

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

**FORM 8-K**

CURRENT REPORT

Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 29, 2021 (November 22, 2021)

**UNRIVALED BRANDS, INC.**

(Exact name of registrant as specified in its charter)

<u>Nevada</u> (State or other jurisdiction of incorporation)	<u>000-54258</u> (Commission File Number)	<u>26-3062661</u> (IRS Employer Identification No.)
<u>3242 S. Halladay St., Suite 202</u> <u>Santa Ana, California</u> (Address of principal executive offices)		<u>92705</u> (Zip Code)

Registrant's telephone number, including area code: (888) 909-5564

**Not Applicable**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001	UNRV	OTCQX

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging Growth Company

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

## **Item 1.01 Entry into a Material Definitive Agreement.**

### *Membership Interest Purchase Agreement*

On November 22, 2021, Unrivaled Brands, Inc. (the “Company”) entered into a Membership Interest Purchase Agreement (the “*Second Purchase Agreement*”) with People’s Riverside, LLC, a California limited liability company (“*People’s Riverside*”), People’s Los Angeles, LLC, a California limited liability company (“*People’s LA*”), People’s Costa Mesa, LLC, a California limited liability company (“*People’s Costa Mesa*,” and together with People’s Riverside and People’s LA, the “*Target Companies*”), and People’s California, LLC, a California limited liability company (the “*Owner*”). Upon the terms and subject to the satisfaction of the conditions described in the Second Purchase Agreement, the Company will acquire all of the outstanding equity of the Target Companies in three separate closings, as defined in the Second Purchase Agreement: the *Initial Closing*, the *Second Closing*, and the *Costa Mesa Closing*.

The Company will acquire from the Owner 80% of the equity of People’s Riverside and People’s LA at the Initial Closing and the remaining 20% of the equity, at the Second Closing. At the Costa Mesa Closing, the Company will acquire from the Owner 50% of the equity of People’s Costa Mesa, as the Company acquired 50% of People’s Costa Mesa from the Owner in a prior transaction for nominal consideration. The purchase price for each of People’s Riverside and People’s LA is \$1,000,000 and for People’s Costa Mesa, \$999,999. The Initial Closing is scheduled to occur within three (3) business days following the satisfaction or waiver of all of the conditions set forth in the Second Purchase Agreement.

Closing conditions include, among other things, (i) the accuracy of the representations and warranties, subject to certain materiality qualifications, (ii) compliance by the parties with their respective covenants, and (iii) no law or order preventing any transaction contemplated under the Second Purchase Agreement. The Second Purchase Agreement also provides for customary termination rights for the Company and the Owner.

The Second Purchase Agreement contains customary representations, warranties and covenants made by the Company, the Target Companies, and the Owner, including covenants on obtaining the requisite regulatory approvals, indemnification of directors and officers, and the Target Companies’ conduct of their businesses during the period from the date of the Second Purchase Agreement through the earlier of the applicable closing or the termination of the Second Purchase Agreement.

As of the date of the Second Purchase Agreement and the date of this Current Report on Form 8-K, there are no material relationships between us or any of our affiliates and the Owner or the Target Companies, other than in respect of the First Purchase Agreement (as defined below) and the Second Purchase Agreement and ancillary agreements related thereto.

The Second Purchase Agreement and the acquisition of the Target Companies were duly approved and authorized by the Company’s independent directors.

### *Securities Purchase Agreement*

On November 22, 2021, Unrivaled Brands, Inc. (the “Company”) entered into a Securities Purchase Agreement (the “*Securities Purchase Agreement*”) with an accredited investor (the “*Purchaser*”), pursuant to which the Company sold and the Purchaser purchased a \$2,500,000 principal amount Senior Secured Promissory Note (the “*Secured Note*”) and 100,000 restricted shares of the Company’s common stock (“*Common Stock*”), par value \$0.001 per share (the “*Commitment Shares*”), for aggregate consideration of \$2,500,000, less fees and expenses of \$100,000. The Securities Purchase Agreement contains customary representations, warranties, covenants, and indemnification provisions.

The Commitment Shares and the Secured Note were offered in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the “*Securities Act*”), by virtue of Section 4(a)(2) and/or other exemptions thereunder, as promulgated by the U.S. Securities and Exchange Commission (the “*SEC*”).

### *Senior Secured Promissory Note*

The Secured Note matures on February 22, 2022 (the “*Maturity Date*”). The Secured Note accrues interest at a rate of 12% per annum, payable on the earlier of the Maturity Date or an event of default under the Secured Note. The Company is required to prepay the Secured Note, including minimum interest of 3% of the principal amount of the Secured Note, ten (10) days following the consummation of any public or private offering of the Company’s capital stock in which the Company receives gross proceeds of at least \$5,000,000. The Company may prepay the Secured Note, including minimum interest of 3% of the principal amount of the Secured Note, at any time upon two (2) days’ written notice to the Purchaser.

The Secured Note contains standard and customary covenants, including, among other things, covenants not to 1) incur certain indebtedness or liens, 2) sell assets other than in the ordinary course of business, 3) amend its charter documents, 4) make certain restricted payments, and 5) enter into certain change of control or fundamental transactions.

The Secured Note contains standard and customary terms concerning events of default. If any event of default occurs, subject to any cure period, the full principal amount, together with interest (including default interest of 24% per annum) and other amounts owing in respect thereof through the date of acceleration shall become, at the Purchaser's election, immediately due and payable in cash, or at the Company's election, in shares of Common Stock.

#### *Security Agreement*

On November 22, 2021, in connection with the Securities Purchase Agreement and the Secured Note, the Company and its wholly-owned subsidiary, 620 Dyer LLC ("620 Dyer"), entered into a Security Agreement (the "Security Agreement") with the Purchaser. Pursuant to the Security Agreement, the Company and 620 Dyer granted a security interest in certain collateral, including a pledge by the Company of the membership interests of 620 Dyer, to the Purchaser as security for payment and performance of the Company's obligations under the Secured Note.

#### *Guaranty*

On November 22, 2021, in connection with the Securities Purchase Agreement and the Secured Note, 620 Dyer entered into a Guaranty (the "Guaranty") with the Purchaser. Pursuant to the Guaranty, 620 Dyer guaranteed the payment of the Company's obligations under the Secured Note.

As of the date of the Securities Purchase Agreement and the date of this Current Report on Form 8-K, there are no material relationships between the Company or any of its affiliates and the Purchaser, other than in respect of the Securities Purchase Agreement, the Secured Note, the Security Agreement and the Guaranty.

#### *Note*

The Company issued a secured promissory note in a principal amount of \$30,568,623.67 (the "Note") for the benefit of the Owner on November 22, 2021 as partial consideration under the First Purchase Agreement (as defined below). The Note accrues interest on the basis of a 360-day year at a fixed rate of eight percent (8%) per annum and matures on November 22, 2023. The Company agreed to pay the principal balance on the Note in monthly installments, commencing on December 1, 2021. Pursuant to that certain Security Agreement, dated November 22, 2021, by and between the Company and the Owner, the obligations under the Note are secured by the pledged securities that the Company acquired pursuant to the First Purchase Agreement and Second Purchase Agreement (the "Collateral").

The Note contemplates customary events of defaults, the occurrence of which allows the Owner to accelerate the remaining balance on the Note if continued for a period of 30 days. If the Company fails to pay the obligations under the Note for at least 45 consecutive days, the Owner may seek recovery against the Collateral. All out-of-pocket expenses incurred by the Owner in seeking to collect the Note, including court costs and reasonable attorneys' fees, will be borne by the Company.

#### *People's Security Agreement*

On November 22, 2021, in connection with the Note, the Company entered into a Security Agreement (the "People's Security Agreement") with People's California, LLC. Pursuant to the People's Security Agreement, the Company granted a security interest in certain collateral, including a pledge by the Company of all of the shares of capital stock or other equity interests of the companies acquired pursuant to the First Purchase Agreement and the Second Purchase Agreement, including all proceeds thereof, to People's California, LLC, as security for payment and performance of the Company's obligations under the Note.

*People's Guaranty*

On November 22, 2021, in connection with the Note and the People's Security Agreement, People's First Choice, LLC, People's Corona, LLC, People's Riverside, LLC, Holistic Supplements, People's Costa Mesa, LLC (collectively, the "*People's Pledgors*") and People's California, LLC entered into a Guaranty (the "*People's Guaranty*"). Pursuant to the People's Guaranty, the People's Pledgors guaranteed the payment of the Company's obligations under the Note through the pledge of the collateral under the People's Security Agreement.

As of the date of the Note and the date of this Current Report on Form 8-K, there are no material relationships between the Company or any of its affiliates and People's California, LLC, other than in respect of the First Purchase Agreement, the Second Purchase Agreement, the Note, the People's Security Agreement and the People's Guaranty.

The foregoing description of the Second Purchase Agreement, the Securities Purchase Agreement, the Secured Note, the Security Agreement, the Guaranty, the Note, the People's Security Agreement and the People's Guaranty do not purport to be complete and are each qualified in their entirety by reference to the full text of such agreements, which are filed as Exhibits 2.1, 4.1, 10.1, 10.2, 10.3, 4.2, 10.4 and 10.5, respectively, to this Current Report on Form 8-K and incorporated by reference herein.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

As previously disclosed in the Company's Current Report on Form 8-K, filed August 16, 2021, the Company and the Owner entered into that certain Membership Interest Purchase Agreement (the "*First Purchase Agreement*"), whereby the Company agreed to acquire all outstanding equity of the Owner's wholly owned subsidiary, People's First Choice, LLC (the "*Acquisition*"). On November 22, 2021, the Acquisition closed, and the Company paid an aggregate purchase price of \$76,000,000 to the Owner, which consisted of \$24,000,000 in cash and the Note, in each case, reduced by certain outstanding indebtedness and expenses, and 40,000,000 shares of the Company's common stock (the "*Shares*"), valued at \$0.40 per share.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The description of the Note and the Secured Note, the Security Agreement, the Guaranty, the People's Security Agreement and the People's Guaranty, in Items 1.01 above is incorporated in this Item 2.03 by reference.

**Item 3.02 Unregistered Sales of Equity Securities.**

The description of the Shares and the Commitment Shares in Items 1.01 and 2.01 above is incorporated in this Item 3.02 by reference.

The Shares issued pursuant to the First Purchase Agreement were offered in reliance on an exemption from the registration requirements of the Securities Act by virtue of Section 4(a)(2) and/or other exemptions thereunder, as promulgated by the SEC.

**Item 8.01 Other Events.****Press Release**

On November 29, 2021, the Company issued a press release announcing, among other things, the entry into the Second Purchase Agreement and the completion of the Acquisition. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Safe Harbor Statement**

Information provided in this Current Report on Form 8-K may contain statements relating to current expectations, estimates, forecasts and projections about future events that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements generally relate to the Company’s plans, objectives and expectations for future operations and are based upon management’s current estimates and projections of future results or trends. Actual future results may differ materially from those projected as a result of certain risks and uncertainties. For a discussion of such risks and uncertainties, see “Risk Factors” as described in the Company’s Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2021 and other reports on file with the Securities and Exchange Commission.

These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

**Non-Solicitation**

This report will not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor will there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

**Item 9.01 Financial Statements and Exhibits.**

**(a) Financial Statements of Businesses Acquired.**

Any financial statements required by Item 9.01(a) will be filed by amendment as soon as practicable, but no later than 71 calendar days after the date on which this initial Current Report on Form 8-K was required to be filed.

**(b) Pro Forma Financial Information.**

Any pro forma financial information required by Item 9.01(b) will be filed by amendment as soon as practicable, but no later than 71 calendar days after the date on which this initial Current Report on Form 8-K was required to be filed.

**(d) Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">2.1*</a>	<a href="#">Membership Interest Purchase Agreement, dated November 22, 2021.</a>
<a href="#">4.1</a>	<a href="#">Form of Senior Secured Promissory Note</a>
<a href="#">4.2*</a>	<a href="#">Secured Promissory Note, dated November 22, 2021.</a>
<a href="#">10.1</a>	<a href="#">Form of Securities Purchase Agreement</a>
<a href="#">10.2</a>	<a href="#">Form of Security Agreement</a>
<a href="#">10.3</a>	<a href="#">Form of Guaranty</a>
<a href="#">10.4*</a>	<a href="#">People's Security Agreement, dated November 22, 2021.</a>
<a href="#">10.5*</a>	<a href="#">People's Guaranty, dated November 22, 2021.</a>
<a href="#">99.1</a>	<a href="#">Press Release, dated November 29, 2021.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document).

\* Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the Securities and Exchange Commission upon request.

**SIGNATURES**

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

**UNRIVALED BRANDS, INC.**

Dated: November 29, 2021

By: /s/ Francis Knuettel II  
Francis Knuettel II  
Chief Executive Officer

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**MEMBERSHIP INTEREST PURCHASE AGREEMENT**

by and among

**UNRIVALED BRANDS, INC.,**  
**PEOPLE'S RIVERSIDE, LLC,**  
**PEOPLE'S LOS ANGELES, LLC,**  
**PEOPLE'S COSTA MESA, LLC**

and

**PEOPLE'S CALIFORNIA, LLC**

dated as of November 22, 2021

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#### EXHIBITS

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## MEMBERSHIP INTEREST PURCHASE AGREEMENT

This MEMBERSHIP INTEREST PURCHASE AGREEMENT (this "Agreement") dated as of November 22, 2021, is entered into by and among Unrivaled Brands, Inc., a Nevada corporation ("Purchaser"); People's Riverside, LLC, a California limited liability company ("People's Riverside"); People's Los Angeles, LLC, a California limited liability company ("People's LA"); and People's Costa Mesa, LLC, a California limited liability company ("People's Costa Mesa," and together with People's Riverside, People's LA, and People's Costa Mesa, each, a "Company" and, collectively, the "Companies"), and People's California, LLC, a California limited liability company (the "Owner").

### WITNESSETH:

WHEREAS, Purchaser, Owner and People's First Choice, LLC, a California limited liability company ("People's First Choice"), entered into that certain Membership Interest Purchase Agreement, dated August 15, 2021, (the "Primary Purchase Agreement"), pursuant to which Purchaser acquired from the Owner, and the Owner sold to Purchaser, all of the issued and outstanding membership interests of People's First Choice;

WHEREAS, Purchaser and Owner entered into that certain Membership Interest Purchase Agreement, dated November 4, 2021 (the "Costa Mesa Effective Date"), pursuant to which Purchaser acquired from the Owner, and the Owner sold to Purchaser, fifty percent (50%) of the issued and outstanding membership interests of People's Costa Mesa (the "Costa Mesa Purchase Agreement");

WHEREAS, the Owner owns all of the issued and outstanding membership interests of the Companies (other than the interests sold to Purchaser pursuant to the Costa Mesa Purchase Agreement) (the "Interests");

WHEREAS, Purchaser desires to acquire all of the Interests, and the Owner desires to sell to Purchaser all of the Interests, upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereby agree as follows:

### ARTICLE I

#### DEFINITIONS AND TERMS

Section 1.01 Definitions. As used in this Agreement, the following terms have the meanings set forth or as referenced below:

"Acquisition Proposal" means any inquiry, proposal or offer from any Person (other than Purchaser) concerning (a) a merger, consolidation, liquidation, recapitalization, share exchange, or other business combination transaction involving the Companies or any of their Subsidiaries; (b) the issuance or acquisition of shares of capital stock or other equity securities of the Companies or any of their Subsidiaries; or (c) the sale, lease, exchange, or other disposition of any significant portion of the Companies' or any of their Subsidiaries' properties, assets or Liabilities (including through a reinsurance or hedging transaction).

“Action” means any action, suit, arbitration, hearing, mediation, or other proceeding, whether civil or criminal, at law or in equity, before or by any Governmental Authority.

“Affiliate” means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person. Notwithstanding anything to the contrary contained herein, from and after the Initial Closing, none of the Companies or any of their Subsidiaries shall be deemed to be an Affiliate of the Owner.

“Agreement” has the meaning set forth in the Preamble.

“Amended and Restated Operating Agreements” means the amended and restated operating agreements of People’s Riverside and People’s LA, substantially in the forms set forth on Exhibit A, which, if not set forth on such Exhibit as of the date hereof, the parties agree a mutually agreed-upon form of which may be attached to this Agreement prior to the Initial Closing without the need for a formal amendment hereto.

“Ancillary Agreements” means the Management Agreements and the Amended and Restated Operating Agreements.

“ARP Act” means the American Rescue Plan Act of 2021. “Burdensome Condition” has the meaning set forth in Section 6.03(d).

“Business Day” means any day other than a Saturday, a Sunday or any day on which banks in Orange County, California are authorized or required by applicable Law to be closed for business.

“Cannabis” means “cannabis,” “cannabis products,” and “cannabis goods” as those terms are defined in the California Medicinal and Adult-Use Cannabis Regulation and Safety Act, Business and Professions Code § 26001 and the regulations issued by the Department set out in Title 16, Division 42 of the California Code of Regulations, as amended.

“Cap” has the meaning set forth in Section 10.04(a).

“CARES Act” means the Coronavirus Aid, Relief, and Economic Security Act of 2020.

“Closings” means the Initial Closing and the Second Closing.

“Closing Date” means the date of the applicable Closing.

“Code” means the Internal Revenue Code of 1986.

“Collective Bargaining Agreement” means any collective bargaining agreement or other labor contract (including any contract or agreement with any works council, labor, or trade union or other employee representative body).

“Commercial Cannabis Activities” means the cultivation, possession, manufacture, distribution, processing, storing, laboratory testing, packaging, labeling, transportation, delivery, or sale of Cannabis as provided for pursuant to State Cannabis Laws.

“Company” or “Companies” has the meaning set forth in the Preamble.

“Company Benefit Plan” means each (a) “employee benefit plan” (as defined in Section 3(3) of ERISA, whether or not subject to ERISA), (b) other benefit and compensation plan, Contract, policy, program, practice, arrangement or agreement, including, but not limited to, pension, profit-sharing, savings, termination, executive compensation, phantom stock, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, insurance, hospitalization, medical, dental, life (including all individual life insurance policies as to which any of the Companies or their Subsidiaries are the owners, the beneficiaries, or both), employee loan, educational assistance, fringe benefit, deferred compensation, retirement or post-retirement, severance, equity or equity-based, incentive and bonus plan, contract, policy, program, practice, arrangement or agreement, and (c) other employment, consulting, or other individual agreement, plan, practice, policy, contract, program, and arrangement, in each case; (i) which is sponsored, maintained or contributed to by any of the Companies or any of their Subsidiaries or any of the Companies’ ERISA Affiliates for or on behalf of any of the Companies’ Service Providers or (ii) with respect to which any of the Companies or any of their Subsidiaries have any Liability.

“Company Disclosure Schedule” means the disclosure schedule delivered by the Companies to the Purchaser in connection with the execution and delivery of this Agreement.

“Company Employees” has the meaning set forth in Section 4.12(a).

“Company ERISA Affiliate” means any Person which is considered a single employer with the Companies or any of their Subsidiaries under Section 4001(b)(1) of ERISA or Section 414 of the Code.

“Company Financial Statements” has the meaning set forth in Section 4.06(a).

“Company Fundamental Representations” means the representations and warranties set forth in Section 4.01, Section 4.02, Section 4.03, Section 4.05(a), Section 4.15(b), Section 4.16(a), and Section 4.18.

“Company Insurance Policies” has the meaning set forth in Section 4.17.

“Company Intercompany Agreement” means any Contract between (a) any of the Companies or any of their Subsidiaries, on the one hand, and (b) the Owner, or any Affiliate of the Owner (other than the Companies or any of their Subsidiaries), any of their respective directors, officers or employees or any spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) of the Owner, and the spouses of each such natural persons, on the other hand.

“Company IP” means any and all Intellectual Property owned by, claimed in writing to be owned by, or held for use by the Companies or any of their Subsidiaries.

“Company Lease” has the meaning set forth in Section 4.16(b).

“Company Leased Real Property” has the meaning set forth in Section 4.16(b).

“Company Material Contract” has the meaning set forth in Section 4.14(a).

“Company Registered IP” has the meaning set forth in Section 4.13(a).

“Company Releasee” has the meaning set forth in Section 6.06(a).

“Company Service Provider” means any employee, consultant, contractor or other Person providing similar services to any of the Companies.

“Competing Business” means the cannabis retail business, including the cannabis delivery retail business, but shall not include the activities permitted under Section 6.13 of the Primary Purchase Agreement.

“Confidential Information” has the meaning set forth in Section 6.02(b).

“Contract” means any written note, bond, mortgage, indenture, guarantee, license, franchise, permit, agreement, contract, lease, commitment, legally binding letter of intent, or other similar instrument, and any amendments thereto.

“Control” means, with respect to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by Contract or otherwise. The terms “Controlled,” “Controlled by,” and “under common Control with” shall have correlative meanings.

“Costa Mesa Purchase Price” has the meaning set forth in Section 2.01(c).

“CSA” means the Controlled Substances Act of the United States, 21 U.S.C. § 801 et seq. (including any implementing regulations and schedules), as amended.

“Department” means the Department of Cannabis Control, as amended or consolidated.

“Direct Claim” has the meaning set forth in Section 10.06.

“Encumbrance” means any lien, encumbrance, charge, security interest, mortgage, pledge, indenture, deed of trust, right of way, encroachment, easement, covenant, option, right of first offer or refusal or transfer restriction, or any other similar restrictions or limitations on the ownership or use of real or personal property or similar irregularities in title thereto.

“Enforceability Exceptions” has the meaning set forth in Section 3.02(a).

“Environment” means: (a) any and all buildings, structures, fixtures, fittings, appurtenances, pipes, conduits, valves, tanks, vessels and containers whether above or below ground level; and (b) ambient air, land surface, sub-surface strata, soil, surface water, ground water, river sediment, marshes, wet lands, flora and fauna.

“Environmental Law” means all Laws relating to (i) pollution, natural resources or natural resource damages, endangered or threatened species, the protection of the Environment or of human health or safety; or (ii) the presence of, manufacture, formulation, processing, treatment, storage, containment, labeling, handling, transportation, exposure to, distribution, recycling, reuse, release, disposal, removal, remediation, abatement or clean-up of any Hazardous Material.

“Environmental License” means any Permit required by or pursuant to any applicable Environmental Laws.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“Excluded Liabilities” has the meaning set forth in Section 1.01(a) of the Company Disclosure Schedule.

“Federal Cannabis Laws” means any United States federal statute, law, ordinance, regulation, rule, code, United States federal Governmental Order, constitution, treaty, common law, other requirement or rule of law of any United States federal Governmental Authority, but only as and to the extent that they relate, either directly or indirectly, to Commercial Cannabis Activities, including, without limitation, the CSA, the prohibition on drug trafficking under 21 U.S.C. § 841(a), et seq., the conspiracy statute under 18 U.S.C. § 846, the bar against aiding and abetting the conduct of an offense under 18 U.S.C. § 2, the bar against misprision of a felony (concealing another’s felonious conduct) under 18 U.S.C. § 4, the bar against being an accessory after the fact to criminal conduct under 18 U.S.C. § 3, and federal money laundering statutes under 18 U.S.C. §§ 1956, 1957, and 1960 and the regulations and rules promulgated under any of the foregoing. For the avoidance of doubt, (i) Federal Cannabis Laws shall not be construed to include any foreign, state or local Cannabis laws (including State Cannabis Laws) or any foreign, federal, state or local Hemp laws and (ii) Federal Cannabis Laws shall not be construed to include any United States federal laws, civil, criminal or otherwise, to the extent they would be applied in any relevant instance to any activities other than Commercial Cannabis Activities.

“GAAP” means generally accepted accounting principles and practices in the United States.

“Governmental Authority” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law) or any arbitrator, arbitration panel, court or tribunal.

“Governmental Order” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.



“Hazardous Material” means any explosives, radioactive materials, hazardous wastes or materials, chemicals, hazardous or toxic substances (including without limitation, petroleum, petroleum based substances, polychlorinated biphenyls, emerging contaminants, per and polyfluoroalkyl substances, lead based paint or lead containing materials, asbestos or any material containing asbestos (including, without limitation, vinyl asbestos tile), urea formaldehyde foam insulation, radon, mold or any other substance or material as defined by any Environmental Laws; provided that Cannabis and marijuana are explicitly excluded from this definition of Hazardous Material, as are any substances or products that would be deemed Hazardous Material solely because they contain Cannabis or marijuana.

“Hemp” means “Hemp” as defined in 7 U.S.C. § 1639o(1), as amended.

“Holdback Amounts” means the Stark Note Holdback Amount and the Stark Litigation Holdback Amount.

“Indebtedness” means all of the Companies’ and their Subsidiaries’ (i) indebtedness for borrowed money, including all outstanding amounts under notes, bonds, debentures, mortgages, and similar instruments, (ii) capitalized leases, (iii) obligations under conditional sale or other title retention agreements, (iv) deferred purchase price for property or services (including all “earn out” and similar obligations but excluding only those accounts payable incurred in the ordinary course of business and included in the Purchaser Pre-Initial Closing Costs), (v) obligations, contingent or otherwise, as an account party in respect of letters of credit and letters of guaranty, (vi) deferred compensation and other similar liabilities or arrangements, or any amounts due to personnel (whether employees or independent contractors) related to periods prior to the Initial Closing Date, (vii) obligations, contingent or otherwise, in respect of any accrued interest, success fees, prepayment penalties, interest rate swap breakage costs, make- whole premiums or penalties and all costs and expenses associated with the repayment of any of the foregoing, and (viii) guaranties of any obligations described in clauses (i) through (vii) above of any other Person and any costs and expenses associated with their release.

“Indemnified Party” means the party making a claim under Article X.

“Indemnified Taxes” means, without duplication, any and all Losses incurred or sustained by, or imposed upon, the Purchaser Indemnitees based upon, arising out of, with respect to or by reason of (a) any liability for Taxes (including the non-payment thereof) of the Owner, (b) any Taxes imposed on or with respect to the Companies or any of their Subsidiaries for any Pre-Initial Closing Tax Period, (c) Taxes arising out of or attributable to any misrepresentation, inaccuracy, or breach of any representation, warranty, covenant, or agreement related to Taxes by the Owner or the Companies contained in this Agreement (or in any certificate, document, list, or schedule delivered to Purchaser by the Owner hereunder), (d) Taxes of any member of an affiliated, consolidated, combined or unitary group of which the Companies or any of their Subsidiaries (or any predecessor of any of the foregoing) is or was a member on or prior to the Initial Closing Date, including pursuant to Treasury Regulation Section 1.1502-6 or any analogous or similar state, local, or foreign Law, (e) Taxes of any Person imposed on the Companies or any of their Subsidiaries as a transferee or successor, by Contract or otherwise, in each case, which Taxes relate to any event or transaction occurring on or before the Initial Closing, (f) Taxes that are the responsibility of the Owner pursuant to Section 7.01 and (g) any Tax Liabilities of the Companies or any of their Subsidiaries resulting from deferral of the employer portion of payroll Taxes pursuant to Section 2302 of the CARES Act or pursuant to any executive order, or administrative notice, to the extent relating to a Pre-Initial Closing Tax Period. For the avoidance of doubt, neither the good faith Tax position of Owner, the Companies, or any Subsidiary will act to absolve Owner of Owner’s obligations with respect to Indemnified Taxes, including, without limitation, the good faith mistake of law or fact of Owner, the Companies, any Subsidiary, or any of their respective Representatives with respect to the permissibility of accounting methods under or pursuant to Section 471(c) of the Code with respect to Inventory or any other assets or Liabilities.

“Indemnifying Party” means the party against whom a claim is asserted under Article X.

“Initial Closing” has the meaning set forth in Section 2.02.

“Initial Closing Date” has the meaning set forth in Section 2.02.

“Initial Closing Interests” has the meaning set forth in Section 2.01(a).

“Intellectual Property” means any and all intellectual property rights throughout the world, including any and all of the following (a) utility, utility model, design and plant patents and patent disclosures, including any continuations, divisions, continuations-in-part, reexaminations, extensions, renewals, reissues and foreign counterparts of or for any of the foregoing, (b) Trademarks, (c) Internet domain names and associated websites, as well as social media usernames, handles and similar identifiers and associated social media account content, (d) works of authorship, copyrights and copyrightable subject matter, and moral and economic rights therein, (e) rights in Software, data and databases, (f) trade secrets and other confidential and proprietary information, including confidential and proprietary customer and supplier lists, pricing and cost information, and business and marketing plans and proposals (collectively, “Trade Secrets”), (g) rights in ideas, know-how, inventions (whether or not patentable or reduced to practice), processes, formulae and methodologies, compositions, technologies, techniques, specifications, protocols, schematics and research and development information, (h) any and all applications, registrations and recordings for any of the foregoing and (i) all rights in the foregoing (including pursuant to licenses, common-law rights, statutory rights and contractual rights), in each case to the extent protectable under applicable Law.

“Intercompany Account” means any intercompany account balance outstanding as of immediately prior to the Initial Closing between (a) any of the Companies or any of their Subsidiaries, on the one hand, and (b) the Owner or any Affiliate of the Owner (other than the Companies or any of their Subsidiaries), any of their respective directors, officers or employees or any spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) of the Owner and the spouses of each such natural persons, on the other hand.

“Interests” has the meaning set forth in Recitals.

“Inventory” means all Cannabis inventory owned by the Companies and their Subsidiaries that are usable and salable by the Companies and their Subsidiaries in the ordinary course of business following the Initial Closing Date.

“IRS” means the Internal Revenue Service.

“Knowledge” means with respect to (a) the Companies, the actual or constructive knowledge of Bernard Steimann and Jay Yadon, after reasonable inquiry, and (b) Purchaser, the actual or constructive knowledge of Frank Knuettel, after reasonable inquiry.

“Law” means any statute, law, ordinance, regulation, rule, code, Governmental Order, constitution, treaty, common law, other requirement or rule of law of any Governmental Authority, including, without limitation, State Cannabis Laws, provided that the Federal Cannabis Laws are specifically excluded from the definition of Law, but only until such time as adult recreational use of Cannabis is either decriminalized or legalized at the federal level in the United States, at which time the definition of Law shall include the Federal Cannabis Laws.

“Liabilities” means any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“Locations” means (a) 125 La Cadena Dr. West, Riverside, CA 92506 (as to People’s Riverside); (b) 1149 and 1135 S. Los Angeles Street, Los Angeles, CA 90015 (as to People’s LA); and (c) 1844 Newport Blvd., Costa Mesa, CA 92627 (as to People’s Costa Mesa).

“Losses” means any and all losses, lost profits, diminution in value, damages, Liabilities, deficiencies, obligations, claims, costs, interest, awards, judgments, fines, charges, penalties, Taxes, settlement payments and expenses (including reasonable expenses of investigation, enforcement and collection and reasonable attorneys’, actuaries’, accountants’, and other professionals’ fees, disbursements and expenses) of any kind; provided, however, that “Losses” shall not include punitive damages, except to the extent actually awarded to a Governmental Authority or other third-party.

“Management Agreements” means the management agreements substantially in the form set forth on Exhibit B.

“Material Adverse Effect” means, (a) with respect to a Person, a material adverse effect on the business, condition (financial or otherwise), assets or Liabilities or results of operations of such Person and its Subsidiaries, taken as a whole; provided, however, that no event, change, circumstance, effect, development, condition or occurrence resulting from, arising out of or relating to any of the following shall constitute or be deemed to contribute to a Material Adverse Effect, or shall otherwise be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur (i) changes in applicable Laws, GAAP or other applicable accounting rules, (ii) changes in general economic, political, business or regulatory conditions, (iii) changes in United States or global financial, credit, commodities, currency or capital markets or conditions, (iv) the outbreak or escalation of war, military action or acts of terrorism or changes due to natural disasters, (v) any action expressly required by this Agreement or (vi) the public announcement, pendency or completion of the transactions contemplated by this Agreement, except, in the case of clauses (i) through (iv), to the extent such event, change, circumstance, effect, development, condition or occurrence has or would reasonably be expected to have a disproportionate impact on such Person and its Subsidiaries as compared to other Persons in such Person’s industry (which, in the case of the Companies, shall be the cannabis retail industry), or, (b) with respect to the Companies or the Owner, a material adverse effect on the ability of the Companies or the Owner to perform their respective obligations under this Agreement or to consummate the transactions contemplated hereby.

“Note” means that certain promissory note issued to the Owner pursuant to the Primary Purchase Agreement.

“Orange County Courts” has the meaning set forth in Section 11.06(b).

“Owner” has the meaning set forth in the Preamble.

“Owner Fundamental Representations” means the representations and warranties set forth in Section 3.01, Section 3.02, Section 3.03(a), Section 3.04 and Section 3.05.

“Owner Indemnitees” has the meaning set forth in Section 10.03.

“Owner Releasee” has the meaning set forth in Section 6.06(b).

“Owner Releasor” has the meaning set forth in Section 6.06(a).

“People’s Costa Mesa” has the meaning set forth in the Preamble.

“People’s First Choice” has the meaning set forth in Recitals.

“People’s LA” has the meaning set forth in the Preamble.

“People’s Riverside” has the meaning set forth in the Preamble.

“Permits” means all licenses, permits, franchises, waivers, orders, registrations, consents and other authorizations and approvals of or by a Governmental Authority.

“Permitted Encumbrances” means (a) Encumbrances for Taxes not yet due and payable and for which appropriate reserves have been established in accordance with GAAP, (b) mechanics, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the ordinary course of business consistent with past practice or amounts which are not yet due and payable or the amount and validity of which are being contested in good faith and for which appropriate reserves have been established in accordance with GAAP, (c) solely in the case of real property, any non-monetary minor imperfection in title or Encumbrances, encroachments or conditions, if any, that, individually or in the aggregate, do not materially interfere with the continued use or operation of any real property, as currently used or operated and (d) non- exclusive licenses of Intellectual Property granted in the ordinary course of business consistent with past practice which licenses expire upon the expiration or early termination of the applicable Contract under which such license has been granted.

“Person” means an individual, a corporation, a partnership, an association, a limited liability company, a joint venture, a trust or other entity or organization, including a Governmental Authority.

“Post-Initial Closing Tax Returns” has the meaning set forth in Section 7.03(b).

“Post-Costa Mesa Effective Date Tax Returns” has the meaning set forth in Section 7.03(b).

“Pre-Initial Closing Tax Period” means any Tax period ending on or before the Initial Closing Date and, with respect to any Straddle Period, the portion of such Tax period ending on and including the Initial Closing Date.

“Pre-Initial Closing Tax Returns” has the meaning set forth in Section 7.03(a).

“Pre-Costa Mesa Effective Date Tax Period” means any Tax period ending on or before the Costa Mesa Effective Date and, with respect to any Straddle Period, the portion of such Tax period ending on and including the Costa Mesa Effective Date.

“Pre-Costa Mesa Effective Date Tax Returns” has the meaning set forth in Section 7.03(a).

“Primary Purchase Agreement” has the meaning set forth in the Recitals.

“Product” or “Products” has the meaning set forth in Section 4.21.

“Product Obligations” has the meaning set forth in Section 4.21.

“Protected Party” has the meaning set forth in Section 6.07(b).

“Purchase Price” has the meaning set forth in Section 2.01(a). “Purchaser” has the meaning set forth in the Preamble.

“Purchaser Fundamental Representations” means the representations and warranties set forth in Section 5.01, and Section 5.02.

“Purchaser Indemnitees” has the meaning set forth in Section 10.02.

“Purchaser Pre-Costa Mesa Effective Date Capital Expenditures” means costs for those items set forth on Schedule I that were incurred by People’s Costa Mesa and its Subsidiaries prior to the Costa Mesa Effective Date, but which are due and payable after the Costa Mesa Effective Date.

“Purchaser Pre-Initial Closing Capital Expenditures” means costs for those items set forth on Schedule I that were incurred by the Companies and their Subsidiaries (other than People’s Costa Mesa) prior to the Initial Closing, but which are due and payable after the Initial Closing.

“Purchaser Releasor” has the meaning set forth in Section 6.06(b).

“Receivables” means all of the Companies’ and each of their Subsidiaries’ trade accounts receivable, notes receivable, negotiable instruments, and chattel paper, including receivables arising from or related to goods sold or services rendered before or on a given date.

“Representative” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“Schedule Update” has the meaning set forth in Section 6.13.

“Second Closing” has the meaning set forth in Section 2.02.

“Second Closing Date” has the meaning set forth in Section 2.02.

“Second Closing Interests” has the meaning set forth in Section 2.01(b).

“Significant Supplier” has the meaning set forth in Section 4.22(a).

“Software” means any and all computer programs, including all software implementations of algorithms, models and methodologies, whether in source code (human readable format) or object code (machine readable format) or other format and including executables, libraries and other components thereof.

“Stark Litigation Holdback Amount” means \$1,500,000.

“Stark Note Holdback Amount” means \$1,435,000.

“State Cannabis Laws” means any applicable state or local statute, law, ordinance, regulation, rule, code, state or local Governmental Order, constitution, treaty, common law, other requirement or rule of law of any state or local Governmental Authority, including the California Medicinal and Adult-Use Cannabis Regulation and Safety Act and the regulations of the Department, and the local jurisdictional rules and regulations of the jurisdictions in which the parties operate, in each case related to the cultivation, manufacture, development, distribution, or sale of Cannabis or products containing Cannabis.

“Straddle Period” means, with respect to People’s Riverside and People’s LA, any Tax period beginning on or before the Initial Closing Date and ending after the Initial Closing Date and with respect to People’s Costa Mesa, any Tax period beginning on or before the Costa Mesa Effective Date and ending after the Costa Mesa Effective Date.

“Subsidiary” means, with respect to any entity, any other entity as to which it owns, directly or indirectly, or otherwise Controls, more than fifty percent (50%) of the voting shares or other similar interests.

“Tax” or “Taxes” means any and all federal, state, county, local, foreign and other taxes, charges, fees, imposts, and governmental levies and assessments including all income, gross receipts, capital stock, premium, franchise, profits, production, value added, occupancy, gains, personal property replacement, employment and other employee and payroll related taxes (including, without limitation, amounts due, or required to be withheld by, the California EDD), withholding, foreign withholding, social security, welfare, unemployment, disability, real property, personal property, license, ad valorem, transfer, workers’ compensation, windfall and net worth taxes, environmental, customs duty, severances, stamp, excise, occupations, sales, use, transfer, alternative minimum, accumulated earnings, estimated taxes, inventory, escheat, unclaimed property, guaranty fund assessment, and other taxes, duties, fees, levies, customs, tariffs, imposts, obligations, charges and assessments of the same or a similar nature imposed, imposable or collected by any Governmental Authority, together with all interest, penalties and additions imposed with respect to such amounts and any interest in respect of such penalties and additions, whether disputed or not, and any transferee, successor or other liability in respect of any items described above payable by reason of contract, assumption, operation of law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under foreign, state or local law) or otherwise, otherwise, including, without limitation (i) Liabilities arising from the failure to obtain tax clearance certificates from the California Department of Tax and Fee Administration. For the avoidance of doubt, “Taxes” include all Taxes arising under State Cannabis Laws or Federal Cannabis Laws, including, without limitation, California Cannabis Excise Taxes (including from non-arm’s length transactions) and Cultivation Taxes, and cannabis taxes assessed, charged, collected, or otherwise levied by local Governmental Authorities, such as (but without limitation) cannabis taxes assessed by the City of Los Angeles.

“Tax Authority” means any Governmental Authority responsible for the administration or the imposition of any Tax.

“Tax Proceeding” has the meaning set forth in Section 7.05.

“Tax Refund” has the meaning set forth in Section 7.07.

“Tax Returns” means any return, report, declaration, election, estimate, information statement, claim for refund and return or other document (including any related or supporting information and any amendment to any of the foregoing and any sales and use and resale certificates) filed or required to be filed with any Tax Authority with respect to Taxes.

“Third-Party Claim” has the meaning set forth in Section 10.05(a).

“Threshold” has the meaning set forth in Section 10.04(a).

“Trade Secrets” has the meaning set forth in the definition of Intellectual Property.

“Trademarks” means trademarks, trade names, corporate names, brands, business names, trade styles, service marks, service names, logos, slogans, trade dress or other source or business identifiers and general intangibles of like nature, whether registered or unregistered, and whether arising under the laws of the United States or any state or territory thereof or any other jurisdiction anywhere in the world, and all registrations and applications for registration with respect to any of the foregoing, together with all goodwill of the business connected with the use of and symbolized by any of the foregoing. Notwithstanding the provisions of Federal Cannabis Laws, nor the interpretation or validity of Trademarks in connection therewith, the Parties agree that to the fullest extent permissible by Law, Trademarks will be defined and construed to have the meaning which would be ascribed thereto in the absence of Federal Cannabis Laws.

“Trading Market” means any of the following markets or exchanges: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, the Toronto Stock Exchange, the TSX Venture Exchange or the OTC Markets (or any successors to any of the foregoing).

“Transaction Expenses” means (a) all fees, costs and expenses incurred by or on behalf of the Owner, the Companies or any of their Subsidiaries in connection with the negotiation, documentation and consummation of the transactions contemplated by this Agreement, including all of the fees, disbursements and expenses of attorneys, actuaries, accountants, financial advisors and other advisors, and (b) any severance, change of control, sale, retention or similar bonuses, compensation or payments (together with the employer portion of employment Taxes payable in connection with such amounts) payable to any current or former director, officer, employee or natural independent contractor of any of the Companies or any of their Subsidiaries as a result of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

“Transfer Taxes” means any and all Taxes arising from or in connection with the change of control resulting from the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements (excluding Taxes measured in whole or in part by net income, but including any Taxes which arising from any technical transfer of Inventory), including sales, use, excise, value-added, gross receipts, registration, real estate, stamp, documentary, notarial, filing, recording, permit, license, authorization and similar Taxes, fees, duties, levies, customs, tariffs, imposts, assessments, obligations and charges.

“Treasury Regulations” means the regulations promulgated under the Code.

“Unrivaled” means Unrivaled Brands, Inc., a Nevada corporation.

Section 1.02 Interpretation.

(a) As used in this Agreement, references to the following terms have the meanings indicated:

(i) to the Preamble or to the Recitals, Sections, Articles, Exhibits or Schedules are to the Preamble or a Recital, Section or Article of, or an Exhibit or Schedule to, this Agreement unless otherwise clearly indicated to the contrary;

(ii) to any Contract (including this Agreement) or “organizational document” are to the Contract or organizational document as amended, modified, supplemented or replaced from time to time;

(iii) to any Law are to such Law as amended, modified, supplemented or replaced from time to time and all rules and regulations promulgated thereunder, and to any section of any Law include any successor to such section;

(iv) to any Governmental Authority includes any successor to the Governmental Authority and to any Affiliate includes any successor to the Affiliate;

(v) to any “copy” of any Contract or other document or instrument are to a true and complete copy thereof;

(vi) to “hereof,” “herein,” “hereunder,” “hereby,” “herewith” and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or clause of this Agreement, unless otherwise clearly indicated to the contrary;



(vii) to the “date of this Agreement,” “the date hereof” and words of similar import refer to the date first set forth in the Preamble;  
and

(viii) to “this Agreement” includes the Exhibits and Schedules (including the Company Disclosure Schedule) to this Agreement.

(b) Whenever the words “include,” “includes” or “including” are used in this Agreement, they will be deemed to be followed by the words “without limitation.” The word “or” need not be disjunctive. Any singular term in this Agreement will be deemed to include the plural, and any plural term the singular. All pronouns and variations of pronouns will be deemed to refer to the feminine, masculine or neuter, singular or plural, as the identity of the Person referred to may require. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(c) Whenever the last day for the exercise of any right or the discharge of any duty under this Agreement falls on a day other than a Business Day, the party having such right or duty shall have until the next Business Day to exercise such right or discharge such duty. Unless otherwise indicated, the word “day” shall be interpreted as a calendar day. With respect to any determination of any period of time, unless otherwise set forth herein, the word “from” means “from and including” and the word “to” means “to but excluding.”

(d) The table of contents and headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

(e) References to a “party” hereto means Purchaser, the Companies, and the Owner and references to “parties” hereto means Purchaser, the Companies, and the Owner, unless the context otherwise requires.

