not to be unreasonably withheld or delayed) within 90 days, (ii) Walker shall cease serving in the capacity of chief executive officer of Parent, whether by removal, resignation, death, incapacity or otherwise, and Parent shall have failed to employ or engage a replacement approved by Administrative Agent (such approval not to be unreasonably withheld or delayed) within 90 days, or (iii) each of Ogilvie and Walker shall cease serving in their respective capacities of executive chairman of Parent (in the case of Ogilvie) and chief executive officer of Parent (in the case of Walker), whether by removal, resignation, death, incapacity or otherwise, and Parent shall have failed to employ or engage a replacement for either of such Persons approved by Administrative Agent (such approval not to be unreasonably withheld or delayed) within 30 days.

SECTION 8.02 RIGHTS AND REMEDIES.

(a) Rights and Remedies Generally. Upon the occurrence and during the continuation of an Event of Default, Administrative Agent may (and, at the instruction of the Required Lenders, shall), except as otherwise provided in clauses (i) and (ii) below, in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, without notice or demand, do any one or more of the following:

(i) Administrative Agent may, and at the instruction of the Required Lenders, Administrative Agent shall terminate the Revolver Commitments, or adjust the Revolver Borrowing Base (but if an Event of Default described in **Section 8.01(f)** occurs, all Revolver Commitments shall immediately be terminated without any action by Administrative Agent or any Revolver Lender);

(ii) Administrative Agent may, and at the instruction of the Required Lenders, Administrative Agent shall declare all Obligations (including the applicable Make-Whole Amount) immediately due and payable (but if an Event of Default described in **Section 8.01(f)** occurs, all Obligations (including the applicable Make-Whole Amount) outstanding shall immediately be due and payable without any action by Administrative Agent or any Lender);

(iii) stop advancing money or extending credit for a Borrower's benefit under this Agreement or under any other agreement between any Loan Party and Administrative Agent or any Revolver Lender;

(iv) settle or adjust disputes and claims directly with Account Debtors on accounts of any Loan Party for amounts on terms and in any order that Collateral Agent considers advisable, notify any Person owing any Loan Party money of Collateral Agent's Lien on such funds, and verify the amount of such account. Each Loan Party shall collect all payments in trust for Administrative Agent for the benefit of the Lending Parties and, if requested by Administrative Agent, immediately deliver the payments to the Lending Parties in the form received from the Account Debtor, with proper endorsement for deposit;

(v) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its Lien upon the Collateral. Each Loan Party shall assemble the Collateral if either Agent so requests and make it available as such Agent so designates. Any Agent or any Lender may enter the premises where the Collateral is located, take and maintain

possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to Collateral Agent's Lien thereon and pay all expenses incurred. Each Loan Party grants the Agents for the benefit of Lenders a license to enter and occupy any of its premises, without charge, to exercise any of Agents' or any other Lending Party's rights or remedies;

(vi) apply to the Obligations any (i) balances and deposits of any Loan Party that it holds, or (ii) any amount held by either Agent or any Lender owing to or for the credit or the account of any Loan Party;

(vii) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Collateral Agent is hereby granted a non-exclusive, royalty-free license or other right to use without charge, each Loan Party's or any of its Subsidiaries' labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, other Intellectual Property, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Collateral Agent's exercise of its rights under this **Section 8.02**, Each Loan Party's and each of its Subsidiaries' rights under all licenses and all franchise agreements inure to Collateral Agent for the benefit of the Lending Parties;

(viii) place a "hold" on any account maintained with any Agent and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(ix) demand and receive possession of the Books and Records of each Loan Party; and

(x) exercise all default rights and remedies available to any of the Lending Parties under the Loan Documents or at law or equity, including all default remedies provided under the UCC (including disposal of the collateral (including all Collateral) pursuant to the terms thereof).

(b) Power of Attorney. Each Loan Party hereby irrevocably appoints Collateral Agent as its lawful attorney-in-fact, to: (i) at any time that an Event of Default has occurred and is continuing, endorse such Loan Party's name on any checks or other forms of payment or security, sign such Loan Party's name on any invoice or bill of lading for any account or drafts against Account Debtors or sign such Loan Party's name on any notices to Account Debtors; (ii) send requests for verification of Accounts; (iii) endorse each Loan Party's name on any collection item that may come into either Agent's possession (iv) make, settle, and adjust all claims under such Loan Party's policies of insurance and make all determinations and decisions with respect to such policies of insurance; (v) at any time that an Event of Default has occurred and is continuing, take control, in any manner, of any item of payment or proceeds relating to any Collateral; (vi) at any time that an Event of Default has occurred and is continuing, prepare, file, and sign such Loan Party's name to a proof of claim in bankruptcy or similar document against any Account Debtor, or to any notice of lien, assignment, or satisfaction of lien or similar document in connection with any of the Collateral; (vii) at any time that an Event of Default has occurred and is continuing, receive, open and dispose of all mail addressed to such Loan Party, and notify postal authorities to change the address for delivery thereof to such address as Collateral Agent may designate; (viii) use the information recorded on or contained in any data processing equipment, computer hardware, and software relating to the Collateral; (ix) at any time that an Event of Default has occurred and is continuing, settle and adjust disputes and claims respecting the Accounts, Chattel Paper

or General Intangibles directly with Account Debtors, for amounts and upon terms that Collateral Agent determines to be reasonable, and Collateral Agent may cause to be executed and delivered any documents and releases that Collateral Agent determines to be necessary; (x) file UCC-3 assignments reflecting Collateral Agent as assignee of such Loan Party with respect to UCC-1 financing statements filed by such Loan Party in connection with Collateral; (xi) to the extent any Loan Party has the right to do so, cause an Account Debtor's insurers to add Collateral Agent as loss payee under the relevant insurance policy; (xii) at any time that an Event of Default has occurred and is continuing, pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; (xiii) at any time that an Event of Default has occurred and is continuing, transfer any Collateral into the name of Collateral Agent for the benefit of Lenders or a third- party as the UCC permits; and (xiv) do all other acts and things necessary, in Collateral Agent's determination, to fulfill each Loan Party's obligations under this Agreement. Each Loan Party hereby appoints Collateral Agent as its lawful attorney-in-fact to sign such Loan Party's name on any documents necessary to perfect or continue the perfection of any security interest or other Lien in the Collateral regardless of whether an Event of Default has occurred and is continuing until all Obligations have been Repaid in Full. Collateral Agent's foregoing appointment as the attorney-in-fact for each Loan Party, and all of Collateral Agents' rights and powers, being coupled with an interest, are irrevocable until all Obligations have been Paid in Full.

(c) Protective Advances. Administrative Agent, any Lender (or any of them) with the consent of the Administrative Agent shall be authorized, in their sole discretion, to make Loans ("**Protective Advances**") if Administrative Agent deems such Loans necessary or desirable (a) to preserve or protect Collateral, or to enhance the collectability or repayment of Obligations, (b) to obtain any insurance if any Loan Party fails to obtain the insurance required by the terms hereof or fails to pay any premium thereon, (c); to pay any other amounts chargeable to Loan Parties under any Loan Documents, including interest, costs, fees and expenses. Administrative Agent or any Lender which intends to make any Protective Advance shall use commercially reasonable efforts, to the extent practicable, to consult with Administrative Agent and/or the other Lenders (as applicable) prior to making any Protective Advance. Notwithstanding the foregoing, in no event shall Administrative Agent or any Lender have any duty or obligation to make any Protective Advance(s). All Protective Advances paid shall constitute expenses reimbursable under **Section 10.04**, shall be immediately due and payable, shall bear cash interest until paid at the then highest interest rate applicable to any of the Obligations and shall be secured by the Collateral. Required Lenders may at any time revoke Administrative Agent's and any Lender's authority to make Protective Advances hereunder by written notice to Administrative Agent. Absent such revocation, Administrative Agent's determination that funding of a Protective Advance is appropriate shall be conclusive. Administrative Agent will use good faith commercially reasonable efforts (with no liability for failing to do so) to provide Borrowers with notice of Administrative Agent or Lenders obtaining any insurance on behalf of Administrative Borrower or any other Loan Party at the time it is obtained or within a reasonable time thereafter. The making of any Protective Advances shall not be or be deemed to be an agreement to make Protective Advances in similar or different circumstances in the future and shall not operate or be deemed to operate as a waiver by Administrative Agent or any Lender of any Event of Default.

(d) Application of Funds.

(i) No Loan Party shall have the right to specify the order or the accounts to which Administrative Agent shall allocate or apply any payments required to be made by any Loan Party to Administrative Agent on behalf of the Lenders or otherwise received by Administrative Agent on behalf of the Lenders under this Agreement when any such allocation or application is

not specified elsewhere in this Agreement.

(ii) All payments or prepayments to any Agent or any Lender, and all proceeds of the Collateral and any other amounts received on account of the Obligations shall be applied by Administrative Agent until exhausted in the following order:

(A) *first*, to each Agent, to pay all fees, costs, expenses and indemnification payments then due to such Agent under the Loan Documents (excluding all Protective Advances made by such Agent);

(B) *second*, *pro rata*, to each Agent and any Lender which has made a Protective Advance, to pay all Protective Advances held by such Agent or any Lender and all unpaid interest on such Protective Advances;

(C) *third,* to pay interest accrued in respect of the Swing Loans, until paid in full;

(D) *fourth,* to pay the principal of all Swing Loans, until paid in full;

(E) *fifth, pro rata*, to the Lenders according to their respective Percentage Shares, to pay all accrued but unpaid interest and fees (including interest at the applicable Default Rate and any Make-Whole Amounts) on the Loans (other than Swing Loans) owing to Lenders;

(F) *sixth*, *pro rata*, to the Lenders according to their respective Percentage Shares, to pay the Outstanding Amount of the Loans (other than Swing Loans) until such time as the Outstanding Amount of the Loans have been Paid in Full;

(G) *seventh*, *pro rata*, to each Agent and the Lenders, to pay all remaining Credit Outstandings and other Obligations (other than Swing Loans) owing to each Agent or any Lenders;

(H) *eighth*, *pro rata*, to the Revolver Lenders according to their respective Percentage Shares, to provide Cash Collateral to secure any and all Letter of Credit Liability, Reimbursement Obligations and future payment of related fees, as provided for in **Section 2.01(c)**; and

(I) *ninth*, *pro rata*, to each Agent and the Lenders, to pay all remaining Credit Outstandings and other Obligations owing to each Agent any Lender.

After payment in full of all Obligations (other than Unasserted Obligations), any surplus remaining shall be paid to Borrowers or other Persons legally entitled thereto; if any deficiency exists, Borrowers shall remain liable to the Agents and Lenders for such deficiency. If any Agent or any Lender, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of any collateral (including the Collateral), such Agent or such Lender, as applicable, shall have the option, exercisable at any time, of either reducing the applicable Obligations by the principal amount of the purchase price or deferring the reduction of the applicable Obligations until the actual receipt by such Agent or such Lender of cash therefor.

(e) Cash Collateral. If (a) any Event of Default specified in Section 8.01(g) or 8.01(h) shall occur, (b) the Obligations shall have otherwise been accelerated pursuant to Section 8.02, or (c) the Revolver Commitment and the obligations of Agents and the Lenders with respect thereto shall have been terminated pursuant to Section 8.02, then without any request or the taking of any other action by any Agent or the Lenders, Borrowers shall immediately comply with the provisions of Section 2.01(c) with respect to the deposit of cash collateral to secure the existing Letter of Credit Liability and future payment of related fees.

(f) Treatment as Interest. Unless otherwise expressly provided for herein or required by applicable Laws, all payments made to any Lending Party for the benefit of Lenders (or any of them) on account of the Obligations (other than that portion of the Obligations consisting of the Outstanding Amount of all Credit Outstandings or any fees payable in connection with the retirement, prepayment or termination of all or a portion of the Obligations) shall be treated as interest for U.S. federal income tax purposes.

(g) Agent's Liability for Collateral. So long as the Agents and Lenders comply with reasonable banking practices regarding the safekeeping of any collateral the subject of the Collateral Documents, the Agents and Lenders shall not be liable or responsible for: (i) the safekeeping of all or any such collateral; (ii) any loss or damage to all or any such collateral; (iii) any diminution in the value of all or any such collateral; or (iv) any act or default of any carrier, warehouseman, bailee, or other Person. The Loan Parties bear all risk of loss, damage or destruction of any collateral the subject of the Collateral Documents.

(h) No Waiver. Any Agent's or any Lender's failure, at any time or times, to require strict performance by any Loan Party of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of such Agent or such Lender thereafter to demand strict performance and compliance herewith or therewith. Each Agent and Lenders have all rights and remedies provided under the UCC, by law, or in equity. Any amounts paid by any Agent or any Lender on any Loan Party's behalf as provided herein are expenses reimbursable under **Section 10.04** and shall bear interest at the highest interest rate then applicable to any of the Obligations and shall be secured by the collateral the subject of the Collateral Documents. No payments by any Agent or any Lender shall be deemed an agreement to make similar payments in the future or a waiver of any Event of Default by any Agent or any Lender.