(f) References to “dollars” or “\$” mean United States dollars, unless otherwise clearly indicated to the contrary.

(g) The parties have participated jointly in the negotiation and drafting of this Agreement; consequently, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(h) No summary of this Agreement prepared by or on behalf of any party shall affect the meaning or interpretation of this Agreement.

(i) All capitalized terms used without definition in the Exhibits and Schedules (including the Company Disclosure Schedule) to this Agreement shall have the meanings ascribed to such terms in this Agreement.

## ARTICLE II

### CLOSINGS

#### Section 2.01 Purchase of Interests.

(a) On the terms and subject to the conditions set forth in this Agreement, at the applicable Closings, the Owner shall, sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Owner, all of the Interests and all of the Owner's right, title and interest in and to the Interests, free and clear of all Encumbrances, and the Purchaser shall pay an aggregate amount equal to Two Million Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine Dollars (\$2,999,999) (the "Purchase Price"), (i) *less* the Stark Litigation Holdback Amount, (ii) *less* the Stark Note Holdback Amount, (iii) *less* Transaction Expenses, as further provided herein; provided, that, if the amounts in Section 2.01(a)(i), (ii) and (iii) are in excess of the Purchase Price, the aggregate principal amount of the Note shall be reduced in the amount of such excess. For the avoidance of doubt, any reduction in the aggregate principal amount of the Note described above, shall be in addition to any reduction in the aggregate principal amount of the Note pursuant to the Primary Purchase Agreement. On the terms and subject to the conditions set forth in this Agreement, at the Initial Closing, the Owner shall sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Owner, Eighty Percent (80%) of the Interests of People's Riverside and People's LA (the "Initial Closing Interests") and the Owner's right, title and interest in and to the Initial Closing Interests, free and clear of all Encumbrances, and the Purchaser shall pay the full amount of the Purchase Price, payable in cash and allocated among the Companies as follows; provided, that, if Purchaser and Owner enter into a management services agreement with respect to either or both of People's Riverside and People's LA, Purchaser shall owe to Owner the respective Purchase Price on such date, subject to the release of the Holdback Amounts in Section 2.05:

(i) the aggregate dollar amount to satisfy any Transaction Expenses that remain unpaid at the Initial Closing shall be paid to the Persons entitled thereto in accordance with invoices from such Persons provided by the Owner and Company to the Purchaser prior to the Initial Closing (the "Transaction Expense Invoices");

(ii) subject to this Section 2.01(a) and Section 2.05, One Million Dollars (\$1,000,000) of the Purchase Price shall be paid by the Purchaser to Owner in consideration for the Initial Closing Interests of People's Riverside; and

(iii) subject to this Section 2.01(a) and Section 2.05, One Million Dollars (\$1,000,000) of the Purchase Price shall be paid by the Purchaser to Owner in consideration for the Initial Closing Interests of People's LA (collectively, the "Riverside and LA Purchase Price");

provided, that, in each case, no amounts shall be paid by the Purchaser to Owner until such amounts are released from the Holdback Amounts pursuant to Section 2.05.

(b) Subject to Section 2.01(a), on the terms and subject to the conditions set forth in this Agreement, at the Second Closing, the Owner shall sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Owner Twenty Percent (20%) of the Interests of People's Riverside and People's LA (the "Second Closing Interests") and the Owner's right, title and interest in and to the Second Closing Interests, free and clear of all Encumbrances, for no additional consideration.

(c) Subject to Section 2.01(a) and Section 2.05, on the terms and subject to the conditions set forth in this Agreement, at the Costa Mesa Closing, the Owner shall sell, transfer, convey, assign and deliver to the Purchaser, and the Purchaser shall purchase, acquire and accept from the Owner Fifty Percent (50%) of the Interests of People's Costa Mesa ("Costa Mesa Closing Interests") and the Owner's right, title and interest in and to the Costa Mesa Second Closing Interests, free and clear of all Encumbrances, for Nine Hundred Ninety-Nine Thousand Nine Hundred Ninety-Nine Dollars (\$999,999) of the Purchase Price to be paid by the Purchaser to Owner (the "Costa Mesa Purchase Price"); provided, that, no amounts shall be paid by the Purchaser to Owner until such amounts are released from the Holdback Amounts pursuant to Section 2.05.

Section 2.02 Closings. The closing of the purchase and sale of the Initial Closing Interests (the "Initial Closing") shall take place electronically by mutual exchange of portable document format (.PDF) signatures and electronic delivery of funds with respect to People's Riverside and People's LA, within three (3) Business Days after the satisfaction or waiver of the conditions to the Initial Closing applicable to People's Riverside and People's LA set forth in Section 8.01 and Section 8.02, or at such other time and date as the Owner and the Purchaser may mutually agree in writing subject to the terms and conditions hereof. The date on which the Initial Closing occurs with respect to each Company is referred to herein as the "Initial Closing Date." The closing of the purchase and sale of the Second Closing Interests (the "Second Closing") shall take place electronically by mutual exchange of portable document format (.PDF) signatures and electronic delivery of funds, on a date selected by the Purchaser after the satisfaction or waiver of the conditions to the Second Closing set forth in Section 8.03, or at such time and date as the Owner and the Purchaser may mutually agree in writing subject to the terms and conditions hereof. The date on which the Second Closing occurs is referred to herein as the "Second Closing Date". The closing of the purchase and sale of the Costa Mesa Closing Interests (the "Costa Mesa Closing" and together with the Initial Closing, the "Closings") shall take place electronically by mutual exchange of portable document format (.PDF) signatures and electronic delivery of funds, on a date selected by the Purchaser after the satisfaction or waiver of the conditions to the Costa Mesa Closing set forth in Section 8.01 and Section 8.02, or at such time and date as the Owner and the Purchaser may mutually agree in writing subject to the terms and conditions hereof. The date on which the Costa Mesa Closing occurs is referred to herein as the "Costa Mesa Closing Date" and collectively with the Initial Closing Date and the Second Closing Date, the "Closing Dates". Each Closing shall be deemed to occur and be effective at 11:59 p.m., local time, in Orange County, California, on the applicable Closing Date.

#### Section 2.03 Initial Closing Deliverables

(a) At the Initial Closing, People's Riverside, People's LA and/or the Owner, as applicable, shall deliver or cause to be delivered to the Purchaser the following:

- (i) Unaudited Company financial statements through each Company's last two (2) fiscal years;

(ii) Reviewed Company financial statements through each Company's last fiscal quarter;

(iii) the executed certificate(s) described in Sections 8.01(a), (b), (c), (d) and (e).

(iv) certificates representing all of the Initial Closing Interests duly endorsed in blank, or accompanied by unit powers duly executed in blank, in proper form for transfer on the share transfer books of each Company, with any requisite transfer Tax stamps properly affixed thereto;

(v) the Amended and Restated Operating Agreements, duly executed by the Companies, other than People's Costa Mesa and the Owner;

(vi) the duly tendered resignations;

(vii) a duly executed certificate dated as of the Initial Closing Date from each Company satisfying the requirements set forth in Treasury Regulation Sections 1.1445-2(c)(3) and 1.897-2(h), certifying that neither Company is nor has been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) at any time during the five (5) years preceding the date of the certificate and a form of notice from each Company to the IRS in accordance with the requirements of Treasury Regulations Section 1.897-2(h)(2), along with written authorization for the Purchaser, as agent for such Company, to deliver such notice form to the IRS on behalf of each Company upon the Initial Closing;

(viii) The consents, approvals, waivers, authorizations, notices and filings set forth in Schedule II for delivery at the Initial Closing; and

(ix) without limitation by specific enumeration of the foregoing, all other documents reasonably required by the Purchaser to consummate the transactions contemplated by this Agreement to take place at the Initial Closing.

(b) At the Initial Closing, the Purchaser shall deliver or cause to be delivered to the Owner the following:

(i) The executed certificate(s) described in Sections 8.02(a) and (b);

(ii) The Riverside and LA Purchase Price;

(iii) the Amended and Restated Operating Agreements, duly executed by the Purchaser; and

(iv) without limitation by specific enumeration of the foregoing, all other documents reasonably required by the Owner to consummate the transactions contemplated by this Agreement to take place at the Initial Closing.

(c) At the Second Closing, People's Riverside, People's LA and/or the Owner, as applicable, shall deliver or cause to be delivered to the Purchaser the following:

(i) certificates representing all of the Second Closing Interests duly endorsed in blank, or accompanied by unit powers duly executed in blank, in proper form for transfer on the share transfer books of each Company, with any requisite transfer Tax stamps properly affixed thereto;

(ii) statements by the Representatives of Owner confirming to the Department and the city and/or municipality of the applicable Company that they have transferred their remaining ownership interest in the Companies to Purchaser as the existing owner, pursuant to Section 15023(c)(2) of the State Cannabis Laws;

(iii) The consents, approvals, waivers, authorizations, notices and filings set forth in Schedule II for delivery at the Second Closing; and

(iv) The consents, approvals, waivers, authorizations, notices and filings and all other documents reasonably required by the Purchaser to consummate the transactions contemplated by this Agreement to take place at the Second Closing.

(d) At the Costa Mesa Closing, People's Costa Mesa and/or the Owner, as applicable, shall deliver or cause to be delivered to the Purchaser the following:

(i) Unaudited Company financial statements through the Company's last two (2) fiscal years;

(ii) Reviewed Company financial statements through the Company's last fiscal quarter;

(iii) the executed certificate(s) described in Sections 8.01(a), (b), (c), (d) and (e).

(iv) certificates representing all of the Costa Mesa Closing Interests duly endorsed in blank, or accompanied by unit powers duly executed in blank, in proper form for transfer on the share transfer books of the Company, with any requisite transfer Tax stamps properly affixed thereto;

(v) a duly executed certificate dated as of the Costa Mesa Closing Date from the People's Costa Mesa satisfying the requirements set forth in Treasury Regulation Sections 1.1445-2(c)(3) and 1.897-2(h), certifying that the Company is nor has been a "United States real property holding corporation" (as defined in Section 897(c)(2) of the Code) at any time during the five (5) years preceding the date of the certificate and a form of notice from the Company to the IRS in accordance with the requirements of Treasury Regulations Section 1.897-2(h)(2), along with written authorization for the Purchaser, as agent for the Company, to deliver such notice form to the IRS on behalf of the Company upon the Costa Mesa Closing Date;

(vi) statements by the Representatives of Owner confirming to the Department and the city and/or municipality of the Company that they have transferred their remaining ownership interest in the Company to Purchaser as the existing owner, pursuant to Section 15023(c)(2) of the State Cannabis Laws;

(vii) the consents, approvals, waivers, authorizations, notices and filings set forth in Schedule II for delivery at the Costa Mesa Closing; and

(viii) without limitation by specific enumeration of the foregoing, all other documents reasonably required by the Purchaser to consummate the transactions contemplated by this Agreement to take place at the Initial Closing.

(e) At the Costa Mesa Closing, the Purchaser shall deliver or cause to be delivered to the Owner the following:

(i) The executed certificate(s) described in Sections 8.02(a) and (b);

(ii) The Costa Mesa Purchase Price; and

(iii) without limitation by specific enumeration of the foregoing, all other documents reasonably required by the Owner to consummate the transactions contemplated by this Agreement to take place at the Initial Closing

Section 2.04 Withholding. The Purchaser shall be entitled to deduct and withhold from any amounts payable pursuant to this Agreement, any amounts required to be deducted and withheld under the Code, or any provision of any federal, state, local or foreign Tax Law. Any amounts so withheld shall be timely and properly paid over to the appropriate Tax Authority by the Purchaser. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made.

Section 2.05 Holdback Amounts. The Holdback Amounts are being withheld by Purchaser for the purpose of allowing Purchaser to recover therefrom any amounts due from Owner pursuant to Article X and Schedule IV hereto. The Holdback Amounts shall be released as follows:

(a) on the date that the Stark Litigation (as defined in Schedule IV hereto) is finally adjudicated or settled as to Holistic Supplements, a California corporation and wholly owned subsidiary of People's LA ("Holistic Supplements"), including any claim related to the ownership of Holistic Supplements, Purchaser shall, within twenty-one (21) days, pay in immediately available funds, via wire transfer, to the Owner the amount of the Stark Litigation Holdback Amount less any applicable Losses; provided, that for purposes of this Section 2.05(a), the term "finally adjudicated" means that all claims in the Stark Litigation are fully resolved and all appeals have been exhausted; and

(b) on the date that the Stark Note (as defined in Schedule IV hereto) is satisfied and discharged in full, Purchaser shall, within twenty-one (21) days, pay in immediately available funds, via wire transfer, to the Owner the amount of the Stark Note Holdback Amount less any applicable Losses;

provided, that in each of (a) and (b) above, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice Purchaser to Owner prior to applicable release date shall be deemed a Loss and as such, withheld from release and not applied to an increase in the aggregate principal amount of the Note until such claim is finally determined in accordance with this Agreement.

Section 2.06 Owner Indebtedness Assumption. As of the date hereof, the Owner accepts and agrees (i) to assume all duties and obligations of and (ii) to pay, perform and discharge, as and when due, all of the obligations of each of People's LA, People's Riverside, People's Costa Mesa and Holistic Supplements, under all indebtedness or other obligations listed on Schedule 2.06 of the Company Disclosure Schedule.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE OWNER

Except as set forth in the Company Disclosure Schedule, the Owner represents and warrants to the Purchaser as follows:

Section 3.01 Organization and Authority. The Owner is duly incorporated or formed, validly existing and in good standing (or the equivalent thereof) under the laws of its jurisdiction of organization.

Section 3.02 Authority and Enforceability.

(a) The Owner has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Owner has taken all requisite corporate or other actions to authorize the execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Owner and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Agreement constitutes the valid and binding obligation of the Owner, enforceable against the Owner in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer, preference and other similar laws affecting creditors' rights generally, and by general principles of equity (regardless of whether enforcement is sought in equity or at law) (the "Enforceability Exceptions").

(b) The Owner and any of its Affiliates (other than the Companies and their Subsidiaries) executing any Ancillary Agreements have all requisite power and authority to execute and deliver the Ancillary Agreements to which they will be a party, to perform their obligations thereunder and to consummate the transactions contemplated thereby. The Owner has, and prior to the applicable Closing any such Affiliates (other than the Companies and their Subsidiaries) will have, taken all requisite corporate or other actions to authorize the execution and delivery of the Ancillary Agreements to which it will be a party, the performance of its obligations thereunder and the consummation of the transactions contemplated thereby. Each Ancillary Agreement, if and when executed by the Owner or any of its Affiliates (other than the Companies and its Subsidiaries) upon the terms and subject to the conditions set forth in this Agreement, will be duly executed and delivered by the Owner or such Affiliate (other than the Companies and their Subsidiaries), as the case may be, and, assuming the due authorization, execution and delivery by each of the other parties thereto, each Ancillary Agreement will constitute the valid and binding obligation of the Owner or such Affiliate (other than the Companies and their Subsidiaries), as applicable, enforceable against the Owner or such Affiliate (other than the Companies and their Subsidiaries), as applicable, in accordance with its terms, subject to the Enforceability Exceptions.

Section 3.03 No Violations. Assuming the consents, approvals, authorizations, waivers, notices and filings referred to in Section 4.04 are obtained or made, the execution and delivery of this Agreement and the Ancillary Agreements by the Owner or any of its Affiliates (other than the Companies and their Subsidiaries), as applicable, the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not and will not (a) conflict with or result in a violation or breach of, or default under, any provision of the organizational documents of the Owner or any of its Affiliates (other than the Companies and their Subsidiaries), (b) conflict with or result in a violation or breach of any provision of any Law or Permit applicable to the Owner or any of its Affiliates (other than the Companies and their Subsidiaries), (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract to which the Owner or any of its Affiliates (other than the Companies and their Subsidiaries) is a party or by which the Owner or any of its Affiliates (other than the Companies and their Subsidiaries) is bound or to which any of their respective properties and assets are subject, or (d) result in the creation or imposition of any Encumbrance, other than Permitted Encumbrances, on any properties or assets of the Owner.

Section 3.04 Ownership of Interests. Except as set forth in Section 3.04 of the Company Disclosure Schedule, the Owner owns all of the Interests of each Company, of record and beneficially, free and clear of all Encumbrances (other than restrictions on transfer imposed by federal and state insurance and securities Laws).

Section 3.05 Fees to Brokers and Finders. The Owner has no obligation to pay any fee or commission to any investment banker, broker, financial adviser, finder or other similar intermediary in connection with the transactions contemplated by this Agreement.

#### ARTICLE IV

##### REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANIES

Except as set forth in the Company Disclosure Schedule, the Owner represents and warrants to the Purchaser as follows:

Section 4.01 Organization and Qualification. Each Company and each of their Subsidiaries is a corporation, limited liability company or other entity duly incorporated or formed, validly existing and in good standing (or the equivalent thereof) under the laws of their jurisdiction of organization. The Companies and each of their Subsidiaries have all requisite power and authority to carry on their business as currently conducted by them and to own and make use of their assets as currently used. The Companies and each of their Subsidiaries are duly qualified to do business and are in good standing (or the equivalent thereof) in each jurisdiction where the ownership or operation of their assets or the operation or conduct of their business are currently conducted requires such qualification, except where the failure to be so qualified or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. The Companies have made available to the Purchaser prior to the date hereof correct and complete copies of the organizational documents of each of the Companies and their Subsidiaries in effect as of the date hereof. Each such organizational document is in full force and effect, and the Companies and each of their Subsidiaries are in compliance with their respective organizational documents.



Section 4.02 Authority and Enforceability.

(a) The Companies have all requisite power and authority to execute and deliver this Agreement, to perform their obligations hereunder, and to consummate the transactions contemplated hereby. The Companies have taken all requisite corporate or other actions to authorize the execution and delivery of this Agreement, the performance of their obligations hereunder and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Companies and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Agreement constitutes the valid and binding obligation of the Companies, enforceable against the Companies in accordance with its terms, subject to the Enforceability Exceptions.

(b) The Companies and any of their Subsidiaries executing any Ancillary Agreements have all requisite power and authority to execute and deliver the Ancillary Agreements to which they will be a party, to perform their obligations thereunder, and to consummate the transactions contemplated thereby. The Companies have, and prior to the applicable Closing any such Subsidiary will have, taken all requisite corporate or other actions to authorize the execution and delivery of the Ancillary Agreements to which they will be a party, the performance of their obligations thereunder and the consummation of the transactions contemplated thereby. Each Ancillary Agreement, if and when executed by the Companies or any of their Subsidiaries upon the terms and subject to the conditions set forth in this Agreement, will be duly executed and delivered by the Companies or such Subsidiary, as the case may be, and, assuming the due authorization, execution and delivery by each of the other parties thereto, each Ancillary Agreement will constitute the valid and binding obligation of the Companies or any such Subsidiary, as applicable, enforceable against the Companies or any such Subsidiary, as applicable, in accordance with its terms, subject to the Enforceability Exceptions.

Section 4.03 Capital Structure.

(a) Section 4.03(a) of the Company Disclosure Schedule sets forth (i) all of the authorized capital stock or other equity interests of the Companies and each of their Subsidiaries and (ii) the number of shares of each class or series of capital stock or other equity interests in the Companies and each of their Subsidiaries that are issued and outstanding, together with the record or beneficial owners thereof. The capital stock or other equity interests of the Companies and each of their Subsidiaries have been duly authorized, are validly issued and are fully paid and non-assessable. Except for this Agreement, or as set forth in Section 4.03(a) of the Company Disclosure Schedule, there are no preemptive or other outstanding rights, options, warrants, subscriptions, puts, calls, conversion rights or agreements or commitments of any character (including any stockholder rights plan or similar plan commonly referred to as a "poison pill") relating to the authorized and issued, unissued or treasury shares of capital stock, or other equity or voting interests, of the Companies and any of their Subsidiaries, and neither the Companies nor any of their Subsidiaries are committed to issue any of the foregoing. The capital stock or other equity interests of the Companies and their Subsidiaries have not been issued in violation of any applicable Laws or the organizational documents of the Companies or any of their Subsidiaries, as applicable. Neither the Companies nor any of their Subsidiaries have any debt securities outstanding that have voting rights or are exercisable or convertible into, or exchangeable or redeemable for, or that give any Person a right to subscribe for or acquire, capital stock or other equity interests of the Companies or any of their Subsidiaries. There are no obligations, contingent or otherwise, to repurchase, redeem (or establish a sinking fund with respect to redemption) or otherwise acquire any capital stock or other equity interests of the Companies or any of their Subsidiaries. There are no shares of capital stock or other equity or voting interests of the Companies or any of their Subsidiaries reserved for issuance. Except for this Agreement or as set forth in Section 4.03(a) of the Company Disclosure Schedule, there are no voting trusts, shareholder agreements, proxies, or other agreements or understandings in effect with respect to the voting or transfer of any of the equity interests of the Companies or any of their Subsidiaries. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to the capital stock of, or other equity or voting interests in, the Companies or any of their Subsidiaries.

(b) Except as set forth in Section 3.04 of the Company Disclosure Schedule, the Owner owns all of the Interests in each Company, in each case of record and beneficially, free and clear of all Encumbrances (other than restrictions on transfer imposed by federal and state insurance and securities Laws).

(c) Neither the Companies nor any of their Subsidiaries own, directly or indirectly, any capital stock or other equity or voting interest of any Person, have any direct or indirect equity or ownership interest in any business or are members of or participants in any partnership, joint venture or other entity (other than their Subsidiaries). There are no outstanding contractual obligations of the Companies or any of their Subsidiaries to provide funds to make any investment (in the form of a loan, capital contribution, or otherwise) in any other entity. Except for this Agreement or as set forth in Section 4.03(c) of the Company Disclosure Schedule, there are no irrevocable proxies, voting trusts or other agreements to which the Companies or any of their Subsidiaries are parties with respect to any capital stock of, or other equity or voting interests in, the Companies or any of their Subsidiaries. There are no restrictions that prevent or restrict the payment of dividends or other distributions by the Companies or any of their Subsidiaries other than those imposed by applicable Law.

Section 4.04 Governmental Filings and Consents. No consents, approvals, authorizations or waivers of, or notices or filings with, any Governmental Authority are required to be made or obtained by the Companies or any of their Subsidiaries in connection with the execution and delivery of this Agreement and the Ancillary Agreements by the Companies or any of their Subsidiaries, as applicable, the performance of their obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby, except for consents, approvals, authorizations, waivers, notices and filings set forth in Section 4.04 of the Company Disclosure Schedule.

Section 4.05 No Violations. Assuming the consents, approvals, authorizations, waivers, notices and filings referred to in Section 4.04 are obtained or made, and except as set forth in Section 4.05 of the Company Disclosure Schedule, the execution and delivery of this Agreement and the Ancillary Agreements by the Companies or any of their Subsidiaries, as applicable, the performance of their obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not and will not (a) conflict with or result in a violation or breach of, or default under, any provision of the organizational documents of the Companies and their Subsidiaries, (b) conflict with or result in a violation or breach of any provision of any Law or Permit applicable to the Companies or any of their Subsidiaries, (c) require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Company Material Contract, or (d) result in the creation or imposition of any Encumbrance, other than Permitted Encumbrances, on any properties or assets of the Companies or any of their Subsidiaries, or the shares of capital stock or equity interests directly or indirectly owned by the Owner in the Companies or any of their Subsidiaries.

Section 4.06 Financial Statements: No Undisclosed Liabilities.

(a) Section 4.06(a) of the Company Disclosure Schedule contains copies of the unaudited consolidated balance sheet of each of the Companies and their Subsidiaries as of September 30, 2021 (collectively, the “Company Financial Statements”). The Company Financial Statements (A) have been prepared in accordance with GAAP applied on a consistent basis for the respective periods referred to in the Company Financial Statements, (B) have been derived from the books and records of each of the Companies and their Subsidiaries, and (C) present fairly, in all material respects, the financial position and results of operations of each of the Companies and their Subsidiaries as of the respective dates and for the respective periods referred to in the Company Financial Statements.

(b) Each of the Companies and their Subsidiaries have no Liabilities, other than Liabilities (i) that are reflected or reserved against in the Company Financial Statements or (ii) incurred since December 31, 2020, in the ordinary course of business and consistent with past practices. None of the Companies or their Subsidiaries have ever effected or otherwise been involved in any “off-balance sheet arrangements” (as defined in Item 303(a)(4)(ii) of Regulation S-K under the Securities Exchange Act of 1934, as amended). Without limiting the generality of the foregoing, except as set forth on Section 4.06(b) of the Company Disclosure Schedule, none of the Companies or their Subsidiaries have ever guaranteed any debt or other obligation of any other Person.

(c) All of the Receivables, are (i) valid obligations owed to the Companies or their Subsidiaries arising from sales actually made or services actually performed by the Companies or their Subsidiaries in the ordinary course of business consistent with past practices of the Companies or their Subsidiaries, as the case may be, and (ii) are fully collectible and not disputed or subject to any counterclaim or right of setoff other than in the ordinary course of business consistent with past practices of the Companies and their Subsidiaries. There is no default or delinquency in any payment of the Receivables that has not been reserved against in the Company Financial Statements (which reserves are adequate and consistent with past practices of the Companies and their Subsidiaries).

(d) Section 4.06(d) of the Company Disclosure Schedule sets forth a true, correct, and complete list of the Indebtedness of each of the Companies and their Subsidiaries and the corresponding holders of such Indebtedness.

Section 4.07 Absence of Certain Changes. Since December 31, 2020, through the date of this Agreement (x) the business of each of the Companies and their Subsidiaries have been operated in the ordinary course of business consistent with past practice, (y) no Material Adverse Effect has occurred, and to the Knowledge of each Company, no event, change, circumstance, effect, development, condition or occurrence exists or has occurred that, individually or in the aggregate, with or without the lapse of time, would reasonably be expected to have a Material Adverse Effect and (z) none of the Companies nor any of their Subsidiaries have taken any action or failed to take any action that, if taken or failed to have been taken after the date hereof, would have resulted in a breach of Section 6.01.

Section 4.08 Compliance with Laws; Permits.

(a) The Companies and each of their Subsidiaries are and have been in compliance in all material respects with all applicable Laws. None of the Companies nor any of their Subsidiaries have received any written or, to the Knowledge of the Companies, oral notice from any Governmental Authority regarding any actual or alleged material violation of, or material failure on the part of the Companies or any of their Subsidiaries to comply with, any applicable Law. The Companies have not sold, distributed or otherwise disposed of any Cannabis outside the State of California.

(b) Except as set forth in Section 4.08(b) of the Company Disclosure Schedule, the Companies and each of their Subsidiaries hold and maintain in full force and effect, and have held and maintained in full force and effect, all Permits required to conduct their business in the manner, and in all such jurisdictions as, it is currently conducted, including for the operation of any Cannabis business under and pursuant to all applicable Laws, including, without limitation, the Cannabis businesses located at the Locations, which businesses have the Permits set forth in Section 4.08(b) of the Company Disclosure Schedule and any other Permits required for the business operations of each Company. The Companies and each of their Subsidiaries are and have been in compliance with all such Permits. None of the Companies nor any of their Subsidiaries have received any written or, to the Knowledge of the Companies, oral notice from any Governmental Authority regarding any actual or alleged violation of, or failure on the part of the Companies or any of their Subsidiaries to comply with, any term or requirement of any such Permits, or any pending or threatened investigation thereof.

Section 4.09 Litigation; Governmental Orders.

(a) Except as set forth in Section 4.09(a) of the Company Disclosure Schedule, there is no (i) Action or claim pending or, to the Knowledge of the Companies, threatened, or, (ii) governmental investigation pending by, or, to the Knowledge of the Companies, threatened, against or involving the Companies or any of their Subsidiaries or any of their respective properties or assets, including, without limitation for violation of any Federal Cannabis Laws or State Cannabis Laws.

(b) None of the Companies or any of their Subsidiaries are subject to any Governmental Orders that restrict the operation of the business of any of the Companies or any of their Subsidiaries.

Section 4.10 Taxes.

(a)(i) Except as set forth in Section 4.10 of the Company Disclosure Schedule, all Tax Returns required to be filed by or on behalf of the Companies and their Subsidiaries have been timely filed (taking into account any extensions of time within which to file), (ii) all such Tax Returns are true, correct and complete in all material respects, including with respect to any deductions taken on such Tax Returns, which shall, without limitation, have been made in compliance with Section 280E of the Code, and (iii) all material Taxes (whether or not shown as due on such Tax Returns) have been fully and timely paid.

(b) Except as set forth in Section 4.10 of the Company Disclosure Schedule, the Companies and each of their Subsidiaries have complied with all applicable Tax Laws with respect to the withholding of Taxes (including reporting and recordkeeping requirements related thereto) and have duly and timely withheld and paid over to the appropriate Tax Authority all material amounts required to be so withheld and paid over.

(c) Except as set forth in Section 4.10 of the Company Disclosure Schedule, none of the Companies or any of their Subsidiaries have any liability for Taxes of any Person (other than the Companies or any of their Subsidiaries) (i) under any Tax indemnity, Tax sharing or Tax allocation agreement or any other contractual obligation (excluding for this purpose, agreements entered into in the ordinary course of business the primary purpose of which is not related to Taxes, such as leases, licenses or credit agreements), (ii) arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or non-U.S. Law, or (iii) as a transferee or successor.

(d) No Encumbrances for Taxes have been filed against the Companies or any of their Subsidiaries, except for Permitted Encumbrances.

(e) No material Taxes with respect to the Companies and their Subsidiaries are under audit or examination by any Tax Authority, and there are no audits, claims, assessments, levies, administrative or judicial proceedings pending, threatened, proposed (tentatively or definitely) or contemplated against, or regarding, any material Taxes of the Companies or any of their Subsidiaries, and no Tax Authority has proposed, assessed or asserted in writing any material deficiency with respect to Taxes against the Companies or any of their Subsidiaries with respect to any Tax period for which the period of assessment or collection remains open.

(f) No jurisdiction in which the Companies or any of their Subsidiaries do not currently file Tax Returns have claimed that the Companies or any of their Subsidiaries are, or may be, subject to taxation by that jurisdiction or required to file such Tax Returns. None of the Companies or any of their Subsidiaries have commenced a voluntary disclosure proceeding in any jurisdiction that has not been fully resolved or settled.

(g) No written waiver of or agreement to extend any statute of limitations relating to Taxes for which the Companies or any of their Subsidiaries are liable and that remain in effect has been granted or requested.

(h) The unpaid Taxes of the Companies and their Subsidiaries (i) do not, as of the most recent Company Financial Statements, exceed the reserve for Tax Liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent Company Financial Statements of each Company (rather than in any notes thereto), and (ii) do not exceed that reserve as adjusted for the passage of time through the Initial Closing Date in accordance with the past custom and practice of the Companies and their Subsidiaries in filing their Tax Returns.

(i) None of the Companies or any of their Subsidiaries are required to make any adjustment (nor has any Tax Authority proposed in writing any such adjustment) pursuant to Section 481 of the Code, or any similar provision of applicable Law, for any period on or after the Initial Closing Date as a result of a change in accounting method. None of the Companies or any of their Subsidiaries are required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Tax period (or portion thereof) ending after the Initial Closing Date as a result of any (i) closing agreement as described in Section 7121 of the Code (or any corresponding or similar provision of Tax Law) executed on or prior to the Initial Closing Date, (ii) intercompany transaction or excess loss account described in the Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of Tax Law), (iii) installment sale or open transaction disposition made on or prior to the Initial Closing Date, (iv) prepaid amount received on or prior to the Initial Closing Date, (v) election under Section 965(h) of the Code; (vi) any adjustment in the methodology of discounting unpaid losses under Sections 846 of the Code, (vii) change in method of accounting for a taxable period ending on or prior to the Initial Closing Date, or (viii) use of an improper method of accounting for a taxable period ending on or prior to the Initial Closing Date.

(j) None of the Companies or any of their Subsidiaries (i) are or have ever been a member of an “affiliated group” as defined in Section 1504(a) of the Code or any affiliated, combined, unitary, consolidated or similar group under state, local or foreign Law (other than a group all of the members of which consisted of the Companies and its Subsidiaries) and (ii) have any Liability for the Taxes of any Person under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by Contract, by operation of Law or otherwise (other than Taxes of the Companies or any of their Subsidiaries).

(k) None of the Companies or any of their Subsidiaries have constituted either a “distributing corporation” or a “controlled corporation” (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code in a distribution or which could constitute part of a “plan” or “series of related transactions” (within the meaning of Section 355(e) of the Code).

(l) None of the Companies or any of their Subsidiaries have requested, applied for, or sought any relief, assistance, or benefit, from any Governmental Authority under the CARES Act, the ARP Act, or similar state and local stimulus fund programs enacted by a Governmental Authority in connection with or in response to COVID-19, other than to file amended Tax Returns or similar claims for the refund of Taxes.

Section 4.11 Employee Benefits.

(a) There are no Company Benefit Plans except as set forth on Section 4.11(a) of the Company Disclosure Schedule.

(b) Each Company Benefit Plan has been maintained, operated, and administered in compliance with its terms and applicable Law. All contributions required to be made, insurance premiums required to be paid and benefits and expenses due with respect to each Company Benefit Plan have been timely made and deposited or paid and all reports, returns, notices and similar documents required to be filed with any Governmental Authority or distributed to any Company Benefit Plan participant or beneficiary have been timely filed or distributed.

(c) None of the Companies, any of their Subsidiaries or any of the Companies' ERISA Affiliate sponsors, maintain, or contribute to, or are obligated to contribute to, or have ever sponsored, maintained or contributed to, or had an obligation to contribute to, or have any Liability with respect to a plan that is: (i) subject to Title IV of ERISA or Section 412 of the Code; (ii) a "multiple employer plan" within the meaning of Sections 4063 or 4064 of ERISA; (iii) a "multiemployer plan" as defined in Section 3(37) of ERISA; or (iv) a "multiple employer welfare arrangement" as defined in Section 3(40) of ERISA. None of the Companies or any of their Subsidiaries have any current or contingent liability or obligation with respect to any "employee benefit plan" (as defined in Section 3(3) of ERISA) as a consequence of at any time being considered a single employer under Section 414 of the Code with any other Person. No Company Service Provider is or may become entitled under any Company Benefit Plan to receive health, life insurance or other welfare benefits (whether or not insured), beyond their retirement or other termination of service, other than health continuation coverage as required by Section 4980B of the Code.

(d) Each Company Benefit Plan that is or forms part of a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code is in documentary compliance with, and the Companies and their Subsidiaries have complied in practice and operation with, all applicable requirements of Section 409A of the Code.

(e) The execution and delivery of this Agreement and the Ancillary Agreements by the Companies or any of their Subsidiaries, as applicable, the performance of their obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not and will not (either alone or in combination with any other event) (i) entitle any Company Service Provider to severance pay, unemployment compensation, or any other similar termination payment, (ii) accelerate the time of payment or vesting, or increase the amount of or otherwise enhance any benefit due any such Company Service Provider, (iii) increase any benefits under any Company Benefit Plan, (iv) result in the forgiveness of any Indebtedness of any Company Service Provider, (v) result in any payment or benefit that would constitute an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code), or (vi) the application of any limitation or restriction on the ability of the Companies to amend or terminate any Company Benefit Plan. None of the Companies or any of their Subsidiaries have any obligation to gross-up, indemnify or otherwise reimburse any Company Service Provider for any Tax incurred by such individual under Section 409A or 4999 of the Code.

(f) None of the Companies or any of their Subsidiaries have used the services of workers provided by third-party contract labor suppliers, temporary employees, "leased employees" within the meaning of Section 414(n) of the Code or individuals who have provided services as independent contractors in a manner that could result in the disqualification of any Company Benefit Plan or the imposition of penalties or excise taxes with respect to any Company Benefit Plan by the Internal Revenue Service, the Department of Labor or any other Governmental Authority.

(g) Copies of the following materials have been delivered or made available to Purchaser: (i) all current and prior plan documents for each Company Benefit Plan or, in the case of an unwritten Company Benefit Plan, a written description thereof, (ii) all determination letters from the IRS with respect to any of the Company Benefit Plans, (iii) all current and prior summary plan descriptions, summaries of material modifications, annual reports, and summary annual reports, (iv) all current and prior trust agreements, insurance contracts, and other documents relating to the funding or payment of benefits under any Company Benefit Plan, and (v) any other documents, forms or other instruments relating to any Company Benefit Plan reasonably requested by Purchaser.

(h) There have been no prohibited transactions or breaches of any of the duties imposed on "fiduciaries" (within the meaning of Section 3(21) of ERISA) by ERISA with respect to the Company Benefit Plans that could result in any liability or excise tax under ERISA or the Code being imposed on the Companies or any of their Subsidiaries.

(i) Each Company Benefit Plan intended to be qualified under Section 401(a) of the Code is so qualified and has heretofore been determined by the IRS to be so qualified, and each trust created thereunder has heretofore been determined by the IRS to be exempt from tax under the provisions of Section 501(a) of the Code, and nothing has occurred since the date of any such determination that could reasonably be expected to give the IRS grounds to revoke such determination.

(j) There is no pending or threatened assessment, complaint, proceeding, or investigation of any kind in any court or government agency with respect to any Company Benefit Plan (other than routine claims for benefits), nor is there any basis for one.

(k) None of the Companies or any of their Subsidiaries have agreed or committed to institute any plan, program, arrangement or agreement for the benefit of Company Service Providers other than the Company Benefit Plans, or to make any amendments to any of the Company Benefit Plans.



Section 4.12 Employee Matters.

(a) As of the date hereof and as of immediately prior to the Initial Closing, the Companies and their Subsidiaries shall have in their employ a number of employees (the “Company Employees”) sufficient to permit the Purchaser (provided that the Purchaser hires all such employees at the Initial Closing) to conduct the business of the Companies and their Subsidiaries immediately following the Initial Closing in the same manner as such business was conducted during the six (6) month period prior to the date hereof. (i) None of the Companies or any of their Subsidiaries are party to or bound by any Collective Bargaining Agreement or other similar labor agreement with respect to any Company Employees, (ii) no Company Employees are covered by any Collective Bargaining Agreement or other similar labor agreement or represented by any labor or trade union, works council, or other employee representative body, in each case, with respect to their employment with the Companies or any of their Subsidiaries, (iii) to the Knowledge of the Companies, there has not been any labor organizing activity by or with respect to any Company Employees; and (iv) there have not been any, and there are no pending or, to the Knowledge of the Companies, threatened, (A) labor disputes involving the Companies or any of their Subsidiaries, or (B) unfair labor practice charges, strikes, slowdowns; or work stoppages by or with respect to any Company Employees.

(b) (i) The Companies and each of their Subsidiaries are, and have been, in compliance in all material respects with all applicable local, state, federal and foreign Laws relating to employment, labor relations, wages and hours, health and safety, and contractor classification and (ii) none of the Companies or any of their Subsidiaries have received notice of any pending or, to the Knowledge of the Companies, threatened charge, complaint, investigation, arbitration, mediation, proceeding, litigation or audit with respect to or relating to any material noncompliance by the Companies or any of their Subsidiaries with any applicable local, state, federal or foreign Laws relating to employment or compensation.

(c) None of the Companies or any of their Subsidiaries are party to a settlement agreement with any Company Employees that involves allegations relating to sexual harassment or sexual misconduct by either (i) an officer of the Companies or any of their Subsidiaries or (ii) a Company Employee at the management level. To the Knowledge of the Companies, no allegations of sexual harassment or sexual misconduct have been made against any (A) officer of the Companies or any of their Subsidiaries with respect to or involving any Company Employees or (B) Company Employees at a management level.

(d) To the Knowledge of the Companies, no Company Employee is in violation of any material term of any employment agreement, nondisclosure agreement, non- competition agreement, non-solicitation agreement or other agreement containing similar restrictive covenant obligations, in each case: (i) to the Companies or any of their Subsidiaries or (ii) with a former employer of any such employee relating (A) to the right of any such employee to be employed by the Companies or any of their Subsidiaries or (B) to the knowledge or use of trade secrets or proprietary information.

Section 4.13 Intellectual Property.

(a) Section 4.13(a) of the Company Disclosure Schedule sets forth a list (in all material respects) of all U.S. and foreign (i) utility, utility model, design, and plant patents and pending patent applications, (ii) registrations and pending applications for registration of Trademarks, (iii) registrations and applications for registration of copyrights, and (iv) internet domain name registrations, in each case that are Company IP (collectively, the “Company Registered IP”), listing for each, the owner(s), title/mark, jurisdiction(s) and registration and application number(s) and date(s).

(b) Each Company and its Subsidiaries, individually or collectively, shall own exclusively all right, title and interest in and to all of its Company IP, free and clear of all Encumbrances other than Permitted Encumbrances, and owns or has the valid right to use all other material Intellectual Property used (or held for use) in or necessary for the conduct of their respective businesses in the same manner as conducted during the six (6) month period prior to the date of this Agreement.

(c) To the Knowledge of the Companies, the Companies and their Subsidiaries and the conduct of their respective businesses have not infringed, misappropriated or otherwise violated, and do not infringe, misappropriate or otherwise violate, any Intellectual Property rights of any third-party. There is no Action or claim pending or, to the Knowledge of the Companies, threatened against or involving the Companies or any of their Subsidiaries either (i) alleging infringement, misappropriation or other violation by the Companies or any of their Subsidiaries of any Intellectual Property rights of any third-party, or (ii) challenging the use, ownership, enforceability or validity of any Company IP. To the Knowledge of the Companies, no Person is engaging in any activity that infringes, misappropriates or otherwise violates any Company IP and no such claims are pending or threatened in writing against any Person by the Companies or any of their Subsidiaries, in each case in any material respect.

(d) The consummation of the transactions contemplated hereby or by any of the Ancillary Agreements will not alter or impair any rights of the Companies or any of their Subsidiaries to use any Intellectual Property material to the operation of their respective businesses.

Section 4.14 Material Contracts.

(a) Section 4.14(a) of the Company Disclosure Schedule sets forth a list of all Contracts which are in effect as of the date hereof and which any of the Companies or any of their Subsidiaries are a party or by which the Companies or any of their Subsidiaries or any of their respective businesses, properties or assets are bound that meet any of the following criteria (each, a "Company Material Contract"):

(i) calls for the payment, reimbursement or offset by or on behalf of the Companies or any of their Subsidiaries in excess of \$15,000 per annum, or the delivery by the Companies or any of their Subsidiaries of goods or services with a fair market value in excess of \$15,000 per annum, during the remaining term thereof and which by its terms does not terminate or is not terminable without material penalty by the Companies or any of their Subsidiaries upon ninety (90) days or less prior notice;

(ii) provides for the Companies or any of their Subsidiaries to receive any payments, reimbursements or offsets in excess of, or any property with a fair market value in excess of \$15,000 during the remaining term thereof, and which, by its terms, does not terminate or is not terminable without material penalty by the Companies or any of their Subsidiaries upon ninety (90) days' or less prior notice;

(iii) contains covenants (A) limiting in any material respect the ability of the Companies or any of their Subsidiaries (or any of their respective successors or Affiliates) to compete or operate in any line of business or geographical area or provide any products or services of or to any other Person, (B) obligating the Companies or any of their Subsidiaries (or any of their respective successors or Affiliates) to conduct any business on an exclusive basis with any Person or (C) providing the counterparty thereto with "most favored nation," rights of first refusal or offer or similar rights;

(iv) provides for Companies or any of their Subsidiaries to receive material administrative services or management services;

(v) was entered into in connection with the acquisition or disposition by the Companies or any of their Subsidiaries of any businesses or the shares, capital stock or other ownership interests of any other Person and (A) under which there are any material ongoing obligations or (B) which acquisition is not yet complete;

(vi) there is any option, warrant, call, subscription or other right, agreement, arrangement or commitment to acquire any business or the shares, capital stock or other ownership interests of any other Person;

(vii) was entered into with any Governmental Authority;

(viii) relates to any indebtedness for borrowed money that creates payment obligations from or to any party to or from the Companies or any of their Subsidiaries in excess of \$15,000, other than in the ordinary course of business;

(ix) pursuant to which the Companies or any of their Subsidiaries (A) are granted or obtain any right to use any material Intellectual Property (other than any non-exclusive end user click-wrap, shrink-wrap, or form license agreement for commercial-off-the-shelf Software that is available for immediate purchase by the general public), (B) permits or agrees to permit any Person, or is permitted by any Person, to use any material Intellectual Property, (C) is restricted in the use, enforcement or registration of any material Intellectual Property, or (D) other than as a result of limitations on the scope, territory or term of a license to Intellectual Property, is restricted in any material respect from using Intellectual Property to engage in any particular business or operating in any territory or during any period of time, including co-existence agreements, settlement agreements and covenants not to assert Intellectual Property rights;

(x) pursuant to which the Companies or any of their Subsidiaries have directly or indirectly guaranteed or otherwise agreed to be responsible for indebtedness for borrowed money or other Liabilities of any Person in excess of \$10,000;

(xi) is a Company Intercompany Agreement;

(xii) was entered into outside of the ordinary course of business; any Person;

(xiii) requires the Companies or any of their Subsidiaries to indemnify

(xiv) is a Contract between any Company Service Provider, on the one hand, and any of the Companies or any of their Subsidiaries, on the other hand;

(xv) creates any partnership, joint venture, limited liability company or similar arrangement;

(xvi) is a Contract between any of the Companies or any of their Affiliates, on the one hand, and with any investment banker, broker, financial advisor or similar service provider, on the other, whether or not such agreement entitles such service provider to a fee as a direct result of the transactions contemplated by this Agreement; or

(xvii) is otherwise material to the business or operations of the Companies or any of their Subsidiaries.

(b) (i) Each Company Material Contract is a valid and binding obligation of a Company or one of its Subsidiaries and, to the Knowledge of the Companies, each other party or parties thereto, in accordance with its terms and, unless terminated by the other parties thereto or expired in accordance with the terms of such Company Material Contract following the date hereof, is in full force and effect, subject to the Enforceability Exceptions, and (ii) the Companies and their Subsidiaries are not, and, to the Knowledge of the Companies, no other party thereto is in default in the performance, observance or fulfillment of any obligation, covenant or condition contained in each of the Company Material Contracts (and none of the Companies or any of their Subsidiaries have received any notice alleging any such default).

(c) The Companies have made available to the Purchaser prior to the date hereof copies of each Company Material Contract.

Section 4.15 Title to Assets; Sufficiency of Assets; Inventory.

(a) Each of the Companies and their Subsidiaries owns, and has good and valid title to, all assets purported to be owned by them, including: (i) all assets reflected on the most recent of the Company Financial Statements; (ii) all of the rights of the Companies and their Subsidiaries under the Company Material Contracts; and (iii) all other assets reflected in the books and records of the Companies and their Subsidiaries as being owned thereby. All of said assets are owned by the Companies and their Subsidiaries free and clear of any liens or other Encumbrances, except for Permitted Encumbrances.

(b) As of the Initial Closing Date, the assets, properties, Intellectual Property, Contracts and rights of the Companies and their Subsidiaries will constitute all of the assets, properties, Intellectual Property, Contracts and rights necessary to permit the Purchaser to conduct the business of the Companies and their Subsidiaries immediately following the Initial Closing in the same manner as such business was conducted during the six (6) month period prior to the date hereof.

(c) Section 4.15(c) of the Company Disclosure Schedule sets forth a reasonably detailed description of the Companies and their Subsidiaries' Inventory. The Inventory (i) consists only of finished goods, packaging and supplies of a quality and quantity usable and saleable and with adequate reserves for repair, obsolete, slow-moving or non-saleable goods in the ordinary course of the business consistent with past practice, (ii) does not include any inventory which is obsolete or surplus, and (iii) is valued at the lower of the Companies' or their Subsidiaries' cost or fair market value, in accordance with GAAP. All Inventory is owned by the Companies or their Subsidiaries, free and clear of any Encumbrances other than Permitted Encumbrances. Inventory on hand was purchased in the ordinary course of business consistent with past practice at a cost not exceeding market prices prevailing at the time of purchase. The quantities of each item of Inventory are not excessive but are reasonable in the present circumstances of the Companies and their Subsidiaries.

Section 4.16 Real Property; Environmental Matters.

(a) The Companies and their Subsidiaries do not own nor have they ever owned any real property or interests in real property.

(b) Section 4.16(b) of the Company Disclosure Schedule sets forth a list of all leases, subleases, licenses or other agreements, including all amendments, supplements, modifications and extensions to which the Companies or any of their Subsidiaries are a party or by which they are bound (each, a "Company Lease"), for the use or occupancy of real property by the Companies or any of their Subsidiaries (collectively, the "Company Leased Real Property"), together with the property address of the Company Leased Real Property related thereto.

(c) (i) Each Company Lease is a valid and binding obligation of a Company or one of its Subsidiaries and, to the Knowledge of the Companies, each other party or parties thereto, in accordance with its terms and, unless terminated by the other parties thereto or expired in accordance with the terms of such Company Lease following the date hereof, is in full force and effect, subject to the Enforceability Exceptions, and (ii) the Companies and their Subsidiaries are not, and, to the Knowledge of the Companies, no other party thereto is in default in the performance, observance or fulfillment of any obligation, covenant or condition contained in each Company Lease (and none of the Companies or any of their Subsidiaries have received any notice alleging any such default), nor has there been any event occurrence, condition or act that with notice, lapse of time, or the happening of any other event or condition, that would constitute a default under a Company Lease. No condemnation proceeding is pending or, to the Knowledge of the Companies, threatened which would preclude or materially impair the use of any Company Leased Real Property by any Company or any applicable Subsidiary of the Companies for the purposes for which it is used as of the date hereof, and the Companies and their Subsidiaries enjoy quiet possession of the Company Leased Real Property, free and clear of all Encumbrances, other than Permitted Encumbrances. None of the Companies or any of their Subsidiaries sublease or sublicense any portion of the Company Leased Real Property to any Person other than the Companies or any of their Subsidiaries.

(d) The Companies have made available to the Purchaser prior to the date hereof copies of each Company Lease.

(e) The Companies and their Subsidiaries are and have been in compliance with all applicable Environmental Laws, which compliance includes the possession by the Companies and their Subsidiaries of all Environmental Licenses, and compliance with the terms and conditions thereof, and all such Environmental Licenses may be relied upon by the Purchaser for the lawful operation of the business on and after the Initial Closing Date without transfer, reissuance or other governmental action. A list of all material Environmental Licenses is set forth on Schedule 4.16(e) of the Company Disclosure Schedule. None of the Companies or their Subsidiaries have received any complaint, claim, notice, demand, order, request for information or other communication, whether from any Person, Governmental Authority, citizens group, any current or former employee of the Companies or their Subsidiaries, or otherwise, that alleges that any of the Companies or their Subsidiaries are not in compliance with any Environmental Law, and there are no circumstances that may prevent, impede, increase the costs with the operation of the business or interfere with any of the Companies' or their Subsidiaries' compliance with any Environmental Law in the future. The Companies and their Subsidiaries have not owned or operated any real property or treated, stored, disposed of, arranged for or permitted the disposal of, transported, handled or released any Hazardous Material so as to give rise to any Liabilities (including any Liability for response costs, reporting, investigation, assessment, remediation, corrective action costs, personal injury, natural resource damages, property damage or attorneys' fees or any investigative, corrective or remedial obligations) pursuant to any Environmental Law. The Companies and their Subsidiaries have not retained or assumed, by contract or operation of Law, any Liabilities of third parties under any Environmental Law. The Companies and their Subsidiaries have provided to Purchaser copies of all material documentation in their possession or control regarding Hazardous Materials or concerning compliance with Environmental Laws.

Section 4.17 Insurance. Section 4.17 of the Company Disclosure Schedule sets forth a list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by the Companies or any of their Subsidiaries (collectively, the "Company Insurance Policies"). The Companies have made available to the Purchaser prior to the date hereof copies of such Company Insurance Policies. None of the Companies or any of their Subsidiaries have received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Company Insurance Policies. All premiums due on such Company Insurance Policies have either been paid or, if due and payable prior to the Initial Closing, will be paid prior to the Initial Closing in accordance with the payment terms of each Company Insurance Policy. Each such Company Insurance Policy is valid and binding in accordance with its terms and is in full force and effect unless terminated by the insurance carrier or expired in accordance with the terms of such insurance policies or replaced with substantially equivalent insurance following the date hereof. None of the Companies or any of their Subsidiaries are in default under, or have otherwise failed to comply with, in any material respect, any provision contained in any such Company Insurance Policy.

Section 4.18 Fees to Brokers and Finders. None of the Companies nor any of their Subsidiaries have any obligation to pay any fee or commission to any investment banker, broker, financial adviser, finder or other similar intermediary in connection with the transactions contemplated by this Agreement.

Section 4.19 Bank Accounts. Section 4.19 of the Company Disclosure Schedule sets forth a list of the following information with respect to each account maintained by or for the benefit of any of the Companies or their Subsidiaries at any bank or other financial institution: (a) the name of the bank or other financial institution at which such account is maintained; (b) the account number; (c) the type and primary use of account; (d) the names of all Persons who are authorized to sign checks or other documents with respect to such account and the type of access each such signer holds (Administrative, View, Transactional, etc.); and (e) the approximate amount held in such account as of the date of this Agreement. There are no safe deposit boxes or similar arrangements maintained by or for the benefit of any of the Companies or their Subsidiaries.

Section 4.20 FCPA. None of the Companies or their Subsidiaries (including any of their respective officers, directors, agents, employees or other Person associated with or acting on their behalf) have, directly or indirectly, taken any action which would cause them to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder, used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; made, offered or authorized any unlawful payment to foreign or domestic government officials or employees, whether directly or indirectly, or made, offered, or authorized any bribe, rebate, payoff, influence payment, kickback or other similar unlawful payment, whether directly or indirectly.

Section 4.21 Warranty Obligations and Product Liability Obligations. The products manufactured, sold, distributed and/or delivered by the Companies and their Subsidiaries (the "Product" or "Products") were manufactured in compliance with all applicable Law. No product warranty, recall or similar claims have been made against Companies or their Subsidiaries, and none of the Companies or their Subsidiaries have received notices as to any claim or allegation of personal injury, death or property or economic damages, product recall, any claim for punitive or exemplary damages, any claim for contribution or indemnification, or any claim for injunctive relief in connection with any Products, or in connection with any service provided by the Companies and their Subsidiaries. There are no statements, citations, or decisions by any Governmental Authority stating or implying that any Product is defective or unsafe or fails to meet any standards promulgated by the Governmental Authority. There are no, and have not been, any (i) facts relating to any Product that may impose upon the Companies or their Subsidiaries a duty to recall any such Product or a duty to warn customers of a defect in any such Product, (ii) design, manufacturing or other defects of any kind in any Product, or (iii) material liabilities for warranty claims, returns or servicing with respect to any Product (collectively "Product Obligations"), and, to the Knowledge of the Companies, there are no Product Obligations threatened against the Companies or their Subsidiaries. Except as provided by the Laws enacted in various jurisdictions with respect to implied warranties of merchantability and the like, and the Companies' and their Subsidiaries' standard forms of warranty set forth on Section 4.21 of the Company Disclosure Schedule, no Products, to the Knowledge of the Companies, are subject to any guaranty or indemnity of any kind. The Companies have delivered to Purchaser a true and correct copy of each product warranty that each Company and its Subsidiaries utilized in connection with the sale of Products. Neither the Companies nor their Subsidiaries have received any notice of any claim based on any such warranty.

Section 4.22 Suppliers.

(a) Section 4.22(a) of the Company Disclosure Schedule lists the Companies' and their Subsidiaries' ten largest suppliers (the "Significant Suppliers"), measured in terms of goods and services purchased by the Companies and their Subsidiaries during each of the last three fiscal years and during the current fiscal year through the last full month ended prior to the date hereof.

(b) No Significant Supplier has notified the Companies in writing, or, to any Company's Knowledge, orally, that it intends to terminate, limit or negatively alter its business relationship with the Companies or their Subsidiaries. To the Knowledge of the Companies, there is no fact or circumstances that would reasonably be anticipated to cause a Significant Supplier to terminate, limit or negatively alter its business relationship with the Companies or their Subsidiaries.

Section 4.23 OFAC Representation. Neither the Companies, nor Owner, nor any of their Affiliates is a Person with whom U.S. Persons are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") (including those named on OFAC's especially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit or Support Terrorism), or other governmental action. This Section is material and essential, and any breach or default hereof shall be deemed a total material default under and breach of this Agreement by the Companies and Owner.

Section 4.24 Anti-Money Laundering. Neither the Companies, nor Owner, nor any of their respective Affiliates (i) has violated or is in violation of any applicable anti-money laundering Law or (ii) has engaged or engages in any transaction, investment, undertaking or activity that conceals the identity, source or destination of the proceeds from any category of offenses designated in any applicable Law, regulation or other binding measure implementing the "Forty Recommendations" and "Nine Special Recommendations" published by the Organization for Economic Cooperation and Development's Financial Action Task Force on Money Laundering.

Section 4.25 Disclosure. No representation or warranty by the Owner, or any certificate furnished by the Owner to the Purchaser pursuant to this Agreement, contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein, in light of the circumstances under which they are made, not misleading. The Companies are not aware of any fact, condition, or circumstance that may materially and adversely affect the assets, liabilities, business, prospects, condition, or results or operations of the Companies and their Subsidiaries or the business that has not been previously disclosed to the Purchaser in writing.



## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to the Owner as follows:

Section 5.01 Organization and Qualification. The Purchaser is a limited liability company or other entity duly incorporated or formed, validly existing and in good standing under the laws of its jurisdiction of organization.

Section 5.02 Authority and Enforceability.

(a) The Purchaser has all requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The Purchaser has taken all requisite corporate or other actions to authorize the execution and delivery of this Agreement, the performance of its obligations hereunder and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery by each of the other parties hereto, this Agreement constitutes the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the Enforceability Exceptions.

(b) The Purchaser has all requisite power and authority to execute and deliver the Ancillary Agreements to which it will be a party, to perform its obligations thereunder and to consummate the transactions contemplated thereby. The Purchaser has taken all requisite corporate or other actions to authorize the execution and delivery of the Ancillary Agreements to which it will be a party, the performance of its obligations thereunder and the consummation of the transactions contemplated thereby. Each Ancillary Agreement, if and when executed by the Purchaser upon the terms and subject to the conditions set forth in this Agreement, will be duly executed and delivered by the Purchaser, and, assuming the due authorization, execution and delivery by each of the other parties thereto, each such Ancillary Agreement will constitute the valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the Enforceability Exceptions.

Section 5.03 Governmental Filings and Consents. Except as set forth on Schedule III, no consents, approvals, authorizations or waivers of, or notices or filings with, any Governmental Authority are required to be made or obtained by the Purchaser in connection with the execution and delivery of this Agreement and the Ancillary Agreements, the performance of its obligations hereunder and thereunder, and the consummation of the transactions contemplated hereby and thereby.

Section 5.04 No Violations. Assuming the consents, approvals, authorizations, waivers, notices and filings referred to in Section 5.03, if any, are obtained or made, the execution and delivery of this Agreement and the Ancillary Agreements by Purchaser the performance of its obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby do not and will not (a) conflict with or result in a violation or breach of, or default under, any provision of the Purchaser's organizational documents, or (b) conflict with or result in a violation or breach of any provision of any Law or Permit applicable to the Purchaser.

Section 5.05 Litigation; Governmental Orders. There is no Action or claim pending or, to the Knowledge of the Purchaser, threatened, or, to the Knowledge of the Purchaser, governmental investigation threatened or pending by, against or involving the Purchaser, that would prevent Purchaser from consummating the transactions contemplated hereby, or to otherwise perform its obligations under this Agreement or any Ancillary Agreement to which the Purchaser is or will be a party, in any material respect.

## ARTICLE VI

### COVENANTS

Section 6.01 Conduct of Business. Other than with respect to People's Costa Mesa, during the period from the date of this Agreement through the earlier of the (i) applicable Closing or (ii) the termination of this Agreement in accordance with its terms, except as otherwise expressly required by, and in accordance with, this Agreement, as set forth in Section 6.01 of the Company Disclosure Schedule, as required by applicable Law, or with the prior written consent of the Purchaser, the Owner shall, and shall cause the Companies and their Subsidiaries to, (x) conduct their business in the ordinary course of business consistent with past practice, (y) use reasonable best efforts to maintain and preserve intact their respective business organizations and operations and maintain their relationships and goodwill with policyholders, reinsurers, employees, customers, suppliers, Governmental Authorities and others having business relationships with the Companies and their Subsidiaries, and (z) not:

(a) (i) declare, set aside or pay any dividend or distribution on any shares of their capital stock or other equity interests, or (ii) purchase, redeem or repurchase any shares of its capital stock or other equity interests;

(b) issue, sell, pledge, transfer, dispose of or encumber any shares of their capital stock or other equity interests or securities exercisable or convertible into, or exchangeable or redeemable for, any such shares or other equity interests, or any rights, warrants, options, calls or commitments to acquire any such shares or other equity interests, or merge with or into or consolidate with, or agree to merge with or into or consolidate with, any other Person;

(c) split, combine, subdivide or reclassify any of their capital stock or other equity interests;

(d) (i) incur any indebtedness for borrowed money or issue any debt securities, (ii) make any loans, advances or capital contributions to, or investments in, any other Person (other than any transactions solely between or among the Companies or any of their Subsidiaries), or (iii) waive any material claims or rights of, or cancel any debts to, any of the Companies or any of their Subsidiaries;

(e) amend (by merger, consolidation or otherwise) their organizational documents;

(f) voluntarily adopt a plan of complete or partial liquidation or rehabilitation or authorize or undertake a dissolution, rehabilitation, consolidation, restructuring, recapitalization or other reorganization;

(g) (i) purchase, sell, lease, exchange, pledge, encumber, issue or otherwise dispose of or acquire any property or assets, individually or in the aggregate, material to the Companies or any of their Subsidiaries, (ii) grant or take any other action that will result in the imposition of any Encumbrances, other than Permitted Encumbrances, on any property or assets of the Companies or any of their Subsidiaries, or (iii) make or incur any capital expenditure in excess of \$10,000 individually or \$50,000 in the aggregate;

(h) (i) amend or assign, renew or extend or terminate any existing Company Material Contract or Company Lease, (ii) enter into any Contract that would be a Company Material Contract or Company Lease if in effect on the date hereof, or (iii) waive, release or assign any material rights or claims under any existing Company Material Contract or Company Lease;

(i) grant or acquire, from any Person, or dispose of or permit to lapse, any rights to any Intellectual Property material to the Companies or any of their Subsidiaries;

(j) pay, settle, release or forgive any Action or threatened Action or waive any right thereto;

(k) make any filings with any Governmental Authority relating to (i) the withdrawal or surrender of any license or Permit held by the Companies or any of their Subsidiaries or (ii) the withdrawal by the Companies or any of their Subsidiaries from any lines or kinds of business;

(l) (i) make, revoke or amend any Tax election, (ii) enter into any closing agreement, settlement, or compromise of any Tax Liability or refund, (iii) extend or waive the application of any statute of limitations regarding the assessment or collection of any Tax, (iv) file any request for rulings or special Tax incentives with any Tax Authority, (v) surrender any right to claim a Tax refund, offset or other reduction in Tax Liability, or (vi) adopt or change any method of Tax accounting;

(m) other than as required by the terms of any Company Benefit Plan as in effect on the date hereof and listed on Section 4.11(a) of the Company Disclosure Schedule, (i) grant or increase any severance, change in control, retention or termination pay of (or amend any existing severance, change in control, retention or termination pay arrangement with) any Company Service Provider, (ii) establish, enter into, adopt, renew, terminate, modify or amend any Company Benefit Plan (or any new arrangement that would be a Company Benefit Plan if it were in existence as of the date of this Agreement), (iii) take any action to accelerate the vesting or payment of, or the lapsing of restrictions with respect to, or fund or otherwise secure the payment of, any compensation or benefits under any Company Benefit Plan, (iv) increase the compensation payable to any Company Service Provider, (v) grant any awards under any bonus, incentive, performance, equity or other compensation plan or arrangement or Company Benefit Plan, or (vi) except as may be required by GAAP, change any actuarial or other assumptions used to calculate funding obligations with respect to any Company Benefit Plan or materially change the manner in which contributions to such plans are made or the basis on which such contributions are determined;

(n) (i) terminate the employment of any employee of the Companies or any of their Subsidiaries (other than for cause or as a result of a voluntary resignation of such employee), (ii) hire any new employee into the Companies or any of their Subsidiaries, (iii) waive the restrictive covenant obligations of any current or former director, officer, employee, or natural independent contractor of the Companies or any of their Subsidiaries, (iv) implement any group layoffs, furloughs or employment terminations, whether temporary or permanent, with respect to any employee of the Companies or any of their Subsidiaries, or (v) return any employee of the Companies or any of their Subsidiaries to the workplace, other than in compliance with applicable Laws;

(o) (i) modify, extend, or enter into any Collective Bargaining Agreement or (ii) recognize or certify any labor or trade union, works council, employee representative body, labor organization, or group of employees of the Companies or any of their Subsidiaries as the bargaining representative for any employees of the Companies or any of their Subsidiaries;

(p) terminate, cancel or materially modify or amend any insurance coverage maintained by the Companies or any of their Subsidiaries with respect to any material assets without replacing such coverage with a comparable amount of insurance coverage;

(q) (i) acquire any corporation, partnership, joint venture, association or other business organization or division thereof, or substantially all of the assets of any of the foregoing, or (ii) enter into any new lines of business or introduce any new material products or services; or

(r) enter into any Contract with respect to any of the foregoing.

#### Section 6.02 Confidentiality.

(a) Other than with respect to People's Costa Mesa, during the period from the date of this Agreement through the earlier of the Second Closing or the termination of this Agreement in accordance with its terms, the Companies shall, and shall cause their Subsidiaries to, (i) afford the Purchaser and its Representatives full and free access to and the right to inspect all of the properties, assets, premises, books and records, Contracts and other documents and data related to the Companies and their Subsidiaries, (ii) furnish the Purchaser and its Representatives with such financial, operating and other data and information related to the Companies and their Subsidiaries as the Purchaser or any of its Representatives may reasonably request, and (iii) instruct the Representatives of the Companies and their Subsidiaries to cooperate with the Purchaser in its investigation of the Companies and their Subsidiaries. Other than with respect to People's Costa Mesa, in exercising its rights hereunder, the Purchaser shall conduct itself so as not to unreasonably interfere in the conduct of the Companies' and their Subsidiaries' businesses. No investigation by the Purchaser or other information received by the Purchaser shall operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by the Owner or the Companies in this Agreement.

(b) From and after the date of this Agreement, without the prior written consent of the Purchaser, the Owner shall not, directly or indirectly, disclose (and each such party will direct its representatives not to disclose) any Confidential Information. Prior to the date of this Agreement, without the prior written consent of the Owner, the Purchaser shall not, directly or indirectly, disclose (and will direct its representatives not to disclose) any Confidential Information, other than with respect to People's Costa Mesa. The term "Confidential Information" means any information of or relating to the Companies or their Subsidiaries not generally known to the public (other than as a result of disclosure in violation of this Agreement) in spoken, printed, electronic or any other form or medium, including, but not limited to, business processes, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, contracts, transactions, potential transactions, know-how, Trade Secrets, databases, manuals, records, supplier information, financial information, accounting information, legal information, marketing information, pricing information, payroll information, personnel information, patient information, patient lists, and supplier lists.

(c) Other than with respect to Peoples' Costa Mesa and except as and to the extent required by applicable Law or as otherwise set forth herein, neither the Purchaser nor the Owner will make (and each will direct its representatives not to make, directly or indirectly) any public comment, statement or communication with respect to, or otherwise to disclose or to permit the disclosure of the existence of this Agreement or the transaction between the parties or any of the terms, conditions or other aspects of the transaction set forth in this Agreement. If a party is required by applicable Law to make any such disclosure, it must first provide to the other parties the content of the proposed disclosure, the reasons that such disclosure is required by applicable Law and the time and place that the disclosure will be made.

Section 6.03 Reasonable Best Efforts; Regulatory Matters.

(a) Upon the terms and subject to the conditions set forth in this Agreement, the Purchaser, the Companies, and the Owner shall, and shall cause their respective Subsidiaries to, use their respective reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement, including using reasonable best efforts to (i) prepare and make all necessary, proper or advisable notices and filings with any Governmental Authority; and (ii) obtain all necessary, proper or advisable consents, approvals, authorizations or waivers of any Governmental Authority, including but not limited to those set forth on Schedule II. The Purchaser and the Owner shall be equally responsible for all filing and other similar fees payable in connection with the consents, approvals, authorizations, waivers, notices and filings set forth in Schedule II.

(b) The Purchaser, the Owner and the Companies shall reasonably consult with each other with respect to the making of all notices and filings with, and obtaining all consents, approvals, authorizations or waivers of, any Governmental Authority necessary, proper or advisable to consummate the transactions contemplated by this Agreement and each party shall keep the other apprised on a prompt basis of the status of such matters relating to such notices, filings, consents, approvals, authorizations and waivers. The Purchaser and the Companies shall have the right to review in advance and shall be provided with a reasonable opportunity to comment on, and to the extent practicable each will consult the other on, in each case, subject to applicable Law, any material notice or filing with, or written materials submitted to, any Governmental Authority in connection with the transactions contemplated by this Agreement, and each party shall in good faith consider comments of the other parties thereon. The party responsible for any such action shall promptly deliver to the other parties evidence of the making of all notices, filings and submissions relating thereto, and any supplement, amendment or item of additional information in connection therewith. Notwithstanding the foregoing, in no event shall a party be required to disclose to any other party any of its or its Subsidiaries' Trade Secrets.

(c) The Purchaser, the Owner and the Companies shall promptly advise each other upon receiving any communication from any Governmental Authority whose consent, approval, authorization, or waiver is necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including promptly furnishing each other copies of any written or electronic communication. Each party shall, to the extent reasonably practicable and permitted by applicable Law or Governmental Authority (i) in advance, notify the other party, of any meeting any Governmental Authority in connection with the transactions contemplated by this Agreement, and reasonably consult with the other parties in scheduling any of these meetings, and (ii) give the other parties an opportunity to participate in such meeting.

(d) Notwithstanding anything to the contrary contained herein, in no event shall (i) a party or any of its Subsidiaries be required to agree, or take or refrain from taking, any action which is not conditioned upon a Closing, or (ii) the Purchaser or any of its Affiliates be required to agree to, or take or refrain from taking, any action or permit or suffer to exist or agree to permit or suffer to exist any action, restriction, condition, limitation or requirement which, individually or together with all other such actions (taken or refrained from being taken), restrictions, conditions, limitations or requirements, would or would reasonably be expected to (A) have a material adverse effect on the business, condition (financial or otherwise), assets or Liabilities or results of operations of (I) the Companies and their Subsidiaries, taken as a whole, or (II) the Purchaser and its Subsidiaries, taken as a whole (with such materiality measured on a scale relative to the Companies and their Subsidiaries, taken as a whole), (B) materially and adversely affect the economic benefits reasonably anticipated by the Purchaser from the transactions contemplated hereby, (C) restrict or prohibit any lines or types of business in which the Purchaser or any of its Subsidiaries shall be permitted to engage, (D) result in the imposition of any arrangement involving the sale, disposition or separate holding of the assets or businesses of the Companies or any of their Subsidiaries or the assets or businesses of any of the Purchaser or any of its Subsidiaries (including, following any Closing, the Companies or any of their Subsidiaries), (E) result in the contribution of capital or entry into or requirement for any guaranty, keep-well, capital maintenance or similar arrangement, by the Purchaser or any of its Subsidiaries to or of the Companies or any of their Subsidiaries or any restrictions on dividends or distributions by the Companies or any of their Subsidiaries, or (F) result in a material restriction being placed on the business or properties of the Purchaser or any equity holder of the Purchaser or any of their respective portfolio companies (including the post-Closing operation of the Companies and their Subsidiaries) (each, a "Burdensome Condition").

Section 6.04 Employee Matters. The Companies shall not, and shall cause their Subsidiaries not to, make any broad-based communication or written communications (including website postings) pertaining to employment, compensation or benefit matters that are or may be affected by the transactions contemplated herein unless approved by the Purchaser in advance. The Companies shall provide the Purchaser with a copy of the intended communication no later than ten (10) Business Days prior to the intended date any such communication is to be delivered or made available by the Companies.

Section 6.05 Intercompany Agreements and Accounts. Except as set forth in Section 6.05 of the Company Disclosure Schedule, (a) all Company Intercompany Agreements shall be terminated and discharged and deemed to be void and of no further force and effect, effective immediately prior to the Initial Closing or the Costa Mesa Closing, as applicable, in each case, (i) without any fee, penalty or other payment by the Companies or any their Subsidiaries, (ii) in a manner reasonably satisfactory to the Purchaser, and (iii) without survival of any rights or obligations (including any provision expressed or intended to survive the termination of such agreement), including any Liability that has accrued prior to such termination, and (b) the Owner shall take such action and make such payments as may be necessary so that, as of immediately prior to the Initial Closing or the Costa Mesa Closing, as applicable, the Companies and their Subsidiaries, on the one hand, and the Owner, its Affiliates (other than the Companies and their Subsidiaries), the spouse, parents, siblings, and descendants (including adoptive relationships and stepchildren) of the Owner, and the spouses of each such natural persons, on the other hand, settle, discharge, offset, pay, repay, terminate or extinguish in full all Intercompany Accounts.

Section 6.06 Releases.

(a) Owner Release. Effective as of the Initial Closing with respect to People's Riverside and People's LA and effective as of the Costa Mesa Effective Date with respect to People's Costa Mesa, the Owner, for itself and on behalf of its Affiliates (other than the Companies and their Subsidiaries) and each of their and their successors, assigns, heirs and executors (each, a "Owner Releasor"), hereby irrevocably, knowingly and voluntarily releases, discharges and forever waives and relinquishes all claims, demands, Liabilities, defenses, affirmative defenses, setoffs, counterclaims, actions and causes of action of whatever kind or nature, whether known or unknown, which any such Owner Releasor has, may have or might have or may assert now or in the future, against the Purchaser and its Affiliates (except for claims arising under this Agreement), the Companies or any of their Subsidiaries and any of their respective successors, assigns, heirs, executors, officers, directors, partners, managers and employees (in each case in their capacity as such) (each, a "Company Releasee"), arising out of, based upon or resulting from any Contract, transaction, event, circumstance, action, failure to act or occurrence of any sort or type, whether known or unknown, and which occurred, existed, was taken, permitted or begun prior to the Initial Closing or the Costa Mesa Effective Date, as applicable. The Owner shall, and shall cause the Owner Releasors to, refrain from, directly or indirectly, asserting any claim or demand or commencing, instituting or maintaining, or causing to be commenced, any legal or arbitral proceeding of any kind against any Company Releasee based upon any matter released pursuant to this Section 6.06(a). The parties hereto hereby acknowledge and agree that the execution of this Agreement shall not constitute an acknowledgment of or an admission by any Owner Releasor or Company Releasee of the existence of any such claims or of Liability for any matter or precedent upon which any Liability may be asserted.

(b) Purchaser Release. Effective as of the Initial Closing with respect to People's Riverside and People's LA and effective as of the Costa Mesa Effective Date with respect to People's Costa Mesa, the Purchaser, for itself and on behalf of its Affiliates (other than the Companies and their Subsidiaries) and each of their and their successors, assigns, heirs and executors (each, a "Purchaser Releasor"), hereby irrevocably, knowingly and voluntarily releases, discharges and forever waives and relinquishes all claims, demands, Liabilities, defenses, affirmative defenses, setoffs, counterclaims, actions and causes of action of whatever kind or nature, whether known or unknown, which any such Purchaser Releasor has, may have or might have or may assert now or in the future, against the Owner and its Affiliates (except for claims arising under this Agreement), and any of their respective successors, assigns, heirs, executors, officers, directors, partners, managers and employees (in each case in their capacity as such) (each, an "Owner Releasee"), arising out of, based upon or resulting from any Contract, transaction, event, circumstance, action, failure to act or occurrence of any sort or type, whether known or unknown, and which occurred, existed, was taken, permitted or begun prior to the Initial Closing or the Costa Mesa Effective Date, as applicable. The Purchaser shall, and shall cause the Purchaser Releasors to, refrain from, directly or indirectly, asserting any claim or demand or commencing, instituting or maintaining, or causing to be commenced, any legal or arbitral proceeding of any kind against any Owner Releasee based upon any matter released pursuant to this Section 6.06(b). The parties hereto hereby acknowledge and agree that the execution of this Agreement shall not constitute an acknowledgment of or an admission by any Purchaser Releasor or Owner Releasee of the existence of any such claims or of Liability for any matter or precedent upon which any Liability may be asserted.

(c) Civil Code Section 1542. Each Person releasing claims under this Section 6.06 intends for this Section 6.06 to serve as a general release with respect to the claims released herein, and each such Person recognizes that such Person may have claims of which such Person is totally unaware and unsuspecting, but that which such Person is nevertheless releasing and giving up by executing this Agreement and providing the general release set forth above. In furtherance of such understanding and intention, each Person releasing claims under this Section 6.06 acknowledges that such Person is familiar with the provisions of California Civil Code Section 1542, and such party waives all such provisions of California Civil Code Section 1542, which provides as follows: "*A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.*"

(d) Assumption of Risk. EACH PARTY TO THIS AGREEMENT HAS BEEN ADVISED BY SUCH PARTY'S LEGAL COUNSEL AS TO THE EFFECT OF THE RELEASE BEING PROVIDED HEREUNDER AND UNDERSTANDS THAT THE FACTS WITH RESPECT TO WHICH SUCH RELEASE IS GIVEN MAY BE DIFFERENT FROM THE FACTS NOW KNOWN OR BELIEVED BY SUCH PARTY TO BE TRUE. EACH PARTY ACCEPTS AND ASSUMES THE RISK THAT SUCH FACTS MAY TURN OUT TO BE DIFFERENT. NEVERTHELESS, EACH PARTY AGREES THAT THE RELEASE SUCH PARTY HAS PROVIDED UNDER THIS SECTION 6.06 SHALL REMAIN IN ALL RESPECTS EFFECTIVE AND SHALL NOT BE SUBJECT TO TERMINATION OR RESCISSION IN THE EVENT SUCH FACTS TURN OUT TO BE DIFFERENT.

(e) Third Party Beneficiary. Each Purchaser Releasee and Owner Releasee, as the case may be, is hereby expressly made a third party beneficiary under this Section 6.06.

Section 6.07 Non-Competition; Non-Solicitation. In consideration for, and as a necessary condition of the entrance into this Agreement and the purchase and sale of the Interests, and to assure that Purchaser will realize the benefits of the transactions contemplated hereby, the Owner acknowledges and agrees that the covenants in this Section 6.07 and in Sections 6.02, and 6.08 of this Agreement are necessary to protect the legitimate business interests of Purchaser, are reasonable with respect to duration, geographical area, and proscription. Therefore, during the period from the date hereof to the date that is three (3) years following the Initial Closing, Owner shall not, and shall cause its Affiliates to not, directly or indirectly:

(a) engage in or participate in or be involved in any capacity, or own any shares or interests in, manage, operate, control, finance, contract with, or be employed or engaged by or associated with, serve in any capacity or provide services or advice nor lend or permit their name to be used in connection with any business, enterprise, facility or other Person engaged or involved in the Competing Business anywhere within or with respect to the State of California;



(b) solicit, or induce or attempt to solicit or induce any person, who at such time is or, at any time during the two (2) year period immediately preceding such solicitation, inducement, or attempt, was an employee, independent contractor, or agent of Purchaser, the Owner, the Companies or their Subsidiaries or the Company Service Providers or any Affiliate or Subsidiary of Purchaser or its service providers (each, a "Protected Party"), to terminate his, her, or its employment or other relationship with such Protected Party or otherwise interfere with such employment or other relationship, or directly or indirectly employ, hire, provide work to, or retain the services of any such person;

(c) solicit or induce or attempt to solicit or induce any person who is or, at any time during the two (2) year period immediately preceding such solicitation or inducement or attempt, was a client or customer of Purchaser, the Owner, the Companies or their Subsidiaries, either on any of the Owner's or any of its Affiliates' own account or for any other person, firm, corporation, or other organization, to terminate or otherwise interfere with their relationship with Purchaser, the Companies or their Subsidiaries; or

(d) solicit or induce or attempt to solicit or induce any person, who is or was a supplier, vendor, or other business relation of any Protected Party, to cease, reduce, or adversely modify its manner of, doing business with such Protected Party, or in any way adversely interfere with the relationship between any supplier, vendor, or other business relation, on the one hand, and such Protected Party, on the other hand.

These prohibitions shall be applicable regardless as to whether the Owner or any of its Affiliates are acting on their own behalf, as members of a partnership, members of a joint venture, members of a limited liability company, or in any capacity with an organized business entity. If any provision contained in this Section 6.07 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section 6.07, but this Section 6.07 shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable Law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable Law, a court of competent jurisdiction shall construe and interpret or reform this Section 6.07 to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable Law.

Section 6.08 Non-Disparagement. From and after the date of this Agreement, the Owner shall not, and shall cause its Affiliates not to, directly or indirectly, take any action that would tend to diminish the value, or that would interfere with the business of, Purchaser, the Companies or their Subsidiaries, including disparaging, libeling, or defaming the name, products, services, or businesses of Purchaser, the Companies or their Subsidiaries, or any of their respective current or past shareholders, directors, members, managers, officers, employees, agents, or Affiliates.

Section 6.09 Exclusivity. During the period from the date of this Agreement through the earlier of (a)(i) the Second Closing with respect to People's Riverside and People's LA or (ii) the Costa Mesa Closing with respect to People's Costa Mesa or (b) the termination of this Agreement in accordance with its terms, the Companies and the Owner shall not, and shall cause its Affiliates and its and their Representatives not to, directly or indirectly, (s) encourage, solicit, initiate, or facilitate inquiries regarding an Acquisition Proposal, (y) enter into, continue with, or participate in any discussions or negotiations with, or provide any information to, any Person concerning a possible Acquisition Proposal, or (z) enter into any agreements or other instruments (whether or not binding) regarding an Acquisition Proposal. The Owner shall promptly notify the Purchaser in writing of any Acquisition Proposal, any request for information with respect to any Acquisition Proposal, or any inquiry with respect to or which could reasonably be expected to result in an Acquisition Proposal, the material terms and conditions of such request, Acquisition Proposal, or inquiry, and the identity of the Person making the same.

Section 6.10 Public Disclosure. Other than with respect to People's Costa Mesa, the parties shall agree on the form and content of any initial press release and, except with the prior written consent of the Owner and the Purchaser (which consent shall not be unreasonably withheld, delayed, or conditioned), shall not issue nor shall any Affiliate of such party issue any other press release or other public statement or public communication with respect to this Agreement or the transactions contemplated hereby; *provided* that the Owner, the Companies, and the Purchaser may, without the prior written consent of such other parties, make such public statement or issue such public communication (a) as may be required by applicable Law and, if practicable under the circumstances, after reasonable prior consultation with such other parties, (b) that consists solely of information contained in prior announcements made by any or all of the Purchaser, the Companies, the Owner, or any of their respective Representatives, or (c) to enforce its rights or remedies under this Agreement.

Section 6.11 Further Assurances. The Purchaser, the Companies and the Owner shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances, notices and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, the Company and the Owner shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances, notices and assurances and take such further actions as may be reasonably requested by the Purchaser to document the prior and current ownership of the Company, its Subsidiaries and any of the Storefront Entities or their Subsidiaries, including, without limitation, instruments of conveyance or transfer, board, shareholder, member or manager approvals and consents, filings with any Governmental Authority, and any other limited liability company or other documentation related thereto.

Section 6.12 Management Agreements. Upon Purchaser's written request to Owner, Owner shall cause any or all (as requested by Purchaser) of People's Costa Mesa, People's Riverside, and Holistic Supplements to enter into Management Agreements with Purchaser.

Section 6.13 Notice of Developments. From time to time during the period from the date of this Agreement through the earlier of (a)(i) the Second Closing with respect to People's Riverside and People's LA or (ii) the Costa Mesa Closing with respect to People's Costa Mesa or (b) the termination of this Agreement in accordance with its terms, if any party becomes aware of any event, fact or condition or nonoccurrence of any event, fact or condition that constitutes a breach of any representation, warranty, covenant or agreement of such party, or would constitute a breach of any representation or warranty of such party if such representation or warranty were made on the date of the occurrence or discovery of such event, fact or condition or on a Closing Date, then such party will promptly provide the other parties hereto with a written description of such event, fact or condition. No fewer than three (3) Business Days prior to the Initial Closing Date with respect to People's Riverside and People's LA and the Costa Mesa Closing Date with respect to People's Costa Mesa, the Companies shall supplement or amend the Company Disclosure Schedule with respect to any matter hereafter arising or of which they become aware after the date hereof (the "Schedule Update"), to the extent such matter would, if in existence on the date hereof, have been required to be set forth or described in the Company Disclosure Schedule. Any disclosure in any such Schedule Update shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement, including for purposes of the indemnification or termination rights contained in this Agreement or of determining whether or not the conditions set forth in Section 8.01 have been satisfied.

Section 6.14 Multiple Closings. The parties agree that, at any time prior to the Initial Closing, the Purchaser shall have the right to elect, in its discretion, to purchase (or cause an Affiliate to purchase) all of the Initial Closing Interests of any one or more of the Companies. In the event the Purchaser elects to so purchase the Initial Closing Interests of any one or more of the Companies, the parties shall cooperate in good faith to amend this Agreement and negotiate in good faith and enter into any additional agreements or instruments, to the extent necessary and appropriate to effect such purchase.

## ARTICLE VII

### TAX MATTERS

Section 7.01 Transfer Taxes. Notwithstanding anything to the contrary contained herein, the Owner shall be responsible for the timely payment of all Transfer Taxes, if any, arising out of or in connection with the transactions contemplated by this Agreement. The Owner shall, and the Purchaser shall cooperate to, prepare and timely file all necessary documentation and Tax Returns required to be filed with respect to such Transfer Taxes and shall promptly provide the Purchaser with copies of any such documentation and Tax Returns.

#### Section 7.02 Straddle Period.

(a) In the case of Taxes of the Companies and their Subsidiaries that are payable with respect to any Straddle Period, the portion of any such Taxes that are treated as Taxes for a Pre-Initial Closing Tax Period or Pre-Costa Mesa Effective Date Tax Period, as applicable, for purposes of this Agreement shall be (i) in the case of Taxes (A) based upon, or related to, income, receipts, profits, wages, capital or net worth, (B) imposed in connection with the sale, transfer or assignment of property, or (C) required to be withheld, deemed equal to the amount which would be payable if the taxable year ended as of the close of business on the Initial Closing Date or the Costa Mesa Effective Date, as applicable, and the parties shall elect to do so if permitted by applicable Law; and (ii) in the case of other Taxes, deemed to be the amount of such Taxes for the entire Straddle Period *multiplied by* a fraction the numerator of which is the number of days in the Straddle Period ending on the Initial Closing Date or the Costa Mesa Effective Date, as applicable, and the denominator of which is the number of days in the entire Straddle Period.

(b) Any credit or refund resulting from an overpayment of Taxes (and associated interest) for a Straddle Period shall be attributed to the portion of the Straddle Period ending on the Initial Closing Date and/or the portion of the Straddle Period beginning after the Initial Closing Date (or, in each case, with respect to People's Costa Mesa, the Costa Mesa Effective Date) based upon the method employed in Section 7.02(a) taking into account the type of Tax to which the credit or refund relates. In the case of any Tax paid based upon or measured by capital (including net worth or long-term debt) or intangibles, any amount thereof required to be apportioned under Section 7.02(a) shall be computed by reference to the level of such items on the Initial Closing Date or the Costa Mesa Effective Date, as applicable.