(i) Right to Appoint Receiver. Upon the occurrence of an Event of Default and at all times thereafter during the continuance of an Event of Default, each Agent shall be entitled to the immediate appointment of a receiver for all or any part of the Collateral, whether or not waste or deterioration of the Collateral has occurred; whether or not there is a risk that the Collateral is in danger of being lost, removed, or materially injured; and whether or not other arguments based on equity or pursuant to statute would justify the appointment. Each Agent and the Loan Parties agree and consent that said receiver shall be directed to manage, protect, preserve, sell and otherwise dispose of all or any portion of the Collateral and continue the operation of the business of the Loan Parties, 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 payment of the Loans and other fees and expenses due hereunder and under the Loan Documents as aforesaid until a sale or other disposition of such Collateral shall be finally made and consummated. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH LOAN PARTY HEREBY IRREVOCABLY AND FOR VALUABLE CONSIDERATION CONSENTS TO AND WAIVES ANY RIGHT TO OBJECT TO OR OTHERWISE CONTEST THE APPOINTMENT OF A RECEIVER AS PROVIDED ABOVE. EACH LOAN PARTY (I) GRANTS

SUCH WAIVER AND CONSENT KNOWINGLY AFTER HAVING DISCUSSED THE IMPLICATIONS THEREOF WITH COUNSEL, (II) ACKNOWLEDGES THAT (A) THE UNCONTESTED RIGHT TO HAVE A RECEIVER APPOINTED FOR THE FOREGOING PURPOSES IS CONSIDERED ESSENTIAL BY EACH AGENT IN CONNECTION WITH THE ENFORCEMENT OF THE LENDERS' AND AGENTS' RIGHTS AND REMEDIES HEREUNDER AND UNDER THE OTHER LOAN DOCUMENTS, AND (B) THE AVAILABILITY OF SUCH APPOINTMENT AS A REMEDY UNDER THE FOREGOING CIRCUMSTANCES WAS A MATERIAL FACTOR IN INDUCING THE LENDERS TO MAKE THE LOANS TO BORROWERS; AND (III) AGREES TO ENTER INTO ANY AND ALL STIPULATIONS IN ANY LEGAL ACTIONS, OR AGREEMENTS OR OTHER INSTRUMENTS IN CONNECTION WITH THE FOREGOING AND TO COOPERATE FULLY WITH EACH AGENT AND THE LENDERS IN CONNECTION WITH THE ASSUMPTION AND EXERCISE OF CONTROL BY THE RECEIVER OVER ALL OR ANY PORTION OF THE COLLATERAL.

(j) Remedies Cumulative. The rights and remedies of the Agents and the Lenders under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. In addition to the other rights and remedies set forth in this Agreement or in any other Loan Documents, the Agents and the Lenders shall have all other rights and remedies not inconsistent herewith as provided under the UCC, by law, or in equity. No exercise by an Agent or any Lender of one right or remedy shall be deemed an election, and no waiver by any Agent or any Lender of any Default or Event of Default shall be deemed a continuing waiver. No delay by any Agent or any Lender shall constitute a waiver, election, or acquiescence by it.

ARTICLE IX
AGENTS

SECTION 9.01 APPOINTMENT AND AUTHORIZATION OF AGENTS.

Each Secured Party hereby irrevocably appoints WOCF to act on its behalf as Administrative Agent and WOCF to act on its behalf as Collateral Agent and security trustee hereunder and under the other Loan Documents and authorizes each Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof and thereof, together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the use of the term "agent" or "security trustee" in this Agreement or the other Loan Documents with reference to Administrative Agent or Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. The provisions of this **Article IX** are solely for the benefit of Lending Parties, and neither Borrowers nor any other Loan Party shall have rights as a third-party beneficiary of any of such provisions.

SECTION 9.02 RIGHTS AS A LENDER.

If the Person serving as an Agent hereunder is also a Lender, such Person shall have the same rights and powers in such capacity(ies) as any other Person in such capacity(ies) and may exercise the same as though it were not an Agent. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for, make equity investments in, and generally engage in any kind of business with any Loan Party or any Subsidiary or Affiliate of any Loan Party as if such Person were not an Agent hereunder and without any duty to account therefor to any other Lending Party.

SECTION 9.03 EXCULPATORY PROVISIONS.

No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder are administrative in nature. Without limiting the generality of the foregoing, the Agents and White Oak and its Affiliates (in each of their respective capacities as attorney-in-fact, general partner or manager for one or more of the Lenders):

(a) No Fiduciary Duties. Shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) No Obligations Regarding Certain Actions. Shall not have any duty to take any discretionary action or exercise any discretionary powers (including any consent, approval, acceptance, election, designation, use of judgment or expression of satisfaction) contemplated hereby or by the other Loan Documents unless directed in writing to take such discretionary action or exercise such discretionary power by the applicable Required Lenders (or such other number or percentage of Lenders as shall be expressly provided for herein or in any other Loan Documents with respect to such discretionary action or discretionary power); provided that no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable Laws;

(c) Disclosure Obligations. Shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as an Agent or any of its Affiliates in any capacity; and

(d) Limitation on Liability. Shall not be liable for any action taken or not taken by it: (i) with the consent or at the request of Required Lenders (or such other number or percentage of Lenders as shall be necessary, or as the Agents shall believe in good faith shall be necessary, under the circumstances as provided in **Section 8.02** and **Section 10.01**); or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by a final and non-appealable judgment. The Agents shall be deemed not to have knowledge of any Default or Event of Default, unless and until a Loan Party or a Lending Party provides written notice, or a copy thereof, to Administrative Agent describing such Default or Event of Default and stating that such notice is a "Notice of Default". The Agents shall not be responsible for or have any duty to ascertain or inquire into: (A) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document; (B) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith; (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default; (D) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document; or (E) the satisfaction of any condition set forth in **Article IV** or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to Administrative Agent.

SECTION 9.04 RELIANCE BY THE AGENTS.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely

upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of the Loans that by its terms must be fulfilled to the satisfaction of a specified Lending Party, each Agent may presume that such condition is satisfactory to such Lending Party, unless such Agent shall have received notice to the contrary from such Lending Party prior to the making of the Loans. Each Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts it selects and shall not be liable for any action it takes or does not take in accordance with the advice of any such counsel, accountants or experts.

SECTION 9.05 DELEGATION OF DUTIES.

Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents it appoints. Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this **Article IX** shall apply to any such sub- agent and to the Related Parties of each Agent and any such sub-agent and shall apply to their respective activities in connection with the administration and/or syndication of the credit facilities provided for herein, as well as activities as Agent. No Agent shall be responsible for the negligence or misconduct of any sub-agents, except to the extent that a court of competent jurisdiction determines in a final, non- appealable judgment that an Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

SECTION 9.06 RESIGNATION OF THE AGENTS.

Each Agent may at any time give notice of its resignation to Lending Parties and Administrative Borrower. Upon receipt of any such notice of resignation, the Lending Parties shall have the right, with, unless an Event of Default exists, the consent of Administrative Borrower (which consent shall not be unreasonably withheld, conditioned or delayed), to appoint a successor. If, at the time that such Agent's resignation is effective, it is acting as the Swing Lender, such resignation shall also operate to effectuate its resignation as the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to make Swing Loans. If no such successor shall have been so appointed by the Required Lenders, and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then the retiring Agent may (but shall not be obligated to) on behalf of Lending Parties, with, unless an Event of Default exists, the consent of Administrative Borrower (which consent shall not be unreasonably withheld, conditioned or delayed), appoint a successor Agent meeting the qualifications set forth in this **Section 9.06**; provided that, if such Agent shall notify Lending Parties and Administrative Borrower that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by any Agent on behalf of any Lending Party under any of the Loan Documents, the retiring Agent shall continue to hold such Collateral until such time as a successor Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through such Agent shall instead be made by or to each Lending Party directly, until such time as the Required Lenders appoint a successor Agent as provided for in this **Section 9.06**. Upon the acceptance of a successor's appointment as an Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent (other than any rights to indemnity payments and expense reimbursement owed to the retiring Agent), and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided in this **Section 9.06**). The fees payable by Borrowers to

a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between such Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this **Article IX** and **Section 10.04** shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

SECTION 9.07 NON-RELIANCE ON AGENT AND OTHER LENDERS.

Each Lending Party acknowledges that it has, independently and without reliance upon any Agent, any other Lending Party or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lending Party also acknowledges that it will, independently and without reliance upon any Agent, any other Lending Party or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 9.08 NO OTHER DUTIES, ETC.

Notwithstanding anything to the contrary contained herein, no Person identified herein or on the facing page or signature pages hereof as a "Documentation Agent," "Co Agent," "Book Manager," "Book Runner," "Arranger," "Lead Arranger," "Co-Lead Arranger" or "Co-Arranger," if any, shall have or be deemed to have any right, power, obligation, liability, responsibility or duty under this Agreement or the other Loan Documents, other than: (a) in such Person's capacity as: (i) an Agent, Swing Lender or a Lender hereunder; and (ii) an Indemnitee hereunder; or (b) under **Section 9.05**.

SECTION 9.09 EACH AGENT MAY FILE PROOFS OF CLAIM.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Loan Party, any Agent (irrespective of whether the principal of the Loans shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether any Agent shall have made any demand on any Loan Party) shall be entitled and empowered (but not obligated), by intervention in such proceeding or otherwise: (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lending Parties (including any claim for the reasonable compensation, expenses, disbursements and advances of Lending Parties and their respective agents and counsel and all other amounts due Lending Parties under **Sections 2.04**, **Section 2.09** and **Section 10.04**) allowed in such judicial proceeding; and (b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lending Party to make such payments to such Agent and, in the event that such Agent shall consent to the making of such payments directly to Lenders, to pay to such Agent any amount due for the reasonable compensation, expenses, disbursements and advances of such Agent and its agents and counsel, and any other amounts due to such Agent under **Section 2.09** and **Section 10.04**. Nothing contained herein shall be deemed to authorize any Agent to authorize or consent to or accept or adopt on behalf of any Lending Party any plan of reorganization, arrangement, adjustment

or composition affecting the Obligations or the rights of any Lending Party or to authorize any Agent to vote in respect of the claim of any Lending Party in any such proceeding.

SECTION 9.10 GUARANTY MATTERS.

Each Lending Party hereby: (a) irrevocably authorizes each Agent, at its option and in its discretion, to release any Guarantor from its obligations under a Guaranty if (i) such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder, or (ii) upon realization of all of the economic value of such Guaranty; and (b) agrees that, upon request by any Agent at any time, it will confirm in writing such Agent's authority to release any such Guarantor pursuant to this **Section 9.10**.

SECTION 9.11 COLLATERAL AND OTHER MATTERS.

(a) Directions by Lenders.

(i) Each Lender hereby irrevocably authorizes and directs Collateral Agent: (i) to enter into the Collateral Documents for the benefit of such Person; (ii) without the necessity of any notice to or further consent from any such Person from time to time prior to an Event of Default, to take any action with respect to any Collateral Documents or the collateral the subject thereof that may be necessary to perfect and maintain perfected the Liens upon the collateral granted pursuant to the Collateral Documents; (iii) to subordinate any Lien on any property granted to or held by any Agent under any Loan Document to the holder of any Lien on such property that is permitted by this Agreement or any other Loan Document to be senior to the Lien of Collateral Agent; (iv) to consent to the sale of, credit bid, or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code, including Section 363 of the Bankruptcy Code; (v) to credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any sale or other disposition thereof conducted under the provisions of the UCC, including pursuant to Sections 9-610 or 9-620 of the UCC; and (vi) to credit bid or purchase (either directly or indirectly through one or more entities) all or any portion of the Collateral at any other sale or foreclosure conducted or consented to by any Agent in accordance with applicable law in any judicial action or proceeding or by the exercise of any legal or equitable remedy. In connection with any such credit bid or purchase, (i) the Obligations owed to the Lenders shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not impair or unduly delay the ability of any Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such contingent or unliquidated claims cannot be estimated without impairing or unduly delaying the ability of any Agent to credit bid at such sale or other disposition, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the Collateral that is the subject of such credit bid or purchase) and the Lenders whose Obligations are credit bid shall be entitled to receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) in the Collateral that is the subject of such credit bid or purchase (or in the Equity Interests of the any entities that are used to consummate such credit bid or purchase), and (ii) any Agent, based upon the instruction of the Required Lenders, may accept non-cash consideration, including debt and equity securities issued by any entities used to consummate such credit bid or purchase and in connection therewith any Agent may reduce the Obligations owed to the Lenders (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) based upon the value of such

non-cash consideration. Upon request by any Agent at any time, each Lender will confirm in writing any Agent's authority to release or subordinate its interest in particular types or items of collateral the subject of any Collateral Document pursuant to this **Section 9.11**.

(ii) Secured Parties authorize Collateral Agent to release any Lien on any Collateral (a) upon Payment in Full of the Obligations; (b) that is the subject of a Disposition that a Borrower certifies in writing is a Disposition permitted hereunder (and each Agent may rely conclusively on such certificate without further inquiry); (c) in connection with any foreclosure sale or other disposition of any collateral the subject of any Collateral Document after the occurrence of an Event of Default; or (d) subject to **Section 10.01**, if approved, authorized or ratified by the Required Lenders.

(iii) Secured Parties authorize the Collateral Agent to subordinate its Liens to any Purchase Money Lien or other Lien entitled to priority hereunder. No Agent has any obligation to assure that any Collateral exists or is owned by a Loan Party, or is cared for, protected or insured, nor to assure that Collateral Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

(b) Certain Actions by the Agents. Subject to **Section 9.11(a)(iii)**, each Agent shall (and is hereby irrevocably authorized by each Lender to) execute such documents as may be necessary to evidence the release or subordination of Liens granted to Collateral Agent herein or pursuant hereto upon the applicable collateral; provided that: (i) no Agent shall be required to execute any such document on terms that, in any Agent's opinion, would expose such Agent to or create any liability or entail any consequence other than the release or subordination of such Liens without recourse or warranty; and (ii) such release or subordination shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Borrowers or any other Loan Party in respect of) all interests retained by Borrowers or any other Loan Party, including the proceeds of the sale, all of which shall continue to constitute part of the collateral the subject of the Collateral Documents. In the event of any sale or transfer of any collateral the subject of any of the Collateral Documents, or any foreclosure with respect to any of the collateral the subject of any of the Collateral Documents, each Agent shall be authorized to deduct all expenses reasonably incurred by such Agent in connection with such action for which an Agent is entitled to reimbursement pursuant to **Section 10.04(a)** from the proceeds of any such sale, transfer or foreclosure.

(c) No Obligations Regarding Certain Actions. The Agents shall have no obligation whatsoever to any Lending Party or any other Person to assure that all or any of the collateral the subject of the Collateral Documents exists or is owned by a Borrower or any other Loan Party or is cared for, protected or insured or that the Liens granted to Collateral Agent herein or in any of the Collateral Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to each Agent in this **Section 9.11** or in any of the Collateral Documents, it being understood and agreed that in respect of the collateral the subject of the Collateral Documents, or any act, omission or event related thereto, each Agent may act in any manner it may deem appropriate, in its sole discretion, if such Agent has an interest in the collateral the subject of the Collateral Documents by virtue of being one of the Lending Parties.

(d) Appointment of Lending Parties as Agents. Each Lending Party hereby appoints each other such Person as agent for the purpose of perfecting each Agent's or such Person's security interest in assets that, in accordance with Article 9 of the UCC, can be perfected only by possession. Should any such Person (other than an Agent) obtain possession of any collateral the subject of the Collateral Documents, such Person shall notify the Agents thereof, and, promptly upon such Agent's request therefor, shall deliver such collateral to such Agent or in accordance with such Agent's instructions.

Notwithstanding the foregoing, except as expressly set forth in **Section 9.11(a)(iii)**, in no event shall this **Section 9.11** require any Agent to release (i) the Liens securing the Obligations on any Material Intellectual Property or any of the Equity Interests of any Person that owns any Material Intellectual Property or (ii) any Subsidiary from its obligations under the Guaranty if such Subsidiary owns any Material Intellectual Property or any Equity Interests of any Person that owns any Material Intellectual Property.

SECTION 9.12 ERRONEOUS PAYMENTS.

(a) Each Lender and any other party hereto hereby severally agrees that if (i) Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender (or a Lender which is an Affiliate of such Lender) or any other Person that has received funds from Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender (each such recipient, a "**Payment Recipient**") that Administrative Agent has determined in its sole discretion (whether or not after receipt of any notice under clause (b) below) that any funds received by such Payment Recipient were erroneously or mistakenly transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this **Section 9.12(a)**, whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "**Erroneous Payment**"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of Administrative Agent, and upon demand from Administrative Agent such

Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Business Day thereafter, return to Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to Administrative Agent at the greater of the Federal Funds Rate and a rate determined by Administrative Agent in accordance with banking industry rules on interbank compensation from time to time in effect (such amount, the "**Erroneous Payment Return**").

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by Administrative Agent for any reason, after demand therefor by Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an "**Erroneous Payment Return Deficiency**"), then at the sole discretion of Administrative Agent and upon Administrative Agent's written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Commitments) with respect to which such Erroneous Payment was made (the "**Erroneous Payment Impacted Loans**") to Administrative Agent or, at the option of Administrative Agent, Administrative Agent's applicable lending affiliate (such assignee, the "**Agent Assignee**") in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as Administrative Agent may specify) (such assignment of the Loans (but not Commitments) of the Erroneous Payment Impacted Loans, the "**Erroneous Payment Deficiency Assignment**") plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Agent Assignee as the assignee of such Erroneous Payment Deficiency Assignment. Without limitation of its rights hereunder, following the effectiveness of the Erroneous Payment Deficiency Assignment, Administrative Agent may make a cashless reassignment to the applicable assigning Lender of any Erroneous Payment Deficiency Assignment at any time by written notice to the applicable assigning Lender and upon such reassignment all of the Loans assigned pursuant to such Erroneous Payment Deficiency Assignment shall be reassigned to such Lender without any requirement for payment or other consideration. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of **Section 10.06** and (3) Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(e) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by Administrative Agent to such Payment Recipient from any source, against any amount due to Administrative Agent under this **Section 9.12** or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by Borrowers or any other Loan Party, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by Administrative Agent from Borrowers or any other Loan Party for the

purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment (other than an Erroneous Payment comprised of funds received by Administrative Agent from Borrowers or any other Loan Party for the purpose of making a payment on the Obligations) was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this **Section 9.12** shall survive the resignation or replacement of Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) The provisions of this **Section 9.12** to the contrary notwithstanding, (i) nothing in this **Section 9.12** will constitute a waiver or release of any claim of any party hereunder arising from any Payment Recipient's receipt of an Erroneous Payment and (ii) there will only be deemed to be a recovery of the Erroneous Payment to the extent that Administrative Agent has received payment from the Payment Recipient in immediately available funds the Erroneous Payment Return, whether directly from the Payment Recipient, as a result of the exercise by Administrative Agent of its rights of subrogation or set off as set forth above in clause (e) or as a result of the receipt by Agent Assignee of a payment of the outstanding principal balance of the Loans assigned to Agent Assignee pursuant to an Erroneous Payment Deficiency Assignment, but excluding any other amounts in respect thereof (it being agreed that any payments of interest, fees, expenses or other amounts (other than principal) received by Agent Assignee in respect of the Loans assigned to Agent Assignee pursuant to an Erroneous Payment Deficiency Assignment shall be the sole property of the Agent Assignee and shall not constitute a recovery of the Erroneous Payment).

SECTION 9.13 APPOINTMENT OF COLLATERAL AGENT AS SECURITY TRUSTEE.

For the purposes of any Liens created under a Collateral Document governed by (i) English law (an "**English Security Document**"); and (ii) Irish law (an "**Irish Security Document**" and together with the English Security Documents, the "**Foreign Security Documents**") the following additional provisions shall apply, in addition to the provisions set out in this **Section 9.13** or otherwise hereunder.

(a) In this **Section 9.13**, the following expressions have the following meanings:

(i) "Appointee" means any receiver, administrator or other insolvency officer appointed in respect of any Obligor or its assets.

(ii) "Charged Property" means the assets of the Obligors subject to a security interest under a Foreign Security Document.

(iii) "Delegate" means any delegate, agent, attorney or co-trustee appointed by the Collateral Agent (in its capacity as security trustee).

(iv) "Obligor" means each Borrower, Guarantor or other Person that is liable for payment of any Obligations or that has granted a Lien on its assets in favor of Collateral Agent to secure any Obligations.

(b) The Secured Parties appoint the Collateral Agent to hold the security interests constituted by the Foreign Security Documents on trust for the Secured Parties on the terms of the Loan Documents and the Collateral Agent accepts that appointment.

(c) The Collateral Agent, its subsidiaries and associated companies may each retain for its own account and benefit any fee, remuneration and profits paid to it in connection with (i) its activities under the Loan Documents; and (ii) its engagement in any kind of banking or other business with any Obligor.

(d) Nothing in this Agreement constitutes the Collateral Agent as a trustee or fiduciary of, nor shall the Collateral Agent have any duty or responsibility to, any Obligor.

(e) The Collateral Agent shall have no duties or obligations to any other Person except for those which are expressly specified in the Loan Documents or mandatorily required by Law.

(f) The Collateral Agent may appoint one or more Delegates on such terms (which may include the power to sub-delegate) and subject to such conditions as it thinks fit, to exercise and perform all or any of the duties, rights, powers and discretions vested in it by the Foreign Security Documents and shall not be obliged to supervise any Delegate or be responsible to any person for any loss incurred by reason of any act, omission, misconduct or default on the part of any Delegate.

(g) The Collateral Agent may (whether for the purpose of complying with any law or regulation of any overseas jurisdiction, or for any other reason) appoint (and subsequently remove) any person to act jointly with the Collateral Agent either as a separate trustee or as a co-trustee on such terms and subject to such conditions as the Collateral Agent thinks fit and with such of the duties, rights, powers and discretions vested in the Collateral Agent by the Foreign Security Documents as may be conferred by the instrument of appointment of that person.

(h) The Collateral Agent shall notify the Lenders, and endeavor to provide a copy of such notice to Administrative Borrower (*provided* that (i) Collateral Agent shall have no liability for failing to do so and (ii) any failure by Collateral Agent to provide any such copy shall not affect the appointment of the applicable Appointee), of the appointment of each Appointee (other than a Delegate).

(i) The Collateral Agent may pay reasonable remuneration to any Delegate or Appointee, together with any costs and expenses (including legal fees) reasonably incurred by the Delegate or Appointee in connection with its appointment. All such remuneration, costs and expenses shall be treated, for the purposes of this Agreement, as paid or incurred by the Collateral Agent.

(j) Each Delegate and each Appointee shall have every benefit, right, power and discretion and the benefit of every exculpation (together "**Rights**") of the Collateral Agent (in its capacity as security trustee) under the Foreign Security Documents, and each reference to the Collateral Agent (where the context requires that such reference is to the Collateral Agent in its capacity as security trustee) in the provisions of the Foreign Security Documents which confer Rights shall be deemed to include a reference to each Delegate and each Appointee.

(k) Each Secured Party confirms its approval of the Foreign Security Documents and authorizes and instructs the Collateral Agent: (i) to execute and deliver the Foreign Security Documents; (ii) to exercise the rights, powers and discretions given to the Collateral Agent (in its capacity as security trustee) under or in connection with the Foreign Security Documents together with any other incidental

rights, powers and discretions; and (iii) to give any authorizations and confirmations to be given by the Collateral Agent (in its capacity as security trustee) on behalf of the Secured Parties under the Foreign Security Documents.

(l) The Collateral Agent may accept without inquiry the title (if any) which any person may have to the Charged Property.

(m) Each other Secured Party confirms that it does not wish to be registered as a joint proprietor of any security interest constituted by a Foreign Security Document and accordingly authorizes: (i) the Collateral Agent to hold such security interest in its sole name (or in the name of any Delegate) as trustee for the Secured Parties; and (ii) the Land Registry (or other relevant registry) to register the Collateral Agent (or any Delegate or Appointee) as a sole proprietor of such security interest.

(n) Except to the extent that a Foreign Security Document otherwise requires, any moneys which the Collateral Agent receives under or pursuant to a Foreign Security Document may be: (i) invested in any investments which the Collateral Agent selects and which are authorized by Law; or (ii) placed on deposit at any bank or institution (including the Collateral Agent) on terms that the Collateral Agent thinks fit, in each case in the name or under the control of the Collateral Agent, and the Collateral Agent shall hold those moneys, together with any accrued income (net of any applicable Taxes) to the order of the Lenders, and shall pay them to the Lenders on demand.

(o) On a disposal of any of the Charged Property which is permitted under the Loan Documents, the Collateral Agent shall (at the cost of the Obligors) execute any release of the Foreign Security Documents or other claim over that Charged Property and issue any certificates of non-crystallisation of floating charges that may be required or take any other action that the Collateral Agent considers desirable.

(p) The Collateral Agent shall not be liable for:

(i) any defect in or failure of the title (if any) which any person may have to any assets over which security is intended to be created by a Foreign Security Document;

(ii) any loss resulting from the investment or deposit at any bank of moneys which it invests or deposits in a manner permitted by a Foreign Security Document;

(iii) the exercise of, or the failure to exercise, any right, power or discretion given to it by or in connection with any Loan Document or any other agreement, arrangement or document entered into, or executed in anticipation of, under or in connection with, any Loan Document; or

(iv) any shortfall which arises on enforcing a Foreign Security Document.

(q) The Collateral Agent shall not be obligated to:

(i) obtain any authorization or environmental permit in respect of any of the Charged Property or a Foreign Security Document;

(ii) hold in its own possession a Foreign Security Document, title deed or other

document relating to the Charged Property or a Foreign Security Document;

(iii) perfect, protect, register, make any filing or give any notice (where applicable) in respect of a Foreign Security Document (or the order of ranking of a Foreign Security Document), unless that failure arises directly from its own gross negligence or willful misconduct; or

(iv) require any further assurances in relation to a Foreign Security Document.

(r) In respect of any Foreign Security Document, the Collateral Agent shall not be obligated to: (i) insure, or require any other person to insure, the Charged Property; or (ii) make any enquiry or conduct any investigation into the legality, validity, effectiveness, adequacy or enforceability of any insurance existing over such Charged Property.