Section 7.03 Tax Returns.

Except as otherwise provided in Section 7.01:

(a) The Owner shall prepare or cause to be prepared, at the Owner's sole cost and expense, and with reasonable assistance from the Companies and their Subsidiaries and the Purchaser, all Tax Returns of the Companies and their Subsidiaries for Tax periods that end on or before the Initial Closing Date or the Costa Mesa Effective Date, as applicable, that are required to be filed after the Initial Closing Date (with respect to People's Riverside and People's LA, the "Pre-Initial Closing Tax Returns" and with respect to People's Costa Mesa, the "Pre-Costa Mesa Effective Date Tax Returns"); *provided, however*, that for each Pre-Initial Closing Tax Return or Pre-Costa Mesa Effective Date Tax Returns, as applicable, the Owner shall furnish, no later than twenty (20) Business Days prior to the anticipated filing date for such Pre- Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable, a draft to the Purchaser of all such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable (including copies of all work papers related thereto) and such other information regarding such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable, as may be reasonably requested by the Purchaser for its review and comment, and the Owner shall not file such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable, without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed). Such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable, shall be prepared in a manner consistent with past practice and custom of the Companies and their Subsidiaries except as otherwise required by Law. The Owner shall pay all Taxes required to be paid in respect of such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable, in accordance with Section 7.06, and the Purchaser shall file or cause to be filed such Pre-Initial Closing Tax Returns or Pre-Costa Mesa Effective Date Tax Returns, as applicable.

(b) The Purchaser shall prepare or cause to be prepared, and file or cause to be filed, all other Tax Returns of the Companies and their Subsidiaries. In the case of a Purchaser Tax Return relating to Taxes for a Straddle Period or as to which Taxes are otherwise the obligation of the Owner under Section 10.02(d) (with respect to People's Riverside and People's LA, "Post-Initial Closing Tax Returns" and with respect to People's Costa Mesa, "Post-Costa Mesa Effective Date Tax Returns"), the Purchaser shall prepare or cause to be prepared such Post-Initial Closing Tax Returns or Post-Costa Mesa Effective Date Tax Returns, as applicable, in a manner consistent with past practice and custom of the Companies and their Subsidiaries except as otherwise required by Law. The Purchaser shall furnish a draft to the Owner of all such Post-Initial Closing Tax Returns or Post-Costa Mesa Effective Date Tax Returns, as applicable (including copies of all work papers related thereto) and such other information regarding such Tax Returns as may be reasonably requested by the Owner at least twenty (20) Business Days prior to the anticipated filing date for such Post-Initial Closing Tax Returns or Post-Costa Mesa Effective Date Tax Returns, as applicable. The Owner shall have the right to review and comment, and the Purchaser shall not file such Post-Initial Closing Tax Returns or Post-Costa Mesa Effective Date Tax Returns, as applicable, without the prior written consent of the Owner (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 7.04 Assistance and Cooperation. After the Initial Closing or the Costa Mesa Effective Date, as applicable, the Purchaser and the Owner shall, and shall cause their respective Affiliates (including the Companies and their Subsidiaries) to, reasonably cooperate with respect to the preparing of any Tax Returns (including the preparation of any Tax Returns pursuant to Section 7.03) and for any audits of, or disputes with any Tax Authority. Such cooperation shall include the retention of all books and records with respect to Tax matters pertinent to the Companies and their Subsidiaries relating to any Tax period beginning before the Initial Closing Date or the Costa Mesa Effective Date, as applicable, until the expiration of the statute of limitations (and, to the extent notified by the Purchaser or the Owner, any extensions thereof) of the respective Tax periods, abiding by all record retention agreements entered into with any Tax Authority, and each party shall make itself and its employees reasonably available on a mutually convenient basis to provide additional information and explanation of any material provided under this Section 7.04.

Section 7.05 Tax Proceedings. The Purchaser shall notify the Owner within five (5) Business Days after the receipt by the Purchaser or any of its Affiliates (including the Companies and their Subsidiaries) of notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes of the Companies or any of their Subsidiaries which is allocated to the Owner for which the Owner could be liable or responsible under this Agreement (together with any related proceeding, a "Tax Proceeding"). The failure to give such prompt written notice shall not, however, relieve the Owner of its indemnification obligations, except and only to the extent that the Owner forfeits material rights or defenses by reason of such failure. The Owner may elect, at the Owner's sole expense, to have control over the conduct of any Tax Proceeding with respect to any Tax period ending on or before the Initial Closing Date or the Costa Mesa Effective Date, as applicable; *provided that* (a) the Purchaser shall have the right to participate in any such Tax Proceeding, (b) the Owner shall keep the Purchaser reasonably informed of the status of developments with respect to such Tax Proceeding, and (c) the Owner shall not settle, discharge, or otherwise dispose of any such Tax Proceeding without the prior written consent of the Purchaser (which consent shall not be unreasonably withheld, conditioned or delayed). The Purchaser, at Owner's sole expense, shall have control over the conduct of any Tax Proceeding with respect to any Straddle Period or any Tax Proceeding with respect to any period referenced in the immediately preceding sentence that the Owner does not elect to control; *provided that* (i) the Owner shall have the right to participate in any such Tax Proceeding at the Owner's sole expense, (ii) the Purchaser shall keep the Owner reasonably informed of the status of developments with respect to such Tax Proceeding, and (iii) the Purchaser and the Companies and their Subsidiaries shall not settle, discharge, or otherwise dispose of any such Tax Proceeding without the prior written consent of the Owner (which consent shall not be unreasonably withheld, conditioned or delayed).

Section 7.06 Tax Payments. With respect to any Tax Returns prepared pursuant to Section 7.01 or Section 7.03, the Owner shall pay the Purchaser the amount of Taxes for which the Owner is liable under Section 10.02(d) with respect to such Tax Return at least five (5) Business Days before the due date for filing the applicable Tax Return, except to the extent of any disputed Tax amount which amount shall be remitted to the Purchaser within three (3) Business Days after final resolution of the dispute pursuant to Section 7.05.

Section 7.07 Tax Refunds and Credits. The Owner shall be entitled to any Tax refunds or Tax credits actually received or utilized by the Purchaser, the Companies and their Subsidiaries, or any of their Affiliates that relate to Taxes paid or otherwise borne by the Owner or the Companies with respect to a Pre-Initial Closing Tax Period or Pre-Costa Mesa Effective Date Tax Period, as applicable, (each, a “Tax Refund”). The Purchaser shall cause the amount of any and all Tax Refunds, net of Taxes (if any) imposed on the receipt of such Tax Refunds and net of reasonable, documented out-of-pocket expenses incurred in connection with obtaining such Tax Refunds, to be promptly paid to the Owner in immediately available funds within ten (10) Business Days of the actual receipt or realization of the applicable Tax Refund. For purposes of clarity, the Purchaser shall be entitled to retain any refunds or credits of Taxes of the Companies and their Subsidiaries that are not for the benefit of the Owner pursuant to the immediately preceding sentences of this Section 7.07.

Section 7.08 Tax Sharing Agreements. All Tax indemnity, Tax sharing, Tax allocation agreements, and any other similar agreements (excluding for this purpose, agreements entered into in the ordinary course of business the primary purpose of which is not related to Taxes, such as leases, licenses or credit agreements) shall be terminated as of immediately before the Initial Closing or the Costa Mesa Effective Date, as applicable, and, after the Initial Closing or the Costa Mesa Effective Date, as applicable, none of the Companies or any of their Subsidiaries will be bound by or have any liabilities under any such agreements (whether for the current year, a past year or a future year).

Section 7.09 Conflicts. To the extent of any inconsistencies between any provision of this Article VII and Article X, the provisions of this Article VII shall control.

## ARTICLE VIII

### CONDITIONS TO CLOSING

Section 8.01 Conditions to the Obligations of the Purchaser at the Closings. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement to take place at the Initial Closing, with respect to People's Riverside and People's LA or at the Costa Mesa Closing Date, with respect to People's Costa Mesa, is subject to the satisfaction (or waiver by the Purchaser) as of the respective Closing of the following conditions:

(a) Representations and Warranties Regarding the Owner. (i) The Owner Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date) and (ii) the representations and warranties set forth in Article III (other than Owner Fundamental Representations) shall be true and correct (without giving effect to any exception or qualification in such representations and warranties relating to "material," "materially," "materiality" or "Material Adverse Effect" in any such representations and warranties) in all material respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date as may be qualified below). The Purchaser shall have received a certificate to such effect dated the respective Closing Date and executed by the Owner.

(b) Representations and Warranties Regarding the Companies. (i) The Company Fundamental Representations and the representations and warranties set forth in Section 4.07 shall be true and correct in all respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date) and (ii) the representations and warranties set forth in Article IV (other than Company Fundamental Representations and the representation and warranty set forth in Section 4.07) shall be true and correct (without giving effect to any exception or qualification in such representations and warranties relating to "material," "materially," "materiality" or "Material Adverse Effect" in any such representations and warranties) in all material respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date as may be qualified below). The Purchaser shall have received certificates to such effect dated the respective Closing Date and executed by duly authorized officers of the Companies.

(c) Covenants of the Owner. The covenants and agreements of the Owner set forth in this Agreement to be performed or complied with at or prior to the respective Closing shall have been duly performed or complied with in all material respects. The Purchaser shall have received a certificate to such effect dated such Closing Date and executed by the Owner.

(d) Covenants of the Companies. The covenants and agreements of the Companies set forth in this Agreement to be performed or complied with at or prior to the respective Closing shall have been duly performed or complied with in all material respects. The Purchaser shall have received certificates to such effect dated such Closing Date and executed by duly authorized officers of each Company.

(e) No Material Adverse Effect. From the date of this Agreement, no Material Adverse Effect has occurred, and there shall be no event, change, circumstance, effect, development, condition or occurrence that, individually or in the aggregate, with or without the lapse of time, would reasonably be expected to have a Material Adverse Effect. The Purchaser shall have received certificates to such effect dated the respective Closing Date and executed by duly authorized officers of each Company.

(f) No Injunction or Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Law or issued a Governmental Order that is in effect on the respective Closing Date and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(g) Regulatory Approvals. The consents, approvals, waivers, authorizations, notices and filings set forth in Schedule II for delivery at the respective Closing shall have been made or obtained and shall be in full force and effect without, in the case of the Purchaser, the imposition of a Burdensome Condition.

(h) Third-Party Consents. The consents, approvals or notices set forth in Schedule III shall have been made or obtained and shall be in full force and effect.

(i) Closing Deliverables. The Purchaser shall have received (or waived receipt of) those deliverables described in Section 2.03(a) and Section 2.03(d).

Section 8.02 Conditions to the Obligations of the Owner at the Closings The obligations of the Owner to consummate the transactions contemplated by this Agreement to take place at the Initial Closing, with respect to People's Riverside and People's LA or at the Costa Mesa Closing Date, with respect to People's Costa Mesa, is subject to the satisfaction (or waiver by the Owner) as of the respective Closing of the following conditions:

(a) Representations and Warranties. (i) The Purchaser Fundamental Representations shall be true and correct in all respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date) and (ii) the representations and warranties set forth in Article V (other than the Purchaser Fundamental Representations) shall be true and correct (without giving effect to any exception or qualification in such representations and warranties relating to "material," "materially" or "materiality" in any such representations and warranties) in all material respects as of the date of this Agreement and as of the respective Closing Date as though made on and as of such Closing Date (except to the extent they refer to another date, in which case they shall be true and correct as though made on and as of such other date as may be qualified below). The Owner shall have received a certificate to such effect dated the respective Closing Date and executed by a duly authorized officer of the Purchaser.



(b) Covenants. The covenants and agreements of the Purchaser set forth in this Agreement to be performed or complied with at or prior to the respective Closing shall have been duly performed or complied with in all material respects. The Owner shall have received a certificate to such effect dated such Closing Date and executed by a duly authorized officer of the Purchaser.

(c) No Injunction or Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Law or issued a Governmental Order that is in effect on the respective Closing Date and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(d) Closing Deliverables. The Owner shall have received (or waived receipt of) those deliverables described in Section 2.03(b) and Section 2.03(e).

Section 8.03 Conditions to the Obligations of the Purchaser at the Second Closing. The obligation of the Purchaser to consummate the transactions contemplated by this Agreement to take place at the Second Closing is subject to the satisfaction (or waiver by the Purchaser) as of the Second Closing of the following conditions:

(a) No Injunction or Prohibition. No Governmental Authority of competent jurisdiction shall have enacted, enforced or entered any Law or issued a Governmental Order that is in effect on the Second Closing Date and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

(b) Regulatory Approvals. The consents, approvals, waivers, authorizations, notices and filings set forth in Schedule II for delivery at the Second Closing shall have been made or obtained and shall be in full force and effect without, in the case of the Purchaser, the imposition of a Burdensome Condition.

(c) Second Closing Deliverables. The Purchaser shall have received (or waived receipt of) those deliverables described in Section 2.03(c).

## ARTICLE IX

### TERMINATION

Section 9.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby abandoned, in each case, in whole or in part, at any time prior to the Initial Closing as follows:

(a) by mutual written consent of the Purchaser and the Owner;

(b) by the Purchaser or the Owner if (i) there shall be any Law that makes consummation of the transactions contemplated by this Agreement illegal or otherwise prohibited (other than in connection with any Federal Cannabis Law) or (ii) any Governmental Authority shall have issued a Governmental Order restraining or enjoining the transactions contemplated by this Agreement, and such Governmental Order shall have become final and non-appealable;

(c) by the Purchaser if (i) it is not in material breach of any of its obligations hereunder and (ii) the Owner or the Companies are in material breach of any of their respective representations, warranties or obligations hereunder that renders or would render the conditions set forth in Section 8.01(a), Section 8.01(b), Section 8.01(c) or Section 8.01(d) incapable of being satisfied on the Outside Date, and such breach is either (A) not capable of being cured prior to the Outside Date or (B) if curable, is not cured within the earlier of (x) thirty (30) Business Days after the giving of written notice by the Purchaser to the Owner and (y) two (2) Business Days prior to the Outside Date; or

(d) by the Owner if (i) it is not in material breach of any of its obligations hereunder and (ii) the Purchaser is in material breach of any of its representations, warranties or obligations hereunder that renders or would render the conditions set forth in Section 8.02(a) or Section 8.02(b) incapable of being satisfied on the Outside Date, and such breach is either (A) not capable of being cured prior to the Outside Date or (B) if curable, is not cured within the earlier of (x) thirty (30) Business Days after the giving of written notice by the Owner to the Purchaser and (y) two (2) Business Days prior to the Outside Date.

Section 9.02 Procedure Upon Termination. In the event of termination and abandonment by the Owner or the Purchaser, or both, pursuant to Section 9.01, written notice thereof shall forthwith be given to the other party, and this Agreement shall terminate, without further action by any of the parties hereto.

Section 9.03 Effect of Termination. If this Agreement is terminated in accordance with Section 9.01, this Agreement shall thereafter become void and have no effect, and no party shall have any Liability to any other party, its Affiliates or any of their respective directors, officers, employees, equityholders, partners, members, agents or representatives in connection with this Agreement, except that, (a) the obligations of the parties contained in Section 6.02, this Section 9.03 and Article XI shall survive, and (b) termination will not relieve any party from Liability for any intentional and material breach of this Agreement or fraud prior to such termination.

## ARTICLE X

### INDEMNIFICATION

Section 10.01 Survival. The representations and warranties set forth in Article III, Article IV and Article V shall survive the Initial Closing with respect to People's Riverside and People's LA and the Costa Mesa Effective Date with respect to People's Costa Mesa (each, an "Indemnity Date") and shall remain in full force and effect until the date that is twenty-four (24) months from the respective Indemnity Date; *provided that* (a) the Owner Fundamental Representations, the Company Fundamental Representations and the Purchaser Fundamental Representations shall survive without expiration (or until the latest date permitted by applicable Law) and (b) the representations and warranties set forth in Sections 4.08, 4.10, 4.11, 4.12, and 4.16 (other than Section 4.16(a)) shall survive until sixty (60) days following the expiration of the applicable statute of limitations. All covenants and agreements of the parties set forth in this Agreement shall survive the Indemnity Date without expiration or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from a non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 10.02 Indemnification by the Owner. Subject to the other terms and conditions of this Article X, from and after the respective Indemnity Date, the Owner shall indemnify and defend each of the Purchaser and its Affiliates (including the Companies and their Subsidiaries) and their respective Representatives (collectively, the “Purchaser Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Purchaser Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any Owner Fundamental Representation or Company Fundamental Representation as of the date of this Agreement or as of the respective Indemnity Date as though made on and as of such Indemnity Date (except to the extent they refer to another date, the inaccuracy in or breach of which will be determined with reference to such other date); forth in A

(b) any inaccuracy in or breach of any of the representations or warranties set rticle III (other than any Owner Fundamental Representation); or Article IV (other than any Company Fundamental Representation); as of the date of this Agreement or as of the respective Indemnity Date as though made on and as of such Indemnity Date (except to the extent they refer to another date, the inaccuracy in or breach of which will be determined with reference to such other date);

(c) any breach or non-fulfillment of any covenant, agreement, or obligation to be performed by the Owner or the Companies, in each case, pursuant to this Agreement or any of the Ancillary Agreements;

(d) any Indemnified Taxes;

(e) the business and operation of the Companies and their Subsidiaries prior to Initial Closing, other than the Purchaser Pre-Initial Closing Capital Expenditures or the Purchaser Pre-Costa Mesa Effective Date Capital Expenditures;

(f) any Transaction Expenses;

(g) any pre-Initial Closing Indebtedness or pre-Costa Mesa Effective Date Indebtedness;

(h) any Intercompany Accounts;

(i) any Excluded Liabilities; or

(j) the matters set forth on Schedule IV.

Section 10.03 Indemnification by the Purchaser. Subject to the other terms and conditions of this Article X, from and after the respective Indemnity Date, the Purchaser shall indemnify and defend the Owner, and its Affiliates and Representatives (collectively, the “Owner Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Owner Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any Purchaser Fundamental Representation as of the date of this Agreement or as of the respective Indemnity Date as though made on and as of such Indemnity Date (except to the extent they refer to another date, the inaccuracy in or breach of which will be determined with reference to such other date);

(b) any inaccuracy in or breach of any of the representations or warranties set forth in Article V (other than any Purchaser Fundamental Representation), as of the date of this Agreement or as of the respective Indemnity Date as though made on and as of such Indemnity Date (except to the extent they refer to another date, the inaccuracy in or breach of which will be determined with reference to such other date);

(c) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Purchaser pursuant to this Agreement;

or

(d) the Purchaser Pre-Initial Closing Capital Expenditures or the Purchaser Pre-Costa Mesa Effective Date Capital Expenditures.

Section 10.04 Limitations; Effect of Investigation. The indemnification provided for in Section 10.02 and Section 10.03 shall be subject to the following limitations.

(a) The Owner shall not be liable to the Purchaser Indemnitees for indemnification under Section 10.02(b) until the aggregate amount of all Losses in respect of indemnification under (i) Section 10.02(b) of this Agreement, and (ii) Section 10.02(b) of the Primary Purchase Agreement exceeds \$250,000 (the “Threshold”), in which event the Owner shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the Owner shall be liable pursuant to (i) Section 10.02(b) of this Agreement, and (ii) Section 10.02(b) of the Primary Purchase Agreement shall not exceed \$20,000,000 (the “Cap”). For the avoidance of doubt, neither the Threshold or Cap shall apply to Losses resulting from willful breach, intentional misrepresentation or fraud by the Owner or the Losses resulting from matters set forth on Schedule IV, which shall be subject to the relevant limits on Losses as described therein.

(b) The Purchaser shall not be liable to the Owner Indemnitees for indemnification under Section 10.03(b) until the aggregate amount of all Losses in respect of indemnification under (i) Section 10.03(b) of this Agreement and (ii) Section 10.03(b) of the Primary Purchase Agreement exceeds the Threshold, in which event the Purchaser shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which the Purchaser shall be liable pursuant to (i) Section 10.03(b) of this Agreement and (ii) Section 10.03(b) of the Primary Purchase Agreement shall not exceed the Cap. For the avoidance of doubt, neither the Threshold or Cap shall apply to Losses resulting from willful breach, intentional misrepresentation or fraud by the Purchaser.

(c) For purposes of determining the amount of Losses incurred in connection with any inaccuracy in or breach of any representation or warranty set forth in this Agreement and for purposes of determining whether such breach or inaccuracy has occurred, such representation or warranty shall be determined without regard to any materiality, Material Adverse Effect, or other similar qualification contained in or otherwise applicable to such representation or warranty.

(d) The representations, warranties, covenants and agreements of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate or by reason of the Indemnified Party's waiver of any condition set forth in Section 8.01 or Section 8.02, as the case may be.

(e) Notwithstanding anything to the contrary contained herein or in any organizational documents of the Companies or any of their Subsidiaries, the Owner shall not be entitled to exculpation, indemnification or contribution from the Purchaser or, after the Initial Closing, the Companies or any of their Subsidiaries for or in connection with any facts or circumstances that are the subject matter of or related to an indemnification claim under this Article X brought by any Purchaser Indemnitees.

#### Section 10.05 Third-Party Claims.

(a) If any Indemnified Party receives written notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third-Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof. The failure to give such reasonably prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or defenses by reason of such failure.

(b) The Indemnifying Party shall have the right to participate in, or, by giving written notice to the Indemnified Party, to assume the defense of any Third-Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided that* if the Indemnifying Party is the Owner, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third-Party Claim (i) that seeks an injunction or other equitable relief against the Indemnified Party, or (ii) that alleges a violation of any applicable Law or (iii) where the amount claimed exceeds the aggregate amount of all Losses for which such Indemnifying Party shall be liable pursuant to Article X. In the event that the Indemnifying Party assumes the defense of any Third-Party Claim, subject to Section 10.05(d), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party; *provided that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required.

(c) If the Indemnifying Party elects not to defend such Third-Party Claim, the Indemnified Party may, subject to Section 10.05(d), pay, compromise, and defend such Third- Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim.

(d) Notwithstanding anything to the contrary contained herein, the Indemnifying Party shall not settle any Third-Party Claim without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed), except as provided in this Section 10.05(d). If a firm offer is made to settle a Third- Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third-Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) Business Days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third-Party Claim, at its own expense, and in such event, the maximum liability of the Indemnifying Party as to such Third- Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume the defense of such Third-Party Claim, the Indemnifying Party may settle the Third-Party Claim upon the terms set forth in such firm offer to settle such Third-Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 10.05(b), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

Section 10.06 Direct Claims. Any Action by an Indemnified Party on account of a Loss that does not result from a Third-Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnified Party becomes actually aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits material rights or defenses by reason of such failure. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. Subject to confidentiality limitations and attorney-client privilege, the Indemnified Party shall allow the Indemnifying Party and its Representatives to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall reasonably assist the Indemnifying Party's investigation by giving such information and assistance as the Indemnifying Party or any of its professional advisors may reasonably request (subject to confidentiality limitations and attorney-client privilege). If the Indemnifying Party does not so respond within such thirty (30) day period, then the Indemnifying Party shall be deemed to have accepted such claim, in which case the Indemnified Party shall be entitled to the remedies set forth in Section 10.07 and shall otherwise be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 10.07 Payment. Subject to the Threshold and the Cap, once a Loss is agreed to or deemed accepted by the Indemnifying Party or adjudicated to be payable pursuant to this Article X, if the Indemnified Party is (a) an Owner Indemnitee, the Purchaser shall deposit, or cause to be deposited, with such Owner Indemnitee, the amount of such Loss by wire transfer of immediately available funds to an account or accounts designated by the Owner in writing, and (b) a Purchaser Indemnitee, at the Purchaser's option, (i) the Purchaser may offset all or any portion of the amount of such Loss against any amounts owed by the Purchaser to the Owner, including any applicable Holdback Amounts and any amounts, including principal and accrued interest, outstanding under the Note, on a dollar-for-dollar basis. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within five (5) Business Days of such agreement or adjudication, as applicable, any amount payable shall accrue interest from the date of agreement of the Indemnifying Party or adjudication to the date such payment has been made at a rate equal to the rate announced in The Wall Street Journal, "Money Rates" column as the "Prime Rate" plus four percent (4%).

Section 10.08 Tax Treatment of Indemnification Payments. The parties agree that all indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 10.09 Exclusive Remedy. Except as provided in Article VII and Section 11.07, the indemnification provisions of Article X shall be the sole and exclusive remedy of the parties following the Initial Closing for any and all breaches or alleged breaches of any representations, warranties, covenants or agreements of the parties, or any other provision of this Agreement. Nothing in this Section 10.09, or otherwise in this Agreement or in any of the Ancillary Agreements, shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 11.07 or to seek any remedy on account of any party's fraud or intentional misrepresentation. Notwithstanding anything to the contrary contained herein, each of the parties hereto acknowledges and agrees that, with respect to any fraud, intentional misrepresentation, willful misconduct or misfeasance, or knowing violation of Law (other than Federal Cannabis Laws), by or of either party or any of their Representatives, following the Initial Closing, each party shall be liable for any Liability resulting from that party's fraud or intentional misrepresentation.

**ARTICLE XI**

**MISCELLANEOUS**

Section 11.01 Entire Agreement. This Agreement, the Ancillary Agreements, the Primary Purchase Agreement, and the other documents, instruments, certificates and Contracts required to be delivered at each Closing constitute the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

Section 11.02 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (a) when delivered personally by hand (with written confirmation of receipt by other than automatic means, whether electronic or otherwise), (b) when sent by email or (c) one (1) Business Day following the day sent by an internationally recognized overnight courier (with written confirmation of receipt), in each case, at the following addresses and email addresses (or to such other address or email address as a party may have specified by notice given to the other parties pursuant to this provision):

to the Companies and their Subsidiaries (prior to the Initial Closing):

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704

with a copy (which shall not constitute notice to the Companies for the purposes of this Section 11.02) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

to the Purchaser or, after the Initial Closing, the Companies and their Subsidiaries:

Unrivaled Brands, Inc.  
Attn: Joe Segilia, General Counsel  
3242 S. Halladay Street  
Santa Ana, California 92705  
Email:

with a copy (which shall not constitute notice to the Purchaser or the Companies and their Subsidiaries for the purposes of this Section 11.02) to:

Thompson Hine LLP  
Attn: Faith Charles; Naveen Pogula  
3560 Lenox Rd. NE, Suite 1600  
Atlanta, GA 30326  
Email: faith.charles@thompsonhine.com  
Naveen.pogula@thompsonhine.com



to the Owner:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704

with a copy (which shall not constitute notice to the Owner for the purposes of this Section 11.02) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

Section 11.03 Amendment, Modification and Waiver. Any provision of this Agreement may be amended, modified or waived if, and only if, such amendment, modification or waiver is in writing and signed, in the case of an amendment or modification, by the Purchaser and the Owner, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 11.04 Successors and Assigns. Neither this Agreement nor any of the rights, interests or obligations under it may be directly or indirectly assigned, delegated, sublicensed or transferred by any of the parties, in whole or in part, to any other Person (including any bankruptcy trustee) by operation of law or otherwise, whether voluntarily or involuntarily, without the prior written consent of the other parties, provided that Purchaser may freely assign this Agreement to any of its Affiliates and to any acquirer or successor of Purchaser, whether direct, indirect or by operation of law, without any other party's consent. Any attempted or purported assignment in violation of this Section 11.04 will be null and void. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by each of the parties and their respective heirs, executors, administrators, successors, legal representatives, and permitted assigns (including, with respect to any trust, any additional or successor trustees of any such trust).

Section 11.05 No Third-Party Beneficiaries. Except for (i) the representations and warranties set forth in Article III and Article IV, and (ii) Article X, with respect to which, in each case, Purchaser shall be an express third party beneficiary thereof, nothing expressed or implied in this Agreement is intended to confer any rights, benefits, remedies, obligations or liabilities upon any Person other than the parties and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 11.06 Governing Law; Jurisdiction.

(a) This Agreement, and all claims or causes of action (whether in contract, tort or otherwise) that may be based upon, arising out of or relating to this Agreement or the negotiation, execution and delivery or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement) shall be governed by and construed in accordance with the Laws of the State of California, without regard to its applicable principles of conflicts of laws that might require the application of the laws of another jurisdiction.

(b) Each of the parties hereby irrevocably and unconditionally (i) submits, for itself and its property, to the exclusive jurisdiction and venue of the federal or state court of the United States of America sitting in the County of Orange, State of California (“Orange County Courts”), and any appellate court from any decision thereof, in any Action that may be based upon, arising out of or relating to this Agreement or the negotiation, execution and delivery or performance of this Agreement and agrees that all claims in respect of any such Action shall be heard and determined in the Orange County Courts, (ii) waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Action that may be based upon, arising out of or relating to this Agreement or the negotiation, execution and delivery or performance of this Agreement in the Orange County Courts, including any objection based on its place of incorporation or domicile, (iii) waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such Action in any such court and (iv) agrees that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law. Each of the parties consents and agrees that service of process, summons, notice or document for any action permitted hereunder may be delivered by registered mail addressed to it at the applicable address set forth in Section 11.02 or in any other manner permitted by applicable Law.

Section 11.07 Specific Performance. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached or threatened to be breached and that money damages or other legal remedies would not be an adequate remedy for any such failure to perform or breach. It is accordingly agreed that without posting bond or other undertaking, the parties shall be entitled to seek injunctive or other equitable relief to prevent breaches or threatened breaches of this Agreement and to seek to enforce specifically the terms and provisions of this Agreement in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. In the event that any such action is brought in equity to enforce the provisions of this Agreement, no party will allege, and each party hereby waives the defense or counterclaim, that there is an adequate remedy at law. The parties further agree that (a) by seeking any remedy provided for in this Section 11.07, a party shall not in any respect waive its right to seek any other form of relief that may be available to such party under this Agreement and (b) nothing contained in this Section 11.07 shall require any party to institute any action for (or limit such party’s right to institute any action for) specific performance under this Section 11.07 before exercising any other right under this Agreement.

Section 11.08 Regulatory Compliance and Severability. This Agreement is subject to strict requirements for ongoing regulatory compliance by the parties hereto, including, without limitation, requirements that the parties take no action in violation of State Cannabis Laws or the guidance or instruction of the Department, the California Department of Food and Agriculture, and/or the California Department of Public Health (collectively, together with any successor or local authority with similar or overlapping jurisdiction, the "Regulator"). The parties acknowledge and understand that State Cannabis Laws and the requirements of the Regulator are subject to change and are evolving as the marketplace for state-compliant cannabis businesses continues to evolve. If necessary or desirable to comply with the requirements of State Cannabis Laws or the Regulator, the parties hereby agree to (and to cause their respective affiliates and related parties and representatives to) use their respective reasonable best efforts to take all actions reasonably requested by Purchaser to ensure compliance with State Cannabis Laws and the Regulator, including, without limitation, negotiating in good faith to amend, restate, amend and restate, supplement, or otherwise modify this Agreement to reflect terms that most closely approximate the parties original intentions but are responsive to and compliant with the requirements of State Cannabis Laws and the Regulator. In furtherance, not in limitation of the foregoing, the parties further agree to cooperate with the Regulator, at their own respective cost and expense, to promptly respond to any informational requests, supplemental disclosure requirements, or other correspondence from the Regulator and, to the extent permitted by the Regulator, keep all other parties hereto fully and promptly informed as to any such requests, requirements, or correspondence.

Section 11.09 No Curtailment Resulting From Federal Cannabis Laws. The parties hereto agree and acknowledge that no party makes, will make, or shall be deemed to make or have made any representation or warranty of any kind regarding the compliance of this Agreement with any Federal Cannabis Laws. No party hereto shall have any right of rescission or amendment arising out of or relating to any non-compliance with Federal Cannabis Laws unless such non-compliance also constitutes a violation of applicable State Cannabis Laws as determined in accordance therewith or by the Regulator, and no party shall seek to enforce the provisions hereof in federal court unless and until the parties have mutually and reasonably determined that State Cannabis Laws are fully compliant or coextensive with Federal Cannabis Laws.

Section 11.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to constitute an original, but all of which shall constitute one and the same agreement, and may be delivered by facsimile or other electronic means intended to preserve the original graphic or pictorial appearance of a document.

Section 11.11 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found by a court or other Governmental Authority of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.


Section 11.12 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all direct and indirect costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses.

Section 11.13 Attorneys' Fees and Costs. In any action or proceeding to enforce the provisions of this Agreement, the prevailing party shall be entitled to that party's reasonable attorneys fees and costs.

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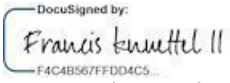
IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

**UNRIVALED BRANDS, INC.**

By:   
Name: Francis Knuettel II  
Title: Chief Executive Officer

**PEOPLE'S COSTA MESA, LLC**

By: Unrivaled Brands, Inc., its manager

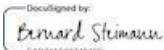
By:   
Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Secondary Membership Interest Purchase Agreement]


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IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.


**PEOPLE'S RIVERSIDE, LLC**

By:   
Name: Bernard Steimann  
Title: Authorized Signatory

**PEOPLE'S LOS ANGELES, LLC**

By:   
Name: Bernard Steimann  
Title: Authorized Signatory

**PEOPLE'S CALIFORNIA, LLC**

By:   
Name: Bernard Steimann  
Title: Manager

[Signature Page to Secondary Membership Interest Purchase Agreement]

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**SCHEDULE I**

Purchaser Pre-Closing Capital Expenditures

None.

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## SCHEDULE II

### Third Party Consents and Required Regulatory Approvals

#### **Initial Closing**

##### People's Riverside, LLC

1. Approval to add Purchaser's owners to the People's Riverside, LLC Conditional Use Permit ("CUP") and Development Agreement, along with any additional permits and consents required by the County.
2. Landlord consent to the change in control of tenant pursuant to 125 W. Cadena Drive Commercial Lease Agreement dated September 1, 2020.

##### People's Los Angeles, LLC

1. Approval to add Purchaser's owners to the Holistic Supplements, Inc. DCR local license, along with any additional permits and consents that may be required by the City.
2. Landlord consent to the assignment of the LA Lease.

##### People's Costa Mesa, LLC

1. Landlord consent to the change in control of tenant pursuant to the Master Lease Agreement, dated July 6, 2021, by and between Costa M. PPLS, LLC and People's Costa Mesa.

#### **Second Closing and Costa Mesa Closing**

##### People's Riverside, LLC

1. Approval to add Purchaser's owners to People's Riverside Retail License No. C10- 0000896-LIC, issued by the Department of Cannabis Control ("DCC").
2. Approval to remove Seller's owners from People's Riverside CUP and Development Agreement, along with any additional permits and consents required by the County, and issuance of revised CUP and Development Agreement.

##### People's Los Angeles, LLC

1. Approval to add Purchaser's owners to Holistic Supplements, Inc. Retail License No. C10-0000788-LIC, issued by the DCC.
2. Approval to remove Seller's owners from Holistic Supplements, Inc. DCR local license, along with any additional permits and consents that may be required by the City.
3. Approval to add Purchaser's owners to Holistic Supplements, Inc. Distribution License No. C11-0001329-LIC, issued by the DCC.

##### People's Costa Mesa, LLC

1. Issuance of the Cannabis Business Permit by the City of Costa Mesa to People's Costa Mesa, LLC.
  2. Approval to remove Seller's owners from People's Costa Mesa's Cannabis Business Permit by the City of Costa Mesa, LLC and issuance of revised business permit.
-

**SCHEDULE III**

Purchaser Consents

1. Conditional Consent of Noteholders, made of November 1, 2021, between Unrivald Brands, Inc. and the holders of certain Promissory Notes (as defined therein) who are signatories thereto.
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## SCHEDULE IV

### Special Indemnities

1. Any Losses, Liabilities, Action or threatened Action related to, arising out of or in connection with those certain actions, affirmations and assignments of membership interests by the Companies and Bernard Steimann as described below and which are attached to this Schedule IV:
    - a. Assignment of Membership Interests in People's Costa Mesa, LLC, dated as of November 1, 2021.
    - b. Assignment of Membership Interests in People's Los Angeles, LLC, dated as of October 28, 2021.
    - c. Assignment of Membership Interests in People's Riverside, LLC, dated as of November 10, 2021.
    - d. Affidavit of Unissued Stock Certificate of Holistic Supplements, dated as of November 10, 2021.
  2. Any legal expenses and costs, including without limitation, attorney's fees, expert or advisor fees and filing fees, related to, arising out of or in connection with the matter entitled *Holistic Supplements, LLC, et al. v. Stark, et al* LA Superior Court Case No. BC599796, and any Action or threatened Action, including any appeal, related thereto (the "Stark Litigation"), not to exceed \$500,000 (the "Stark Litigation Expense Cap").
  3. Any Losses or Liabilities arising out of or in connection with an Action settlement, judgment or order in the Stark Litigation, not to exceed the Stark Litigation Holdback Amount.
  4. Any Losses, Liabilities or Action related to, arising out of or in connection with the purchase of a state or local cannabis license for People's LA, Holistic Supplements or any affiliated entity, not to exceed the Stark Litigation Holdback Amount.
  5. Any Losses, Liabilities or Action related to, arising out of or in connection with any breach or inaccuracy in any representations or warranties or any breach or non- fulfillment of any covenant, agreement or obligations to be performed (including regular payments and the full satisfaction and discharge) by the Companies, Owner, its Subsidiaries, its Affiliates and Bernard Steimann in connection with that certain promissory note by and between People's LA and Christopher Stark dated June 2, 2020 (the "Stark Note"), that certain Interest Purchase Agreement by and among Christopher Stark, People's LA and Holistic Supplements, among others, dated June 2, 2020, including the handwritten term sheet by and among People's Holdings, LLC, Holistic Supplements and Boyle Brothers 411, LLC (collectively, the "Stark Purchase Agreement").
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6. Any Losses, Liabilities or Action related to, arising out of or in connection with any breach or inaccuracy in any representations or warranties or any breach or non- fulfillment of any covenant, agreement or obligations to be performed by the Companies, Owner, its Subsidiaries, its Affiliates and Bernard Steimann in connection with any invoices from or amounts due to DR Welch Attorneys at Law APC or David Welch (or any of their affiliates) incurred prior to the Initial Closing, including but not limited to, Invoice #5898 from DR Welch Attorneys at Law to Holistic Supplements, LLC (collectively, the "Welch Invoice").
  7. Any Losses, Liabilities or Action related to, arising out of or in connection with any breach or inaccuracy in any representations or warranties or any breach or non- fulfillment of any covenant, agreement or obligations to be performed by the Companies, Owner, its Subsidiaries, its Affiliates and Bernard Steimann in connection with that certain Purchase Option Agreement for Purchase and Sale of Membership Interests dated August 13, 2021 (the "Corona Option Agreement"), and entered into by and between People's Corona, People's California, LLC, and 1301 Pomona Rd., LLC, and any amendments thereto, as well as any inability of the Owner to ensure the sale and transfer of all of 100% of the equity interests and all of the Owner's and any other party's right, title and interest in and to such equity interests in People's Corona, LLC, free and clear of all Encumbrances, not to exceed \$500,000 (the "Corona Option Cap").
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**Exhibit B**  
**Management Agreements**

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**MANAGEMENT AGREEMENT**

This Management Agreement (this "Agreement") is entered into as of November 22, 2021 ("Effective Date") by and among Unrivaled Brands, Inc., a Nevada corporation, ("Purchaser"), and Holistic Supplements, a California corporation (the "Company"), and People's California, LLC, a California limited liability company ("Owner") (Company, Owner and Purchaser, each a "Party" and collectively, the "Parties").

WHEREAS, Company is a licensed retailer of legal cannabis, cannabis products, cannabis- related products, and cannabis accessories (collectively, "Cannabis Products") operating in compliance with the applicable state and local laws of the jurisdictions in which it operates;

WHEREAS, Company currently conducts or may conduct the retail of Cannabis Products to legally qualified customers ("Customers") from the licensed premises located at 1149 S. Los Angeles Street, Los Angeles, California 90015 (the "Depot"), for which Company holds (i) a valid leasehold interest or title ("Lease"), and (ii) all cannabis-specific licenses (the "License(s)") sufficient and necessary to operate the storefront retail and delivery business in full compliance with Law (collectively, the "Operation");

WHEREAS, Purchaser is a management services provider specializing in the management and execution of delivery-based retail of Cannabis Products from locations similar to the Depot via one or more online retail platform(s) of Purchaser's choice (the "Platform");

WHEREAS, the Parties have entered into a Membership Interest Purchase Agreement (the "Membership Interest Purchase Agreement"), which provides that at the Initial Closing (as that term is defined in the Membership Interest Purchase Agreement) Purchaser shall own 80% of the issued and outstanding membership interests of the Company (hereinafter, the "MIPA Closing"); and

WHEREAS, among other things, as of the date of this Agreement and prior to the MIPA Closing, the Company wishes to engage Purchaser exclusively to manage the Operation pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**1. Engagement and Authorization.**

a. Engagement. The Company hereby engages and retains Purchaser to provide, on an exclusive basis, consulting services and to manage the Depot and the Operation, and Purchaser hereby accepts such engagement on the terms and conditions of this Agreement. For avoidance of doubt, Company agrees that during the Term, Company shall not engage any third party other than Purchaser to perform the services described in this Agreement or permit a third party other than Purchaser to operate a cannabis business at the Depot.

b. Authorization. Company and Owner hereby authorize Purchaser to take any and all actions, either directly or on behalf of Company, which Purchaser deems in its discretion to be necessary in furtherance of the Operation or of any other operations conducted at the Depot. To the extent Purchaser may not take any such action directly, it may direct Company (and the Company Representative) to take such action, and Company hereby agrees to use its best efforts to comply with any such direction, including without limitation directing the Company Representative to take such action. Furthermore, except as otherwise provided herein, Company covenants that it shall not, without the express prior approval of Purchaser, take any action with respect to the operation of the Depot without Purchaser's express prior written consent, including, without limitation, with respect to any actions for which Purchaser is authorized to take hereunder. Without limiting the foregoing, Purchaser shall have the right to do, or instruct the Company to do, the following:

- i. Purchase on Company's behalf all Cannabis Products inventory intended for retail at the Depot (the "Purchaser Products") and direct the storage and management of such inventory from the time of purchase to the time of sale;
- ii. Retail the Purchaser Products including determining all aspects of the retail strategy, including but not limited to making any and all decisions regarding the Platform "menu" and the composition of all Cannabis Products which appear thereon;
- iii. Hire, terminate, direct and manage all employment-related functions regarding a team of certain Company employees located at, or delivering from, the Depot who directly facilitate the sale of the Purchaser Products and are explicitly approved in writing by Purchaser (the "Dedicated Employees"). Additionally, Purchaser may direct Company with respect to all employment-related decisions (e.g., hiring, firing, hours, roles, responsibilities, etc.) for all Dedicated Employees;
- iv. Establish, control, administer, and/or utilize one or more bank account(s) in Company's name for use in connection with the Operation;
- v. Engage and contract with third-party vendors, service providers, and consultants for the provision of services in connection with the Operation;
- vi. Direct Company to take any reasonable action in furtherance of maintaining the status and/or validity of the License(s);
- vii. Create and/or approve all plans related to Depot security, ingress/egress, parking, shipping and receiving, and other management procedures for utilization of Depot space, in each case as it pertains to the Operation;
- viii. Take any actions directly on behalf of Company related to the maintenance of the Company's licenses, including, but not limited to, paying rents, taxes, Company expenses, and License(s) fees, and making any administrative filings related to the License(s) to the extent necessary to preserve the status quo of the License(s);

## 2. Responsibilities of the Parties.

a. Obligations. In connection with the operation of the Depot and the Operation, the Parties shall perform their respective obligations set forth on Exhibit A ("Obligations").

b. License Amendment. The Company and Owner agree to use their reasonable best efforts to, and shall direct the Company Representative to, (i) prepare and make all necessary, proper or advisable notices and filings with any governmental authority necessary and sufficient for the Operation, and (ii) obtain all necessary, proper or advisable consents, approvals, authorizations or waivers of any governmental authority in accordance with the terms of the Membership Interest Purchase Agreement.