(s) In respect of any Foreign Security Documents, the Collateral Agent shall not have any obligation or duty to any person for any loss suffered as a result of: (i) the lack or inadequacy of any insurance; or (ii) the failure of the Collateral Agent to notify the insurers of any material fact relating to the risk assumed by them, or of any other information of any kind, unless Required Lenders have requested it to do so in writing and the Collateral Agent has failed to do so within fourteen (14) days after receipt of that request.

(t) Every appointment of a successor Collateral Agent under a Foreign Security Document shall be by deed.

(u) Section 1 of the Trustee Act 2000 shall not apply to the duty of the Collateral Agent in relation to the trusts constituted by this Agreement.

(v) In the case of any conflict between the provisions of this Agreement and those of the Trustee Act 1925 or the Trustee Act 2000, the provisions of this Agreement shall prevail to the extent allowed by law, and shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

(w) The perpetuity period under the rule against perpetuities if applicable to this Agreement and any Foreign Security Document shall be 80 years from the date of this Agreement.

ARTICLE X
GENERAL PROVISIONS

SECTION 10.01 AMENDMENTS, ETC.

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by a Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders (or the Agents specified below at the written request of the applicable Required Lenders specified below) (such request may be by electronic means)) and Borrowers or the applicable Loan Party, as the case may be, with receipt acknowledged by Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) Unless in writing and signed by each Borrower and by any such Lender or LC Issuer as to whom such amendment, waiver or consent is intended to apply, with receipt

acknowledged by Administrative Agent, do any of the following:

(A) increase, or extend the expiry of, the Commitment of any Lender (or reinstate any such Commitment to the extent terminated pursuant to **Section 8.02**) without the written consent of such Lender;

(B) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, any Reimbursement Obligation, any applicable Make-Whole Amount, fees or other amounts due to any Lender or LC Issuer hereunder or under any other Loan Document, including any prepayments specified under **Section 2.03**, or reduce the amount due to any Lender or LC Issuer on any such date, in each case without the written consent of such Lender or LC Issuer; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate", or waive any obligation of the Borrowers to pay interest on the Loans at the Default Rate;

(C) reduce or forgive the principal of, or the rate of interest, any Reimbursement Obligation or the Make-Whole Amount specified herein on, any or all of the Loans or other amounts payable to any Lender or LC Issuer hereunder or under any other Loan Document, in each case without the written consent of such Lender or LC Issuer; provided, however, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate", or waive any obligation of the Borrowers to pay interest on the Loans at the Default Rate; or

(D) amend any provision herein or in any other Loan Document providing for consent or other action by Required Lenders so that such consent or other action requires the consent of a lesser or greater portion of the Lenders without the written consent of all Lenders directly and adversely affected thereby; or

(ii) Unless in writing and signed by all Lenders and Borrowers, with receipt acknowledged by Administrative Agent, do any of the following:

(A) amend this **Section 10.01**, **Section 2.09**, **Section 2.10** or **Section 8.02(d)** or any provision herein providing for consent or other action by all Lenders;

(B) amend the definition of "Borrowing Base" or any of the defined terms that are used in such definition or to the extent that any such change that results in more credit being made available to Borrowers based upon the Borrowing Base, but not otherwise;

(C) release, compromise or subordinate all or any substantial portion of the collateral the subject of the Collateral Documents and securing the Obligations, except as otherwise expressly provided herein or in any of the Collateral Documents or amend the definition of the obligations secured by any of the Collateral Documents;

(D) release, compromise, subordinate or terminate any of the Guaranties except as otherwise expressly provided herein or in any of the Loan Documents;

(E) amend the definition of "**Required Lenders**" contained in **Section**

1.01; amend **Section 10.06(b)(v)**;

provided further that, notwithstanding anything to the contrary contained herein: (1) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to such Lenders (other than any Defaulting Lender) as are otherwise required by this **Section 10.01**, affect the rights or duties of such Agent under this Agreement or any other Loan Document; (2) no amendment, waiver or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Administrative Agent, Borrowers, and the Required Lenders; (3) no consent of a Borrower shall be required with respect to any amendment or waiver described in **Section 10.01(i)(D),** or **Section 10.01(ii)(A) or Section 10.1(ii)(B)**, if at the time of such amendment or waiver a Default or Event of Default exists; (4) any amendment, waiver, or consent with respect to any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lending Parties among themselves, and that does not affect the rights or obligations of the Loan Parties (or any of them), shall not require consent by, or the agreement of, any Loan Party; (5) Administrative Agent and Borrowers may amend any Loan Document without the consent of any other party in order to correct technical errors, omissions or inconsistencies within or between the Loan Documents; and (6) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

SECTION 10.02 NOTICES; ELECTRONIC COMMUNICATIONS.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in **Section 10.02(b)**), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, sent by facsimile transmission or sent by approved electronic communication in accordance with **Section 10.02(b)**, and all notices and other communications expressly permitted to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to Borrowers, any other Loan Party or an Agent, to the address, facsimile number, e-mail address or telephone number specified for such Person on **Schedule 10.02**; and

(ii) if to any Lender, to the address, facsimile number, e-mail address or telephone number specified in its Administrative Detail Form. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received, and notices sent by facsimile transmission or by means of approved electronic communication shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient); provided that notices delivered through electronic communications to the extent provided by **Section 10.02(b)** shall be effective as provided in such subsection (b).

(b) Electronic Communications.

(i) Each Lender agrees that notices and other communications to it hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by each Agent; provided that the foregoing shall not apply to notices to any Lender pursuant to **Article II** if such Lender has notified each Agent that

it is incapable of receiving notices under **Article II** by electronic communication; provided further that, as of the Closing Date, each Lender which is a party hereto confirms that it is capable of receiving notices under **Article II** by electronic communication. In furtherance of the foregoing, each Lender hereby agrees to notify each Agent in writing, on or before the date such Lender becomes a party to this Agreement, of such Lender's e-mail address to which a notice may be sent (and from time to time thereafter to ensure that each Agent has on record an effective e-mail address for such Lender). Each of the Agents and Borrowers may, in such Person's discretion, agree to accept notices and other communications to it hereunder by means of electronic communication pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications. Unless an Agent otherwise prescribes: (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as, as an example and not a requirement, by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that, if such notice or other communication is not sent during the normal business hours of the recipient, which for purposes hereof shall be deemed 9:00 a.m. to 5:00 p.m., Monday through Friday on non-Holidays, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient; and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor.

(ii) Each Loan Party hereby acknowledges that: (A) each Agent may make Specified Materials available to Lending Parties by posting some or all of the Specified Materials on an Electronic Platform; (B) the distribution of materials and information through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with any such distribution; (C) the Electronic Platform is provided and used on an "AS IS," "AS AVAILABLE" basis; and (D) neither Agents nor any of its Affiliates warrants the accuracy, completeness, timeliness, sufficiency or sequencing of the Specified Materials posted on the Electronic Platform. Each Loan Party further acknowledges that certain of the Lending Parties (each, a "**Public Lender**") may have personnel who do not wish to receive material non-public information with respect to the Loan Parties or their Subsidiaries or Affiliates or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Each Loan Party hereby agrees that: (1) all Specified Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC," which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (2) by marking Specified Materials "PUBLIC," each Loan Party shall be deemed to have authorized Lending Parties to treat such Specified Materials as not containing any material non-public information with respect to each Loan Party or its securities for purposes of United States federal and state securities laws (*provided* that, to the extent such Specified Materials constitute Information, they shall be treated as set forth in **Section 10.07**); (3) all Specified Materials marked "PUBLIC" may be made available through a portion of the Electronic Platform designated "Public Investor" (or words to similar effect); and (4) each Agent shall be entitled to treat any Specified Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Electronic Platform not designated "Public Investor" (or words of similar effect). EACH AGENT, ON BEHALF OF ITSELF AND ITS AFFILIATES, EXPRESSLY AND SPECIFICALLY DISCLAIMS, WITH RESPECT TO THE ELECTRONIC PLATFORM, DELAYS IN POSTING OR DELIVERY, OR

PROBLEMS ACCESSING THE SPECIFIED MATERIALS POSTED ON THE ELECTRONIC PLATFORM, AND ANY LIABILITY FOR ANY LOSSES, COSTS, EXPENSES OR LIABILITIES THAT MAY BE SUFFERED OR INCURRED IN CONNECTION WITH THE ELECTRONIC PLATFORM. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSES, NON-INFRINGEMENT OF THIRD-PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY AN AGENT OR ANY OF ITS AFFILIATES IN CONNECTION WITH THE ELECTRONIC PLATFORM.

(iii) Each Lender hereby agrees that notice to it in accordance with **Section 10.02(b)(i)** specifying that any Specified Materials have been posted to the Electronic Platform shall, for purposes of this Agreement, constitute effective delivery to such Lender of such Specified Materials. EACH LENDER: (A) ACKNOWLEDGES THAT THE SPECIFIED MATERIALS, INCLUDING INFORMATION FURNISHED TO IT BY ANY LOAN PARTY OR ANY AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THE LOAN DOCUMENTS, MAY INCLUDE MATERIAL, NON-PUBLIC INFORMATION CONCERNING THE LOAN PARTIES AND THEIR RESPECTIVE SUBSIDIARIES OR AFFILIATES OR THEIR RESPECTIVE SECURITIES; AND (B) CONFIRMS THAT: (1) IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL, NON-PUBLIC INFORMATION; (2) IT WILL HANDLE SUCH MATERIAL, NON-PUBLIC INFORMATION IN ACCORDANCE WITH SUCH PROCEDURES AND APPLICABLE LAWS, INCLUDE FEDERAL AND STATE SECURITIES LAWS; AND (3) TO THE EXTENT IT HAS SUCH A PERSON, IT HAS IDENTIFIED IN ITS ADMINISTRATIVE DETAIL FORM A CONTACT PERSON WHO MAY RECEIVE SPECIFIED MATERIALS THAT MAY CONTAIN MATERIAL, NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAWS.

(c) Change of Address, Etc. Borrowers and the Agents may change their respective address(es), facsimile number(s), telephone number(s) or e-mail address(es) for notices and other communications hereunder by notice to the other parties hereto. Each Lender may change its address(es), facsimile number(s), telephone number(s) or e-mail address(es) for notices and other communications hereunder by notice to Borrowers and each Agent.

(d) Reliance by Lending Parties. Lending Parties shall be entitled to rely and act upon any notices purportedly given by or on behalf of any Loan Party even if: (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein; or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Each Loan Party shall indemnify each Indemnitee from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Loan Party. All telephonic notices to and other telephonic communications with an Agent may be recorded by such Agent, and each of the parties hereto hereby consents to such recording.

SECTION 10.03NO WAIVER; CUMULATIVE REMEDIES.

No failure by any Agent or any other Lending Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; no single or partial exercise of any right, remedy, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies,

powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 10.04EXPENSES; INDEMNITY; DAMAGE WAIVER.

(a) Costs and Expenses. Borrowers shall pay all reasonable and documented out-of- pocket expenses incurred by each Agent, Lenders and their respective Affiliates, (i) in connection with the preparation, negotiation, administration, management, execution and delivery of this Agreement and the other Loan Documents or any amendments, modifications or waivers of, or consents relating to, the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including without limitation (x) all legal, valuation, due diligence and servicing expenses incurred by the Lenders, including third party administrative and valuation fees and (y) the reasonable and documented fees, charges and disbursements of (A) one separate counsel for Agents (including fees, time charges and disbursements of counsel who may be employees of each Agent or its respective Affiliates), and the Lenders, taken as a whole (and, in the case of an actual or potential conflict of interest, one additional lead counsel for each affected party similarly situated) and if reasonably necessary, one local counsel in each relevant jurisdiction and one regulatory counsel in each regulatory area of law (and, in the case of an actual or potential conflict of interest, one additional local counsel in each relevant jurisdiction and one additional regulatory counsel in each regulatory area of law for each affected party similarly situated) for the Agents and the Lenders, taken as a whole, (B) outside consultants for each Agent, (C) appraisers, (D) all out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Obligations, and (E) environmental site assessments, and (ii) in connection with (A) the administration and/or syndication of the credit facilities provided for herein, (B) the enforcement or protection of their rights in connection with this Agreement or the Loan Documents or efforts to preserve, protect, collect, or enforce the Collateral, whether before or after the occurrence and during the continuance of an Event of Default, or (C) any workout, restructuring or negotiations in respect of any Obligations.

(b) Indemnification by Loan Parties. Each Loan Party shall indemnify each Indemnitee against, and hold harmless each Indemnitee from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable and documented out-of-pocket fees, charges and disbursements of counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by a Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any document, agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, or any other transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom; or, in the case of an Agent (and any sub-agent thereof) and its Affiliates only, the administration of this Agreement and the other Loan Documents, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Loan Party or any of its Subsidiaries, or any Environmental Claim or Environmental Liability related to the operations of any Loan Party, (iv) any claims of, or amounts paid by any Lending Party to, a Collateral Account bank or other Person which has entered into a control agreement with any Lending Party hereunder or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by a Borrower or any other Loan Party or Subsidiary, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final

and non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by a Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if a Borrower has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of a Borrower and that is brought by an Indemnitee against another Indemnitee (other than against the arranger or Agent in their capacities as such). This **Section 10.04(b)** shall not apply with respect to Taxes other than Taxes arising from a non-Tax claim.