### 3. Financial Terms.

#### a. Receipts; Banking; Payment Processing

- i. All revenue derived from the Operation shall be paid directly into one or more bank accounts held by a bank selected by Purchaser in Purchaser's name (such bank account, as elected by Purchaser, the "Purchaser Account").
- ii. Without limiting the foregoing obligations, the Parties agree to use their reasonable best efforts to: (1) Take all steps reasonably required to establish a bank account as the Purchaser Account in Purchaser's name as promptly as practicable following the Effective Date; including, without limitation, Company's provision of the Company's beneficial owners' government issued identification and criminal background information; (2) establish any subsequent bank accounts as the Purchaser Account (as Purchaser may reasonably request for the operation of the Depot or the Operation). The financial institution(s) that hold the Purchaser Account be determined by Purchaser, and the Company agrees to use its best efforts to assist Purchaser in establishing or moving such account as requested by Purchaser. If Purchaser reasonably determines that circumstances necessitate a change to the provisions set forth in this Section 3 in order to maintain the satisfactory banking operations (in Purchaser's discretion) of the Operation, the Company agrees to use its best efforts to make any and all changes reasonably requested by Purchaser to execute an amendment to this Section to effect such changes as reasonably required to resume satisfactory operations related to the Operation and the Depot.
- iii. The Company shall provide all reasonable assistance requested by Purchaser in the establishment and maintenance of any payment processors used by Purchaser in connection with the Operation.

b. Expenses. The Parties shall be responsible for certain Depot expenses as set forth on Exhibit B attached hereto ("Expenses"). For avoidance of doubt, the Parties expressly agree that in no event shall Purchaser or any of its affiliates be responsible for any expenses or liabilities of the Company and its affiliates prior to the Effective Date except for expenses that Purchaser has incurred, at its direction, prior to the Effective Date related to the buildout and operation of the Depot and any and all liabilities that are related to those pre-Effective Date efforts.

c. Management Fee. As consideration for the services provided by Purchaser hereunder, Purchaser shall be entitled to the fees set forth on Exhibit C (the "Management Fee").

d. Audits. From the Effective Date until the Initial Closing Date (as defined in the Membership Interest Purchase Agreement), the Company shall maintain all office records and books of account and shall record therein, and keep copies of, documents pertaining to its Expenses and obligations. Such records shall be maintained in accordance with generally accepted accounting principles (GAAP) consistently applied. Purchaser shall have access to and the right to audit and make independent examinations of such records, books and accounts and all vouchers, files and all other material pertaining directly to the Operation, the Company, the Depot and this Agreement. The Company shall provide any and all records reasonably requested by Purchaser or its auditors, or as needed in order to comply with review from regulators. All such audits shall be conducted during regular business hours, in a location chosen by the Company, in such a way that does not disrupt the Operations and only after giving the Company no less than 48 hours advance written notice.

#### 4. Term and Termination.

a. Term. The term of this Agreement shall commence as of the Effective Date and shall continue until terminated upon the earlier of (i) written notice from an executive officer of Purchaser or (ii) concurrently with the termination of the Membership Interest Purchase Agreement (pursuant to its terms) (the "Term").

b. Termination. Notwithstanding anything to the contrary in this Agreement, Purchaser may terminate this Agreement, at any time, for any reason or no reason, immediately upon written notice to Company.

c. Effect of Termination. On termination or expiration of this Agreement, all rights and obligations under this Agreement shall be extinguished, except that Sections 5 through 9, and all accrued payment obligations (including payment of fees and expenses), shall survive termination or expiration of this Agreement, and all accrued but unpaid payments shall be due and payable no later than thirty (30) days following such termination or expiration. This sub-section 4(c) shall survive the expiration or termination of this Agreement. Where termination of this Agreement occurs, for any reason whatsoever, prior to the MIPA Closing (and not concurrent with the MIPA Closing), Purchaser shall promptly return all Operations to Owner in the same or better condition.

#### 5. Confidentiality.

a. Confidential Information. "Confidential Information" means: all information concerning the business or operations of any Party, including product designs, specifications, drawings, program code, mask work designs, models, documentation, components, software, test and development boards, hardware reference code and platforms, architectures, financial and pricing information, business and marketing plans, and actual and potential customers and suppliers, to which the other Party is provided access (in writing, orally or by inspection of tangible objects) by virtue of this Agreement that is either identified as such at the time of disclosure by such Party or would be understood to be of a confidential or proprietary nature by a reasonable person. Confidential Information also includes the terms of this Agreement and the discussions and negotiations between the Parties in connection with this Agreement. Confidential Information shall not include information that the receiving Party can demonstrate through written records: (i) is or becomes generally known to the public through no fault of the receiving Party; (ii) is independently developed by the receiving Party without accessing or referencing the disclosing Party's Confidential Information; or (iii) is, or was prior to the Effective Date, lawfully obtained by the receiving Party, without restriction as to use or disclosure, from a third party not under an obligation to keep the information confidential.

b. Limitations on Use and Disclosure. The receiving Party agrees that it will not at any time: (i) use, reproduce, or copy any Confidential Information of the disclosing Party except as necessary in connection with the Agreement and as expressly permitted hereunder, or (ii) disclose Confidential Information of the disclosing Party to any third party other than its officers, directors, employees, agents, accountants, agents attorneys and employees, each on a "need to know" basis, in the normal course of business (provided such parties are professionally obligated or have committed in writing to abide by confidentiality and non-use provisions not less stringent than those set forth in this subsection) without the other Party's prior written consent. If served with a subpoena, court order, or other compulsory process or legal requirement requiring disclosure of Confidential Information, the receiving Party shall promptly notify the disclosing Party of the demand (unless prohibited by law), take reasonable steps to protect the Confidential Information from public disclosure, and limit any such disclosure to the minimum extent necessary to comply with the legal requirement. The receiving Party agrees to reasonably cooperate with the disclosing Party at the disclosing Party's expense if it decides to oppose production after it receives notice of such opposition, unless the receiving Party (in the opinion of its legal counsel) deems such cooperation is not legally permitted or is otherwise detrimental to it. Upon termination or expiration of this Agreement or an earlier request by the disclosing Party, the receiving Party shall destroy or return, at the other Party's election, such other Party's Confidential Information in its possession and certify such return or destruction upon request by such other Party; notwithstanding the foregoing, Purchaser will not be required to remove copies of any other party's Confidential Information from any backup media or servers. Neither Party will issue or make, directly or indirectly, any press releases or other public announcements relating to the Agreement or the underlying transaction(s) without the prior written approval of the other Party.

c. Customer Data. “Customer Data” means (1) personally identifiable information such as name, address, email address, phone number, date of birth, and picture; (2) demographic information such as age, gender, or location; (3) behavioral data such as spending habits, order history, and user preferences; and (4) any other information that relates to or identifies specific Customers, in each case that is obtained, accessed, or made available in connection with this Agreement. Company and Owner each agree that it (including its respective employees and personnel) will not access or use any Customer Data. Company agrees that Customer Data is deemed and will be treated at all times during and after the Term as Purchaser Confidential Information, regardless of whether such information is or becomes public.

**6. Representations and Warranties.**

a. Mutual Representations and Warranties of the Parties. Each Party hereby represents and warrants to the other that as of the Effective Date, (i) it is in good standing and is authorized to conduct business in the State of California; (ii) it has the authority under all applicable laws, rules and regulations (specifically excluding 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and its implementing regulations) (collectively “Laws”) to execute, deliver, and perform this Agreement, and to incur its obligations provided for under this Agreement; (iii) its actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement; (iv) it will comply with all applicable Laws in its performance of its obligations under this Agreement.

b. Representations, Warranties, and Covenants of Company. Company represents, warrants, and covenants that (i) it holds and shall maintain during the Term, all required permits, licenses, qualifications, and consents necessary to enable the Operation as contemplated by this Agreement, including having the required permits and licenses to (A) operate as a commercial cannabis delivery service in the jurisdictions in which it operates and (B) retail, sell and deliver medicinal and adult-use/recreational Cannabis Products to the extent such retail, selling and delivery is permitted under applicable Laws, including holding and maintaining the License(s).

c. Additional Post-Effective Date Operation Covenants. From the Effective Date until the Initial Closing Date (as defined in the Membership Interest Purchase Agreement), and without limiting the Owner’s and the Company’s other obligations described herein, the Owner shall appoint an individual representative of the Owner and the Company, to assist in the performance of all obligations of the Company described in this Agreement, including, without limitation, establishing the Purchaser Account (such representative, the “Company Representative”).



**7. Indemnification.** Company agrees to defend, indemnify and hold harmless Purchaser, its affiliates, its licensors, and each of their officers, directors, employees, attorneys and agents from and against any and all claims, costs, damages, judgments, decrees, fines, penalties, liabilities and expenses (including reasonable attorneys' fees and litigation costs) arising out of any claim brought by any third party (including, for clarity, Company's employees or personnel (including independent contractors)) in connection with: (i) Company's actual or alleged breach of this Agreement or violation of applicable Law; and/or (ii) Company's (including its employees, personnel, contractors and agents) negligence or intentional misconduct, except in each case to the extent arising from Purchaser's breach of this Agreement, negligence, or willful misconduct.

Purchaser agrees to defend, indemnify and hold harmless the Company and Owner, their affiliates, their licensors, and each of their officers, directors, employees, attorneys and agents from and against any and all claims, costs, damages, judgments, decrees, fines, penalties, liabilities and expenses (including reasonable attorneys' fees and litigation costs) arising out of any claim brought by any third party (including, for clarity, Purchaser's employees or personnel (including independent contractors)) in connection with: (i) Purchaser's actual or alleged breach of this Agreement or violation of applicable Law; (ii) employer obligations which Company or Owner does not expressly assume hereunder, employee(s) claims and/or employee(s) rights with respect to Purchaser's workforce or personnel, including drivers and independent contractors which do not arise directly from the actions of the Company or Owner or Purchaser's operation of the Operation; and/or (iii) Purchaser's (including its employees, personnel, contractors and agents) negligence or intentional misconduct, except in each case to the extent arising from the Company or Owner's breach of this Agreement, negligence, or willful misconduct.

**8. Relationship of the Parties.** The Parties are independent contractors of each other. Nothing herein shall be construed to create, evidence, or imply an employer/employee, partnership, or joint venture relationship. The Parties are not agents of each other and are not authorized to make any representation, contract, or commitment on behalf of each other, nor will the Parties or their employees, independent contractors, or other personnel be entitled to any benefits that the other Party may make available to its employees, except as otherwise explicitly set forth herein. There are no third-party beneficiaries to this Agreement. Furthermore, each Party acknowledges and agrees that except as otherwise agreed by the Parties in writing the employing Party is the sole employer of its employees (and any other personnel, including independent contractors) and the other Party is not an employer or co-employer of said employees (or any other personnel, including independent contractors).

**9. Miscellaneous.**

a. Entire Agreement. This Agreement contains the entire understanding and agreement of the Parties with respect to the transactions and matters contemplated by this Agreement, supersedes all previous Agreements or negotiations between the Parties concerning the subject matter of this Agreement, and cannot be amended except by a writing signed by both Parties. This Agreement may be executed in one or more counterparts, including facsimile signatures, each of which is deemed an original, and all of which, taken together, shall constitute one and the same Agreement.

b. Non-Waiver. No waiver of any provision, or of any breach of any provision, of this Agreement shall be effective unless made in writing and signed by an authorized representative of the waiving party. No waiver of a breach shall be deemed a continuing waiver of said breach or of any prior or subsequent breach, unless otherwise expressly set forth in such signed written waiver.

c. Severability. If any provision of this Agreement is illegal or invalid for any reason whatsoever as determined by a court of competent jurisdiction, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement and such provision will be replaced by a valid provision that has a similar economic effect. Each party waives any and all claims or contests it has, based on Laws proposed or in effect as of the Effective Date of this Agreement, which would or could challenge the existence, validity or enforceability of this Agreement.

d. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of California without reference to its choice of law rules. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

e. ARBITRATION. EXCEPT AS PROVIDED BELOW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH THEREOF, THE CONSTRUCTION, VALIDITY, ENFORCEABILITY, OR INTERPRETATION OF THIS AGREEMENT OR ANY PROVISION HEREIN, INCLUDING THIS ARBITRATION PROVISION, THE PARTIES' RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT, OR ANY TRANSACTION ARISING FROM OR CONNECTED TO THIS AGREEMENT, SHALL BE RESOLVED BY ARBITRATION ADMINISTERED BY JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS STREAMLINED ARBITRATION RULES AND PROCEDURES. ALL CLAIMS SHALL BE HEARD BY A SINGLE ARBITRATOR WHO IS A RETIRED JUDGE OR JUSTICE, AGREED UPON BY THE PARTIES OR SELECTED PURSUANT TO JAMS RULES. THE PLACE OF ARBITRATION SHALL BE ORANGE COUNTY, CALIFORNIA. THE ARBITRATOR SHALL APPLY CALIFORNIA SUBSTANTIVE LAW IN THE ADJUDICATION OF ALL CLAIMS. THE ARBITRATOR MAY AWARD THE PREVAILING PARTY IN THE ARBITRATION ITS REASONABLE ATTORNEYS' FEES AND EXPENSES. JUDGMENT ON THE ARBITRATOR'S AWARD MAY BE ENTERED BY ANY STATE COURT IN CALIFORNIA. EACH PARTY UNDERSTANDS THAT BY ENTERING INTO THIS AGREEMENT THEY ARE WAIVING THE RIGHT TO A JURY TRIAL. NOTWITHSTANDING THE ABOVE, THE PARTIES AGREE THAT THIS SUBSECTION SHALL NOT PRECLUDE A PARTY FROM APPLYING IN THE SUPERIOR COURT IN ORANGE COUNTY FOR ANY PRELIMINARY OR EMERGENCY INJUNCTIVE RELIEF AVAILABLE UNDER APPLICABLE LAWS FOR ANY PURPOSE, THE APPLICATION FOR OR ENFORCEMENT OF WHICH SHALL NOT CONSTITUTE A WAIVER OF THE AGREEMENT TO SUBMIT TO ARBITRATION PURSUANT TO THIS PROVISION.

f. Force Majeure. No Party shall be deemed to be in default of or to have breached any provision of this Agreement as a result of any delay, failure in performance, or interruption of service, to the extent resulting directly or indirectly from any act of God, act of nature, terrorism, act of civil or military authorities, civil disturbance, war (declared or undeclared), Pandemic Delay (defined herein) or other catastrophe or occurrence, in each case that is beyond that Party's reasonable control. The term "Pandemic Delay" shall mean delays resulting from any decree, order, ordinance, statute, moratorium, or other governmental action or proceeding relating to the COVID-19 outbreak or other pandemic, illness, or communicable disease, which prohibits, restricts or materially delays the Operation or the Obligations.

g. Notices. Any notice or other communication required or permitted to be given under this Agreement shall be given in writing and delivered by first class mail (return receipt requested), in person, by facsimile or e-mail, or by courier service, properly addressed and with all applicable delivery charges prepaid, to the contact and address listed in this Section (in the case of Purchaser) or the contact and address indicated in the preamble of this Agreement (in the case of Company), and shall be deemed effective on (i) delivery if sent by courier, facsimile, email, or in person, or (ii) receipt if sent by mail. Either Party may from time to time change such contact information by giving the other Party notice of the change in accordance with this Section. Company will ensure its billing and contact information is current and correct and notify Purchaser in accordance with this Section of any changes.

to the Company (prior to the MIPA Closing):

Holistic Supplements  
Attn: Bernard Steimann  
1135 S. Los Angeles Street  
Los Angeles, CA 90015

with a copy (which shall not constitute notice to the Company for the purposes of this Section 9(g)) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

to Purchaser or, following the MIPA Closing, the Company:

Unrivaled Brands, Inc.  
3242 S. Halladay St., Suite 202  
Santa Ana, CA 92705  
Email:  
Attention: Joseph E. Segilia; Frank Knuettel

with a copy (which shall not constitute notice to Purchaser or the Company for the purposes of this Section 9(g)) to:

Thompson Hine LLP  
3560 Lenox Rd NE Ste 1600  
Atlanta, GA 30326  
Email: Faith.Charles@thompsonhine.com;  
Naveen.Pogula@thompsonhine.com  
Attention: Faith Charles; Naveen Pogula

to the Owner:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704

with a copy (which shall not constitute notice to the Owner for the purposes of this Section 9(g)) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

h. No Assignment; Successors. Company may not assign this Agreement or assign any rights or delegate any duties under it without the prior written consent of Purchaser. Purchaser may not assign this Agreement or assign any rights or delegate any duties under it without the prior written consent of Company. Notwithstanding the foregoing, Purchaser may assign this Agreement or assign any rights or delegate any duties under this Agreement to any corporate affiliate or to any purchaser of all or substantially all of its assets which relate to this Agreement or to any successor by way of merger, consolidation, or any similar transaction without the written consent of the Company but only after giving the Company written notice of such assignment. Any purported transfer in violation of this Section will be void. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns and is not intended to confer upon any other person or entity any rights or remedies under this Agreement.

*[Signatures appear on following page]*

Management Agreement

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Agreed as of the Effective Date,

**Unrivaled Brands, Inc.**

---

Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Management Agreement]

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Agreed as of the Effective Date,

**Holistic Supplements**

---

Name: Bernard Steimann  
Title: Manager

**People's California, LLC**

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Name: Bernard Steimann  
Title: Manager

[Signature Page to Management Agreement]

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## EXHIBIT A

### OBLIGATIONS

#### **1. Purchaser shall be entitled to perform the following services in connection with the Depot and the Operation:**

- a. Operation Management and Management Support. Except as otherwise set forth in Section 2 of this Exhibit A, Purchaser shall be exclusively responsible for performing, pursuant to the authorization granted by Company in Section 1(b), all of Company's management services and management support services and rights related to the Operation and the operation of the Depot, including but not limited to recruiting and employees and officers, negotiating employment agreements and terms and developing management protocol consistent with industry standards. Management and management support personnel may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - b. Inventory Management. Purchaser shall be solely responsible for the purchasing and management of all Purchaser Products inventory, from original wholesale purchase through retail disposition, including but not limited to the selection and administration of ERP, inventory tracking, and other logistics systems.
  - c. Legal Support. Purchaser may at its discretion provide legal services in connection with the day-to-day operations of the Depot, to ensure compliance with applicable law and the representation of the Company's legal interests as holder of the Licenses. Legal support personnel may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - d. Labor Administration. Purchaser shall be exclusively responsible for hiring and terminating the Dedicated Employees on behalf of the Company and maintaining required employment records. Purchaser shall have the right to be involved in and/or approve of any labor negotiations and planning sessions which relate to the Operation, including any interactions or communications with labor unions.
  - e. Employees. Purchaser may provide permanent and/or temporary employees to support the operations of the Operation. The employees may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - f. Payroll and Benefits Services. Purchaser shall be exclusively responsible for payroll, benefits, and related matters for all Dedicated Employees.
-

- g. Vendor Relations. Purchaser shall be exclusively responsible for maintaining all vendor relationships related to the Operation.
- h. Customer Service. Purchaser shall be exclusively responsible for interacting with all Customers in connection with the Operation.
- i. Marketing and Branding. Purchaser shall be exclusively responsible for creating and maintaining marketing and branding systems in connection with the Operation.
- j. Professional Services. Purchaser shall be exclusively responsible for hiring outside counsel, accountants, and securing any additional outside professional services as may be needed from time to time in furtherance of the Operation, but in no event shall Purchaser be obligated to do so in connection with the internal operations of Company or Company's related businesses (e.g., retail storefront operating from the Depot).
- k. Banking. Purchaser, in collaboration with Company as necessary or as required by applicable law or the pertinent banks or other financial institutions, shall be responsible for obtaining and maintaining banking relationships in connection with the Operation. The Company will provide all assistance reasonably requested by Purchaser related to the creation and maintenance of these banking relationships and related bank accounts.
- l. Filings. Purchaser, in collaboration with Company as necessary or as required by applicable law or the pertinent regulators, shall be responsible for all of the regulatory and other filings that are required or otherwise necessary in connection with the Operation and the relevant License(s). The Company will provide all assistance reasonably requested by Purchaser related to filings and other similar actions.

**2. Without limiting the Company's obligations as otherwise set forth in this Agreement, Company shall perform the following services in connection with the Operation:**

- a. License(s) Maintenance. During the Term, Company shall take all reasonable actions required, or requested by Purchaser, in furtherance of preserving the status and validity of the License(s).
  - b. Depot Space. At all times, dedicate all Depot space for the Operation as operated by Purchaser.
  - c. Utilities and Maintenance: At all times, provide adequate utilities and physical conditions for the operation of the Operation, including ensuring that the Depot is in compliance with all terms and conditions of the Lease and any applicable state and local regulations.
  - d. Security: Subject to all direction provided by Purchaser pursuant to this Agreement and its approval in all respects, provide adequate security and Depot access control (including key cards and/or badges) as mutually agreed by the Parties.
  - e. Banking. Company shall cooperate with Purchaser in order to establish and maintain the Purchaser Account, and the relevant banking and payment processing relationships as set forth in this Agreement, and shall provide all documentation, assistance, and approvals reasonably requested by Purchaser in furtherance thereof.
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**EXHIBIT B**

**EXPENSES**

1. During the Term, the following expenses to the extent incurred after the Effective Date shall be the sole responsibility of Purchaser and shall be timely paid directly from the Purchaser Account (“Purchaser Expenses”) or any other account of Purchaser’s choosing:
    - a. COGS. All actual costs of goods sold for all Purchaser Products inventory.
    - b. Dedicated Employees. All actual expenses related to the employment of the Dedicated Employees, including salaries, wages, benefits, and mileage reimbursements for drivers. To the extent any such costs are shared with other Company employees, Purchaser’s responsibility shall be on a pro rata basis.
    - c. Incremental Licensing Fees. Any incremental increase in the annual cannabis licensing fees associated with the Licenses which is the direct result of revenues derived solely by the Operation.
    - d. Purchaser Taxes. The actual sales, excise, and other taxes payable by Purchaser directly arising from the sale of Purchaser Products to Customers in connection with the Operation.
    - e. Purchaser Insurance. All actual costs of insurance policies maintained by Purchaser which are related to the operation of the Operation.
    - f. Payment Equipment Service; Payment Processing Fees. All actual costs associated with the equipment and service (e.g., payment terminals, networks, and connectivity) utilized by Purchaser or the Dedicated Employees in connection with the Operation, including all fees and expenses associated with payment processing and utilization of the equipment.
    - g. Back Office Expenses. All actual costs associated with payroll, accounting, timecards, business software, and other miscellaneous office expenses to the extent directly arising from the operation of the Operation.
    - h. Banking Fees. All standard fees imposed by banking institutions associated with the Purchaser Account and/or payment processing to the extent such fees arise directly from the Operation.
    1. Security. All incremental increases in actual costs of security services at the Depot that result directly from the operation of the Operation.
    2. Auto Insurance: All costs related to auto insurance to be purchased by Purchaser covering the hired and a non-owned auto exposure for Dedicated Employees use of their own automobiles for the Operation.
    - i. Rent. Rent owed by Company under the Lease (or any sublease) associated with the Depot for the period after the Effective Date.
    - j. Utilities. Utility expenses attributable to the operation of the Depot or Operation, including but not limited to electricity, water, gas, and internet.
    - k. Company Insurance. All actual costs of any insurance policy maintained in connection with the Depot (e.g., which may be required by the Depot lease) or the Operation.
    - l. Security. All actual costs of security services at the Depot.
    - m. Licensing Fees. Except as otherwise set forth in the Agreement or as otherwise agreed between the Parties in the Membership Interest Purchase Agreement, all expenses arising from the maintenance of the License(s), including any renewal fees, filing fees, legal fees, and other administrative fees.
    - n. Other Expenses. Such other unreimbursed, reasonable out-of-pocket costs associated with the Operation which are agreed to in writing by the Parties prior to Company incurring such expenses.
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**EXHIBIT C**

**MANAGEMENT FEE**

1. Fees. As Management Fees Purchaser shall be entitled to retain One Hundred Percent (100%) of the revenue derived from the Operation.
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**MANAGEMENT AGREEMENT**

This Management Agreement (this “Agreement”) is entered into as of [●], 2021 (“Effective Date”) by and among Unrivaled Brands, Inc., a Nevada corporation, (“Purchaser”), and People’s Riverside, LLC, a California limited liability company (the “Company”), and People’s California, LLC, a California limited liability company (“Owner”) (Company, Owner and Purchaser, each a “Party” and collectively, the “Parties”).

WHEREAS, Company is a licensed retailer of legal cannabis, cannabis products, cannabis- related products, and cannabis accessories (collectively, “Cannabis Products”) operating in compliance with the applicable state and local laws of the jurisdictions in which it operates;

WHEREAS, Company currently conducts or may conduct the retail of Cannabis Products to legally qualified customers (“Customers”) from the licensed premises located at 125 West La Cadena Dr. Riverside, California 92501 (the “Depot”), for which Company holds (i) a valid leasehold interest or title (“Lease”), and (ii) all cannabis-specific licenses (the “License(s)”) sufficient and necessary to operate the storefront retail and delivery business in full compliance with Law (collectively, the “Operation”);

WHEREAS, Purchaser is a management services provider specializing in the management and execution of delivery-based retail of Cannabis Products from locations similar to the Depot via one or more online retail platform(s) of Purchaser’s choice (the “Platform”);

WHEREAS, the Parties have entered into a Membership Interest Purchase Agreement (the “Membership Interest Purchase Agreement”), which provides that at the Initial Closing (as that term is defined in the Membership Interest Purchase Agreement) Purchaser shall own 80% of the issued and outstanding membership interests of the Company (hereinafter, the “MIPA Closing”); and

WHEREAS, among other things, as of the date of this Agreement and prior to the MIPA Closing, the Company wishes to engage Purchaser exclusively to manage the Operation pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements of the Parties set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**1. Engagement and Authorization.**

a. Engagement. The Company hereby engages and retains Purchaser to provide, on an exclusive basis, consulting services and to manage the Depot and the Operation, and Purchaser hereby accepts such engagement on the terms and conditions of this Agreement. For avoidance of doubt, Company agrees that during the Term, Company shall not engage any third party other than Purchaser to perform the services described in this Agreement or permit a third party other than Purchaser to operate a cannabis business at the Depot.

b. Authorization. Company and Owner hereby authorize Purchaser to take any and all actions, either directly or on behalf of Company, which Purchaser deems in its discretion to be necessary in furtherance of the Operation or of any other operations conducted at the Depot. To the extent Purchaser may not take any such action directly, it may direct Company (and the Company Representative) to take such action, and Company hereby agrees to use its best efforts to comply with any such direction, including without limitation directing the Company Representative to take such action. Furthermore, except as otherwise provided herein, Company covenants that it shall not, without the express prior approval of Purchaser, take any action with respect to the operation of the Depot without Purchaser's express prior written consent, including, without limitation, with respect to any actions for which Purchaser is authorized to take hereunder. Without limiting the foregoing, Purchaser shall have the right to do, or instruct the Company to do, the following:

- i. Purchase on Company's behalf all Cannabis Products inventory intended for retail at the Depot (the "Purchaser Products") and direct the storage and management of such inventory from the time of purchase to the time of sale;
- ii. Retail the Purchaser Products including determining all aspects of the retail strategy, including but not limited to making any and all decisions regarding the Platform "menu" and the composition of all Cannabis Products which appear thereon;
- iii. Hire, terminate, direct and manage all employment-related functions regarding a team of certain Company employees located at, or delivering from, the Depot who directly facilitate the sale of the Purchaser Products and are explicitly approved in writing by Purchaser (the "Dedicated Employees"). Additionally, Purchaser may direct Company with respect to all employment-related decisions (e.g., hiring, firing, hours, roles, responsibilities, etc.) for all Dedicated Employees;
- iv. Establish, control, administer, and/or utilize one or more bank account(s) in Company's name for use in connection with the Operation;
- v. Engage and contract with third-party vendors, service providers, and consultants for the provision of services in connection with the Operation;
- vi. Direct Company to take any reasonable action in furtherance of maintaining the status and/or validity of the License(s);
- vii. Create and/or approve all plans related to Depot security, ingress/egress, parking, shipping and receiving, and other management procedures for utilization of Depot space, in each case as it pertains to the Operation;
- viii. Take any actions directly on behalf of Company related to the maintenance of the Company's licenses, including, but not limited to, paying rents, taxes, Company expenses, and License(s) fees, and making any administrative filings related to the License(s) to the extent necessary to preserve the status quo of the License(s);

## 2. Responsibilities of the Parties.

a. Obligations. In connection with the operation of the Depot and the Operation, the Parties shall perform their respective obligations set forth on Exhibit A ("Obligations").

b. License Amendment. The Company and Owner agree to use their reasonable best efforts to, and shall direct the Company Representative to, (i) prepare and make all necessary, proper or advisable notices and filings with any governmental authority necessary and sufficient for the Operation, and (ii) obtain all necessary, proper or advisable consents, approvals, authorizations or waivers of any governmental authority in accordance with the terms of the Membership Interest Purchase Agreement.

### 3. Financial Terms.

#### a. Receipts; Banking; Payment Processing

i. All revenue derived from the Operation shall be paid directly into one or more bank accounts held by a bank selected by Purchaser in Purchaser's name (such bank account, as elected by Purchaser, the "Purchaser Account").

ii. Without limiting the foregoing obligations, the Parties agree to use their reasonable best efforts to: (1) Take all steps reasonably required to establish a bank account as the Purchaser Account in Purchaser's name as promptly as practicable following the Effective Date; including, without limitation, Company's provision of the Company's beneficial owners' government issued identification and criminal background information; (2) establish any subsequent bank accounts as the Purchaser Account (as Purchaser may reasonably request for the operation of the Depot or the Operation). The financial institution(s) that hold the Purchaser Account be determined by Purchaser, and the Company agrees to use its best efforts to assist Purchaser in establishing or moving such account as requested by Purchaser. If Purchaser reasonably determines that circumstances necessitate a change to the provisions set forth in this Section 3 in order to maintain the satisfactory banking operations (in Purchaser's discretion) of the Operation, the Company agrees to use its best efforts to make any and all changes reasonably requested by Purchaser to execute an amendment to this Section to effect such changes as reasonably required to resume satisfactory operations related to the Operation and the Depot.

iii. The Company shall provide all reasonable assistance requested by Purchaser in the establishment and maintenance of any payment processors used by Purchaser in connection with the Operation.

b. Expenses. The Parties shall be responsible for certain Depot expenses as set forth on Exhibit B attached hereto ("Expenses"). For avoidance of doubt, the Parties expressly agree that in no event shall Purchaser or any of its affiliates be responsible for any expenses or liabilities of the Company and its affiliates prior to the Effective Date except for expenses that Purchaser has incurred, at its direction, prior to the Effective Date related to the buildout and operation of the Depot and any and all liabilities that are related to those pre-Effective Date efforts.

c. Management Fee. As consideration for the services provided by Purchaser hereunder, Purchaser shall be entitled to the fees set forth on Exhibit C (the "Management Fee").

d. Audits. From the Effective Date until the Initial Closing Date (as defined in the Membership Interest Purchase Agreement), the Company shall maintain all office records and books of account and shall record therein, and keep copies of, documents pertaining to its Expenses and obligations. Such records shall be maintained in accordance with generally accepted accounting principles (GAAP) consistently applied. Purchaser shall have access to and the right to audit and make independent examinations of such records, books and accounts and all vouchers, files and all other material pertaining directly to the Operation, the Company, the Depot and this Agreement. The Company shall provide any and all records reasonably requested by Purchaser or its auditors, or as needed in order to comply with review from regulators. All such audits shall be conducted during regular business hours, in a location chosen by the Company, in such a way that does not disrupt the Operations and only after giving the Company no less than 48 hours advance written notice.

#### 4. Term and Termination.

a. Term. The term of this Agreement shall commence as of the Effective Date and shall continue until terminated upon the earlier of (i) written notice from an executive officer of Purchaser or (ii) concurrently with the termination of the Membership Interest Purchase Agreement (pursuant to its terms) (the "Term").

b. Termination. Notwithstanding anything to the contrary in this Agreement, Purchaser may terminate this Agreement, at any time, for any reason or no reason, immediately upon written notice to Company.

c. Effect of Termination. On termination or expiration of this Agreement, all rights and obligations under this Agreement shall be extinguished, except that Sections 5 through 9, and all accrued payment obligations (including payment of fees and expenses), shall survive termination or expiration of this Agreement, and all accrued but unpaid payments shall be due and payable no later than thirty (30) days following such termination or expiration. This sub-section 4(c) shall survive the expiration or termination of this Agreement. Where termination of this Agreement occurs, for any reason whatsoever, prior to the MIPA Closing (and not concurrent with the MIPA Closing), Purchaser shall promptly return all Operations to Owner in the same or better condition.

#### 5. Confidentiality.

a. Confidential Information. "Confidential Information" means: all information concerning the business or operations of any Party, including product designs, specifications, drawings, program code, mask work designs, models, documentation, components, software, test and development boards, hardware reference code and platforms, architectures, financial and pricing information, business and marketing plans, and actual and potential customers and suppliers, to which the other Party is provided access (in writing, orally or by inspection of tangible objects) by virtue of this Agreement that is either identified as such at the time of disclosure by such Party or would be understood to be of a confidential or proprietary nature by a reasonable person. Confidential Information also includes the terms of this Agreement and the discussions and negotiations between the Parties in connection with this Agreement. Confidential Information shall not include information that the receiving Party can demonstrate through written records: (i) is or becomes generally known to the public through no fault of the receiving Party; (ii) is independently developed by the receiving Party without accessing or referencing the disclosing Party's Confidential Information; or (iii) is, or was prior to the Effective Date, lawfully obtained by the receiving Party, without restriction as to use or disclosure, from a third party not under an obligation to keep the information confidential.

b. Limitations on Use and Disclosure. The receiving Party agrees that it will not at any time: (i) use, reproduce, or copy any Confidential Information of the disclosing Party except as necessary in connection with the Agreement and as expressly permitted hereunder, or (ii) disclose Confidential Information of the disclosing Party to any third party other than its officers, directors, employees, agents, accountants, agents attorneys and employees, each on a "need to know" basis, in the normal course of business (provided such parties are professionally obligated or have committed in writing to abide by confidentiality and non-use provisions not less stringent than those set forth in this subsection) without the other Party's prior written consent. If served with a subpoena, court order, or other compulsory process or legal requirement requiring disclosure of Confidential Information, the receiving Party shall promptly notify the disclosing Party of the demand (unless prohibited by law), take reasonable steps to protect the Confidential Information from public disclosure, and limit any such disclosure to the minimum extent necessary to comply with the legal requirement. The receiving Party agrees to reasonably cooperate with the disclosing Party at the disclosing Party's expense if it decides to oppose production after it receives notice of such opposition, unless the receiving Party (in the opinion of its legal counsel) deems such cooperation is not legally permitted or is otherwise detrimental to it. Upon termination or expiration of this Agreement or an earlier request by the disclosing Party, the receiving Party shall destroy or return, at the other Party's election, such other Party's Confidential Information in its possession and certify such return or destruction upon request by such other Party; notwithstanding the foregoing, Purchaser will not be required to remove copies of any other party's Confidential Information from any backup media or servers. Neither Party will issue or make, directly or indirectly, any press releases or other public announcements relating to the Agreement or the underlying transaction(s) without the prior written approval of the other Party.

c. Customer Data. “Customer Data” means (1) personally identifiable information such as name, address, email address, phone number, date of birth, and picture; (2) demographic information such as age, gender, or location; (3) behavioral data such as spending habits, order history, and user preferences; and (4) any other information that relates to or identifies specific Customers, in each case that is obtained, accessed, or made available in connection with this Agreement. Company and Owner each agree that it (including its respective employees and personnel) will not access or use any Customer Data. Company agrees that Customer Data is deemed and will be treated at all times during and after the Term as Purchaser Confidential Information, regardless of whether such information is or becomes public.

## 6. Representations and Warranties.

a. Mutual Representations and Warranties of the Parties. Each Party hereby represents and warrants to the other that as of the Effective Date, (i) it is in good standing and is authorized to conduct business in the State of California; (ii) it has the authority under all applicable laws, rules and regulations (specifically excluding 21 U.S.C. § 811, et seq., short titled the Controlled Substance Act and its implementing regulations) (collectively “Laws”) to execute, deliver, and perform this Agreement, and to incur its obligations provided for under this Agreement; (iii) its actions under this Agreement have been and will be duly and validly authorized, and it will adopt any and all further resolutions or expenditure approvals required for execution of this Agreement; (iv) it will comply with all applicable Laws in its performance of its obligations under this Agreement.

b. Representations, Warranties, and Covenants of Company. Company represents, warrants, and covenants that (i) it holds and shall maintain during the Term, all required permits, licenses, qualifications, and consents necessary to enable the Operation as contemplated by this Agreement, including having the required permits and licenses to (A) operate as a commercial cannabis delivery service in the jurisdictions in which it operates and (B) retail, sell and deliver medicinal and adult-use/recreational Cannabis Products to the extent such retail, selling and delivery is permitted under applicable Laws, including holding and maintaining the License(s).

c. Additional Post-Effective Date Operation Covenants. From the Effective Date until the Initial Closing Date (as defined in the Membership Interest Purchase Agreement), and without limiting the Owner’s and the Company’s other obligations described herein, the Owner shall appoint an individual representative of the Owner and the Company, to assist in the performance of all obligations of the Company described in this Agreement, including, without limitation, establishing the Purchaser Account, (such representative, the “Company Representative”).

**7. Indemnification.** Company agrees to defend, indemnify and hold harmless Purchaser, its affiliates, its licensors, and each of their officers, directors, employees, attorneys and agents from and against any and all claims, costs, damages, judgments, decrees, fines, penalties, liabilities and expenses (including reasonable attorneys' fees and litigation costs) arising out of any claim brought by any third party (including, for clarity, Company's employees or personnel (including independent contractors)) in connection with: (i) Company's actual or alleged breach of this Agreement or violation of applicable Law; and/or (ii) Company's (including its employees, personnel, contractors and agents) negligence or intentional misconduct, except in each case to the extent arising from Purchaser's breach of this Agreement, negligence, or willful misconduct.

Purchaser agrees to defend, indemnify and hold harmless the Company and Owner, their affiliates, their licensors, and each of their officers, directors, employees, attorneys and agents from and against any and all claims, costs, damages, judgments, decrees, fines, penalties, liabilities and expenses (including reasonable attorneys' fees and litigation costs) arising out of any claim brought by any third party (including, for clarity, Purchaser's employees or personnel (including independent contractors)) in connection with: (i) Purchaser's actual or alleged breach of this Agreement or violation of applicable Law; (ii) employer obligations which Company or Owner does not expressly assume hereunder, employee(s) claims and/or employee(s) rights with respect to Purchaser's workforce or personnel, including drivers and independent contractors which do not arise directly from the actions of the Company or Owner or Purchaser's operation of the Operation; and/or (iii) Purchaser's (including its employees, personnel, contractors and agents) negligence or intentional misconduct, except in each case to the extent arising from the Company or Owner's breach of this Agreement, negligence, or willful misconduct.

**8. Relationship of the Parties.** The Parties are independent contractors of each other. Nothing herein shall be construed to create, evidence, or imply an employer/employee, partnership, or joint venture relationship. The Parties are not agents of each other and are not authorized to make any representation, contract, or commitment on behalf of each other, nor will the Parties or their employees, independent contractors, or other personnel be entitled to any benefits that the other Party may make available to its employees, except as otherwise explicitly set forth herein. There are no third-party beneficiaries to this Agreement. Furthermore, each Party acknowledges and agrees that except as otherwise agreed by the Parties in writing the employing Party is the sole employer of its employees (and any other personnel, including independent contractors) and the other Party is not an employer or co-employer of said employees (or any other personnel, including independent contractors).

**9. Miscellaneous.**

a. Entire Agreement. This Agreement contains the entire understanding and agreement of the Parties with respect to the transactions and matters contemplated by this Agreement, supersedes all previous Agreements or negotiations between the Parties concerning the subject matter of this Agreement, and cannot be amended except by a writing signed by both Parties. This Agreement may be executed in one or more counterparts, including facsimile signatures, each of which is deemed an original, and all of which, taken together, shall constitute one and the same Agreement.

b. Non-Waiver. No waiver of any provision, or of any breach of any provision, of this Agreement shall be effective unless made in writing and signed by an authorized representative of the waiving party. No waiver of a breach shall be deemed a continuing waiver of said breach or of any prior or subsequent breach, unless otherwise expressly set forth in such signed written waiver.



c. Severability. If any provision of this Agreement is illegal or invalid for any reason whatsoever as determined by a court of competent jurisdiction, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement and such provision will be replaced by a valid provision that has a similar economic effect. Each party waives any and all claims or contests it has, based on Laws proposed or in effect as of the Effective Date of this Agreement, which would or could challenge the existence, validity or enforceability of this Agreement.

d. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of California without reference to its choice of law rules. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Agreement.

e. ARBITRATION. EXCEPT AS PROVIDED BELOW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH THEREOF, THE CONSTRUCTION, VALIDITY, ENFORCEABILITY, OR INTERPRETATION OF THIS AGREEMENT OR ANY PROVISION HEREIN, INCLUDING THIS ARBITRATION PROVISION, THE PARTIES' RIGHTS AND OBLIGATIONS UNDER THIS AGREEMENT, OR ANY TRANSACTION ARISING FROM OR CONNECTED TO THIS AGREEMENT, SHALL BE RESOLVED BY ARBITRATION ADMINISTERED BY JUDICIAL ARBITRATION & MEDIATION SERVICES ("JAMS"), PURSUANT TO ITS STREAMLINED ARBITRATION RULES AND PROCEDURES. ALL CLAIMS SHALL BE HEARD BY A SINGLE ARBITRATOR WHO IS A RETIRED JUDGE OR JUSTICE, AGREED UPON BY THE PARTIES OR SELECTED PURSUANT TO JAMS RULES. THE PLACE OF ARBITRATION SHALL BE ORANGE COUNTY, CALIFORNIA. THE ARBITRATOR SHALL APPLY CALIFORNIA SUBSTANTIVE LAW IN THE ADJUDICATION OF ALL CLAIMS. THE ARBITRATOR MAY AWARD THE PREVAILING PARTY IN THE ARBITRATION ITS REASONABLE ATTORNEYS' FEES AND EXPENSES. JUDGMENT ON THE ARBITRATOR'S AWARD MAY BE ENTERED BY ANY STATE COURT IN CALIFORNIA. EACH PARTY UNDERSTANDS THAT BY ENTERING INTO THIS AGREEMENT THEY ARE WAIVING THE RIGHT TO A JURY TRIAL. NOTWITHSTANDING THE ABOVE, THE PARTIES AGREE THAT THIS SUBSECTION SHALL NOT PRECLUDE A PARTY FROM APPLYING IN THE SUPERIOR COURT IN ORANGE COUNTY FOR ANY PRELIMINARY OR EMERGENCY INJUNCTIVE RELIEF AVAILABLE UNDER APPLICABLE LAWS FOR ANY PURPOSE, THE APPLICATION FOR OR ENFORCEMENT OF WHICH SHALL NOT CONSTITUTE A WAIVER OF THE AGREEMENT TO SUBMIT TO ARBITRATION PURSUANT TO THIS PROVISION.

f. Force Majeure. No Party shall be deemed to be in default of or to have breached any provision of this Agreement as a result of any delay, failure in performance, or interruption of service, to the extent resulting directly or indirectly from any act of God, act of nature, terrorism, act of civil or military authorities, civil disturbance, war (declared or undeclared), Pandemic Delay (defined herein) or other catastrophe or occurrence, in each case that is beyond that Party's reasonable control. The term "Pandemic Delay" shall mean delays resulting from any decree, order, ordinance, statute, moratorium, or other governmental action or proceeding relating to the COVID-19 outbreak or other pandemic, illness, or communicable disease, which prohibits, restricts or materially delays the Operation or the Obligations.

g. Notices. Any notice or other communication required or permitted to be given under this Agreement shall be given in writing and delivered by first class mail (return receipt requested), in person, by facsimile or e-mail, or by courier service, properly addressed and with all applicable delivery charges prepaid, to the contact and address listed in this Section (in the case of Purchaser) or the contact and address indicated in the preamble of this Agreement (in the case of Company), and shall be deemed effective on (i) delivery if sent by courier, facsimile, email, or in person, or (ii) receipt if sent by mail. Either Party may from time to time change such contact information by giving the other Party notice of the change in accordance with this Section. Company will ensure its billing and contact information is current and correct and notify Purchaser in accordance with this Section of any changes.

to the Company (prior to the MIPA Closing):

People's Riverside, LLC  
Attn: Bernard Steimann  
125 West La Cadena Dr.  
Riverside, CA 92501

with a copy (which shall not constitute notice to the Company for the purposes of this Section 9(g)) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

to Purchaser or, following the MIPA Closing, the Company:

Unrivaled Brands, Inc.  
3242 S. Halladay St., Suite 202  
Santa Ana, CA 92705  
Email:  
Attention: Joseph E. Segilia; Frank Knuettel

with a copy (which shall not constitute notice to Purchaser or the Company for the purposes of this Section 9(g)) to:

Thompson Hine LLP  
3560 Lenox Rd NE Ste 1600  
Atlanta, GA 30326  
Email: Faith.Charles@thompsonhine.com;  
Naveen.Pogula@thompsonhine.com  
Attention: Faith Charles; Naveen Pogula

to the Owner:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704

with a copy (which shall not constitute notice to the Owner for the purposes of this Section 9(g)) to:

Janus Capital Law Group  
22 Executive Park, Suite 250  
Irvine, California 92614  
Email: dcolby@januscapitallaw.com  
Attention: Deron M. Colby, Esq.

h. No Assignment; Successors. Company may not assign this Agreement or assign any rights or delegate any duties under it without the prior written consent of Purchaser. Purchaser may not assign this Agreement or assign any rights or delegate any duties under it without the prior written consent of Company. Notwithstanding the foregoing, Purchaser may assign this Agreement or assign any rights or delegate any duties under this Agreement to any corporate affiliate or to any purchaser of all or substantially all of its assets which relate to this Agreement or to any successor by way of merger, consolidation, or any similar transaction without the written consent of the Company but only after giving the Company written notice of such assignment. Any purported transfer in violation of this Section will be void. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns and is not intended to confer upon any other person or entity any rights or remedies under this Agreement.