(c) Reimbursement by Lenders. If a Borrower for any reason fails to pay when due any amount that it is required to pay under **Section 10.04(a)** or **Section 10.04(b)** to each Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Revolver Lender severally agrees to pay to Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Revolver Lender's pro rata share (based on its Percentage Share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought)) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against an Agent (or any such sub-agent) or any Related Party of any of the foregoing acting for such Agent (or any such sub-agent) in connection with such capacity. The obligations of Lenders under this subsection (c) are subject to the provisions of **Section 2.10(e)**.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Laws, no party hereto shall assert, and each party hereto hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any document contemplated hereby, any of the other transactions contemplated hereby or thereby, any of the Loans or the use of the proceeds thereof provided that this sentence shall not limit the Loan Parties' indemnity or reimbursement obligations to the extent such special, indirect, consequential or punitive damages are included in any third party claim in connection with which an Indemnitee is otherwise entitled to indemnification under this Agreement or any other Loan Document. No Indemnitee referred to in **Section 10.04(b)** shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby. Each Loan Party acknowledges that White Oak and certain of its Affiliates are signing this agreement in their respective capacities as attorney-in-fact, general partner or manager for certain of the Lenders solely for administrative purposes, and neither White Oak nor any of its Affiliate shall have any responsibility or liability for any action taken by any of the Lenders, nor shall White Oak or any of its Affiliates have any obligation to disclose any information regarding any of the Lenders to any Loan Party or any other Person.

(e) Payments. All amounts due under this **Section 10.04** shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this **Section 10.04** shall survive the resignation of any Agent, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

SECTION 10.05MARSHALLING; PAYMENTS SET ASIDE.

Neither Agent nor any other Lending Party shall be under any obligation to marshal any asset in favor of any Loan Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any payment by or on behalf of any Loan Party is made to any Agent or any other Lending Party, or any Agent or any other Lending Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by any Agent or any other Lending Party in such Person's discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Bankruptcy Law or otherwise, then: (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred; and (b) each Lending Party severally agrees to pay to each Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by such Agent plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate. The obligations of each Lending Party under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

SECTION 10.06SUCCESSORS AND ASSIGNS.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither a Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Agent and each Lending Party, and no Lender may assign or otherwise transfer any of its rights or obligation hereunder except: (i) to an Eligible Assignee, in accordance with the provisions of subsection (b) of this **Section 10.06**; (ii) by way of participation in accordance with the provisions of subsection (d) of this **Section 10.06**; or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this **Section 10.06**; and any other attempted assignment or transfer by any party hereto shall be null and void. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this **Section 10.06** and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents and each other Lending Party) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by any Lender. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment (if any) and/or Loans at the time owing to it, no minimum amount need be assigned; or

(B) in any case not described in the immediately preceding subclause (A), the aggregate amount of any Commitment (which, for this purpose, includes the Outstanding Amount of all Loans) or, if the applicable Commitment is not then in effect, the Outstanding Amount of all Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to

such assignment is delivered to an Agent) shall not be less than $1,000,000 (or, if less, the remaining portion of Lender's Outstanding Amount in the case of any assignment in respect of the Outstanding Amount of the Loans), unless (I) an Agent consents (which consent shall not be unreasonably withheld or delayed) and (II) so long as a Default has not occurred and is continuing), Administrative Borrower consents (which consent shall not be unreasonably withheld or delayed); provided that such Borrower shall be deemed to have consented to any such amount unless it shall have objected thereto by written notice to each Agent within ten (10) Business Days following the date it receives notice of such amount.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all of the assigning Lender's rights and obligations under this Agreement with respect to the Loans or Commitments assigned.

(iii) Required Consents. No consent shall be required for any assignment other

than:

(A) any consent required by **Section 10.06(b)(i)(B)**;

(B) the consent of Administrative Borrower (which consent shall not be unreasonably withheld, conditioned or delayed); provided that such Borrower shall be deemed to have consented to any such assignment unless it shall have objected thereto by written notice to each Agent within ten (10) Business Days following the date it received notice of such assignment; provided further that no consent of Administrative Borrower shall be required under this **Section 10.06(b)(iii)(B)** if (I) an Event of Default has occurred and is continuing or (II) such assignment is to an Eligible Assignee under clauses (a) through (d) of the definition thereof; and

(C) the consent of each Agent (which consent shall not be unreasonably withheld, conditioned or delayed) if such assignment is: (I) an assignment of a Commitment to a Person (irrespective of whether such Person is an Eligible Assignee) who does not then have a Commitment; or (II) an assignment of Loans to a Person that is not an Eligible Assignee under clauses (a) through (d) of the definition thereof.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500; provided that Administrative Agent: (A) may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment; and (B) shall waive such processing and recordation fee in the case of any assignment by a Lender to an Eligible Assignee. The assignee, if it is not a Lender, shall deliver to Administrative Agent an Administrative Detail Form and all documentation and other information with respect to the assignee that is required by regulatory authorities under applicable "know your customer" and anti- money laundering rules and regulations, including the Patriot Act and all tax forms required by **Section 2.08**.

(v) No Assignment to any Loan Party or Affiliate. No such assignment shall be made to any Loan Party or any of its Affiliates or Subsidiaries.

(vi) No Assignment to Certain Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by Administrative Agent pursuant to subsection (c) of this **Section 10.06**, from and after the date recorded in the Register, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of the assigning Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lending Party's rights and obligations under this Agreement, such Lending Party shall cease to be a party hereto) but shall continue to be entitled to the benefits of **Section 2.07**, **Section 2.08** and **Section 10.04** with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, each Borrower (at its expense) shall execute and deliver Notes to the assignee Lending Party. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this **Section 10.06**.

Notwithstanding anything to the contrary contained in this Agreement or any of the other Loan Documents: (A) no Lender shall be required to comply with this **Section 10.06(b)** in connection with any assignment of all or any portion of its rights and other obligations under or relating to the Loans, this Agreement and the other Loan Documents to any Affiliate of such Lender (other than any Loan Party, any Affiliate thereof or a natural person) or any Approved Fund related to such Lender, and such Lender shall have no obligation to disclose any such assignment to any such Person; provided that such Lender shall continue to be liable as a "**Lender**" under this Agreement and the other Loan Documents until such time, if at all, that such Lender and such other Person have complied with the provisions of this **Section 10.06(b)** in order for such other Person to become a "**Lender**" hereunder; (B) a Lender may pledge, or grant a security interest in, all or any portion of its rights and other obligations under or relating to the Loans, this Agreement and the other Loan Documents to a financial institution or other funding source (other than any Loan Party, any Affiliate thereof or any natural person) or any trustee or agent therefor in support of obligations owing by such Lender to such Person(s); (C) any Lender which is a fund may pledge, or grant a security interest in, all or any portion of its rights and other obligations under or relating to the Loans, this Agreement and the other Loan Documents to its trustee (except if such trustee is any Loan Party, any Affiliate thereof or a natural person) in support of its obligation to its trustee; and (D) no pledge or grant of a security interest pursuant to the immediately preceding clauses (A) or (C) shall release the transferor Lender from any of its obligations hereunder or under any of the other Loan Documents and such Lender such Lender shall continue to be liable as a "**Lender**" under this Agreement and the other Loan Documents until such time, if at all, that such Lender and such other Person have complied with the provisions of this **Section 10.06(b)** in order for such other Person to become a "**Lender**" hereunder.

(c) Register. Administrative Agent, acting solely for this purpose as a non-fiduciary agent of each Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a Register. The entries in the Register shall be conclusive absent manifest error, and each Borrower and Lending Parties may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower and each Lender at any reasonable time and from time to time

upon reasonable prior written notice. It is intended that the Register and any Participant Register (as defined below) be maintained such that the Loans are in "registered form" for the purposes of the Code.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or Administrative Agent, sell participations to any Person (other than a natural Person, any Loan Party or any Loan Party's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitments and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) each Borrower, each Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under **Section 2.08(d)** with respect to any payments made by such Lender to its Participant(s).

Any document pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided that such document may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to **Section 10.01** that affects such Participant. Each Borrower agrees that each Participant shall be entitled to the benefits of **Section 2.07** and **Section 2.08**, (subject to the requirements and limitations therein) (it being understood that the documentation required under **Section 2.08(f)** shall be delivered to the participating Lender who shall hold such documentation for its behalf and on behalf of Borrowers and Agents)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to **Section 10.06(b)**; provided that such Participant shall not be entitled to receive any greater payment under **Section 2.07** or **Section 2.08**, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by applicable Laws, each Participant also shall be entitled to the benefits of **Section 10.08** as though it were a Lender; provided that such Participant agrees to be subject to **Section 2.09** as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of a Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts of (and stated interest on) 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 or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form for the purposes of the Code. 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, neither Agent (in its capacity as an Agent) shall have any responsibility for maintaining a Participant Register.

(e) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender owing to a Federal Reserve Bank; provided that no such pledge or assignment shall release

such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Electronic Execution of Assignments. The words "**execution**," "**signed**," "**signature**," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 10.07TREATMENT OF CERTAIN INFORMATION; CONFIDENTIALITY.

Each Agent and each other Lending Party (on behalf of itself and its Related Parties) each agrees to treat the Information in a confidential manner and to not disclose the Information to Persons not party to this Agreement (or Affiliates thereof), except that Information may be disclosed (including by means of the Electronic Platform): (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors, representatives and funding and financing sources (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and agree to keep such Information confidential on the same terms as provided herein); (b) to the extent requested by any regulatory authority, purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners); provided that each Agent or such Lender, as applicable, will use commercially reasonable efforts to give Administrative Borrower advance notice of such disclosure (to the extent not prohibited and reasonably possible); provided further that no such advance notice shall be required to be delivered with respect to any routine audit or examination conducted by any banking authority, auditor, or any governmental agency or other authority exercising examination or regulatory authority over any Agent or any Lender which such examination is not directly focused on a Borrower, Guarantor or any of their Subsidiaries; (c) to the extent required by applicable Laws or by any subpoena or similar legal process (in which case the Agents or Lenders, as applicable, shall notify the Borrowers to the extent practicable and to the extent permitted by applicable Laws); (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) to "Gold Sheets" or other similar bank trade publications announcements; provided that such information consist solely of deal terms and other information customarily found in such publications; (g) subject to an agreement containing provisions substantially the same as those of this **Section 10.07** to: (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement; or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction or credit insurance relating to any Loan Party; (h) with the consent of each Borrower; or (i) to the extent such Information: (i) becomes publicly available other than as a result of a breach of this **Section 10.07**; or (ii) becomes available to any Agent, any Lending Party or any of their respective Affiliates on a non-confidential basis from a source other any Loan Party and not in contravention of this **Section 10.07**. For purposes of this **Section 10.07**, "**Information**" means all material non-public information (including financial information) received from any Loan Party relating to such Loan Party or its business, other than any such information that is available to any Agent or any other Lending Party on a non-confidential basis, and not in contravention of this **Section 10.07**, prior to disclosure by such Loan Party. Any Person required to maintain the confidentiality of Information as provided in this **Section 10.07**: (A) shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as

such Person would accord to its own confidential information; and (B) shall not disclose any financial information concerning any Loan Party or its business (including any information based on any such financial information) or use any such financial information for commercial purposes without the prior written consent of the applicable Loan Party. Notwithstanding the foregoing, each Loan Party authorizes each Lending Party to make announcements which are commonly known as "tombstones" of the financial arrangements entered into among the Loan Parties, the Agents, and Lenders, in such publications as each Lending Party may in its sole and absolute discretion deem appropriate.

SECTION 10.08RIGHT OF SETOFF.

If an Event of Default shall have occurred and be continuing, each of Lending Parties and their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Laws, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lending Party to or for the credit or the account of a Borrower or any other Loan Party against any and all of the Obligations to such Lending Party or such Affiliate, irrespective of whether or not such Lending Party shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lending Party different from the branch or office holding such deposit or obligated on such obligations. The rights of each Lending Party and its Affiliates under this **Section 10.08** are in addition to other rights and remedies (including other rights of setoff) that such Lending Party or its Affiliates may have. Each Lending Party agrees to notify each Borrower and Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application. NOTWITHSTANDING THE FOREGOING, NO LENDING PARTY SHALL EXERCISE, OR ATTEMPT TO EXERCISE, ANY RIGHT OF SET OFF, BANKER'S LIEN, OR THE LIKE, AGAINST ANY DEPOSIT ACCOUNT OR PROPERTY OF A BORROWER OR ANY OTHER LOAN PARTY HELD OR MAINTAINED BY SUCH LENDING PARTY WITHOUT THE PRIOR WRITTEN CONSENT OF EACH AGENT.

SECTION 10.09INTEREST RATE LIMITATION.

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the Maximum Rate. If Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Laws: (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest; (b) exclude voluntary prepayments and the effects thereof; and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

SECTION 10.10COUNTERPARTS; INTEGRATION; EFFECTIVENESS.