*[Signatures appear on following page]*

Management Agreement

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Agreed as of the Effective Date,

**Unrivaled Brands, Inc.**

---

Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Management Agreement]

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Agreed as of the Effective Date,

**People's Riverside, LLC**

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Name: Bernard Steimann  
Title: Manager

**People's California, LLC**

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Name: Bernard Steimann  
Title: Manager

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**EXHIBIT A**

**OBLIGATIONS**

**1. Purchaser shall be entitled to perform the following services in connection with the Depot and the Operation:**

- a. **Operation Management and Management Support.** Except as otherwise set forth in Section 2 of this Exhibit A, Purchaser shall be exclusively responsible for performing, pursuant to the authorization granted by Company in Section 1(b), all of Company's management services and management support services and rights related to the Operation and the operation of the Depot, including but not limited to recruiting and employees and officers, negotiating employment agreements and terms and developing management protocol consistent with industry standards. Management and management support personnel may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - b. **Inventory Management.** Purchaser shall be solely responsible for the purchasing and management of all Purchaser Products inventory, from original wholesale purchase through retail disposition, including but not limited to the selection and administration of ERP, inventory tracking, and other logistics systems.
  - c. **Legal Support.** Purchaser may at its discretion provide legal services in connection with the day-to-day operations of the Depot, to ensure compliance with applicable law and the representation of the Company's legal interests as holder of the Licenses. Legal support personnel may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - d. **Labor Administration.** Purchaser shall be exclusively responsible for hiring and terminating the Dedicated Employees on behalf of the Company and maintaining required employment records. Purchaser shall have the right to be involved in and/or approve of any labor negotiations and planning sessions which relate to the Operation, including any interactions or communications with labor unions.
  - e. **Employees.** Purchaser may provide permanent and/or temporary employees to support the operations of the Operation. The employees may be employees of Purchaser (or its affiliates) and may participate in Purchaser's (or its affiliates') benefits programs, including equity compensation plans, in Purchaser's sole discretion.
  - f. **Payroll and Benefits Services.** Purchaser shall be exclusively responsible for payroll, benefits, and related matters for all Dedicated Employees.
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- g. Vendor Relations. Purchaser shall be exclusively responsible for maintaining all vendor relationships related to the Operation.
- h. Customer Service. Purchaser shall be exclusively responsible for interacting with all Customers in connection with the Operation.
- i. Marketing and Branding. Purchaser shall be exclusively responsible for creating and maintaining marketing and branding systems in connection with the Operation.
- j. Professional Services. Purchaser shall be exclusively responsible for hiring outside counsel, accountants, and securing any additional outside professional services as may be needed from time to time in furtherance of the Operation, but in no event shall Purchaser be obligated to do so in connection with the internal operations of Company or Company's related businesses (e.g., retail storefront operating from the Depot).
- k. Banking. Purchaser, in collaboration with Company as necessary or as required by applicable law or the pertinent banks or other financial institutions, shall be responsible for obtaining and maintaining banking relationships in connection with the Operation. The Company will provide all assistance reasonably requested by Purchaser related to the creation and maintenance of these banking relationships and related bank accounts.
- l. Filings. Purchaser, in collaboration with Company as necessary or as required by applicable law or the pertinent regulators, shall be responsible for all of the regulatory and other filings that are required or otherwise necessary in connection with the Operation and the relevant License(s). The Company will provide all assistance reasonably requested by Purchaser related to filings and other similar actions.

2. **Without limiting the Company's obligations as otherwise set forth in this Agreement, Company shall perform the following services in connection with the Operation:**

- a. License(s) Maintenance. During the Term, Company shall take all reasonable actions required, or requested by Purchaser, in furtherance of preserving the status and validity of the License(s).
  - b. Depot Space. At all times, dedicate all Depot space for the Operation as operated by Purchaser.
  - c. Utilities and Maintenance: At all times, provide adequate utilities and physical conditions for the operation of the Operation, including ensuring that the Depot is in compliance with all terms and conditions of the Lease and any applicable state and local regulations.
  - d. Security: Subject to all direction provided by Purchaser pursuant to this Agreement and its approval in all respects, provide adequate security and Depot access control (including key cards and/or badges) as mutually agreed by the Parties.
  - e. Banking. Company shall cooperate with Purchaser in order to establish and maintain the Purchaser Account, and the relevant banking and payment processing relationships as set forth in this Agreement, and shall provide all documentation, assistance, and approvals reasonably requested by Purchaser in furtherance thereof.
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## EXHIBIT B

### EXPENSES

1. During the Term, the following expenses to the extent incurred after the Effective Date shall be the sole responsibility of Purchaser and shall be timely paid directly from the Purchaser Account ("Purchaser Expenses") or any other account of Purchaser's choosing:

- a. COGS. All actual costs of goods sold for all Purchaser Products inventory.
  - b. Dedicated Employees. All actual expenses related to the employment of the Dedicated Employees, including salaries, wages, benefits, and mileage reimbursements for drivers. To the extent any such costs are shared with other Company employees, Purchaser's responsibility shall be on a pro rata basis.
  - c. Incremental Licensing Fees. Any incremental increase in the annual cannabis licensing fees associated with the Licenses which is the direct result of revenues derived solely by the Operation.
  - d. Purchaser Taxes. The actual sales, excise, and other taxes payable by Purchaser directly arising from the sale of Purchaser Products to Customers in connection with the Operation.
  - e. Purchaser Insurance. All actual costs of insurance policies maintained by Purchaser which are related to the operation of the Operation.
  - f. Payment Equipment Service; Payment Processing Fees. All actual costs associated with the equipment and service (e.g., payment terminals, networks, and connectivity) utilized by Purchaser or the Dedicated Employees in connection with the Operation, including all fees and expenses associated with payment processing and utilization of the equipment.
  - g. Back Office Expenses. All actual costs associated with payroll, accounting, timecards, business software, and other miscellaneous office expenses to the extent directly arising from the operation of the Operation.
  - h. Banking Fees. All standard fees imposed by banking institutions associated with the Purchaser Account and/or payment processing to the extent such fees arise directly from the Operation.
  1. Security. All incremental increases in actual costs of security services at the Depot that result directly from the operation of the Operation.
  2. Auto Insurance: All costs related to auto insurance to be purchased by Purchaser covering the hired and a non-owned auto exposure for Dedicated Employees use of their own automobiles for the Operation.
  - i. Rent. Rent owed by Company under the Lease (or any sublease) associated with the Depot for the period after the Effective Date.
  - j. Utilities. Utility expenses attributable to the operation of the Depot or Operation, including but not limited to electricity, water, gas, and internet.
  - k. Company Insurance. All actual costs of any insurance policy maintained in connection with the Depot (e.g., which may be required by the Depot lease) or the Operation.
  - l. Security. All actual costs of security services at the Depot.
  - m. Licensing Fees. Except as otherwise set forth in the Agreement or as otherwise agreed between the Parties in the Membership Interest Purchase Agreement, all expenses arising from the maintenance of the License(s), including any renewal fees, filing fees, legal fees, and other administrative fees.
  - n. Other Expenses. Such other unreimbursed, reasonable out-of-pocket costs associated with the Operation which are agreed to in writing by the Parties prior to Company incurring such expenses.
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**EXHIBIT C**

**MANAGEMENT FEE**

1. Fees. As Management Fees Purchaser shall be entitled to retain One Hundred Percent (100%) of the revenue derived from the Operation.
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THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, IT MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE BORROWER. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**SENIOR SECURED PROMISSORY NOTE**

**DUE FEBRUARY 22, 2022**

**Original Issue Date: November 22, 2021**

**Principal Amount: \$2,500,000**

**Purchase Price: \$2,500,000**

This **Senior Secured Promissory Note** is one of a series of duly authorized and validly issued Secured Notes of Unrivald Brands, Inc., a Nevada corporation (the "**Company**"), designated as its Senior Secured Promissory Note due February 22, 2022 (this "**Note**" and, collectively with the other Notes of such series, the "**Notes**"), issued and sold by the Company pursuant to the Securities Purchase Agreement, dated as of November 22, 2021, between the Company and the purchasers signatory thereto (the "**Purchase Agreement**").

**FOR VALUE RECEIVED**, the Company promises to pay to the order of \_\_\_\_\_, a company organized and existing under the laws of the State of \_\_\_\_\_ (together with its successors and registered assigns, the "**Holder**"), the principal amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) on February 22, 2022 (the "**Maturity Date**") in full in cash as provided herein or in any other Transaction Documents, or on such earlier date as this Note is required or permitted to be repaid as provided hereunder, in each case together with all accrued but unpaid interest thereon (including any Minimum Interest Amount remaining on such principal amount as of such date) and any other amounts owing under this Note or any other Transaction Document in accordance with the provisions hereof. Amounts repaid may not be reborrowed. The Holder may set off and deduct pursuant to and in accordance with the Transaction Documents amounts due to the Holder or the Purchaser Parties.

This Note is subject to the following additional provisions:

**SECTION 1. DEFINITIONS**

Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. In addition, for the purposes hereof, the following terms shall have the following meanings:

"**Capital Lease**" means, as applied to any Person, any lease of, or other arrangement conveying the right to use, any property (whether real, personal or mixed) by that Person as lessee that, in conformity with U.S. generally accepted accounting principles (GAAP) consistently applied, is or should be accounted for as a capital lease on the balance sheet of that Person.

"**Capital Stock**" means any share, participation or other equivalent (however designated) of the capital stock of a corporation, any equivalent ownership interest in any other Person, including partnership interests and membership interests, and any warrant, right or option to purchase or other arrangement (including through a conversion or exchange of any other property) to acquire or subscribe for any item otherwise satisfying the definition of "Capital Stock," whether or not presently convertible, exchangeable or exercisable.

**“Change of Control Transaction”** means the occurrence after the date hereof of any of (a) an acquisition after the date hereof by an Person or “group” (as described in Rule 13d-5(b)(1) promulgated under the Exchange Act) of effective control (whether through legal or beneficial ownership of capital stock of the Company, by contract or otherwise) of in excess of fifty percent (50%) of the voting Capital Stock (or Stock Equivalents) of the Company; (b) the Company merges into or consolidates with any other Person, or any Person merges into or consolidates with the Company and, after giving effect to such transaction, the stockholders of the Company immediately prior to such transaction own less than fifty percent (50%) of the aggregate voting power of the Company or the successor entity of such transaction; (c) the Company sells or transfers all or substantially all of its assets to another Person and the stockholders of the Company immediately prior to such transaction own less than fifty percent (50%) of the aggregate voting power of the acquiring entity immediately after the transaction; (d) during any period of twelve consecutive calendar months, individuals who at the beginning of such period constituted the board of directors of the Company (together with any new directors whose election by the board of directors of the Company or whose nomination for election by the stockholders of the Company was approved by a vote of a majority of the directors then still in office who either were directors at the beginning of such period or whose elections or nomination for election was previously so approved) cease for any reason other than death or disability to constitute a majority of the directors then in office; or (e) the execution by the Company of an agreement to which the Company is a party or by which it is bound, providing for any of the events set forth in clauses (a) through (d) above.

**“Common Stock”** means the common stock of the Company, par value \$0.001 per share, and any other Capital Stock into which such shares of common stock may hereafter be changed or any share capital resulting from a reclassification of such common stock.

**“Contractual Obligation”** means, with respect to any Person, any provision of any Security issued by such Person or of any agreement, undertaking, contract, lease, indenture, mortgage, deed of trust or other instrument (other than a Transaction Document) to which such Person is a party or by which it or any of its property is bound or to which any of its property is subject.

**“Customary Permitted Liens”** means all of the following:

(i) Liens securing the payment of taxes, assessments or other charges or levies imposed by any Governmental Authority which are either not yet overdue or the validity of which are being contested in good faith by appropriate proceedings diligently pursued and with respect to which adequate reserves have been set aside on its books;

(ii) non-consensual statutory Liens (other than Liens securing the payment of taxes) arising in the ordinary course of business to the extent (A) such Liens secure Indebtedness that is not overdue for a period of more than 30 days or (B) such Liens secure Indebtedness relating to claims or liabilities that are fully insured and being defended at the sole cost and expense and at the sole risk of the insurer or being contested in good faith by appropriate proceedings diligently pursued, in each case prior to the commencement of foreclosure or other similar proceedings and with respect to which adequate reserves have been set aside on its books;

(iii) zoning, building and land use restrictions, easements, servitudes, encumbrances, licenses, covenants and other restrictions affecting the use of real property or minor defects or irregularities in title thereto that do not interfere in any material respect with the use of such real property or the ordinary conduct of the business of the Company and its Subsidiaries as presently conducted thereon or materially impair the value of the real property that may be subject thereto;

(iv) pledges and deposits of cash in the ordinary course of business in connection with workers’ compensation, unemployment insurance and other types of social security benefits consistent with current practices as in effect on the date hereof;

(v) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Regulation or which although filed or registered, relate to obligations not due or delinquent, including without limitation statutory Liens incurred, or pledges or deposits made, under worker’s compensation, employment insurance and other social security legislation;

(vi) Liens or deposits to secure the performance of bids, tenders, expropriation proceedings, trade contracts, leases, statutory obligations, surety and performance bonds and other obligations of a like nature (other than for borrowed money), and deposits to secure equipment contracts, in each case incurred in the ordinary course of business;

(vii) appeal bonds;

(viii) landlord Liens for rent not yet due and payable;

(ix) Liens arising from operating leases and the precautionary UCC financing statement filings in respect thereof;

(x) judgments and other similar Liens arising in connection with court proceedings that do not constitute an Event of Default; provided, that, (A) such Liens are being contested in good faith and by appropriate proceedings diligently pursued, (B) adequate reserves or other appropriate provision, if any, as are required by U.S. GAAP, consistently applied, have been made therefor and (C) a stay of enforcement of any such Liens is in effect; and

(xiii) customary rights of set-off or combination of accounts in favor of a financial institution with respect to deposits maintained by it.

**“Default Interest”** means twenty-four percent (24%) per annum.

**“Derivative”** means (a) any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement, (b) any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement or arrangement, (d) any futures or forward contract, spot transaction, commodity swap, purchase or option agreement, other commodity price hedging arrangement, cap, floor or collar transaction, any credit default or total return swap, and (e) any other derivative instrument, any other similar speculative transaction and any other similar agreement or arrangement designed to alter the risks of any Person arising from fluctuations in any underlying variable, including interest rates, currency values, insurance, catastrophic losses, climatic or geological conditions or the price or value of any other derivative instrument. For the purposes of this definition, “derivative instrument” means “any derivative instrument” as defined in Statement of Financial Accounting Standards No. 133 (Accounting for Derivative Instruments and Hedging Activities) of the United States Financial Accounting Standards Board, and any defined with a term similar effect in any successor statement or any supplement to, or replacement of, any such statement

**“Event of Default”** shall have the meaning set forth in Section 5(a).

**“Fundamental Transaction”** means any of the following transactions, whether effected directly or indirectly or through on or a series of related transactions: (i) any merger or consolidation of the Company with or into another Person; (ii) any sale, lease, license, assignment, transfer, conveyance or other disposition of all or more than 50% of the Company’s assets, (iii) the completion and acceptance by holders of more than 50% of the Common Stock of any purchase offer, tender offer or exchange offer (whether by the Company or another Person) pursuant to which holders of Common Stock sell, tender or exchange their shares for other Securities, cash or property, (iv) any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other of Company’s securities, cash or property, (v) a stock or share purchase or other business combination (including a reorganization, recapitalization, spin-off or scheme of arrangement) whereby any other Person acquires more than fifty percent (50%) of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase or other business combination).

**“Late Fee”** shall have the meaning set forth in Section 2(c).

**“Make Whole Amount”** means each of the Mandatory Default Amount, Mandatory Prepayment Amount, and the Minimum Interest Amount.

**“Mandatory Default Amount”** means, at any time, the sum of (a) one hundred twenty-five percent (125%) of the sum of the outstanding principal amount of this Note at such time all accrued interest hereon unpaid at such time (whether or not accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or similar proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding, and including any Minimum Interest Amount remaining outstanding on such principal amount as of such time) and (b) all other amounts, costs, fees (including Late Fees), expenses, indemnification and liquidated and other damages and other Obligations due to the Holder or any other Purchaser Party in respect of this Note or any other Transaction Document.

**“Mandatory Prepayment Amount”** means, at any time with respect to any principal amount, the sum of (a) one hundred percent (100%) of such principal amount and all accrued interest hereon outstanding as of such time (including any Minimum Interest Amount remaining outstanding on such principal amount as of such time) and (b) all other amounts, costs, fees (including Late Fees), expenses, indemnification and liquidated and other damages and other amounts due to the Holder or any other Purchaser Party in respect of this Note or any other Transaction Document.

**“Minimum Interest Amount”** means, on any date and with respect to any principal amount owing under this Note, the difference between (a) 3% of such principal amount, representing three (3) months of interest payments hereunder and (b) any payment of interest made prior to such date with respect to such principal amount. The Minimum Interest Amount is not meant as a penalty but rather is meant to cover Holder’s transaction costs incurred in connection with its analysis of this investment as well as the costs associated with the negotiation and consummation of the transactions contemplated by the Transaction Documents, Holder’s opportunity costs, and Holder’s minimum anticipated profit.

**“Note Register”** shall have the meaning specified in Section 2(f).

**“Obligations”** means all amounts, indebtedness, obligations, liabilities, covenants and duties of every type and description owing by any Company Party from time to time to the Holder or its Purchaser Parties under this Note, or any other Transaction Document, whether direct or indirect, joint or several, absolute or contingent, due or to become due, liquidated or unliquidated, secured or unsecured, now existing or hereafter arising and however acquired (regardless of whether acquired by assignment), whether or not evidenced by any note or other instrument or for the payment of money, including, without duplication, (i) the principal amount of the Note owing by the Company or any other Company Party (including, if due hereunder, the Mandatory Default Amount), (ii) all other amounts, fees (including all Late Fees), interest (including increased interest accruing upon an Event of Default), liquidated damages, commissions, charges, costs, expenses, attorneys’ fees and disbursements, indemnities (including Losses and other amounts for which any Company Party is required to indemnify the Holder or any of its Purchaser Parties under the Purchase Agreement), reimbursement of amounts paid and other sums chargeable to any Company Party under any Transaction Document or otherwise arising under any Transaction Document and (iii) all interest on any item otherwise qualifying as “Obligation” hereunder, whether or not accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or similar proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding.

**“Permitted Debt”** means all of the following: (i) Indebtedness owing to any Secured Party (as defined in the Security Agreement) under any Transaction Document; (ii) unsecured intercompany Indebtedness between the Company and any of its Subsidiaries in the ordinary course of business; (iii) unsecured Indebtedness of the Company or any of its Subsidiaries to trade creditors (including overdue amounts on invoices) incurred on customary terms in the ordinary course of business; (iv) Indebtedness of the Company or any Subsidiary under Capital Leases for equipment or Indebtedness of the Company or any Subsidiary secured by a Purchase Money Lien, which Indebtedness shall not at any time exceed \$125,000 in the aggregate for the Company and its Subsidiaries; (v) Indebtedness of the Company or any of its Subsidiaries under leases for facilities that are treated as Capital Leases under U.S. GAAP, (vi) any Indebtedness that is subordinated to the Indebtedness evidenced by this Note and is subordinated to Holder’s security interest as evidenced by the Security Agreement and is subject to a debt and lien subordination agreement acceptable to the Collateral Agent in its sole, unlimited discretion; and (ix) Indebtedness existing on the Original Issue Date.

“**Permitted Liens**” means (i) the security interests of the Secured Parties (as defined in the Security Agreement) as provided for in any Transaction Document; (ii) Customary Permitted Liens; (iii) Purchase Money Liens granted to or held by Purchase Money Lien lenders in connection with the purchase, leasing or acquisition of capital equipment in the ordinary course of business and without resulting in a contravention of any applicable provisions of this Note or any other Transaction Document; and (iv) Liens securing Permitted Debt as in existence on the date hereof together with such additional Liens acceptable to the Purchaser in its sole discretion.

“**Purchase Money Lien**” means any Lien securing Indebtedness (i) upon or in any equipment acquired or held by the Company or any of its Subsidiaries to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such equipment or (ii) existing on such equipment at the time of its acquisition, in each case provided, that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment.

“**Securities**” means any Capital Stock, voting trust certificates, certificates of interest or participation in any profit sharing Contractual Obligation or arrangement, loans, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, any other item commonly known as “security,” any other item treated as “security” under the Securities Act, the Investment Company Act of 1940, the Investment Advisers Act of 1940 or any other Regulation of the United States, any State, province or any political subdivision of either of them and any certificate of interest, share or participation in temporary or interim certificates for the purchase or acquisition of, or any option, warrant, right to subscribe to, purchase or acquire, or any Derivative valued by reference to, any item otherwise qualifying as Security hereunder.

## SECTION 2. REPAYMENT

### a) **Amortization of Principal** [Reserved]

b) **Mandatory Prepayments.** On the 10<sup>th</sup> day following the Company consummating any public or private offering of any Capital Stock or any other issuance of any Capital Stock or of any other Securities or any other financing or capital-raising transaction of any kind (each a “**Subsequent Offering**”) on any date other than the Maturity Date, in which the Company receives or is otherwise entitled to receive (except for the Company directing that such proceeds be paid to other Persons), in one or more contemporaneous transactions, gross proceeds of at least \$5,000,000, the Company shall pay to the Holder in immediately available Dollars an amount equal to the Mandatory Prepayment Amount. The Company shall provide notice to the Holder of the closing of such Subsequent Offering, including the expected gross proceeds thereof, not later than the 2<sup>nd</sup> Trading Day preceding the date of consummation of such Subsequent Offering, which notice shall be irrevocable and constitute an agreement to pay the Mandatory Prepayment Amount on the date of consummation of such Subsequent Offering. This Section 2(b) is merely a requirement to redeem this Note and not an authorization to consummate any Subsequent Offering otherwise prohibited by the Transaction Documents. To be free from doubt, if and as applicable, when the real property located at 620 Dyer Road, Santa Ana, CA is sold, the proceeds from such sale will be first used to satisfy any senior indebtedness, and then be distributed in accordance with this Section 2(b).

c) **Voluntary Prepayments.** At any time upon two (2) days’ prior written notice to the Holder (which notice shall be a Transaction Document and constitute an irrevocable agreement to pay such amount on the date set forth on such notice) stating the proposed date and proposed principal amount of such prepayment, the Company may prepay any portion of the principal amount of this Note, and any accrued and unpaid interest and any other amounts due under this Note. Such payment shall be accompanied by all other payments, fees, expenses, and liquidated damages as provided elsewhere in this Note. If the Company exercises its right to prepay the Note, the Company shall pay to the Holder in immediately available Dollars an amount equal to the Mandatory Prepayment Amount.

d) **Interest.** The Company shall pay interest to the Holder on the aggregate then outstanding principal amount of this Note and any other Obligation owing that does not expressly provide for any other rate of interest at the rate of twelve percent (12%) per annum from the date this Note is issued (or in the case of any other Obligation, from the date such obligation becomes due and payable) until all such principal amount and all other outstanding Obligations are paid in full in cash in immediately available Dollars (including all accrued and unpaid interest, liquidated damages and other amounts which may become due under any Transaction Document). Interest payments hereunder shall be due and payable upon the earlier of (i) the Maturity Date or (ii) the occurrence of an Event of Default. All interest payments hereunder will be payable in cash, in immediately available Dollars. Upon an Event of Default, the interest rate set forth hereunder shall increase as provided in Section 5(b) of this Note. All payments of interest shall reduce the Minimum Interest Amount, and any remaining Minimum Interest Amount shall be due and payable upon the early repayment of principal as provided hereunder to compensate the Holder for a lesser profit in case of early repayment and for the internal and external work and expenditure of time and money involved in the evaluation, preparation and closing of the Transaction Documents. The Minimum Interest Amount is not to be construed to cover or be applied against any indemnity or any out-of-pocket fees, costs or expenses incurred in any action to collect any Obligation or to foreclose any Lien securing the same. This provision shall not affect or limit the holder's rights or remedies with respect to any Event of Default.

e) **Late Fee.** The Company shall pay a late fee (the "**Late Fees**") on any Obligation required to be paid under this Note or any other Transaction Document and not paid within ten (10) calendars days of when due, at a rate equal to the lesser of ten percent (10%) per annum of such Obligation or the maximum rate permitted by applicable Regulations which shall be due and owing daily from the date such Obligation is due hereunder or under such Transaction Document through the date of actual payment in full of such Obligation in cash. These Late Fees are to cover the extra internal expenses and inconvenience involved in handling delinquent payments and is not to be construed to cover or be applied against any indemnity or any out-of-pocket fees, costs or expenses incurred in any action to collect any Obligation or to foreclose any Lien securing the same. This provision shall not affect or limit the Holder's rights or remedies with respect to any Event of Default.

f) **Fee Calculations and Payment Provisions.** All payments made under any Transaction Document, except as otherwise expressly provided herein or in such other Transaction Document, shall be made in cash, in immediately available U.S. dollars, without set off or counterclaim. Interest and fees shall be calculated on the basis of a 360-day year, consisting of twelve (12) thirty (30) calendar day periods, for the actual number of days (including the first day but excluding the last day) occurring in the applicable period and shall accrue daily; **provided**, that the Minimum Interest Amount shall be deemed to be fully earned and accrued on the Original Issue Date and payable as provided in this Agreement. Interest hereunder will be paid to the initial Holder or, if the Company has received notice of any transfer thereof signed by the initial Holder or any successive Holders, to the Person in whose name this Note is registered on the records of the Company regarding registration and transfers of this Note (the "**Note Register**"). No prepayment may be made hereunder without the notice required hereunder or without payment of the Mandatory Prepayment Amount. The Holder shall have the option to refuse or accept, in its sole discretion, any attempted prepayment made without the notice required hereunder or any attempted prepayment that does not appear to include the full Mandatory Prepayment Amount when required. In addition, regardless of the intended characterization of the Company of any payment, the Holder shall have the option, in its sole discretion, to recharacterize or apply any portion of such prepayment, including recharacterizing a payment as a smaller prepayment of principal together with payment of the remainder of the Mandatory Prepayment Amount to account for a payment of the Mandatory Prepayment Amount. The Holder may apply any payment made under any Transaction Document to any outstanding Obligation, in its sole discretion. The Company hereby irrevocably waives the right to direct the application of any payment in respect to any amount due under the Transaction Documents or, after any Event of Default, any proceeds of Collateral thereunder. Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, the due date for such payment shall be extended to the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest or fees, as the case may be. Each determination by the Holder of an amount of interest or fee due hereunder shall be conclusive and binding for all purposes, absent manifest error.

### SECTION 3. TRANSFERS

This Note and any of the rights granted hereunder are freely transferable or assigned by Holder, in whole or in part, in its sole discretion. The parties to such transfer shall provide notice thereof to the Company. This Note is exchangeable for an equal aggregate principal amount of Notes of different authorized denominations, as requested by the Holder surrendering the same. No service charge will be payable for such registration of transfer or exchange. This Note has been issued subject to certain investment representations of the original Holder and may be transferred or exchanged only in compliance with applicable federal and state securities Regulations. The initial Holder is listed herein. Prior to due presentment for transfer to the Company of this Note, the Company and any agent of the Company may treat the Person in whose name this Note is duly registered, upon receipt of appropriate signed notice from the Person previously listed on the Note Register as owner hereof, on the Note Register as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Note is overdue, and neither the Company nor any such agent shall be affected by notice to the contrary.

### SECTION 4. NEGATIVE COVENANTS

a) As long as any portion of this Note or any other Obligation is not paid in full in cash, except in connection with the contemplated disposition of the real property located at 620 Dyer Road, Santa Ana, CA and except with the Collateral Agent's consent, the Company shall not, and shall not permit any Guarantor to, directly or indirectly, do, or enter into any agreement to do, any of the following:

- i. create, enter into, create, incur, assume, enter into Guaranty Obligations with respect to, or suffer to exist any Indebtedness (other than Permitted Debt) or repay the principal amount of, redeem, purchase or otherwise acquire or offer to repay the principal amount of, redeem, repurchase or otherwise acquire any Indebtedness (other than Permitted Debt) whether or not existing on the Original Issue Date (other than the Notes on a pro rata basis based on the principal amounts outstanding);
- ii. create, permit, incur or suffer to exist any Lien of any kind, on or with respect to any of its assets now owned or hereafter acquired or any interest therein or any income or profits therefrom, other than the Liens securing the Obligations created pursuant to the Transactions Documents and Permitted Liens;
- iii. sell or otherwise dispose of any of its assets other than disposition of assets in the ordinary course of business;
- iv. amend its charter documents in any manner that materially and adversely affects any rights of the Holder;
- v. make, approve, or offer to make any Restricted Payment with respect to any shares of Capital Stock;
- vi. enter into any transaction with any Affiliate of the Company, which would be required to be disclosed in any public filing with the Commission, unless such transaction is made on an arm's-length basis and expressly approved by a majority of the disinterested directors of the Company (even if less than a quorum otherwise required for board approval);
- vii. consummate a Change of Control Transaction or Fundamental Transaction;
- viii. change the nature of the Company's business from the business conducted by the Company and its Subsidiaries on the date hereof;
- ix. fail to use the proceeds of the Note as provided for in the Transaction Documents, including being engaged in operations involving the financing of any investments or activities in, or any payments to, any Sanctioned Person; or
- x. directly or indirectly (including through agents, contractors, trustees, representatives or advisors) (a) be in violation of any Sanctions Law or engage in, or conspire or attempt to engage in, any transaction evading or avoiding any prohibition in any Sanction Law, (b) be a Sanctioned Person or derive revenues from investments in, or transactions with Sanctioned Persons, (c) have any assets located in Sanctioned Jurisdictions, (d) deal in, or otherwise engage in any transactions relating to, any property or interest in property blocked pursuant to any Regulation administered or enforced by OFAC or (e) fail to comply with any material Regulations or Contractual Obligations applicable to it or fail to obtain or comply with any material Permits.



## SECTION 5. EVENTS OF DEFAULT

a) “**Event of Default**” means, wherever used herein, any of the following events (whatever the reason for such event and whether such event shall be voluntary or involuntary or effected by Regulation or pursuant to any judgment, decree or order of any court, or any order, rule or Regulation of any Governmental Authority):

i. any default in the payment of (A) the principal amount of this Note or any Make Whole Amount or (B) interest, fees, liquidated damages or any other Obligation owing to the Holder under this Note (or any other amount owing by the Company to the Holder under any other Contractual Obligation) or any other amount owing by any Company Party under any Transaction Document, as and when the same shall become due and payable (whether on a Conversion Date or the Maturity Date or by acceleration or otherwise);

ii. any Company Party shall fail for any reason to comply with Section 2.3 (Deliveries) of the Purchase Agreement, Section 2(e) (Late Fees), or Section 4 (Negative Covenants) of this Note or any other Section of this Note or any Transaction Document which failure is not cured, if possible to cure, within the earlier to occur of (A) five (5) Trading Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) Five (5) Trading Days after any Company Party has become or should have become aware of such failure;

iii. any representation or warranty made by any Company Party in this Note, any other Transaction Document, any other Contractual Obligation with, or any other report, financial statement, document, written statement or certificate made or delivered to, the Holder or any other Holder shall be untrue or incorrect in any material respect as of the date when made or deemed made;

iv. any Company Party shall provide at any time notice to the Holder, including by way of public announcement, of such Company Party’s intention to not honor any provision of this Note or any other Transaction Document (including requests for conversions of this Note in accordance with the terms hereof);

v. any Company Party shall fail to observe or perform any other covenant, provision, or agreement contained in this Note or any other Transaction Document which failure is not cured, if possible to cure, within the earlier to occur of (A) five (5) Trading Days after notice of such failure sent by the Holder or by any other Holder to the Company and (B) ten (10) Trading Days after any Company Party has become or should have become aware of such failure;

vi. (a) a breach, default or event of default (without regard for any cure period therefor provided therein) shall have occurred under any Indebtedness of any Company Party (a) having (individually or in the aggregate for all such Indebtedness) an aggregate maximum principal amount or commitment greater than One Hundred and Twenty Five Thousand Dollars (\$125,000), or (b) any such Indebtedness shall become or be declared due and payable prior to the date on which it would otherwise become due and payable;

vii. A breach, default or event of default (without regard to any grace or cure period provided in the applicable agreement, document or instrument or any subsequent waiver or other modification thereto) shall have occurred under any other material Contractual Obligation to which any Company Party is obligated;

viii. (A) any Company Party commences a case or other Proceeding under any bankruptcy, reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, winding up, reorganization, arrangement, adjustment, protection, relief or composition of debts or liquidation or similar Regulation of any jurisdiction relating to the Company Party or any Proceeding seeking the entry of an order for relief or the appointment of a custodian, receiver, trustee, liquidator or other similar official for it or for any of its assets, (B) any such case or other Proceeding is commenced against any Company Party by any other Person and such case or other Proceeding is not dismissed within forty-five (45) days after commencement, (C) any Company Party is adjudicated insolvent or bankrupt or any order of relief or other order approving any such case or other Proceeding is entered, (D) any Company Party shall generally not pay its debts as such debts become due, shall admit in writing its inability to pay its debts as they mature or shall make a general assignment for the benefit of creditors, (E) any Company Party calls a meeting of its creditors with a view to arranging a composition, adjustment or restructuring of its debts or (F) any Company Party, by any act or failure to act, expressly indicates its consent to, approval of or acquiescence in any of the foregoing or takes any corporate or other action to authorize or otherwise for the purpose of effecting any of the foregoing.

ix. any monetary judgment, writ or similar final process shall be entered or filed against any Company Party or any of their assets for more than One Hundred and Twenty Five Thousand Dollars (\$125,000), and such judgment, writ or similar final process shall remain unvacated, unbonded or unstayed for a period of forty-five (45) calendar days;

x. the occurrence of any levy upon or seizure or attachment of, or any uninsured loss of or damage to, any asset of any Company Party having an aggregate fair value or repair cost (as the case may be) in excess of One Hundred and Twenty Five Thousand Dollars (\$125,000) individually or in the aggregate, and any such levy, seizure or attachment shall not be set aside, bonded or discharged within thirty (30) days after the date thereof;

xi. the Common Stock shall not be eligible for listing or quotation for trading on a Trading Market and shall not be eligible to resume listing or quotation for trading thereon within five (5) Trading Days or the transfer of shares of Common Stock through the Depository Trust Company System is no longer available or “chilled”;

xii. the Company does not meet the current public information requirements under Rule 144, which failure is not cured, if possible to cure, within two (2) Trading Days after the expiration of the applicable grace period permitted under Rule 12b-25 of the Exchange Act; **unless** the Company files a Form 12b-25 for the relevant report required to meet the current public information requirements under Rule 144; or

xiii. the Company fails to file with the Commission any required reports under Section 13 or 15(d) of the Exchange Act such that it is not in compliance with Rule 144(c)(1) (or Rule 144(i)(2), if applicable), which failure is not cured, if possible to cure, within two (2) Trading Days after the expiration of the applicable grace period permitted under Rule 12b-25 of the Exchange Act; **unless** the Company files a Form 12b-25 for such report.

The clauses in the definition of “Event of Default” above operate independently, so that any action or event that falls within any such clause shall constitute an Event of Default regardless of, whether because of a grace period or threshold or otherwise, it falls outside the language of any other clause.

b) **Remedies Upon Event of Default** If any Event of Default occurs, then the outstanding principal amount of this Note, plus accrued but unpaid interest (including all interest, whether or not accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or similar proceeding, all of which shall continue to accrue whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, liquidated damages and any other Obligations owing by any Company Party in respect thereof or under any Transaction Document through the date of acceleration, shall become, at the Holder’s election in its sole discretion, in whole or in part (or, in the case of 5(a)(viii)(A) through (C), in whole, automatically and without the need for any notice, demand or any other action by the Collateral Agent or the Holder all of which are hereby waived), immediately due and payable, in cash or in shares of Common Stock (at the Company’s option in its sole discretion), at the Mandatory Default Amount. Immediately on and after the occurrence of any Event of Default, without need for notice or demand all of which are waived, interest on this Note shall accrue and be owed daily at an increased interest rate equal to the Default Interest or the maximum rate permitted under applicable Regulations. Upon the payment in full of the Mandatory Default Amount in cash or in shares of Common Stock, the Holder shall promptly surrender this Note to or as directed by the Company. In connection with such acceleration described herein, the Holder need not provide, and the Company hereby waives, any presentment, demand, protest or other notice of any kind (other than the Holder’s election to declare such acceleration), and the Holder may immediately and without expiration of any grace period enforce any and all of its rights and remedies hereunder and all other remedies available to it under applicable Regulations. Such acceleration may be rescinded and annulled by Holder at any time prior to payment hereunder and the Holder shall have all rights as a holder of the Note until such time, if any, as the Holder receives full payment pursuant to this Section 5(b). No such rescission or annulment shall affect any subsequent Event of Default or impair any right consequent thereon. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company’s compliance with the terms and conditions of this Note and the other Transaction Documents and to enforce its rights hereunder and thereunder.

## SECTION 6. MISCELLANEOUS

a) **Notices.** Any and all notices or other communications or deliveries to be provided by the Holder hereunder shall be in writing and delivered as set forth in the Purchase Agreement or, alternatively, delivered personally, by email or facsimile, or sent by a nationally recognized overnight courier service, addressed to the Company as set forth in the signature pages hereto, or such other contact information as the Company may specify for such purposes by notice to the Holder delivered in accordance with this Section 6(a). All notices and other communications delivered hereunder shall be effective as provided in the Purchase Agreement.

b) **Absolute Obligation.** Except as expressly provided herein, no provision of this Note shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of, liquidated damages and accrued interest, as applicable, on this Note, without set off or counterclaim, at the time, place, and rate, and in the coin or currency, herein prescribed. This Note is a direct debt obligation of the Company. This Note ranks **pari passu** with all other Notes now or hereafter issued under the terms set forth herein and is at least **pari passu** with all Indebtedness and other obligations of the Company and is not subordinated to any such Indebtedness or other obligation.

c) **Lost or Mutilated Note.** If this Note shall be mutilated, lost, stolen or destroyed, the Company shall execute and deliver, in exchange and substitution for and upon cancellation of a mutilated Note, or in lieu of or in substitution for a lost, stolen or destroyed Note, a new Note for the principal amount of this Note so mutilated, lost, stolen or destroyed, but only upon receipt of evidence of such loss, theft or destruction of such Note, and of the ownership hereof, reasonably satisfactory to the Company.

d) **Characterizations.** The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof).

e) **Payments on Next Business Day.** Whenever any payment Obligation shall be due on a day other than a Business Day, such payment shall be due instead on the next succeeding Business Day.

f) **Payment of Collection, Enforcement and Other Costs.** In addition to, and not in substitution for and not to limit (but without duplication), any other right to reimbursement under this Note or any other Transaction Document, (i) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any Proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (ii) there occurs any bankruptcy, reorganization, receivership of the Company or other Proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay all out-of-pocket costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other Proceeding, including, but not limited to, attorneys' fees and disbursements.

g) **Security Interest.** The Obligations of the Company Parties under this Note and the other Transaction Documents are secured by the Security Agreement, as well as other Transaction Documents.

h) **Use of Proceeds.** All gross proceeds of the funding to the Company related to this Note shall be used as provided in the Purchase Agreement.

i) **Securities Laws Disclosure; Publicity.** The Company shall file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act. From and after the issuance of such Current Report on Form 8-K, the Company represents to the Holder that it shall have publicly disclosed all material, non-public information delivered to any of the Holder by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. In addition, effective upon the issuance of such Current Report on Form 8-K, the Company acknowledges and agrees that any and all confidentiality or similar obligations under any agreement, whether written or oral, between the Company, any of its Subsidiaries or any of their respective officers, directors, agents, employees or Affiliates on the one hand, and the Holder or any of its Affiliates on the other hand, shall terminate. Notwithstanding the foregoing, the Company shall not publicly disclose the name of the Holder, or include the name of the Holder in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of the Holder, except (i) as required by federal securities Regulation in connection with the filing of final Transaction Documents with the Commission and (ii) to the extent such disclosure is required by Regulations (including Trading Market regulations), in which case the Company shall provide the Holder with prior notice of such disclosure permitted under this clause (ii).

j) **Non-Public Information.** Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, which shall be disclosed pursuant to Section 6(i), the Company covenants and agrees that neither it, nor any other Person acting on its behalf has provided nor will provide the Holder or its agents or counsel with any information that constitutes, or the Company reasonably believes constitutes, material non-public information, unless prior thereto the Holder shall have consented to the receipt of such information and agreed with the Company to keep such information confidential. The Company understands and confirms that the Holder will be relying on the foregoing covenant in effecting transactions in Securities of the Company. Any non-disclosure agreement (including “click through” agreements and confidentiality clauses incorporated in larger agreements) entered into with the Holder and any Company Party is hereby terminated. The Holder does not have any duty of confidentiality (or a duty not to trade on the basis of material non-public information) to any Company Party or any of their Affiliates, or any of their respective officers, directors, agents, members, stockholders, managers, employees and is governed only by application Regulations. To the extent that any notice provided pursuant to any Transaction Document constitutes, or contains, material, non-public information regarding the Company or any Subsidiaries, the Company shall, within two (2) Trading Days, file such notice with the Commission pursuant to a Current Report on Form 8-K. The Company understands and confirms that the Holder shall be relying on all of the foregoing covenants in trading Securities of the Company.

k) **Interpretation.** This Note is a Transaction Document and as such is subject to various interpretative, amendment and third-party beneficiary and other miscellaneous provisions set forth in the Purchase Agreement that expressly apply to Transaction Documents, located principally in **Article VI** thereof. In particular, without limitation, none of the terms or provisions of this Note may be waived, amended, supplemented or otherwise modified except in accordance with **Section 6.3(b)** (Amendments) of the Purchase Agreement.

l) **Successors and Assigns.** This Note shall be binding upon the successors and assigns of the Company and shall inure to the benefit of the Holder, each Purchaser Party and their successors and assigns; **provided**, that the Company may not assign, transfer or delegate any of its rights or obligations under this Note except as authorized in the Purchase Agreement.

m) **Severability.** Any provision of this Note being held illegal, invalid or unenforceable in any jurisdiction shall not affect any part of such provision not held illegal, invalid or unenforceable, any other provision of this Note or any part of such provision in any other jurisdiction.

n) **Counterparts.** This Note may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Note by facsimile transmission or by e-mail shall be as effective as delivery of a manually executed counterpart hereof.

o) **Governing Law and Waiver of Jury Trial.** This Note is governed by, and shall be construed and enforced in accordance with, the Regulations of the State of Nevada. **Each party hereto hereby irrevocably waives trial by jury in any Proceeding with respect to, or directly or indirectly arising out of, under or in connection with, this Note or any other Transaction Document or the transactions contemplated therein or related thereto (whether founded in contract, tort or any other theory).** Each party hereto (A) certifies that no other party, no Purchaser Party and no Affiliate or representative of any such other party or Affiliate has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (B) acknowledges that it and the other parties hereto have been induced to enter into this Note by the mutual waivers and certifications in this Section 8(o).