This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous

documents, agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in **Section 4.01**, this Agreement shall become effective when it shall have been executed and delivered by each Agent and when each Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in portable document format or by electronic signature shall be effective as delivery of a manually executed counterpart of this Agreement. Electronic signatures shall be of the same legal effect, validity or enforceability as a manually executed signature to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 10.11SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by each Agent and each Lender, regardless of any investigation made by any Agent or any Lender or on their behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loans or any other Obligations (other than Unasserted Obligations) have not been Paid in Full.

SECTION 10.12SEVERABILITY.

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 10.13USA PATRIOT ACT NOTICE.

Each Lending Party that is subject to the Patriot Act and each Agent (for itself and not on behalf of any Lending Party) hereby notify each Borrower and each other Loan Party that, pursuant to the requirements of the Patriot Act, they are each required to obtain, verify and record, and each Borrower and each other Loan Party agrees to provide to the requesting Lending Party or Agent promptly upon request, information that identifies each Borrower and each other Loan Party, which information includes the name and address of each Borrower and each other Loan Party and other information that will allow such Lending Party or Agent, as applicable, to identify each Borrower and each other Loan Party in accordance with the Patriot Act.

SECTION 10.14GUARANTY.

(a) Guaranty. Each Guarantor unconditionally and irrevocably guarantees to each Agent and the other Lending Parties the full and prompt payment when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise) and performance of the Obligations (the "**Guaranteed Obligations**"). The Guaranteed Obligations include interest that, but for a proceeding

under any Bankruptcy Law, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against a Borrower for such interest in any such proceeding.

(b) Separate Obligation. Each Guarantor acknowledges and agrees that: (i) the Guaranteed Obligations are separate and distinct from any Debt arising under or in connection with any other document, including under any provision of this Agreement other than this **Section 10.14**, executed at any time by such Guarantor in favor of each Agent or any other Lending Party; and (ii) such Guarantor shall pay and perform all of the Guaranteed Obligations as required under this **Section 10.14**, and Agents and the other Lending Parties may enforce any and all of their respective rights and remedies hereunder, without regard to any other document, including any provision of this Agreement other than this **Section 10.14**, at any time executed by such Guarantor in favor of each Agent or any other Lending Party, irrespective of whether any such other document, or any provision thereof or hereof, shall for any reason become unenforceable or any of the Debt thereunder shall have been discharged, whether by performance, avoidance or otherwise. Each Guarantor acknowledges that, in providing benefits to Borrowers, Lending Parties are relying upon the enforceability of this **Section 10.14** and the Guaranteed Obligations as separate and distinct Debt of such Guarantor, and each Guarantor agrees that Lending Parties would be denied the full benefit of their bargain if at any time this **Section 10.14** or the Guaranteed Obligations were treated any differently. The fact that the guaranty is set forth in this Agreement rather than in a separate guaranty document is for the convenience of Borrowers and Guarantors and shall in no way impair or adversely affect the rights or benefits of Lending Parties under this **Section 10.14**. Each Guarantor agrees to execute and deliver a separate document, immediately upon request at any time of any Agent or any other Lending Party, evidencing such Guarantor's obligations under this **Section 10.14**. Upon the occurrence of any Event of Default, a separate action or actions may be brought against such Guarantor, whether or not any Borrower, any other Guarantor or any other Person is joined therein or a separate action or actions are brought against any Borrower, any such other Guarantor or any such other Person.

(c) Limitation of Guaranty. To the extent that any court of competent jurisdiction shall impose by final judgment under applicable Laws (including sections 544 and 548 of the Bankruptcy Code) any limitations on the amount of any Guarantor's liability with respect to the Guaranteed Obligations that any Agent or any other Lending Party can enforce under this **Section 10.14**, each Agent and the other Lending Parties by their acceptance hereof accept such limitation on the amount of such Guarantor's liability hereunder to the extent needed to make this **Section 10.14** fully enforceable and nonavoidable.

(d) Liability of Guarantors. The liability of any Guarantor under this **Section 10.14** shall be irrevocable, absolute, independent and unconditional, and shall not be affected by any circumstance that might constitute a discharge of a surety or guarantor other than the indefeasible payment and performance in full of all Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(i) such Guarantor's liability hereunder shall be the immediate, direct, and primary obligation of such Guarantor and shall not be contingent upon any Agent's or any Lending Party's exercise or enforcement of any remedy it may have against any Borrower or any other Person, or against any collateral or other security for any Guaranteed Obligations;

(ii) this Guaranty is a guaranty of payment when due and not merely of collectability;

(iii) Administrative Agent and the other Lending Parties may enforce this **Section 10.14** upon the occurrence and continuation of an Event of Default notwithstanding the existence of any dispute among Administrative Agent and the other Lending Parties, on the one hand, and any Borrower or any other Person, on the other hand, with respect to the existence of such Event of Default;

(iv) such Guarantor's payment of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge such Guarantor's liability for any portion of the Guaranteed Obligations remaining unsatisfied; and

(v) such Guarantor's liability with respect to the Guaranteed Obligations shall remain in full force and effect without regard to, and shall not be impaired or affected by, nor shall such Guarantor be exonerated or discharged by, any of the following events:

(A) any proceeding under any Bankruptcy Law;

(B) any limitation, discharge, or cessation of the liability of any Borrower or any other Person for any Guaranteed Obligations due to any statute, regulation or rule of law, or any invalidity or unenforceability in whole or in part of any of the Guaranteed Obligations or the Loan Documents;

(C) any merger, acquisition, consolidation or change in structure of any Borrower, Subsidiary, or any other guarantor or Person, or any sale, lease, transfer or other disposition of any or all of the assets or shares of any Borrower or any other Person;

(D) any assignment or other transfer, in whole or in part, of any Agent's or any Lending Party's interests in and rights under this Agreement (including this **Section 10.14**) or the other Loan Documents;

(E) any claim, defense, counterclaim or setoff, other than that of prior performance, that any Borrower, such Guarantor, any other Guarantor or any other Person may have or assert, including any defense of incapacity or lack of corporate or other authority to execute any of the Loan Documents;

(F) any Agent's or any other Lending Party's amendment, modification, renewal, extension, cancellation or surrender of any Loan Document or any Guaranteed Obligations;

(G) any Agent's or any Lending Party's exercise or non-exercise of any power, right or remedy with respect to any Guaranteed Obligations or any collateral;

(H) any Agent's or any Lending Party's vote, claim, distribution, election, acceptance, action or inaction in any proceeding under any Bankruptcy Law; or

(I) any other guaranty, whether by such Guarantor or any other Person, of all or any part of the Guaranteed Obligations or any other indebtedness, obligations or liabilities of Borrowers to any Agent or any other Lending Party.

(e) Consents of Guarantors. Each Guarantor hereby unconditionally consents and agrees that, without notice to or further assent from such Guarantor:

(i) the principal amount of the Guaranteed Obligations may be increased or decreased and additional indebtedness or obligations of Borrowers under the Loan Documents may be incurred and the time, manner, place or terms of any payment under any Loan Document may be extended or changed, by one or more amendments, modifications, renewals or extensions of any Loan Document or otherwise;

(ii) the time for any Borrower's (or any other Person's) performance of or compliance with any term, covenant or agreement on its part to be performed or observed under any Loan Document may be extended, or such performance or compliance waived, or failure in or departure from such performance or compliance consented to, all in such manner and upon such terms Administrative Agent and the other Lending Parties (as applicable under the relevant Loan Documents) may deem proper;

(iii) Collateral Agent and the other Lending Parties may request and accept other guaranties and may take and hold security as collateral for the Guaranteed Obligations, and may, from time to time, in whole or in part, exchange, sell, surrender, release, subordinate, modify, waive, rescind, compromise or extend such other guaranties or security and may permit or consent to any such action or the result of any such action, and may apply such security and direct the order or manner of sale thereof; and

(iv) Administrative Agent or the other Lending Parties may exercise, or waive or otherwise refrain from exercising, any other right, remedy, power or privilege even if the exercise thereof affects or eliminates any right of subrogation or any other right of such Guarantor against any Borrower.

(f) Guarantor's Waivers. Each Guarantor waives and agrees not to assert:

(i) any right to require any Agent or any other Lending Party to proceed against any Borrower, any other Guarantor or any other Person, or to pursue any other right, remedy, power or privilege of any Agent or any other Lending Party whatsoever;

(ii) the defense of the statute of limitations in any action hereunder or for the collection or performance of the Guaranteed Obligations;

(iii) any defense arising by reason of any lack of corporate or other authority or any other defense of any Borrower, such Guarantor or any other Person;

(iv) any defense based upon any Agent's or any Lending Party's errors or omissions in the administration of the Guaranteed Obligations;

(v) any rights to set offs and counterclaims;

(vi) without limiting the generality of the foregoing, to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by applicable Laws limiting the liability of or exonerating guarantors or sureties, or that may conflict with the terms of this

Section 10.14; and

(vii) any and all notice of the acceptance of this guaranty, and any and all notice of the creation, renewal, modification, extension or accrual of the Guaranteed Obligations, or the reliance by each Agent and the other Lending Parties upon this Guaranty, or the exercise of any right, power or privilege hereunder. The Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred and permitted to exist in reliance upon this Guaranty. Each Guarantor waives promptness, diligence, presentment, protest, demand for payment, notice of default, dishonor or nonpayment and all other notices to or upon each Borrower, each Guarantor or any other Person with respect to the Guaranteed Obligations.

(g) Financial Condition of Any Borrower. No Guarantor shall have any right to require any Agent or any other Lending Party to obtain or disclose any information with respect to: the financial condition or character of any Borrower or the ability of any Borrower to pay and perform the Guaranteed Obligations; the Guaranteed Obligations; any collateral or other security for any or all of the Guaranteed Obligations; the existence or nonexistence of any other guarantees of all or any part of the Guaranteed Obligations; any action or inaction on the part of any Agent or any other Lending Party or any other Person; or any other matter, fact or occurrence whatsoever. Each Guarantor hereby acknowledges that it has undertaken its own independent investigation of the financial condition of any Borrower and all other matters pertaining to this Guaranty and further acknowledges that it is not relying in any manner upon any representation or statement of any Agent or any other Lending Party with respect thereto.

(h) Subrogation. Until the Guaranteed Obligations shall be satisfied in full and the Commitments shall be terminated, each Guarantor shall not have, and shall not directly or indirectly exercise: (i) any rights that it may acquire by way of subrogation under this **Section 10.14**, by any payment hereunder or otherwise; (ii) any rights of contribution, indemnification, reimbursement or similar suretyship claims arising out of this **Section 10.14**; or (iii) any other right that it might otherwise have or acquire (in any way whatsoever) that could entitle it at any time to share or participate in any right, remedy or security of any Agent or any other Lending Party as against any Borrower or other Guarantors or any other Person, whether in connection with this **Section 10.14**, any of the other Loan Documents or otherwise. If any amount shall be paid to any Guarantor on account of the foregoing rights at any time when all the Guaranteed Obligations shall not have been Paid in Full, such amount shall be held in trust for the benefit of each Agent and the other Lending Parties and shall forthwith be paid to Administrative Agent to be credited and applied to the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

(i) Subordination. All payments on account of all indebtedness, liabilities and other obligations of any Borrower or any Guarantor to any Guarantor or to any other subordinated Guarantor, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined (the "**Guarantor Subordinated Debt**") shall be subject, subordinate and junior in right of payment and exercise of remedies, to the extent and in the manner set forth herein, to the prior payment in full in cash or Cash Equivalents of the Guaranteed Obligations. As long as any of the Guaranteed Obligations (other than unasserted contingent indemnification obligations) shall remain outstanding and unpaid, each Guarantor shall not accept or receive any payment or distribution by or on behalf of any Borrower or any other Guarantor, directly or indirectly, or assets of any Borrower or any other Guarantor, of any kind or character, whether in cash, property or securities, including on account of the purchase, redemption or other acquisition of Guarantor Subordinated Debt, as a result of any collection, sale or other disposition of collateral, or by setoff, exchange or in any other manner, for or on account of the Guarantor Subordinated Debt ("**Guarantor**

Subordinated Debt Payments"), except that, so long as an Event of Default does not then exist, any Guarantor shall be entitled to accept and receive payments on its Guarantor Subordinated Debt, in accordance with past business practices of such Guarantor and any Borrower (or any other applicable Guarantor) and not in contravention of any Law or the terms of the Loan Documents. If any Guarantor Subordinated Debt Payments shall be received in contravention of this **Section 10.14**, such Guarantor Subordinated Debt Payments shall be held in trust for the benefit of each Agent and the other Lending Parties and shall be paid over or delivered to Administrative Agent for application to the payment in full in cash or Cash Equivalents of all Guaranteed Obligations remaining unpaid to the extent necessary to give effect to this **Section 10.14** after giving effect to any concurrent payments or distributions to Administrative Agent and the other Lending Parties in respect of the Guaranteed Obligations.