*[Signature Page Follows]*

IN WITNESS WHEREOF, Company has caused this Senior Secured Promissory Note to be executed by a duly authorized officer of the Company as of the date first above indicated.

**Unrivaled Brands, Inc.**

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: Chief Executive Officer  
Address: 3242 S. Halladay St., Suite 202  
Santa Ana, CA 92705

Email Address for delivery of Notices:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THIS SECURITY MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION THEREFROM. THE ISSUER OF THIS SECURITY MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

#### SECURED PROMISSORY NOTE

\$30,568,623.67

November 22, 2021

FOR VALUE RECEIVED, Unrivala Brands, Inc., a Nevada corporation ("Borrower"), hereby promises to pay to the order of People's California, LLC, a California limited liability company (together with any and all of its successors and assigns and/or any other holder of this Note, as hereinafter defined, "Lender"), without offset, in immediately available funds in lawful money of the United States of America, the principal sum of Thirty Million, Five Hundred Sixty-Eight Thousand, Six Hundred Twenty-Three and 67/100 Dollars (\$30,568,623.67) (the "Loan Amount") (or the unpaid balance of all principal advanced against this Secured Promissory Note (this "Note"), if that amount is less), together with interest on the unpaid principal balance of this Note from day to day outstanding as hereinafter provided.

Subject to the terms and conditions herein, on the date hereof, Lender shall make a loan (the "Loan") to Borrower, in an aggregate amount equal to the Loan Amount. Once the Loan is made, any portion of the Loan repaid may not be re borrowed.

Section 1 Payment Schedule Amount. This Note shall be payable in accordance with the following:

(a) Payment Schedule.

(i) Interest shall accrue on the unpaid balance of this Note at the Interest Rate. Interest on the Loan shall be payable monthly, commencing December 22, 2021, and continuing on the twenty-second day of each calendar month thereafter.

(ii) The principal balance of the Loan shall be payable in monthly installments of principal, commencing on December 1, 2021, and continuing on the twenty-second day of each calendar month beginning with December 22, 2021, each in the amount set forth on Exhibit A attached hereto.

(iii) The remaining principal balance on this Note and all accrued but unpaid interest payable in full on the earlier of (a) November 22, 2023, and (b) the earlier acceleration of this Note pursuant to the terms hereof (the "Maturity Date").

Section 2 Security; Guaranty; Loan Documents. The security for this Note includes: (a) a Security Agreement (the "Security Agreement") of even date herewith from Borrower, for the benefit of Lender, conveying and encumbering the Collateral (as defined therein), for the benefit of Lender, conveying and encumbering the Collateral (as defined therein), and (b) a Guaranty and Security Agreement (the "Guarantor Security Agreement") of even date herewith from each Acquired Company (as defined therein), for the benefit of Lender, conveying and encumbering the Collateral (as defined therein). This Note, the Borrower Security Agreement and the Guarantor Security Agreement, and all other documents now or hereafter securing, guaranteeing or executed in connection with the Loan, as the same may from time to time be amended, restated, modified or supplemented, are herein sometimes called individually a "Loan Document" and together the "Loan Documents."

Section 3 Interest Rate. Interest on the outstanding principal balance of, and all other sums owing under this Note, which are not past due, shall accrue and be payable at a fixed rate which is equal to eight percent (8%) per annum (the "Interest Rate"). All interest shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

Section 4 Prepayment. Borrower may prepay the principal balance of this Note, in full at any time without payment of premium or penalty.

Section 5 Late Charges. If Borrower shall fail to make any payment under the terms of this Note (other than the payment due at the Maturity Date) within thirty (30) days after the date such payment is due, Borrower shall pay to Lender on demand a late charge equal to five percent (5%) of the amount of such payment. Such thirty (30) day period shall not be construed as in any way extending the due date of any payment. The late charge is imposed for the purpose of defraying the expenses of Lender incident to handling such delinquent payment. This charge shall be in addition to, and not in lieu of, any other amount that Lender may be entitled to receive or action that Lender may be authorized to take as a result of such late payment.

Section 6 Certain Provisions Regarding Payments. All payments made under this Note shall be applied, to the extent thereof, first to late charges, then to accrued but unpaid interest, and any balance to unpaid principal in the direct order of maturity, and to any other sums due and unpaid to Lender under the Loan Documents. Remittances shall be made without offset, demand, counterclaim, deduction, or recoupment (each of which is hereby waived) and shall be accepted subject to the condition that any check or draft may be handled for collection in accordance with the practice of the collecting bank or banks. Acceptance by Lender of any payment in an amount less than the amount then due on any indebtedness shall be deemed an acceptance on account only, notwithstanding any notation on or accompanying such partial payment to the contrary, and shall not in any way (a) waive or excuse the existence of an Event of Default (as hereinafter defined), (b) waive, impair or extinguish any right or remedy available to Lender hereunder or under the other Loan Documents, or (c) waive the requirement of punctual payment and performance or constitute a novation in any respect. Payments received after 2:00 p.m. Pacific Time shall be deemed to be received on, and shall be posted as of, the following Business Day. Whenever any payment under this Note or any other Loan Document falls due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day.

Section 7 Events of Default. The occurrence of any Event of Default (as defined), under any of the Loan Documents (subject to any applicable grace or cure period) shall constitute an Event of Default under this Note.

Section 8 Remedies. Upon the occurrence of an Event of Default, Lender may at any time thereafter exercise any one or more of the following rights, powers and remedies:

(a) If an Event of Default under Section 7 has continued for a period of thirty (30) days, Lender may accelerate the Maturity Date of this Note and declare the unpaid principal balance and accrued but unpaid interest on this Note, and all other amounts payable hereunder and under the other Loan Documents, at once due and payable, and upon such declaration the same shall at once be due and payable.



(b) If Borrower fails to pay, when due, the obligations set forth under this Note, and such failure continues for a period of at least forty-five (45) consecutive days, Lender may seek recovery against the Collateral and exercise all rights and remedies under the Borrower Security Agreement or the Guarantor Security Agreement.

(c) Lender may set off the amount due against any and all accounts, credits, money, securities or other property now or hereafter on deposit with, held by or in the possession of Lender to the credit or for the account of Borrower, without the consent of Borrower.

(d) Lender may exercise any of its other rights, powers and remedies under the Loan Documents or at law or in equity, including, but not limited to, immediately exercising all rights under the Borrower Security Agreement or the Guarantor Security Agreement subject to clause (b) above.

Section 9 Remedies Cumulative. All of the rights and remedies of Lender under this Note and the other Loan Documents are cumulative of each other and of any and all other rights at law or in equity, and the exercise by Lender of any one or more of such rights and remedies shall not preclude the simultaneous or later exercise by Lender of any or all such other rights and remedies. No single or partial exercise of any right or remedy shall exhaust it or preclude any other or further exercise thereof, and every right and remedy may be exercised at any time and from time to time. No failure by Lender to exercise, nor delay in exercising, any right or remedy shall operate as a waiver of such right or remedy or as a waiver of any Event of Default.

Section 10 Costs and Expenses of Enforcement. Borrower agrees to pay to Lender on demand all actual out-of-pocket costs and expenses incurred by Lender in seeking to collect this Note or to enforce any of Lender's rights and remedies under the Loan Documents, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with arbitration, judicial reference, bankruptcy, insolvency or appeal.

Section 11 Heirs, Successors and Assigns. The terms of this Note and of the other Loan Documents shall bind and inure to the benefit of the heirs, devisees, representatives, successors and assigns of the parties. The foregoing sentence shall not be construed to permit Borrower to assign the Loan except as otherwise permitted under the Loan Documents.

Section 12 General Provisions. Time is of the essence with respect to Borrower's obligations under this Note. Borrower hereby (a) waives demand, presentment for payment, notice of dishonor and of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices (except any notices which are specifically required by this Note or any other Loan Document), filing of suit and diligence in collecting this Note or enforcing any of the security herefor; (b) agrees that Lender shall not be required first to institute suit or exhaust its remedies hereon against Borrower or to perfect or enforce its rights against Borrower or any security herefor; (c) consents to any extensions or postponements of time of payment of this Note for any period or periods of time and to any partial payments, before or after the Maturity Date, and to any other indulgences with respect hereto, without notice thereof to any of them; (d) submits (and waives all rights to object) to non-exclusive personal jurisdiction of any state or federal court sitting in the state and county in which payment of this Note is to be made for the enforcement of any and all obligations under this Note and the other Loan Documents; (e) waives the benefit of all homestead and similar exemptions as to this Note; (f) agrees that its liability under this Note shall not be affected or impaired by any determination that any title, security interest or lien taken by Lender to secure this Note is invalid or unperfected; and (g) hereby subordinates to the Loan and the Loan Documents any and all rights against Borrower and any security for the payment of this Note, whether by subrogation, agreement or otherwise, until this Note is paid in full. This Note may not be amended except in a writing specifically intended for such purpose and executed by the party against whom enforcement of the amendment is sought. Captions and headings in this Note are for convenience only and shall be disregarded in construing it. This Note and its validity, enforcement and interpretation shall be governed by the laws of the State of California (without regard to any principles of conflicts of laws) and applicable United States federal law. Any proceeding to enforce and/or interpret this Note shall occur in the County of Orange, State of California. Whenever a time of day is referred to herein, unless otherwise specified such time shall be the local time of the place where payment of this Note is to be made. The term "Business Day" shall mean a day on which banks are open for the conduct of substantially all of its banking business at its office in the city in which this Note is payable (excluding Saturdays and Sundays). The words "include" and "including" shall be interpreted as if followed by the words "without limitation." Neither Lender nor Borrower may assign this Note without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided, however, that Lender may assign this Note without such prior written consent to an affiliate of Lender.

Section 13 Severability. A determination that any provision of this Note is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this Note to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

Section 14 Notices. Any notice, request, or demand to or upon Borrower or Lender shall be deemed given and complete upon personal delivery, or three (3) business days following mailing via United States registered or certified mail, return receipt requested, postage prepaid. Notice may also be given by, and shall be deemed complete upon receipt of, electronic facsimile, provided that any facsimile notice shall only be deemed received if (a) the transmission thereof is confirmed, and (b) facsimile notice followed by written notice, made either by (i) personal delivery thereof, or (ii) via deposit in registered or certified mail, return receipt required, postage prepaid, within three (3) business days following the facsimile notice. Notice shall be deemed given on the date it is sent via facsimile in accordance with the foregoing provisions. Notices shall be addressed to the parties as follows:

To Borrower:

Unrivaled Brands, Inc.  
Attn: Joe Segilia, General Counsel  
3242 S. Halladay Street  
Santa Ana, CA 92705  
Email:

To Lender:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704  
Email:

Section 15 No Usury. It is expressly stipulated and agreed to be the intent of Borrower and Lender at all times to comply with applicable state law or applicable United States federal law (to the extent that it permits Lender to contract for, charge, take, reserve, or receive a greater amount of interest than under state law) and that this Section shall control every other covenant and agreement in this Note and the other Loan Documents. If applicable state or federal law should at any time be judicially interpreted so as to render usurious any amount called for under this Note or under any of the other Loan Documents, or contracted for, charged, taken, reserved, or received with respect to the Loan, or if Lender's exercise of the option to accelerate the Maturity Date, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by applicable law, then it is Lender's express intent that all excess amounts theretofore collected by Lender shall be credited on the principal balance of this Note and all other indebtedness secured by the Loan Documents, and the provisions of this Note and the other Loan Documents shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new documents, so as to comply with the applicable law, but so as to permit the recovery of the fullest amount otherwise called for hereunder or thereunder. All sums paid or agreed to be paid to Lender for the use or forbearance of the Loan shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full stated term of the Loan.

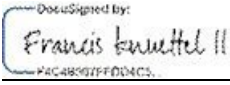
Section 16 ARBITRATION. THE PARTIES AGREE THAT ANY AND ALL DISPUTES ARISING OUT OF THE TERMS OF THIS AGREEMENT, THEIR INTERPRETATION, OR THE TERMS THEREOF, OR ANY OF THE MATTERS HEREIN RELEASED, SHALL BE SUBJECT TO ARBITRATION IN ORANGE COUNTY, BEFORE JUDICIAL ARBITRATION & MEDIATION SERVICES (“ JAMS”) PURSUANT TO ITS COMMERCIAL ARBITRATION RULES & PROCEDURES (“ JAMS RULES”). THE ARBITRATOR MAY GRANT INJUNCTIONS AND OTHER RELIEF IN SUCH DISPUTES. THE ARBITRATOR SHALL ADMINISTER AND CONDUCT ANY ARBITRATION IN ACCORDANCE WITH CALIFORNIA LAW, INCLUDING THE CALIFORNIA CODE OF CIVIL PROCEDURE, AND THE ARBITRATOR SHALL APPLY SUBSTANTIVE AND PROCEDURAL CALIFORNIA LAW TO ANY DISPUTE OR CLAIM, WITHOUT REFERENCE TO ANY CONFLICT-OF-LAW PROVISIONS OF ANY JURISDICTION. TO THE EXTENT THAT THE JAMS RULES CONFLICT WITH CALIFORNIA LAW, CALIFORNIA LAW SHALL TAKE PRECEDENCE. THE DECISION OF THE ARBITRATOR SHALL BE FINAL, CONCLUSIVE, AND BINDING ON THE PARTIES TO THE ARBITRATION. THE PARTIES AGREE THAT THE PREVAILING PARTY IN ANY ARBITRATION SHALL BE ENTITLED TO INJUNCTIVE RELIEF IN ANY COURT OF COMPETENT JURISDICTION TO ENFORCE THE ARBITRATION AWARD. THE PARTIES TO THE ARBITRATION SHALL EACH PAY AN EQUAL SHARE OF THE COSTS AND EXPENSES OF SUCH ARBITRATION, AND EACH PARTY SHALL SEPARATELY PAY FOR ITS RESPECTIVE COUNSEL FEES AND EXPENSES; PROVIDED, HOWEVER, THAT THE ARBITRATOR SHALL AWARD ATTORNEYS’ FEES AND COSTS TO THE PREVAILING PARTY, EXCEPT AS PROHIBITED BY LAW. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY. NOTWITHSTANDING THE FOREGOING, THIS SECTION WILL NOT PREVENT EITHER PARTY FROM SEEKING INJUNCTIVE RELIEF (OR ANY OTHER EQUITABLE RELIEF OR REMEDY) FROM ANY COURT HAVING JURISDICTION OVER THE PARTIES AND THE SUBJECT MATTER OF THEIR DISPUTE RELATING TO THIS AGREEMENT AND THE AGREEMENTS INCORPORATED HEREIN BY REFERENCE. SHOULD ANY PART OF THE ARBITRATION AGREEMENT CONTAINED IN THIS PARAGRAPH CONFLICT WITH ANY OTHER ARBITRATION AGREEMENT BETWEEN THE PARTIES, THE PARTIES AGREE THAT THIS ARBITRATION AGREEMENT SHALL GOVERN.

IN WITNESS WHEREOF, Borrower has duly executed this Note as of the date first above written.

Borrower:

UNRIVALED BRANDS, INC.  
a Nevada corporation

By:

DocuSigned by:  
  
FAC485GTFPDDAC3

Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Secured Promissory Note]

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EXHIBIT A

PRINCIPAL AMORTIZATION SCHEDULE

<u>Payment Date</u>	<u>Principal Payment Amount</u>
December 1, 2021	\$1,000,000.00
December 22, 2021	\$1,000,000.00
January 22, 2022	\$2,000,000.00
February 22, 2022	\$2,000,000.00
March 22, 2022	\$2,000,000.00
April 22, 2022	\$2,000,000.00
May 22, 2022	\$2,000,000.00
June 22, 2022	\$2,000,000.00
July 22, 2022	\$2,000,000.00
August 22, 2022	\$2,000,000.00
September 22, 2022	\$2,000,000.00
October 22, 2022	\$2,000,000.00
December 22, 2022	\$1,000,000.00
January 22, 2023	\$1,000,000.00
February 22, 2023	\$1,000,000.00
March 22, 2023	\$1,000,000.00
April 22, 2023	\$1,000,000.00
May 22, 2023	\$1,000,000.00
June 22, 2023	\$1,000,000.00
July 22, 2023	\$1,000,000.00
August 22, 2023	\$1,000,000.00
September 22, 2023	\$1,000,000.00
October 22, 2023	\$1,000,000.00
November 22, 2023	\$1,000,000.00

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**EXHIBIT A**

## SECURITIES PURCHASE AGREEMENT

This **Securities Purchase Agreement** (this “**Agreement**”) is dated as of November 22, 2021, between Unrivaled Brands, Inc., a Nevada corporation (the “**Company**”), the purchasers identified on the signature pages hereto (each, an “**Initial Purchaser**” and, including their respective successors and permitted assigns, a “**Purchaser**”), \_\_\_\_\_, a \_\_\_\_\_ limited liability company (“\_\_\_\_\_”), as collateral agent for the Purchaser Parties (in such capacity, and together with any successor and replacement named in accordance with this Agreement, the “**Collateral Agent**”) and, for purposes of Section 4.17 only, \_\_\_\_\_.

**WHEREAS**, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended (the “**Securities Act**”), and/or Rule 506 promulgated thereunder, the Company desires to issue and sell to the Initial Purchasers, and the Initial Purchasers desire to purchase from the Company for cash and other valuable consideration, Securities of the Company as defined and described more fully in this Agreement.

**NOW, THEREFORE**, in consideration of the representations, warranties and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

## ARTICLE I DEFINITIONS

1.1 **Definitions.** In addition to the terms defined elsewhere in this Agreement, the following terms have the meanings set forth in this **Section 1.1**:

“**Affiliate**” means each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person. For purpose of this definition, “control” and related words are used as such terms are used in and construed under Rule 405 under the Securities Act. Notwithstanding the foregoing, the Purchaser and its Subsidiaries, on the one hand, and the Company Parties and their Subsidiaries, on the other hand, shall not be considered “**Affiliates**” of each other.

“**AML/CTF Regulation**” has the meaning ascribed to such term in **Section 3.1(II)**.

“**BHCA**” has the meaning ascribed to such term in **Section 3.1(ii)**.

“**Board of Directors**” means the board of directors of the Company.

“**Business Day**” means any day except Saturdays, Sundays, any day that is a federal holiday in the United States and any day on which the Federal Reserve Bank of New York is not open for business.

“**Capital Lease**” means, as applied to any Person, any lease of, or other arrangement conveying the right to use, any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

“**Capital Stock**” means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

“**Closing Date**” means the Trading Day on which, or next following the day on which, all of the Transaction Documents required to be executed or delivered prior to the Closing have been executed and delivered by the applicable parties thereto and all other conditions precedent to (i) each Initial Purchaser’s obligations to pay the Subscription Amount and (ii) the Company’s obligations to deliver the Securities, in each case, have been satisfied or waived.

“**Closing**” means the closing of the purchase and sale of the Securities pursuant to **Section 2.2**.

“**Collateral**” means any and all “Collateral” as defined in the Security Agreement or any other Transaction Document granting a Lien to the Collateral Agent or any other Purchaser Party, as applicable, together with all property and interests in property and proceeds thereof now owned or hereafter acquired by any Company Party in or upon which a Lien is granted or purported to be granted pursuant to any Transaction Document.

“**Commission**” means the United States Securities and Exchange Commission.

“**Commitment Shares**” shall mean the restricted Commitment Shares as set forth in **Section 2.3(a)(iv)**.

“**Common Stock**” means the common stock of the Company, par value \$0.001 per share, any Capital Stock into which such shares of common stock shall have been changed, and any share capital resulting from a reclassification of such common stock.

“**Common Stock Equivalents**” means any securities of any Company Party which would entitle the holder thereof to acquire at any time Common Stock, including whether or not presently convertible, exchangeable or exercisable, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to purchase, subscribe or otherwise receive, Common Stock.

“**Company Party**” means each of the Company and the Guarantor.

“**Company Covered Person**” has the meaning ascribed to such term in **Section 3.1(II)**.

“**Consents**” means any approval, consent, authorization, notice to, or any other action by, any Person other than any Governmental Authority.

“**Contractual Obligation**” means, with respect to any Person, any provision of any security or similar instrument issued by such Person or of any agreement, undertaking, contract, lease, indenture, mortgage, deed of trust or other instrument (other than a Transaction Document) to which such Person is a party or by which it or any of its property is bound or to which any of its property is subject.

“**Currency Agreement**” means any foreign exchange contract, currency swap agreement, futures contract, option contract, synthetic cap or other similar agreement or arrangement. For purposes of this definition, cryptocurrencies shall be considered currencies.

“**Derivative**” means any Interest Rate Agreement, Currency Agreement, futures or forward contract, spot transaction, commodity swap, purchase or option agreement, other commodity price hedging arrangement, cap, floor or collar transaction, any credit default or total return swap, any other derivative instrument, any other similar speculative transaction and any other similar agreement or arrangement designed to alter the risks of any Person arising from fluctuations in any underlying variable, including interest rates, currency values, insurance, catastrophic losses, climatic or geological conditions or the price or value of any other derivative instrument. For the purposes of this definition, “derivative instrument” means “any derivative instrument” as defined in Statement of Financial Accounting Standards No. 133 (Accounting for Derivative Instruments and Hedging Activities) of the United States Financial Accounting Standards Board, and any defined with a term similar effect in any successor statement or any supplement to, or replacement of, any such statement.

“**Disclosure Certificate**” means a certificate disclosing detailed information about the Company Parties and the Collateral in form and substance satisfactory to the Purchasers on the Closing Date, together with any update on the Collateral or any other information in such certificate required to be given and given in accordance with any Transaction Document.

“**Disqualification Event**” has the meaning ascribed to such term in **Section 3.1(II)**.

“Dollars” and the sign “\$” each mean the lawful money of the United States of America.

“Evaluation Date” has the meaning ascribed to such term in **Section 3.1(q)**.

“Event of Default” means any event constituting an “Event of Default” under and as defined in any Note.

“Exchange Act” means the Securities Exchange Act of 1934.

“Federal Reserve” has the meaning ascribed to such term in **Section 3.1(ii)**.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, applied consistently throughout the periods referenced and consistently with (a) the principles and standards set forth in the opinions and pronouncements of the Financial Accounting Standards Board or any successor entity, (b) to the extent consistent with such principles, generally accepted industry practices and (c) to the extent consistent with such principles and practices, the past practices of the Company as reflected in its financial statements disclosed in SEC Reports.

“Governmental Authority” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, any municipality, any agency, authority or instrumentality thereof and any entity or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including any central bank stock exchange regulatory body arbitrator, public sector entity, supra-national entity (including the European Union and the European Central Bank) and any self-regulatory organization (including the National Association of Insurance Commissioners).

“Guaranty” means that certain Guaranty required to be delivered pursuant to **Section 2.3** of this Agreement, in the form attached hereto as **Exhibit B** and otherwise form and substance satisfactory to the Purchasers on the Closing Date, and issued by the Company Parties (other than the Company) for the benefit of the Collateral Agent, the Purchasers and the other Secured Parties.

“Guaranty Obligation” means, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person with respect to any Indebtedness of another Person, if the purpose or intent of such Person in incurring the Guaranty Obligation is to provide assurance to the holder of such Indebtedness that such Indebtedness will be paid or discharged, that any agreement relating thereto will be complied with, or that any holder of such Indebtedness will be protected (in whole or in part) against loss in respect thereof, including (a) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of Indebtedness of another Person and (b) any liability of such Person for Indebtedness of another Person through any agreement (contingent or otherwise) (i) to purchase, repurchase or otherwise acquire such Indebtedness or any security therefor or to provide funds for the payment or discharge of such Indebtedness (whether in the form of a loan, advance, stock purchase, capital contribution or otherwise), (ii) to maintain the solvency or any balance sheet item, level of income or financial condition of another Person, (iii) to make take-or-pay or similar payments, if required, regardless of non-performance by any other party or parties to an agreement, (iv) to purchase, sell or lease (as lessor or lessee) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss or (v) to supply funds to, or in any other manner invest in, such other Person (including to pay for property or services irrespective of whether such property is received or such services are rendered), if in the case of any agreement described under *clause (b)(i), (ii), (iii), (iv) or (v)* above the primary purpose or intent thereof is to provide assurance that Indebtedness of another Person will be paid or discharged, that any agreement relating thereto will be complied with or that any holder of such Indebtedness will be protected (in whole or in part) against loss in respect thereof. The amount of any Guaranty Obligation shall be equal to the amount of the Indebtedness so guaranteed or otherwise supported.



**“Indebtedness”** means, with respect to any Person, without duplication, the following: (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services other than accounts payable and accrued liabilities incurred in respect of property or services purchased in the ordinary course of business (**provided**, that such accounts payable and accrued liabilities are not overdue by more than 180 days), (c) all obligations of such Person evidenced by notes, bonds, debentures or similar borrowing or securities instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (e) all obligations of such Person as lessee under Capital Leases, (f) all reimbursements and all other obligations of such Person with respect to (i) letters of credit, bank guarantees or bankers’ acceptances or (ii) surety, customs, reclamation, performance or other similar bonds, (g) all obligations of such Person secured by Liens on the assets of such Person, (h) all Guaranty Obligations of such Person, (i) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Capital Stock, Stock Equivalent (valued, in the case of redeemable preferred stock, at the greater of its voluntary liquidation preference and its involuntary liquidation preference plus accrued and unpaid dividends) or any warrants, rights or options to acquire such Capital Stock, (j) after taking into account the effect of any legally-enforceable netting Contractual Obligation of such Person, all payments that would be required to be made in respect of any Derivative in the event of a termination (including an early termination) on the date of determination and (k) all obligations of another Person of the type described in clauses (a) through (j) secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on the assets of such Person (whether or not such Person is otherwise liable for such obligations of such other Person).

**“Initial Principal Amount”** means, as to any Purchaser, the principal amount of the Note of such Purchaser set forth on **Schedule I**.

**“Intellectual Property Rights”** means, collectively, all copyrights, patents, trademarks, service marks and trade names all applications for any of the foregoing, together with: (i) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (ii) all licenses or user or other agreements granted with respect to any of the foregoing, in each case whether now or hereafter owned or used; (iii) all customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (iv) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (v) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (vi) all applications for any of the foregoing and (vii) all causes of action, claims and warranties, in each case, now or hereafter owned or acquired in respect of any item listed above.

**“Interest Rate Agreement”** means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedging agreement or other similar agreement or arrangement.

**“Legend Removal Date”** has the meaning ascribed to such term in **Section 4.1(c)**.

**“Liabilities”** means all amounts, indebtedness, obligations, liabilities, covenants and duties of every type and description owing by any Company Party from time to time to any Purchaser or any other Purchaser Party, whether direct or indirect, joint or several, absolute or contingent, due or to become due, liquidated or unliquidated, secured or unsecured, now existing or hereafter arising and however created, acquired (regardless of whether acquired by assignment), whether or not evidenced by any note or other instrument or for the payment of money and whether arising under Contractual Obligations, Regulations or otherwise, including, without duplication, (i) the principal amount due of the Note, (ii) all other amounts, fees, interest (including any prepayment premium), commissions, charges, costs, expenses, attorneys’ fees and disbursements, indemnities, reimbursement of amounts paid and other sums chargeable to the Company under the Note, this Agreement or any other Transaction Document (including attorneys’ fees) or otherwise arising under any Transaction Document and (iii) all interest on any item otherwise qualifying as a “Liability” hereunder, whether or not accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or similar proceeding, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding.

“**License Agreement**” has the meaning ascribed to such term in **Section 3.1(m)**.

“**Lien**” means any lien (statutory or other) mortgage, pledge, hypothecation, assignment, security interest, encumbrance, charge, claim, right of first refusal, preemptive right, restriction on transfer or similar restriction or other security arrangement of any kind or nature whatsoever, including any conditional sale or other title retention agreement and any capital or financing lease having substantially the same economic effect as any of the foregoing.

“**Losses**” means all liabilities, rights, demands, covenants, duties, obligations (including indebtedness, receivables and other contractual obligations), claims, damages, Proceedings and causes of actions, settlements, judgments, damages, losses (including reductions in yield), debts, responsibilities, fines, penalties, sanctions, commissions and interest, disbursements, Taxes, interest, charges, costs, fees and expenses (including fees, charges, and disbursements of financial, legal and other advisors, consultants and professionals and, if applicable, any value-added and other taxes and charges thereon), in each case of any kind or nature, whether joint or several, whether now existing or hereafter arising and however acquired and whether or not known, asserted, direct, contingent, liquidated, due, consequential, actual, punitive or treble.

“**Material Adverse Effect**” means material adverse effect on, or change in, (a) the legality, validity or enforceability of any portion of any Transaction Document, (b) the operations, assets, business, prospects or condition (financial or otherwise) of any Company Party, (c) the ability of any Company Party to perform on a timely basis its obligations under any Transaction Document for any reason whatsoever, whether foreseen or unforeseen, including due to pandemic, acts of a Governmental Authority, interruption of transportation systems, strikes, terrorist activities, interruptions of supply chains or acts of God, or (d) the Collateral or the perfection or priority of any Liens granted to any Purchaser Party under any Transaction Document.

“**Maximum Rate**” has the meaning ascribed to such term in **Section 6.12**.

“**Note**” means each 12% Senior Secured Promissory Note, in the form attached hereto as **Exhibit A** and otherwise in form and substance satisfactory to the Purchasers on the Closing Date, issued by the Company to each Purchaser hereunder and as of the Closing Date.

“**OFAC**” has the meaning ascribed to such term in **Section 3.1(gg)**.

“**Permit**” means, with respect to any Person, any permit, filing, notice, license, approval, variance, exception, permission, concession, grant, franchise, confirmation, endorsement, waiver, certification, registration, qualification, clearance or other Contractual Obligation or arrangement with, or authorization by, to or under the authority of, any Governmental Authority or pursuant to any Regulation, or any other action by any Governmental Authority in each case whether or not having the force of law and affecting or applicable to or binding upon such Person, its Contractual Obligations or arrangements or other liabilities or any of its property or to which such Person, its Contractual Obligations or any of its property is or is purported to be subject.

“**Person**” means an individual, partnership, corporation, incorporated or unincorporated association, limited liability company, limited liability partnership, joint stock company, land trust, business trust or unincorporated organization, or a government or agency, department or other subdivision thereof or other entity of any kind.

“**Proceeding**” against a Person means an action, suit, litigation, arbitration, investigation, complaint, dispute, contest, hearing, inquiry, inquest, audit, examination or other proceeding threatened or pending against, affecting or purporting to affect such Person or its property, whether civil, criminal, administrative, investigative or appellate, in law or equity before any arbitrator or Governmental Authority.

“**Prohibited Short Sale**” has the meaning ascribed to such term in **Section 4.12**.

“**Pro Rata Portion**” means, with respect to a Purchaser and a group of Purchasers as of a particular date, the ratio of (i) the Subscription Amount of Securities purchased on or prior to such date by such Purchaser (including, for the avoidance of doubt its predecessors and assignors) that remain outstanding on such date to (ii) the sum of the aggregate Subscription Amounts of Securities purchased by all Purchasers (including, for the avoidance of doubt, their predecessors and assignors) in such group on or prior to such date that remain outstanding on such date.

“**Public Information Failure**” has the meaning ascribed to such term in **Section 4.3(b)**.

“**Public Information Failure Payments**” has the meaning ascribed to such term in **Section 4.3(b)**.

“**Purchaser Party**” has the meaning ascribed to such term in **Section 4.9**.

“**Regulation**” means, all international, federal, state, provincial and local laws (whether civil or common law or rule of equity and whether U.S. or non- U.S.), treaties, constitutions, statutes, codes, tariffs, rules, guidelines, regulations, writs, injunctions, orders, judgments, decrees, ordinances and administrative or judicial precedents or authorities, including, in each case whether or not having the force of law, the interpretation or administration thereof by any Governmental Authority, all policies, recommendations or guidance of any Governmental Authority and all administrative orders, directed duties, directives, requirements, requests.

“**Related Parties**” of any Person means such Person, (i) each Affiliate of such Person, (ii) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 5% or more of the Capital Stock having ordinary voting power in the election of directors of such Person or such Affiliate, (iii) each of such Person’s or such Affiliate’s officers, managers, directors, joint venture partners, partners and employees (and any other Person with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title or classification as a contractor under employment Regulations), (iv) any lineal descendants, ancestors, spouse or former spouses (as part of a marital dissolution) of any of the foregoing, (v) any trust or beneficiary of a trust of which any of the foregoing are the sole trustees or for the benefit of any of the foregoing. Notwithstanding the foregoing, the Purchaser and its Subsidiaries, on the one hand, and the Company Parties and their Subsidiaries, on the other hand, shall not be considered “**Related Parties**” of each other.

“**Required Filings**” means (a) any filing required pursuant to **Section 4.3** or **4.14**, (b) the notice and/or application(s) to each applicable Trading Market for the issuance and sale of the Securities and the listing of the Commitment Shares for trading thereon in the time and manner required thereby and (c) the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws.

“**Required Purchasers**” means Purchasers holding more than 50% of the principal amount of the Notes then outstanding or, if no Note shall be outstanding, more than 50% in interest of the Commitment Shares then issued and outstanding.

“**Resignation Effective Date**” has the meaning ascribed to such term in **Section 5.6(a)**.

“**Restricted Payment**” means, for any Person, (a) any dividend, stock split or other distribution, direct or indirect (including by way of spin off, reclassification, corporate rearrangement, scheme of arrangement or similar transaction), on account of, or otherwise to the holder or holders of, any shares of any class of Capital Stock of such Person now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of such Person by such Person or any Affiliate thereof now or hereafter outstanding, and (c) any payment made to retire, or to obtain the surrender of, any Stock Equivalents now or hereafter outstanding; **provided**, that, for the avoidance of doubt, (i) a cashless exercise of an employee stock option in which options are cancelled to the extent needed such that the “in-the-money” value of the options (i.e. the excess of market price over exercise price) that are cancelled is utilized to pay the exercise price, and applicable taxes, shall not be a “**Restricted Payment**” and (ii) a distribution of rights (including rights to receive assets) or options shall constitute a “**Restricted Payment**”.

“**Rule 144**” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

“**Sanctioned Jurisdiction**” means, at any time, a country, territory or geographical region that is subject to, the target of, or purported to be subject to, Sanctions Laws.

“**Sanctions Laws**” means all applicable Regulations concerning or relating to economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by OFAC, including the following (together with their implementing regulations, in each case, as amended from time to time): the International Security and Development Cooperation Act (ISDCA) (22 U.S.C. §23499aa-9 et seq.); the Patriot Act; and the Trading with the Enemy Act (TWEA) (50 U.S.C. §5 et seq.).

“**Sanctioned Person**” means (a) any Person that is listed in the annex to, or otherwise subject to the provisions of, Executive Order 13224 – Blocking Property and Prohibiting Transactions with Persons Who Commit and Threaten to Commit or Support Terrorism, effective September 24, 2001; (b) any Person that is named in any Sanctions Laws-related list maintained by OFAC, including the “Specially Designated National and Blocked Person” list; (c) any Person or individual located, organized or resident or determined to be resident in a Sanctioned Jurisdiction that is, or whose government is, the target of comprehensive Sanctions Laws; (d) any organization or Person directly or indirectly owned or controlled by any such Person or Persons described in the foregoing clauses (a) through (c); and (e) any Person that commits, threatens or conspires to commit or supports “terrorism,” as defined in applicable United States Regulations.

“**SEC Reports**” has the meaning ascribed to such term in **Section 3.1(h)**.

“**Securities**” means the Notes and the Commitment Shares.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Security Agreement**” means the Security Agreement by and among the Company Parties consisting of the Company and its operating subsidiaries and, and for the benefit of, and in form attached hereto as **Exhibit C** and otherwise in form and substance satisfactory on the Closing Date to, the Collateral Agent.

“**Shell Company**” means an entity that fits within the definition of “shell company” under Section 12b-2 of the Exchange Act and Rule 144.

“**Short Sales**” means all “short sales” as defined in Rule 200 of Regulation SHO under the Exchange Act.

“**Stock Equivalents**” means all securities and/or Indebtedness convertible into or exchangeable for Capital Stock or any other Stock Equivalent and all warrants, options, scrip rights, calls or commitments of any character whatsoever, and all other rights or options or other arrangements (including through a conversion or exchange of any other property) to purchase, subscribe for or acquire, any Capital Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

“**Subscription Amount**” means, as to any Purchaser, the aggregate amount to be paid for the Notes and Commitment Shares purchased hereunder as specified on **Schedule I**.

“**Subsidiary**” means (a) any subsidiary of the Company as set forth in, or otherwise required to be set forth in, the SEC Reports, both on or after the date hereof, and (b) any Person (other than natural persons) the management of which is, directly or indirectly, controlled by, or of which an aggregate of 50% or more of the outstanding Voting Stock is, at the time, owned or controlled, directly or indirectly, by such Person or one or more Subsidiaries of such Person.

“**Taxes**” means any present or future taxes, levies, imposts, duties, fees, assessments, deductions, withholdings or other charges of whatever nature, including income, receipts, excise, property, sales, use, transfer, license, payroll, withholding, social security and franchise taxes now or hereafter imposed or levied by the United States or any other Governmental Authority and all interest, penalties, additions to tax and similar liabilities with respect thereto, but excluding, in the case of any Purchaser, taxes imposed on or measured by the net income or overall gross receipts of such Purchaser.

“**Trading Day**” means a day on which the principal Trading Market for the Common Stock is open for trading.

“**Trading Market**” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE American; the Nasdaq Capital Market; the Nasdaq Global Market; the Nasdaq Global Select Market; the New York Stock Exchange; OTC Markets or the OTC Bulletin Board (or any successors to any of the foregoing).

“**Transaction Documents**” means this Agreement, the Disclosure Certificate, the Notes, the Guaranty, the Security Agreement, the Transfer Agent Instruction Letters, and any other documents or agreements executed in connection with the transactions contemplated hereunder.

“**Transfer Agent**” means West Coast Stock Transfer, Inc. and any successor transfer agent for the Company’s Common Stock.

“**Transfer Agent Instruction Letter**” means the letter from the Company to the Transfer Agent, duly acknowledged and agreed by the Transfer Agent, which instructs the Transfer Agent to issue the Commitment Shares pursuant to the Transaction Documents, in form attached hereto as **Exhibit D** and otherwise in form and substance satisfactory to the Purchasers on the Closing Date.

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the State of Nevada **provided**, that, in the event that, by reason of mandatory provisions of any applicable Regulation, any of the attachment, perfection or priority of the Collateral Agent’s or any other Purchaser Party’s security interest in any Collateral is governed by the Uniform Commercial Code of a jurisdiction other than the State of Nevada, “**UCC**” shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of the definitions related to or otherwise used in such provisions.

“**Voting Stock**” means Capital Stock of any Person (i) having ordinary power to vote in the election of any member of the board of directors or any manager, trustee or other controlling persons of such Person (irrespective of whether, at the time, Capital Stock of any other class or classes of such entity shall have or might have voting power by reason of the happening of any contingency) and (ii) any Capital Stock of such Person convertible or exchangeable without restriction at the option of the holder thereof into Capital Stock of such Person described in clause (i) of this definition.

## ARTICLE II PURCHASE AND SALE

**2.1 Purchase.** On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Initial Purchasers will purchase, severally and not jointly, an aggregate of up to Two Million Five Hundred Thousand Dollars (\$2,500,000) in Subscription Amount of Notes and 100,000 Commitment Shares. The purchase will be completed in a single tranche as provided herein.

**2.2 Closing.** Upon the terms and subject to the conditions set forth herein, the Company agrees to sell, and each Initial Purchaser agrees, severally and not jointly, to purchase, at the Closing a Note having a principal amount equal to the Initial Principal Amount applicable to such Purchaser and the number of Commitment Shares for such Purchaser set forth on **Schedule I**. At the Closing, such Initial Purchaser shall deliver to the Company, via wire transfer to an account designated by the Company, immediately available Dollars equal to such Initial Purchaser’s Subscription Amount, and the Company shall deliver to such Initial Purchaser its Note and its Commitment Shares, as set forth in **Section 2.3(a)** and such Initial Purchaser shall deliver to each other the other items set forth in **Section 2.3** deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in **Sections 2.3** and **2.4** for Closing, such Closing shall occur at the offices of Sullivan and Worcester LLC, 1633 Broadway, New York, NY 10019 or such other location as the parties shall mutually agree, and may by agreement be undertaken remotely by electronic exchange of Closing documentation. Notwithstanding anything herein to the contrary, if the Closing Date does not occur within 10 Business Days of the date hereof, this Agreement shall terminate and be null and void.

### 2.3 Deliveries.

(a) **Deliveries to Initial Purchasers.** On or prior to the Closing (except as noted), the Company shall deliver or cause to be delivered to each Initial Purchaser the following, each dated as of the Closing Date and in form and substance satisfactory to the Collateral Agent and such Initial Purchaser:

(i) this Agreement, duly executed by the Company;

(ii) a final Disclosure Certificate, duly executed by the Company;

(iii) a Note for such Initial Purchaser duly executed by the Company with an aggregate Initial Principal Amount equal to the amount set forth opposite such Initial Purchaser's name in Column 2 on the Schedule of Initial Purchasers, registered in the name of such Initial Purchaser;

(iv) 100,000 Commitment Shares as set forth on **Schedule 1**, registered in the name of the specified Purchaser;

(v) the Guaranty, duly executed by the Company Parties;

(vi) the Security Agreement, duly executed by the Company Parties;

(vii) [reserved];

(viii) [reserved];

(ix) [reserved];

(x) the Transfer Agent Instruction Letters, duly executed by the Transfer Agent in addition to the Company;

(xi) [reserved]

(xii) an officer's certificate and compliance certificate from each Company Party, each in form and substance acceptable to such Initial Purchaser; and

(xiii) a closing statement, in form and substance acceptable to such Purchaser, and such other statements, agreements and other documents as such Initial Purchaser may require.

(b) **Deliveries to the Company.** On or prior to the Closing, each Initial Purchaser (or, where applicable, the Collateral Agent) shall deliver or cause to be delivered to the Company, as applicable, the following, each duly executed by such Initial Purchaser (or, as the case may be, Collateral Agent) and dated as of the Closing Date:

(i) this Agreement;

(ii) the Guaranty;

(iii) the Security Agreement;

(iv) [reserved]; and

(v) [reserved].