(j) Continuing Guaranty. This Guaranty is a continuing guaranty and agreement of subordination and shall continue in effect and be binding upon each Guarantor until termination of the Commitments and payment and performance in full of the Guaranteed Obligations, including Guaranteed Obligations which may exist continuously or which may arise from time to time under successive transactions, and each Guarantor expressly acknowledges that this guaranty shall remain in full force and effect notwithstanding that there may be periods in which no Guaranteed Obligations exist. This Guaranty shall continue in effect and be binding upon each Guarantor until actual receipt by Administrative Agent of written notice from such Guarantor of its intention to discontinue this Guaranty as to future transactions (which notice shall not be effective until 11:00 a.m. on the day that is five (5) Business Days following such receipt); provided that no revocation or termination of this guaranty shall affect in any way any rights of any Agent, or any Lending Party hereunder with respect to any Guaranteed Obligations arising or outstanding on the date of receipt of such notice, including any subsequent continuation, extension, or renewal thereof, or change in the terms or conditions thereof, or any Guaranteed Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of any Lending Party in existence as of the date of such revocation (collectively, "**Existing Guaranteed Obligations**"), and the sole effect of such notice shall be to exclude from this Guaranty Guaranteed Obligations thereafter arising which are unconnected to any Existing Guaranteed Obligations.

(k) Taxes. All Taxes in respect of this Guaranty or any amounts payable or paid under this Guaranty shall be paid by each Guarantor when due and in any event prior to the date on which penalties attach thereto. Each Guarantor will indemnify each Indemnitee against and in respect of all such Taxes. Without limiting the generality of the foregoing, if any Taxes or amounts in respect thereof must be deducted or withheld from any amounts payable or paid by any Guarantor hereunder, such Guarantor shall pay such additional amounts as may be necessary to ensure that Administrative Agent receives a net amount equal to the full amount which it would have received had payment (including any additional amounts payable under this **Section 10.14**) not been made subject to such Taxes. Within thirty (30) days of each payment by any Guarantor hereunder of Taxes or in respect of Taxes, such Guarantor shall deliver to Administrative Agent satisfactory evidence (including originals, or certified copies, of all relevant receipts) that such Taxes have been duly remitted to the appropriate authority or authorities.

(l) Reinstatement. This Guaranty shall continue to be effective or shall be reinstated and revived, as the case may be, if, for any reason, any payment of the Guaranteed Obligations by or on behalf of any Borrower (or receipt of any proceeds of collateral) shall be rescinded, invalidated, declared to be fraudulent or preferential, set aside, voided or otherwise required to be repaid to any Borrower, its estate, trustee, receiver or any other Person (including under any Bankruptcy Law), or must otherwise be restored by any Agent or any other Lending Party, whether as a result of proceedings under any Bankruptcy Law or otherwise. All losses, damages, costs and reasonable expenses that any Agent, or any

Lending Party may suffer or incur as a result of any voided or otherwise set aside payments shall be specifically covered by the indemnity in favor of each Agent and the other Lending Parties contained in **Section 10.04**.

(m) Substantial Benefits. The Credit Extensions provided to or for the benefit of Borrowers hereunder by Lending Parties have been and are to be contemporaneously used for the benefit of each Borrower and each Guarantor. It is the position, intent and expectation of the parties that each Borrower and each Guarantor have derived and will derive significant and substantial benefits from the Credit Extensions to be made available by Lending Parties under the Loan Documents. Each Guarantor has received at least "reasonably equivalent value" (as such phrase is used in Section 548 of the Bankruptcy Code and in comparable provisions of other applicable Laws) and more than sufficient consideration to support its obligations hereunder in respect of the Guaranteed Obligations. Immediately prior to and after and giving effect to the incurrence of each Guarantor's obligations under this Guaranty, such Guarantor will be Solvent.

(n) **KNOWING AND EXPLICIT WAIVERS**. EACH GUARANTOR ACKNOWLEDGES THAT IT EITHER HAS OBTAINED THE ADVICE OF LEGAL COUNSEL OR HAS HAD THE OPPORTUNITY TO OBTAIN SUCH ADVICE IN CONNECTION WITH THE TERMS AND PROVISIONS OF THIS **SECTION 10.14**. EACH GUARANTOR ACKNOWLEDGES AND AGREES THAT EACH OF THE WAIVERS AND CONSENTS SET FORTH HEREIN IS MADE WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE AND CONSEQUENCES, THAT ALL SUCH WAIVERS AND CONSENTS HEREIN ARE EXPLICIT AND KNOWING AND THAT EACH GUARANTOR EXPECTS SUCH WAIVERS AND CONSENTS TO BE FULLY ENFORCEABLE.

If, while any Guarantor Subordinated Debt is outstanding, any proceeding under any Bankruptcy Law is commenced by or against any Borrower or its property, each Agent, when so instructed by Required Lenders, is hereby irrevocably authorized and empowered (in the name of Lending Parties or in the name of any Guarantor or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution in respect of all Guarantor Subordinated Debt and give acquittances therefor and to file claims and proofs of claim and take such other action (including voting the Guarantor Subordinated Debt) as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of each Agent and the other Lending Parties; and each Guarantor shall promptly take such action as any Agent (on instruction from Required Lenders) may reasonably request: (A) to collect the Guarantor Subordinated Debt for the account of the Lending Parties and to file appropriate claims or proofs of claim in respect of the Guarantor Subordinated Debt; (B) to execute and deliver to Collateral Agent such powers of attorney, assignments and other instruments as it may request to enable it to enforce any and all claims with respect to the Guarantor Subordinated Debt; and (C) to collect and receive any and all Guarantor Subordinated Debt Payments.

SECTION 10.15TIME OF THE ESSENCE.

Time is of the essence of the Loan Documents.

SECTION 10.16GOVERNING LAW; JURISDICTION; ETC.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT

REGARD TO PRINCIPLES OF CONFLICTS OF LAW OTHER THAN NEW YORK GENERAL OBLIGATIONS LAW 5-1401 AND 5-1402.

(b) SUBMISSION TO JURISDICTION. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY IN THE BOROUGH OF MANHATTAN AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT TO WHICH EACH IS A PARTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURTS OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, IN SUCH FEDERAL COURTS. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY AGENT OR ANY OTHER LENDING PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ANY OF ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION.

(c) WAIVER OF VENUE. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN SUBSECTION (B) OF THIS SECTION 10.16. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH OF THE PARTIES HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAWS.

SECTION 10.17WAIVER OF RIGHT TO JURY TRIAL.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM. EACH OF THE PARTIES HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF

LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 10.18ACKNOWLEDGEMENT AND CONSENT TO BAIL-IN OF AFFECTED FINANCIAL INSTITUTIONS.

Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of the applicable Resolution Authority.

SECTION 10.19ACKNOWLEDGEMENT REGARDING ANY SUPPORTED QFCS.

To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedge Agreements or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States): In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act

Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States.

[Signature Pages Follow]

[SIGNATURE PAGES, EXHIBITS AND SCHEDULES OMITTED FROM ANNEX]

Exhibit 19

ALLIANCE ENTERTAINMENT HOLDING CORPORATION

INSIDER TRADING POLICY

Effective as of March 6 , 2024

This Insider Trading Policy provides the standards of Alliance Entertainment Holding Corporation (the "Company") on trading and causing the trading of the Company's securities or securities of other publicly traded companies while in possession of confidential information. This policy is divided into two parts: the first part prohibits trading in certain circumstances and applies to all directors, officers and employees of the Company as well as independent contractors or consultants who have access to material nonpublic information of the Company and the second part imposes special additional trading restrictions and applies to all (i) directors of the Company, (ii) executive officers of the Company, and (iii) such employees as may be listed on Appendix A (collectively, "Covered Persons").

One of the principal purposes of the federal securities laws is to prohibit so-called "insider trading." Simply stated, insider trading occurs when a person uses material non-public information obtained through involvement with the Company to make decisions to purchase, sell, give away or otherwise trade the Company's securities or to provide that information to others outside the Company. The prohibitions against insider trading apply to trades, tips and recommendations by virtually any person, including all persons associated with the Company, if the information involved is "material" and "non-public." These terms are defined in this Policy under Part I, Section 3 below. The prohibitions would apply to any director, officer or employee who buys or sells Company stock on the basis of material non-public information that he or she obtained about the Company, its customers, suppliers, or other companies with which the Company has contractual relationships or may be negotiating transactions.

PART I

1. Applicability

This Policy applies to all transactions in the Company's securities, including common stock, options and any other securities that the Company may issue, such as preferred stock, notes, bonds and convertible securities, as well as to derivative securities relating to any of the Company's securities, whether or not issued by the Company.

This Policy applies to all employees of the Company and its subsidiaries, all officers of the Company and its subsidiaries and all members of the Company's Board of Directors. This Policy also applies to all independent contractors or consultants who have access to material non-public information of the Company (each, a "Material IC").

2. General Policy: No Trading or Causing Trading While in Possession of Material Non-public Information

(a) No director, officer or employee or Material IC may purchase or sell any Company security, whether or not issued by the Company, while in possession of material non-public information about the Company. (The terms "material" and "non-public" are defined in Part I, Section 3(a) and (b) below.)

(b) No director, officer or employee or Material IC who knows of any material non-public information about the Company may communicate that information to any other person, including family and friends.

(c) In addition, no director, officer or employee or Material IC may purchase or sell any security of any other company, whether or not issued by the Company, while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. No director, officer or employee or Material IC who knows of any such material non- public information may communicate that information to any other person, including family and friends.

(d) For compliance purposes, you should never trade, tip or recommend securities (or otherwise cause the purchase or sale of securities) while in possession of information that you have reason to believe is material and non-public unless you first consult with, and obtain the advance approval of, the Compliance Officer (which is defined in Part I, Section 3(c) below).

(e) Covered Persons must "pre-clear" all trading in securities of the Company in accordance with the procedures set forth in Part II, Section 3 below.

3. Definitions

(a) Materiality. Insider trading restrictions come into play only if the information you possess is "material." Materiality, however, involves a relatively low threshold. Information is generally regarded as "material" if it has market significance, that is, if its public dissemination is likely to affect the market price of securities, or if it otherwise is information that a reasonable investor would want to know before making an investment decision.

Information dealing with the following subjects is reasonably likely to be found material in particular situations:

(i) significant changes in the Company's prospects;

(ii) significant write-downs in assets or increases in reserves;

(iii) developments regarding significant litigation or government agency investigations;

(iv) liquidity problems;

(v) changes in earnings estimates or unusual gains or losses in major operations;

(vi) major changes in management;

(vii) changes in dividends;

(viii) extraordinary borrowings or indebtedness, or defaults under or material amendments to credit facilities or other indebtedness;

(ix) award or loss of a significant contract;

(x) changes in debt ratings;

(xi) proposals, plans or agreements, even if preliminary in nature, involving mergers, acquisitions, divestitures, recapitalizations, strategic alliances, licensing arrangements, or purchases or sales of substantial assets;

(xii) public or private offerings of equity or debt securities; and

(xiii) pending statistical reports (such as, consumer price index, money supply and retail figures, or interest rate developments).

Material information is not limited to historical facts, but may also include projections and forecasts. With respect to a future event, such as a merger, acquisition or introduction of a new product, the point at which negotiations or product development are determined to be material is determined by balancing the probability that the event will occur against the magnitude of the effect the event would have on a company's operations or stock price should it occur. Thus, information concerning an event that would have a large effect on stock price, such as a merger, may be material even if the possibility that the event will occur is relatively small. When in doubt about whether particular non-public information is material, presume it is material. **If you are unsure whether information is material, you should consult the Compliance Officer before making any decision to disclose such information (other than to persons who need to know it) or to trade in or recommend securities to which that information relates.**

(b) Non-public Information. Insider trading prohibitions come into play only when you possess information that is material and "non-public." The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company, you must wait until the close of business on the second trading day after the information was publicly disclosed before you can treat the information as public.

Non-public information may include:

(i) information available to a select group of analysts or brokers or institutional investors;

(ii) undisclosed facts that are the subject of rumors, even if the rumors are widely circulated; and

(iii) information that has been entrusted to the Company on a confidential basis until a public announcement of the information has been made and enough time has elapsed for the market to respond to a public announcement of the information (normally two or three days).

As with questions of materiality, if you are not sure whether information is considered public, you should either consult with the Compliance Officer or assume that the information is "non-public" and treat it as confidential.

(c) Compliance Officer. The Company has appointed the Chief Financial Officer as the Compliance Officer for this Policy. The duties of the Compliance Officer include, but are not limited to, the following:

(i) assisting with implementation of this Policy;

(ii) circulating this Policy to all employees and ensuring that this Policy is amended as necessary to remain up-to-date with insider trading laws;

(iii) pre-clearing all trading in securities of the Company by Covered Persons in accordance with the procedures set forth in Part II, Section 3 below; and

(iv) providing approval of any transactions under Part II, Section 4 below.

4. Violations of Insider Trading Laws

Penalties for trading on or communicating material non-public information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

(a) Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has material non-public information can be sentenced to a substantial jail term and required to pay a penalty of several times the amount of profits gained or losses avoided.

In addition, a person who tips others may also be liable for transactions by the tippees to whom he or she has disclosed material non-public information. Tippers can be subject to the same penalties and sanctions as the tippees, and the SEC has imposed large penalties even when the tipper did not profit from the transaction.

The SEC can also seek substantial penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. These control persons may be held liable for up to the greater of $1 million or three times the amount of the profits gained or losses avoided. Even for violations that result in a small or no profit, the SEC can seek a minimum of $1 million from a company and/or management and supervisory personnel as control persons.

(b) Company-imposed Penalties. Employees who violate this Policy may be subject to disciplinary action by the Company, including without limitation dismissal for cause. Any exceptions to the Policy, if permitted, may only be granted by the Compliance Officer and must be provided before any activity contrary to the above requirements takes place.

PART II

1. Blackout Periods

All Covered Persons are prohibited from trading in the Company's securities during blackout periods.

(a) Quarterly Blackout Periods. Trading in the Company's securities is prohibited commencing on the 20th calendar day of the last month of the quarter, which the Compliance Officer will announce via email, and ending at the close of business on the second trading day following the date the Company's financial results are publicly disclosed and its Form 10-Q or Form 10-K, as applicable, is filed. During these periods, Covered Persons generally possess or are presumed to possess material non-public information about the Company's financial results.

(b) Other Blackout Periods. From time to time, other types of material non-public information regarding the Company (such as negotiation of mergers, acquisitions or dispositions or new product developments) may be pending and not be publicly disclosed. While such material non-public information is pending, the Company may impose special blackout periods during which Covered Persons are prohibited from trading in the Company's securities. If the Company imposes a special blackout period, it will notify the Covered Persons affected.

2. Trading Window

Covered Persons are permitted to trade in the Company's securities when no blackout period is in effect. Generally, this means that Covered Persons can trade during the period beginning on the day that the blackout period under Section 1(a) ends and ending on the day that the next blackout period under Section 1(a) begins. However, even during this trading window, a Covered Person who is in possession of any material non-public information should not trade in the Company's securities until the information has been made publicly available or is no longer material. In addition, the Company may close this trading window if a special blackout period under Part II, Section 1(b) above is imposed and will re-open the trading window once the special blackout period has ended.

3. Pre-clearance of Securities Transactions

(a) Because Covered Persons are likely to obtain material non-public information on a regular basis, the Company requires all such persons to refrain from trading, even during a trading window under Part II, Section 2 above, without first pre-clearing all transactions in the Company's securities.

(b) Subject to the exemption in subsection (d) below, no Covered Person may, directly or indirectly, purchase or sell any Company security at any time without first obtaining prior approval from the Compliance Officer. These procedures also apply to transactions by such person's spouse, other persons living in such person's household and minor children and to transactions by entities over which such person exercises control.

(c) The Compliance Officer shall record the date each request is received and the date and time each request is approved or disapproved. Unless revoked, a grant of permission will normally remain valid until the close of trading three business days following the day on which it was granted. If the transaction does not occur during the three business-day period, pre-clearance of the transaction must be re-requested.

(d) Pre-clearance is not required for purchases and sales of securities under Rule 10b5-1 Plan approved in accordance with Part II Section 5 hereof. With respect to any purchase or sale under Rule 10b5-1 Plan, the third party effecting transactions on behalf of the Covered Person should be instructed to send duplicate confirmations of all such transactions to the Compliance Officer.

4. Prohibited Transactions

(a) Directors and executive officers of the Company are prohibited from trading in the Company's equity securities during a blackout period imposed under an "individual account" retirement or pension plan of the Company during which at least 50% of the plan participants are unable to purchase, sell or otherwise acquire or transfer an interest in equity securities of the Company, due to a temporary suspension of trading by the Company or the plan fiduciary.

(b) A Covered Person, including such person's spouse, other persons living in such person's household and minor children and entities over which such person exercises control, is prohibited from engaging in the following transactions in the Company's securities unless advance approval is obtained from the Compliance Officer:

(i) Short-term trading. Covered Persons who purchase Company securities may not sell any Company securities of the same class for at least six months after the purchase;

(ii) Short sales. Covered Persons may not sell the Company's securities short;

(iii) Options trading. Covered Persons may not buy or sell puts or calls or other derivative securities on the Company's securities;

(iv) Trading on margin. Covered Persons may not hold Company securities in a margin account or pledge Company securities as collateral for a loan; and

(v) Hedging. Covered Persons may not enter into hedging or monetization transactions or similar arrangements with respect to Company securities.

5. Limited Exceptions.

The following are certain limited exceptions to the restrictions imposed by the Company under this Policy. Please be aware that even if a transaction is subject to an exception to this Policy, you will need to separately assess whether the transaction complies with applicable law. For example, even if a transaction is indicated as exempt from this Policy, you may need to comply with the "short-swing" trading restrictions under Section 16 of the Securities Exchange Act of 1934, as amended, to the extent applicable. You are responsible for complying with applicable law at all times.

(a) *Rule 10b5-1 Trading Plan.* The trading restrictions in this Policy do not apply to purchases or sales of the Company's securities pursuant to a pre-approved Rule 10b5-1 trading program (a "Rule 10b5-1 Plan"). Implementation of a Rule 10b5-1 Plan under the Exchange Act provides an affirmative defense (which must be proven) from insider trading liability under Rule 10b-5. A Rule 10b5-1 Plan must be entered into at a time when the person entering into the plan is not aware of material non-public information. Once the plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party. Entry into a Rule 10b5-1Plan must comply with the requirements set forth in "Rule 10b5-1 Plans" below.

Rule 10b5-1 Plans

Entry into a Rule 10b5-1 Plan requires the prior written approval of the Compliance Committee (which approval may include an email confirmation). Any Rule 10b5-1 Plan must be submitted for approval five days prior to the entry into the Rule 10b5-1 Plan. *All pre-clearance submissions should be emailed to the Compliance Officer at [ ]@[ ]com.* No further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan will be required. You may not adopt a Rule 10b5-1 Plan at a time when you are aware of material non-public information. The following requirements apply to all Rule 10b5-1 Plans:

- directors and individuals classified by the Company as officers for purposes of SEC rules under Section 16 of the Securities Exchange Act of 1934, as amended ("Officers") may not commence sales under a Rule 10b5-1 plan until the later of (i) 90 days following the date of adoption or modification of such plan; or (ii) two business days following the disclosure of the Company's financial results in a Form 10-K or Form 10-Q relating to the fiscal quarter in which the Rule 10b5-1 plan was adopted or modified (but not to exceed 120 days following plan adoption or modification);
- all persons other than directors and Officers, may not commence sales under a Rule 10b5-1 plan until 30 days following the date of adoption or modification of such plan;
- directors and Officers must provide a representation in the Rule 10b5-1 plan certifying that, on the date of adoption or modification of the plan, they (i) are not aware of material nonpublic information about the Company or its securities; and (ii) are adopting or modifying the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5;
- subject to the limited exceptions set forth in Rule 10b5-1, you may not maintain multiple, overlapping plans;
- subject to the limited exceptions set forth in Rule 10b5-1, you can utilize only one single-trade plan (i.e. a plan designed to effect only a single transaction) during any 12 month period; and
- you must act in good faith with respect to the Rule 10b5-1 plan, not just in connection with entering into the plan.

The Company may impose additional restrictions on Rule 10b5-1 Plans, including without limitation:

- requiring that all plans be managed by an administrator selected by the Company;
- restrictions on termination or modification of plans;
- prohibition on entry into new plans for extended periods following termination of an existing plan; and
- prescribed periods during which persons may enter into plans.

Modification or termination of Rule 10b5-1 Plans are generally discouraged absent compelling circumstances. Any modification to any Rule 10b5-1 Plan is treated as the entry into a new plan and must comply with all of the above requirements.

(b) Receipt and vesting of stock options, restricted stock, restricted stock units and stock appreciation rights. The trading restrictions under this Policy do not apply to the acceptance or purchase of stock options, restricted stock, restricted stock units or stock appreciation rights issued or offered by the Company. The trading restrictions under this Policy also do not apply to the vesting, cancellation or forfeiture of stock options, restricted stock, restricted stock units or stock appreciation rights in accordance with applicable plans and agreements.

(c) Exercise of stock options; settlement of restricted stock units. The trading restrictions under this Policy do not apply to the exercise of stock options for cash or the settlement of restricted stock units under the Company's equity incentive plans. Likewise, the trading restrictions under this Policy do not apply to the exercise of stock options in a stock-for-stock exercise with the Company or an election to have the Company withhold securities to cover tax obligations in connection with an option exercise or settlement of restricted stock units. However, the trading restrictions under this Policy do apply to (i) the sale of any securities issued upon the exercise of a stock option or settlement of a restricted stock unit, (ii) a cashless exercise of a stock option through a broker, since this involves selling a portion of the underlying shares to cover the costs of exercise, and (iii) any other market sale for the purpose of generating the cash needed to pay the exercise price of an option.

(d) Certain 401(k) plan transactions. The trading restrictions in this Policy do not apply to purchases of Company stock in any Company 401(k) plan, as applicable, resulting from periodic contributions to such plan based on your payroll contribution election. The trading restrictions do apply, however, to elections you make under any Company 401(k) plan to (i) increase or decrease the percentage of your contributions that will be allocated to a Company stock fund, (ii) move balances into or out of a Company stock fund, (iii) borrow money against any 401(k) plan account if the loan will result in liquidation of some or all of your Company stock fund balance, and (iv) pre-pay a plan loan if the pre- payment will result in the allocation of loan proceeds to a Company stock fund.

(e) Stock splits, stock dividends and similar transactions. The trading restrictions under this Policy do not apply to a change in the number of securities held as a result of a stock split or stock dividend applying equally to all securities of a class, or similar transactions.

(f) *Bona fide* gifts and inheritance. The trading restrictions under this Policy do not apply to *bona fide* gifts involving Company securities or transfers by will or the laws of descent and distribution.

(g) Change in form of ownership. Transactions that involve merely a change in the form in which you own securities are permissible. For example, you may transfer shares to an *inter vivos* trust of which you are the sole beneficiary during your lifetime.

(h) Other exceptions. Any other exception from this Policy must be approved by the Compliance Officer, in consultation with the Board of Directors or an independent committee of the Board of Directors, and legal counsel.

6. Acknowledgment and Certification

All Covered Persons are required to sign the attached acknowledgment and certification.

ACKNOWLEDGMENT AND CERTIFICATION

The undersigned does hereby acknowledge receipt of the Company's Insider Trading Policy. The undersigned has read and understands (or has had explained) such Policy and agrees to be governed by such Policy at all times in connection with the purchase and sale of securities and the confidentiality of non-public information.

_____
(Name)

Date:_____

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-283997) and Form S-8 (No. 333-271219) of Alliance Entertainment Holding Corporation (the Company) of our report dated September 19, 2024, except for Note 10, as to which the date is September 10, 2025, relating to the consolidated financial statements which appears in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.
Miami, Florida

September 10, 2025

Exhibit 23.2

GRASSI

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-283141) of our report dated September 10, 2025 with respect to the consolidated financial statements of Alliance Entertainment Holding Corporation, included in its Annual Report (Form 10-K) for the year ended June 30, 2025, filed with the Securities and Exchange Commission. We also consent to the reference to our firm under the heading "Experts" appearing therein.

Grassi & Co, CPAs, P.C.

Grassi & Co., CPAs, P.C.

Jericho, New York
September 10, 2025

50 JERICHO QUADRANGLE, STE. 200, JERICHO, NY 11753
P: 516.256.3500 • F: 516.256.3510 • GRASSIADVISORS.COM

GRASSI

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 (333-283997) of our report dated September 10, 2025 with respect to the consolidated financial statements of Alliance Entertainment Holding Corporation, included in its Annual Report (Form 10-K) for the year ended June 30, 2025, filed with the Securities and Exchange Commission. We also consent to the reference to our firm under the heading "Experts" appearing therein.

Grassi & Co, CPAs, P.C.

Grassi & Co., CPAs, P.C.

Jericho, New York
September 10, 2025

50 JERICHO QUADRANGLE, STE. 200, JERICHO, NY 11753
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EXHIBIT 31.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Jeffrey Walker, certify that:

1. I have reviewed this annual report on Form 10-K of Alliance Entertainment Holding Corporation (the "registrant") for the year ended June 30, 2025.

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. 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.

September 10, 2025

/s/ Jeffrey Walker
Name: Jeffrey Walker
Title: Chief Executive Officer and Director (Principal Executive Officer) Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Jeffrey Walker, the Chief Executive Officer/Chief Financial Officer and Director of Alliance Entertainment Holding Corporation (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Registrant for the year ended June 30, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

September 10, 2025

/s/ Jeffrey Walker

Name: Jeffrey Walker
Title: Chief Executive Officer and Director (Principal Executive Officer) Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Alliance Entertainment Holding Corporation and will be retained by Alliance Entertainment Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Jeff Walker, Chief Executive Officer and Chief Financial Officer of Alliance Entertainment Holding Corporation (the "Registrant"), certifies, under the standards set forth and solely for the purposes of 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes- Oxley Act of 2002, that, to his knowledge, the Annual Report on Form 10-K of the Registrant for the year ended June 30, 2025 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in that Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

September 10, 2025

/s/ Jeffrey Walker
Name: Jeffrey Walker
Title: Chief Executive Officer/Chief Financial Officer (Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Alliance Entertainment Holding Corporation and will be retained by Alliance Entertainment Holding Corporation and furnished to the Securities and Exchange Commission or its staff upon request.