#### 2.4 Closing Conditions.

(a) **Conditions to the Company's Obligations.** The obligations of the Company pursuant to **Section 2.2** in connection with the Closing are subject to the satisfaction, or waiver in accordance with this Agreement, of the following conditions on or before the Closing Date:

(i) the representations and warranties of each Purchaser contained herein shall be true and correct as of the Closing Date (unless expressly made as of an earlier date herein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements required to be performed by any Initial Purchaser on or prior to the Closing Date (other than the obligations set forth in **Section 2.2** to be performed at the Closing) shall have been performed; and

(iii) the delivery by each Purchaser of the items such Purchaser is required to deliver prior to the Closing Date pursuant to **Section 2.2(b)**.

(b) **Conditions to the Initial Purchaser's Obligations.** The respective obligations of each Initial Purchaser and the Collateral Agent pursuant to **Section 2.2** in connection with the Closing are subject to the satisfaction, or waiver in accordance with this Agreement, of the following conditions on or before the Closing Date, both before and after giving effect to the Closing:

(i) the representations and warranties of each Company Party contained in any Transaction Document shall be true and correct as of the Closing Date (unless expressly made as of an earlier date herein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements required to be performed by any Company Party or any on or prior to the Closing Date pursuant to any Transaction Document (other than the obligations set forth in **Section 2.2** to be performed at the Closing) shall have been performed;

(iii) the delivery by each Company Party of the items such Company Party is required to deliver on or prior to the Closing Date pursuant to **Section 2.2(a)**;

(iv) there shall exist no Event of Default and no event which, with the passage of time or the giving of notice, would constitute an Event of Default;

(v) there shall be no breach of any obligation, covenant or agreement of any Company Party under the Transaction Documents and no existing event which, with the passage of time or the giving of notice, would constitute such a breach;

(vi) no Material Adverse Effect shall have occurred from the date hereof through the Closing Date;

(vii) from the date hereof through the Closing Date, trading in the shares of Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of such Initial Purchaser, and without regard to any factors unique to such Initial Purchaser, makes it impracticable or inadvisable to purchase the Securities at the Closing;

(viii) the Company meets the current public information requirements under Rule 144 in respect of the Commitment Shares; and

(ix) any other conditions contained herein or the other Transaction Documents, including delivery of the items that any Company Party is required to deliver on or prior to the Closing Date pursuant to **Section 2.3**.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

**3.1 Representations and Warranties of the Company Parties.** The Company hereby makes the following representations and warranties (and, to the extent provided in the Guaranty or the Security Agreement or any other Transaction Document, each other Company Party makes the following representations and warranties as, and to the extent applicable to, such Company Party) to each Purchaser as of the Closing Date as to each Company Party, each subject to the exceptions set forth in the Disclosure Certificate, which Disclosure Certificate is deemed a part hereof and qualifies any representation or otherwise made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Certificate:

(a) **Subsidiaries.** All of the direct and indirect Subsidiaries of the Company are set forth on the Disclosure Certificate. The Company owns, directly or indirectly, all of the Capital Stock and Stock Equivalents of each Subsidiary free and clear of any Liens, other than as set forth in the SEC Reports, and all of the issued and outstanding shares of Capital Stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) **Organization and Qualification.** Each Company Party is a Person having the corporate form listed on the Disclosure Certificate, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization listed on the Disclosure Certificate and is duly qualified or licensed to transact business in its jurisdiction of organization, the jurisdiction of its principal place of business, any other jurisdiction where the Purchasers have filed a UCC financing statement or a mortgage and, except where the failure to do so would not have a Material Adverse Effect, any other jurisdiction where such qualification is necessary to conduct its business or own the property it purports to own – and no Proceeding exists or has been instituted or threatened in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification. Each Company Party has the right, power and authority to enter into and discharge all of its obligations under each Transaction Document to which it purports to be a party, each of which constitutes a legal, valid and binding obligation of such Company Party, enforceable against it in accordance with its terms, subject only to bankruptcy and similar Regulations affecting creditors' rights generally; and has the power, authority, Permits and Licenses to own its property and to carry on its business as presently conducted. No Company Party is engaged in the business of extending credit (which shall not include intercompany credit among the Company Parties) for the purpose of purchasing or carrying margin stock or any cryptocurrency, token or other blockchain asset.

(c) **Authorization; Enforcement.** The execution, delivery, performance by each Company Party of its obligations, and exercise by such Company Party of its rights under the Transaction Documents, including, if applicable, the sale of Notes and other securities under this Agreement, (i) have been duly authorized by all necessary corporate actions of such Company Party, (ii) except for the Required Filings, do not require any Consents or Permits that have not been obtained prior to the date hereof and each such Permit or Consent is in full force and effect and not subject of any pending or, to the best of any Company Party's knowledge, threatened, attack or revocation, (iii) are not and will not be in conflict with or prohibited or prevented by or create a breach under (A) except for those that do not have a Material Adverse Effect, any Regulation or Permit, (B) any corporate governance document or resolution or (C) except for those that do not have a Material Adverse Effect, any Contractual Obligation or provision thereof binding on such Company Party or affecting any property of such Company Party and (iv) will not result in the imposition of any Lien on the Collateral other than Liens for the benefit of the Purchaser Parties. Upon execution and delivery thereof, each Transaction Document to which such Company Party purports to be a party shall constitute the legal, valid and binding obligation of such Company Party, enforceable against such Company Party in accordance with its terms.



(d) **Issuance of the Securities.** The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. Each of the Commitment Shares when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents.

(e) **Capitalization.** The capitalization of the Company is as set forth on the Disclosure Certificate, which Disclosure Certificate also includes the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. The Company has not issued any Capital Stock or Stock Equivalent since its most recently filed periodic report under the Exchange Act except (i) as set forth on the Disclosure Certificate, (ii) for the issuance of shares of Common Stock to employees pursuant to the Company's employee stock purchase plans and (iii) pursuant to the conversion and/or exercise of Common Stock Equivalents outstanding as of the date of the most recently filed periodic report under the Exchange Act as set forth on the Disclosure Certificate. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in, or triggered by, the transactions contemplated by the Transaction Documents (including the issuance of the Commitment Shares) as set forth on the Disclosure Certificate. There are no outstanding Stock Equivalents with respect to any shares of Common Stock, and there are no Contractual Obligations by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents except as set forth on the SEC Reports. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or any other securities to any Person (other than to any Purchaser) and will not result in a right of any holder of securities issued by any Company Party to adjust the exercise, conversion, exchange or reset price under any Stock Equivalent, except as set forth on the Disclosure Certificate. All of the outstanding shares of Capital Stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all securities Regulations, and no such outstanding share was issued in violation of any preemptive right or similar or other right to subscribe for or purchase securities or any other existing Contractual Obligation. No further approval or authorization of any stockholder or the Board of Directors, and no other Permit or Consent, is required for the issuance and sale of the Securities. There are no stockholders' agreements, voting agreements or other similar Contractual Obligations with respect to the Company's Capital Stock or Stock Equivalents to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders or other equity investors.

(f) **SEC Reports; Financial Statements.** The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the one (1) year preceding the date hereof (or such shorter period as the Company was required by Regulation to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, being collectively referred to herein as the "**SEC Reports**"). As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Except as disclosed in footnotes to such financial statements, such financial statements have been prepared in accordance with GAAP and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to customary and immaterial year-end audit adjustments.

(g) **Material Adverse Effects; Undisclosed Events, Liabilities or Developments.** Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof: (i) there has been no event that has had, or could reasonably be expected to result in, a Material Adverse Effect, (ii) no Company Party has incurred any Indebtedness or other liability (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required by GAAP to be reflected in the Company's financial statements and not required to be disclosed in filings made with the Commission, (iii) no Company Party has altered its fiscal year or accounting methods; (iv) no Company Party has declared or made any Restricted Payment or entered in any Contractual Obligation to do so, (v) no Company Party has issued any Capital Stock to any officer, director or other Affiliate, and (vi) there has been no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to any Company Party, their Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by any Company Party under applicable securities Regulations at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Trading Day prior to the date that this representation is made.

(h) **Litigation.** Except as set forth in the SEC Reports, there is no Proceeding against any Company Party of any Subsidiary of any Company Party or any current or former officer or director of any Company Party or any Subsidiary of any Company Party in its capacity as such which (i) adversely affects or challenges the legality, validity or enforceability of any of the Transaction Documents or the Securities, (ii) involves the Commission or otherwise involves violations of securities Regulations or (iii) could, assuming an unfavorable result, have or reasonably be expected to result in a Material Adverse Effect, and none of the Company Parties, their Subsidiaries, or any director or officer of any of them, is or has been the subject of any Proceeding involving a claim of violation of or liability under securities Regulations or a claim of breach of fiduciary duty. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(i) **Labor Relations.** There is no (i) no unfair labor practice at any Company Party and there is no unfair labor practice complaint pending against any Company Party or any Subsidiary of any Company Party or, to their knowledge of any Company Party, threatened against any of them before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement that is so pending against any Company Party or any Subsidiary of any Company Party or to their knowledge threatened against any of them, (ii) no strike, work stoppage or other labor dispute in existence or to their knowledge threatened involving any Company Party or any Subsidiary of any Company Party, and (iii) no union representation question existing with respect to the employees of any Company Party or any Subsidiary of any Company Party, as the case may be, and no union organization activity that is taking place, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as could not reasonably likely to have a Material Adverse Effect. To the knowledge of the Company, the continued service to the Company of the executive officers of the Company Parties and their Subsidiaries is not, and is not expected to be, in violation of any material term of any Contractual Obligation in favor of any third party, and does not subject any Company Party or any Subsidiary of any Company Party to any Loss with respect to any of the foregoing matters.

(j) **Compliance.** No Company Party and no Subsidiary thereof, except as set forth in the SEC Reports or as could not have or reasonably be expected to result in a Material Adverse Effect: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has any Company Party or any Subsidiary thereof received notice of a claim that it is in default under or that it is in violation of, any Contractual Obligation (whether or not such default or violation has been waived); (ii) is in violation of any judgment, decree or order of any Governmental Authority; (iii) is or has been in violation of any Regulation, and to the knowledge of each Company Party, no Person has made or threatened to make any claim that such a violation exists (including relating to taxes, environmental protection, occupational health and safety, product quality and safety, employment or labor matters) or (iv) has incurred, or could reasonably be expected to incur Losses relating to compliance with Regulations (including clean-up costs under environmental Regulations), nor have any such Losses been threatened.

(k) **Permits.** Each Company Party and its Subsidiaries possess all Permits, each issued by the appropriate Governmental Authority, that are necessary to conduct their respective businesses as described in the SEC Reports and which failure to possess could reasonably be expected to result in a Material Adverse Effect and no Company Party nor any Subsidiary thereof has received any notice of proceedings relating to the revocation or modification of any such Permit.

(l) **Title to Assets.** Each Company Party and their Subsidiaries have good and marketable title in fee simple to all real property owned by them and good title in fee simple to all personal property owned or purported to be owned by any of them that is material to the business of any Company Party or any Subsidiary of any Company Party, in each case free and clear of all Liens except as set forth in the SEC Reports and except for (i) Liens that do not materially affect the value of any such property and do not materially interfere with the use made and proposed to be made of such property by the Company Parties and their Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by any Company Party or any Subsidiary of the Company Parties (and any personal property if such lease is material to the business of any Company Party or any Subsidiary of any Company Party) are held by them under valid, subsisting and enforceable leases with which the Company Parties and their Subsidiaries party thereto are in compliance.

(m) **Intellectual Property.** Except where the failure to do so would not have a Material Adverse Effect, each Company Party and each Subsidiary of the Company Parties have, or have rights to use, all Intellectual Property Rights they purport to have or have rights to use, which, in the aggregate for all such Company Party and such Subsidiary, constitute all Intellectual Property Rights necessary or required for use in connection with the businesses of the Company Parties and their Subsidiary as presently conducted. No Company Party and no Subsidiary of any Company Party has received a notice (written or otherwise) that any of the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement, and, to the knowledge of each Company Party and its Subsidiaries, no event has occurred that permits, or would permit after notice or passage of time or both, the revocation, suspension or termination of such rights. No Company Party and no Subsidiary of any Company Party has received, since the date of the latest audited financial statements included within the SEC Reports, a written notice of a claim, nor has such a claim been threatened or could reasonably be expected to be made, and no Company Party and no Subsidiary of any Company Party otherwise has any knowledge that any slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods or services bearing or using any Intellectual Property Right presently contemplated to be sold by or employed by Intellectual Property Right of any Company Party or any Subsidiary of any Company Party violate or infringe upon the rights of any Person, except as could not reasonably be expected to have a Material Adverse Effect. To the knowledge of each Company Party and its Subsidiaries, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. Each Company Party and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Company Party and no Subsidiary of any Company Party has any Intellectual Property Right registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States, any State thereof, any political subdivision thereof or in any other country, other than those set forth on the Disclosure Certificate, or has granted any licenses with respect thereto other than as set forth on the Disclosure Certificate. The Disclosure Certificate also sets forth all Contractual Obligations or other arrangements of any Company Party or any Subsidiary of any Company Party as in effect on the date hereof pursuant to which such Company Party or such Subsidiary has a license or other right to use any Intellectual Property owned by another Person and the dates of the expiration of such Contractual Obligations or other arrangements (collectively, together with such Contractual Obligations or other arrangements as may be entered into by any Company Party or any Subsidiary of any Company Party after the date hereof, the “**License Agreements**”). All material License Agreements and related rights are in full force and effect, no default or event of default exists with respect thereto in respect of the obligations of licensor or with respect to any royalty or other payment obligations of any Company Party or any Subsidiary of any Company Party or any obligation of any Company Party or any Subsidiary of any Company Party with respect to manufacturing standards, quality control or specifications and each such Company Party or such Subsidiary is in compliance with the terms thereof in all material respects and no owner, licensor or other party thereto has sent any notice of termination or its intention to terminate such license or rights.

(n) **Transactions with Related Parties.** Except as set forth in the SEC Reports, no Company Party and no Subsidiary of any Company Party is a party to any Contractual Obligation or other transaction with any Related Party that is not a Company Party or Subsidiary of a Company Party, including (a) Investments by any Company Party or any Subsidiary thereof in any such other Related Party or Indebtedness owing by or to any such other Related Party and (b) transfers, sales, leases, assignments or other acquisitions or dispositions of any asset, in each case except for (x) transactions in the ordinary course of business on a basis no less favorable to the Company Parties and their Subsidiaries as would be obtained in a comparable arm’s length transaction with a Person not a Related Party and (y) salaries and other director or employee or other staff compensation, including expense reimbursements and employee benefits, of the Company Parties and their Subsidiaries.

(o) **Sarbanes-Oxley; Internal Accounting Controls.** The Company and its Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all related Regulations. The Company Parties and their Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and its Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and its Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed in the reports the Company is required to file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and its Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "**Evaluation Date**"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries.

(p) **Certain Fees.** No brokerage or finder's fees or commissions or similar fees are or will be payable by any Company Party or any Subsidiary of any Company Party to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. No Purchaser shall have any obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this **Section 3.1(p)** that may be due in connection with the transactions contemplated by the Transaction Documents.

(q) **Private Placement.** Assuming the accuracy of each Purchaser's representations and warranties set forth in **Section 3.2**, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(r) **Investment Company.** No Company Party and no Subsidiary of any Company Party is, or is an Affiliate of (and, immediately after receipt of payment for the Securities and before and after giving effect to the use of the proceeds thereof, none will be or be an Affiliate of), an "investment company" within the meaning of the Investment Company Act of 1940, as amended. Each Company Party and each Subsidiary of any Company Party shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(s) **Registration Rights.** Except as set forth in the SEC Reports, no Person has any right to cause any Company Party or any Subsidiary of any Company Party to effect the registration under the Securities Act of any securities of any Company Party or any Subsidiary of any Company Party.

(t) **Listing and Maintenance Requirements.** The Common Stock is registered pursuant to Section 12(b) or 12(g) of the Exchange Act, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act nor has the Company received any notification that the Commission is contemplating terminating such registration. The Company has not, in the twelve (12) months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

(u) **Application of Takeover Protections.** The Company and the Board of Directors (or equivalent body) have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Articles of Incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including as a result of the Company's issuance of the Securities and the ownership of the Securities by any Purchaser or any Affiliate of any Purchaser.

(v) **MNPI.** Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, each Company Party confirms that none of the Company Parties, their Affiliates, or agents or counsel or any other Person acting on behalf of the foregoing has provided any Purchaser, any Purchaser Party or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. The Company understands and confirms that each Purchaser will rely on the foregoing representation in effecting transactions in securities of the Company. Each Company Party acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in **Section 3.2**.

(w) **No Integrated Offering.** Assuming the accuracy of each Purchaser's representations and warranties set forth in **Section 3.2**, no Company Party, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(x) **No General Solicitation.** Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(y) **Foreign Corrupt Practices.** No Company Party and no Related Party of any Company Party, has done any of the following, directly or indirectly (including through agents, contractors, trustees, representatives and advisors): (i) made contributions or payments of, or reimbursement for, gifts, entertainment or other expenses, in each case that could reasonably be viewed as unlawful under U.S. or other Regulations related to foreign or domestic political activity or (ii) made payments to U.S. or other officials, judges, employees or other staff members of any Governmental Authority or other Persons viewed as government officials under any Regulation or to any foreign or domestic political parties, elected or union officials or campaigns in order to obtain, retain or direct business or obtain any improper advantage, and no part of the proceeds of the Notes will be used, directly or indirectly, to fund any such payment; (iii) failed to disclose fully any contribution or other payment made by any Company Party or any Subsidiary of any Company Party (or made by any person acting on the behalf of any of the foregoing) which could reasonably be viewed as in violation of U.S. or other Regulations; or (iv) any other activity in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or any other Regulation sanctioning or purporting to sanction bribery, corruption and other improper payments.

(z) **Accountants.** The Company's accounting firm is Marcum LLP, Costa Mesa, California. To the knowledge and belief of the Company, such accounting firm is a registered public accounting firm as required by the Exchange Act.

(aa) **No Disagreements with Accountants and Lawyers.** There are no disagreements of any kind presently existing, or reasonably anticipated by any Company Party to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(bb) **Acknowledgment Regarding Purchasers' Purchase of Securities.** The Company acknowledges and agrees that each Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser, Purchaser Party or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(cc) **Regulation M Compliance.** The Company has not, and to its knowledge no Company Party, Subsidiary of any Company Party or no one acting on any of their behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(dd) **Stock Option Plans.** The Company has not knowingly granted, and there is no and has been no Company policy or practice to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(ee) **Sanctions.** No Company Party and no Related Party of any Company Party, directly or indirectly (including through agents, contractors, trustees, representatives or advisors) (a) is in violation of any Sanctions Law or engages in, or conspire or attempts to engage in, any transaction evading or avoiding any prohibition in any Sanction Law, (b) is a Sanctioned Person or derive revenues from investments in, or transactions with Sanctioned Persons, (c) has any assets located in Sanctioned Jurisdictions or (d) deals in, or otherwise engages in any transactions relating to, any property or interest in property blocked pursuant to any Regulation administered or enforced by the U.S. Office of Foreign Assets Control ("**OFAC**"). The Borrower will not use, directly or indirectly, any part of the proceeds of any Note hereunder to fund, and none of the Borrower or its Related Parties, either directly or indirectly (including through agents, contractors, trustees, representatives or advisors), are engaged in any operations involving, the financing of any investments or activities in, or any payments to, a Sanctioned Person.

(ff) **U.S. Real Property Holding Corporation.** The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon any Purchaser's request.

(gg) **Bank Holding Company Act and Other Limiting Regulations.** No Company Party and no Affiliate of any Company Party is subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and to regulation by the Board of Governors of the Federal Reserve System (the "**Federal Reserve**"). No Company Party and no Subsidiary or Affiliate of any Company Party owns or controls, directly or indirectly, individually or in the aggregate, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. No Company Party and no Subsidiary or Affiliate of any Company Party, either individually or in the aggregate, directly or indirectly, exercise or has the ability to exercise a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. The Company is not an "investment company" and is not a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 2005, the Federal Power Act, the Interstate Commerce Act or the Investment Company Act of 1940 or to any Regulation or Permit limiting the Company's ability to incur indebtedness for borrowed money.

(hh) **Promotional Stock Activities.** No Company Party, no Subsidiary of any Company Party and none of their officers, directors, managers, affiliates or agents have engaged in any stock promotional activity that could give rise to a complaint, inquiry, or trading suspension by the Securities and Exchange Commission alleging (i) a violation of the anti-fraud provisions of the federal securities laws, (ii) violations of the anti-touting provisions, (iii) improper "gun-jumping; or (iv) promotion without proper disclosure of compensation.

(ii) **Tax Status.** Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company Parties (i) have made or filed all United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) have paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) have set aside on their respective books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company Parties know of no basis for any such claim.

(jj) **Seniority.** As of the Closing Date, except for the Indebtedness set forth on the Disclosure Certificate and Indebtedness having an outstanding principal amount as of the Closing Date not exceeding \$50,000, no Indebtedness or other claim against any Company Party is senior in right of payment to the Notes or the obligations due thereunder or their guaranties, whether with respect to interest or upon liquidation or dissolution, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(kk) **AML/CTF Regulations.** The operations of the Company Parties and their Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970 and other applicable money laundering and counter-terrorism financing Regulations (collectively, the “**AML/CTF Regulations**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any Company Party or any Subsidiary of any Company Party with respect to any AML/CTF Regulation is pending or, to the knowledge of any Company Party or any such Subsidiary, threatened.

(ll) **Disqualification Events.** With respect to the Securities to be offered and sold hereunder in reliance on Rule 506(b) of Regulation D promulgated under the Securities Act, none of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering hereunder, any beneficial owner of twenty percent (20%) or more of the Company’s outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as such term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (as each such term is used and understood in Rule 506(d) of Regulation D under the Securities Act, each a “**Company Covered Person**”) is subject to any of the “Bad Actor” disqualifications described in Rule 506(d)(1)(i) to (viii) of Regulation D under the Securities Act (a “**Disqualification Event**”), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) of Regulation D under the Securities Act. The Company has exercised reasonable care to determine whether any Company Covered Person is subject to a Disqualification Event. The Company has complied, to the extent applicable, with its disclosure obligations under Rule 506(e) of Regulation D promulgated under the Securities Act and has furnished to the Purchaser a copy of any disclosures provided thereunder. The Company will notify each Purchaser in writing, prior to the Closing Date, of (i) any Disqualification Event relating to any Company Covered Person and (ii) any event that would, with the passage of time, become a Disqualification Event relating to any Company Covered Person.

(mm) **No Other Covered Persons.** There is no Person (other than a Company Covered Person) that has been or will be paid (directly or indirectly) remuneration for solicitation of the Purchaser in connection with the sale of any Securities.

(nn) **[Reserved].**

(oo) **Subsidiary Rights.** Each Company Party has the unrestricted right to vote, and (subject to limitations imposed by applicable law) to receive dividends and distributions on, all capital securities of its Subsidiaries as owned by any Company Party or any Subsidiary of any Company Party.

(pp) **Shell Company Status.** Except as set forth in the SEC Reports, the Company has never been, and is not presently, an issuer identified as a “Shell Company”.

(qq) **Full Disclosure.** All of the disclosures furnished on behalf of, and all of the representations and warranties made by, any Company Party in any Transaction Document and all statements contained in the Disclosure Certificate to this Agreement or any certificate or other document furnished or to be furnished to any Purchaser or any Purchaser Party or their attorneys or advisors pursuant to any Transaction Document are true and correct and none contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading. The press releases disseminated by the Company Parties during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made and when made, not misleading.

**3.2 Representations and Warranties of Each Purchaser.** Each Purchaser, severally and not jointly, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein in which case they shall be accurate as of such date):

(a) **Organization; Authority.** Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally; (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies; and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) **Own Account.** Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) **Purchaser Status.** At the time such Purchaser was offered or otherwise purchased or acquired the Securities, it was, and as of the date hereof it is, and on each date on which it converts the Notes it will be an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act.

(d) **Experience of Such Purchaser.** Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) **General Solicitation.** Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.



(f) **Certain Transactions and Confidentiality.** Other than consummating the transactions contemplated hereunder, such Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, if such Purchaser is a multi-managed investment vehicle (whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets), the representation set forth above in this **clause (f)** shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement, such Purchaser has maintained the confidentiality of all disclosures made to it in connection with this transaction (including the existence and terms of this transaction).

Each Company Party acknowledges and agrees that the representations and warranties of each Purchaser set forth in **Section 3.2** shall not modify, amend or affect any Purchaser's right to rely on the representations and warranties of any Company Party contained in this Agreement or in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

#### ARTICLE IV OTHER AGREEMENTS OF THE PARTIES

##### 4.1 Transfer Restrictions.

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in **Section 4.1(b)**, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, at the Company's sole expense in the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights and obligations of a Purchaser under this Agreement.

(b) Each Purchaser agrees, severally but not jointly, to the imprinting, for as long as is required by this **Section 4.1**, of a legend on all of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [CONVERTIBLE][EXERCISABLE]] HAS NOT [HAVE] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY [AND THE SECURITIES ISSUABLE UPON [CONVERSION] [EXERCISE] OF THIS SECURITY]] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that each Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of its Securities to a financial institution that is an “accredited investor” as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the Company’s expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(c) Certificates evidencing the Commitment Shares shall not contain any legend (including the legend set forth in **Section 4.1(b)**): (i) while a registration statement covering the resale of such security is effective under the Securities Act; (ii) following any sale of such Commitment Shares pursuant to Rule 144; (iii) if such Commitment Shares are eligible for sale under Rule 144; or (iv) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall upon request of any Purchaser and at the Company’s sole expense cause its counsel (or at such Purchaser’s option, exercised in its sole discretion, counsel selected by such Purchaser) to issue a legal opinion to the Transfer Agent promptly after any of the events described in (i)-(iv) in the preceding sentence if required by the Transfer Agent to effect the removal of any legend (including that described in **Section 4.1(b)**), with a copy to such Purchaser, its broker and the Collateral Agent. The Company agrees that following such time as such legend is no longer required under this **Section 4.1(c)**, it will, no later than two (2) Trading Days following the delivery by any Purchaser to the Company or the Transfer Agent of a certificate representing Commitment Shares, issued with a restrictive legend (such second (2<sup>nd</sup>) Trading Day, the “**Legend Removal Date**” of such Securities of such Purchaser), instruct the Transfer Agent to deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this **Section 4.1**. Certificates for the Commitment Shares subject to legend removal hereunder shall be transmitted by the Transfer Agent to such Purchaser by crediting the account of such Purchaser’s prime broker with the Depository Trust Company System as directed by such Purchaser. The Company agrees to bear all costs associated with the removal of any legends on behalf of the Purchaser including costs of an opinion of counsel required to sell any securities issued hereunder.

(d) In addition to such Purchaser’s other available remedies, the Company shall pay to such Purchaser, in cash, as partial liquidated damages and not as a penalty, \$1,000 per Trading Day for each Trading Day after the Legend Removal Date of such Securities of such Purchaser until such certificate is delivered without a legend. Nothing herein shall limit such Purchaser’s right to pursue actual damages for the Company’s failure to deliver certificates representing any Securities as required by the Transaction Documents, and each Purchaser shall have, severally and not jointly, the right to pursue all remedies available to it at law or in equity including a decree of specific performance and/or injunctive relief.

**4.2 Acknowledgment of Dilution.** The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including its obligation to issue the Commitment Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

#### **4.3 Furnishing of Information; Public Information.**

(a) The Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

(b) At any time during the period commencing from the six (6)-month anniversary of the date hereof and ending at such time that all of the Securities have been sold or may be sold without the requirement for the Company to be in compliance with Rule 144(c)(1) and otherwise without restriction or limitation pursuant to Rule 144, if the Company shall fail for any reason to satisfy the current public information requirement under Rule 144(c) (a “**Public Information Failure**”) then, in addition to any Purchaser’s other available remedies, the Company shall pay to each Purchaser, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell its Securities, an amount in cash equal to two percent (2.0%) of the aggregate Subscription Amount of such Purchaser’s Commitment Shares on the day of a Public Information Failure and on every thirtieth (30<sup>th</sup>) day (pro-rated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for such Purchaser to transfer any Commitment Shares pursuant to Rule 144. The payments to which such Purchaser shall be entitled pursuant to this **Section 4.3(b)** are referred to herein as “**Public Information Failure Payments**.” Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred and (ii) the third (3<sup>rd</sup>) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments when required by the preceding sentence, such Public Information Failure Payments shall bear interest at the rate of 2.0% per month (accruing and due daily and prorated for partial months) until paid in full. Nothing herein shall limit each Purchaser’s right to pursue actual damages for the Public Information Failure, and each Purchaser shall have the right to pursue all remedies available to it at law or in equity including a decree of specific performance and/or injunctive relief and recovery of loss profits.

**4.4 Integration.** The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

**4.5 Conversion Procedures.** [Reserved].

**4.6 Shareholder Rights Plan.** No claim will be made or enforced by the Company or, with the consent of the Company, any other Person, that any Purchaser is an “acquiring person” (or similar or equivalent term) under any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or similar anti-takeover plan or arrangement in effect or hereafter adopted by the Company, or that any Purchaser could be deemed to trigger the provisions of any such plan or arrangement, by virtue of receiving Securities under the Transaction Documents or under any other agreement between the Company and any Purchaser.

**4.7 Material Non-Public Information.** Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, each Company Party covenants and agrees that neither it, nor any of its Affiliates, nor any other Person acting on its behalf, will provide any Purchaser, any Purchaser Party or their respective agents or counsel with any information that any Company Party believes constitutes material non-public information, unless prior thereto such information is disclosed to the public, or such Purchaser shall have entered into a written agreement with the Company regarding the confidentiality and use of such information. Except as set forth in the SEC Reports, there has been no public announcement of a pending or proposed Fundamental Transaction or Change of Control Transaction (as each such term is defined in the Notes) that has not been consummated. No Purchaser has been provided by any Company Party or any Related Party of any Company Party any information, that constitutes, or may constitute, material non-public information with respect to any Company Party. The Company understands and confirms that each Purchaser shall be relying on the foregoing representations, warranties and covenants in effecting transactions in securities of the Company.

**4.8 Use of Proceeds.** The Company Parties shall use the net proceeds as set forth in the Disclosure Certificate.

**4.9 Indemnification of Each Purchaser Party.** Each Company Party shall, jointly and severally, indemnify against, and hold harmless from, each Purchaser, the Collateral Agent, their Related Parties, each Person who controls any of them (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and their agents, contractors, trustees, representatives and advisors (each, a **“Purchaser Party”**) any and all Losses that any Purchaser Party may suffer or incur as a result of or relating to (a) the administration, performance or enforcement by the Purchasers of any of the Transaction Documents or consummation of any transaction described therein, (b) the existence of, perfection of, a Lien upon or the sale or collection of, or any other damage, Loss, failure to return or other realization upon any collateral, (c) the failure of any Company Party or any of their Related Parties (whether directly or through their agents, contractors, trustees, representatives and advisors) to observe, perform or discharge any of the covenants or duties under any of the Transaction Documents, and (d) any Proceeding, whether or not any Purchaser Party is a party thereto (including Proceedings instituted by any Governmental Authority or any holder of any equity interest in, or other direct or indirect investor in, the Company who is not an Affiliate of such Purchaser Party) with respect to any of the Transaction Documents or the transactions contemplated therein. Additionally, if any Taxes (excluding Taxes imposed upon or measured solely by the net income of the recipient of any payment made under any Transaction Document, but including any intangibles tax, stamp tax, recording tax or franchise tax) shall be imposed on any Company Party or Purchaser Party, whether or not lawfully payable, on account of the execution or delivery of this Agreement, or the execution, delivery, issuance or recording of any of the other Transaction Documents, or the creation or repayment of any of obligations hereunder, by reason of any applicable Regulations now or hereafter in effect, each Company shall, jointly and severally, pay (or shall promptly reimburse such Purchaser Party for the payment of) all such Taxes, including any interest, penalties, expenses and other Losses with respect thereto), and will indemnify and hold the Purchaser Parties harmless from and against all Losses arising therefrom or in connection therewith. **The foregoing indemnities shall not apply to Losses incurred by any Purchaser Party as a result of its own gross negligence or willful misconduct as determined by a final non-appealable order of a court of competent jurisdiction.** Notwithstanding anything to the contrary in any Transaction Document, the obligations of the Company Parties with respect to each indemnity given by them in this Agreement or any of the other Transaction Documents in favor of the Purchaser Parties shall survive the payment in full of the Notes and the termination of this Agreement. The indemnification required by this **Section 4.9** shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnification contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against any Company Party or others and any liabilities any Company Party may be subject to pursuant to any Regulation.

**4.10 Reservation and Listing of Securities. [Reserved].**

4.11 [reserved].

**4.12 Trading Activities of Purchasers.**

(a) **Prohibited Short Sales.** Each Purchaser, severally and not jointly, covenants and agrees that neither it, nor any of its Affiliates acting on its behalf or pursuant to any understanding with it, will execute (i) any Short Sales of the Common Stock or (ii) any hedging transaction that establishes a net short position with respect to the Company’s Common Stock, in each case during the period commencing with the execution of this Agreement and ending on the earlier of the earliest “Maturity Date” of such Purchaser’s Notes (under and as defined in such Notes) or the full repayment or conversion of all of such Purchaser’s Notes; **provided**, that this provision shall not prohibit any sales made where a corresponding Notice of Conversion is tendered to the Company and the shares received upon such conversion are used to close out such sale (a **“Prohibited Short Sale”**); **provided, further**, that this provision shall not operate to restrict any Purchaser’s trading under any prior securities purchase agreement containing contractual rights that explicitly protects such trading in respect of the previously issued securities.

(b) **Acknowledgment Regarding Purchasers’ Other Trading Activities.** Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for this **Section 4.12**), it is understood and acknowledged by the Company that (i) no Purchaser has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling Securities of the Company or from entering into Short Sales or Derivatives based on securities issued by the Company or to hold the Securities for any specified term, (ii) past or future open market or other transactions by any Purchaser, specifically including Short Sales or Derivatives, before or after the Closing or the closing of any future private placement transactions, may negatively impact the market price of the Company’s publicly-traded securities, (iii) each Purchaser, and counter-parties in Derivatives to which any Purchaser is a party, directly or indirectly, may presently have a “short” position in the shares of Common Stock and (iv) no Purchaser shall be deemed to have any affiliation with or control over any arm’s length counter-party in any Derivative. The Company further understands and acknowledges that (y) each Purchaser may engage in hedging activities at various times during the period that the Securities are outstanding, including, during the periods that the value of the Commitment Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders’ equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities and Derivatives do not constitute a breach of any of the Transaction Documents.

#### 4.13 Right of First Refusal.

(a) [Reserved]

#### 4.14 Securities Laws Disclosure; Publicity.

(a) **8-K Filing.** The Company shall file a Current Report on Form 8-K, including the Transaction Documents as exhibits thereto, with the Commission within the time required by the Exchange Act in connection with the transactions contemplated by the Transaction Documents. The Company represents to each Purchaser that, from and after the issuance of such Current Report on Form 8-K, it shall have publicly disclosed all material, non-public information delivered to any Purchaser or their Related Parties (including to their agents, contractors, trustees, representatives and advisors) by any Company Party (including through agents, contractors, trustees, representatives and advisors) in connection with the transactions contemplated by the Transaction Documents.

(b) **Financing Statements and Other Periodic Filings.** The Company shall timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act and the Company shall meet the current public information requirements of Rule 144(c) under the Securities Act as of the end of the period in question.

(c) **Other Public Disclosures.** The Company and the Purchasers shall consult with each other in issuing any other public disclosure with respect to the transactions contemplated hereby, and none of the Company or any Purchaser shall issue any such public disclosure nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of any Purchaser, or without the prior consent of the Required Purchasers, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is reasonably viewed as required by any Regulation, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication. Notwithstanding the foregoing, the Company shall not publicly disclose the name, trademark, service mark, symbol, logo (or any abbreviation, contraction or simulation thereof) of, or otherwise refer to, any Purchaser (including in any filing with the Commission, regulatory agency or Trading Market, including the 8-K filing referenced above) without the prior consent of the Purchaser (including in any press release, letterhead, public announcement or marketing material), except, and then only after consulting with such Purchaser, to the extent required to do so under applicable Regulations (including as required in any registration statement filed with the Commission). None of the Company Parties and their Affiliates shall represent that any Company Party or any of its Affiliates, any product or service of the Company Parties or their Affiliates, or any know how or policy or practice of the Company Parties or their Affiliates has been approved or endorsed by any Purchaser Party.

(d) **Credit Report and Other Authorizations.** Each Company Party authorizes the Purchaser Parties, their agents and representatives and any credit reporting agency engaged by any Purchaser Party, to (i) investigate any references given or any other statements or data obtained from or about the Company Parties for the purpose of the Transaction Documents, (ii) obtain consumer business credit reports on the Company Parties, (iii) contact personal and business references provided by any Company Parties, at any time now or for so long as any amounts remains unpaid under the Transaction Documents, and (iv) share information regarding the Company Parties' performance under this Agreement with affiliates and unaffiliated third parties.

(e) **Credit Inquiries.** Each Company Party hereby authorizes the Purchasers (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Company Party.

**4.15 Form D; Blue Sky Filings.** The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof, promptly upon request of any Purchaser. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

#### 4.16 Shares of Common Stock.

(a) **DWAC.** The Company shall ensure that its shares of Common Stock are and remain eligible for the “Deposit and Withdrawal at Custodian” (DWAC) service of the Deposit Trust Corporation and not subject to any restriction or limitation imposed by or on behalf of the Deposit Trust Corporation on any of its services or any other restriction or limitation on the use of the services provided by the Deposit Trust Corporation (DTC chill).

(b) **Freely Tradeable. [Reserved].**

(c) **Trading Markets.** The shares of Common Stock are trading, and the Company believes in good faith that they shall continue to trade uninterrupted, on any Trading Market. All of the shares issuable pursuant to the Transaction Documents (including the Commitment Shares) are listed or quoted for trading, and the Company shall use its best efforts to ensure that such shares continue to be listed or quoted for trading interrupted, on any Trading Market.

4.17 **Existing Lien.** \_\_\_\_\_ (“\_\_\_\_\_”) hereby consents and agrees to this Agreement and the Transaction Documents. The parties hereto hereby agree that all of the Obligations and the Liens securing the Obligations are hereby second, junior and subordinated solely to the obligations owing to \_\_\_\_\_, its successors, affiliates and, if permitted, assigns, pursuant to that certain Loan Agreement between \_\_\_\_\_ and \_\_\_\_\_, dated as of \_\_\_\_\_.

### ARTICLE V COLLATERAL AGENT

5.1 **Appointment.** Each Purchaser hereby irrevocably appoints \_\_\_\_\_, to act on its behalf as the Collateral Agent hereunder and under the other Transaction Documents and authorizes the Collateral Agent to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this ARTICLE V are solely for the benefit of the Collateral Agent and the Purchasers, and no Company Party will have any rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Transaction Documents (or any other similar term) with reference to the Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any Applicable Law. Instead, such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

5.2 **Rights as a Purchaser.** The Person serving as the Collateral Agent hereunder has the same rights and powers in its capacity as an Initial Purchaser and Purchaser as any other Initial Purchaser and Purchaser and may exercise the same as though it were not the Collateral Agent, and the terms “Initial Purchaser”, “Initial Purchasers,” “Purchaser” or “Purchasers” will, unless otherwise expressly indicated or unless the context otherwise requires, include the person serving as the Collateral Agent hereunder in its individual capacity to the extent such Person is an Initial Purchaser or, as the case may be, Purchaser. Such Person and its Affiliates may accept payments from, lend money to, own securities of, and generally engage in any kind of business with, the Company, any Company Party or any other Subsidiaries or Affiliates of the Company as if such Person were not the Collateral Agent hereunder and without any duty to account therefor to the Purchasers.

#### 5.3 Exculpatory Provisions.

(a) The Collateral Agent will not have any duties or obligations except those expressly set forth herein and in the other Transaction Documents, and its duties hereunder are administrative in nature. Without limiting the generality of the foregoing, the Collateral Agent:

(i) will not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing;

(ii) will not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Transaction Documents that the Collateral Agent is required to exercise as directed in writing by the Required Holders (or such other number or percentage of the Purchasers as will be expressly provided for herein or in the other Transaction Documents); **provided**, that the Collateral Agent will not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Collateral Agent to liability or that is contrary to any Transaction Document or any applicable statutes, rules, ordinances, regulations, guidance documents, contract terms, and other requirements of all applicable governmental authorities, including any action that may be in violation of the automatic stay under any bankruptcy or insolvency; and

(iii) will not, except as expressly set forth herein and in the other Transaction Documents, have any duty to disclose, and will not be liable for the failure to disclose, any information relating to the Companies or any of its Subsidiaries or Affiliates that is communicated to or obtained by the Person serving as the Collateral Agent or any of its Affiliates in any capacity.

(b) The Collateral Agent will not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Purchasers (or such other number or percentage of the Purchasers as will be necessary, or as the Collateral Agent believes in good faith will be necessary, under the circumstances), or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Collateral Agent will be deemed not to have knowledge of any Event of Default unless and until notice describing such Event of Default is given to the Collateral Agent in writing by the Companies or a Purchaser.

(c) The Collateral Agent will not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Transaction Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Transaction Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth herein, other than to confirm receipt of items expressly required to be delivered to the Collateral Agent.

**5.4 Reliance by Collateral Agent.** The Collateral Agent will be entitled to rely upon, and will not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Collateral 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 will not incur any liability for relying thereon. In determining compliance with any condition hereunder that by its terms must be fulfilled to its satisfaction, the Collateral Agent may make such determination in its sole discretion, and in determining compliance with any condition hereunder that by its terms must be fulfilled to the satisfaction of a Purchaser, the Collateral Agent may presume that such condition is satisfactory to such Purchaser unless the Collateral Agent has received notice to the contrary from such Purchaser prior to the issuance of the Notes. The Collateral Agent may consult with legal counsel (who may be counsel for the Companies), independent accountants and other experts selected by it, and will not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**5.5 Delegation of Duties.** The Collateral Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Transaction Document by or through any one or more sub-agents appointed by the Collateral Agent. The Collateral 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 Affiliates. The exculpatory provisions of this Section will apply to any such sub-agent and to the Affiliates of the Collateral Agent and any such sub-agent, and will apply to their respective activities in connection with the syndication of the facility as well as activities as Collateral Agent. The Collateral Agent will not 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 and nonappealable judgment that the Collateral Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

## 5.6 Resignation of Collateral Agent.

(a) The Collateral Agent may at any time give notice of its resignation to the Purchasers and the Companies, which notice shall set forth the effective date of such resignation (the “**Resignation Effective Date**”), such date not to be earlier than the thirtieth (30th) day following the date of such notice. The Required Purchasers and the Companies shall mutually agree upon a successor to the Collateral Agent. If the Required Purchasers and the Companies are unable to so mutually agree and no successor shall have been appointed within twenty-five (25) days after the retiring Collateral Agent gives notice of its resignation, then the retiring Collateral Agent may (but will not be obligated to), on behalf of the Purchasers, appoint a successor Collateral Agent it shall designate (in its reasonable discretion after consultation with the Companies and the Required Purchasers). Whether or not a successor has been appointed, such resignation will become effective in accordance with such notice on the Resignation Effective Date.

(b) With effect from the Resignation Effective Date (i) the retiring Collateral Agent will be discharged from its duties and obligations hereunder and under the other Transaction Documents, the retiring Collateral Agent will continue to hold such Collateral until such time as a successor Collateral Agent is appointed) and (ii) except for any indemnity payments owed to the retiring Collateral Agent, all payments, communications and determinations provided to be made by, to or through the Collateral Agent will instead be made by or to each Purchaser directly, until such time, if any, as the Required Purchasers appoint a successor Collateral Agent as provided for above. Upon the acceptance of a successor’s appointment as Collateral Agent hereunder, such successor will succeed to and become vested with all of the rights, powers, privileges and duties of the retiring Collateral Agent (other than any rights to indemnity payments owed to the retiring Collateral Agent), and the retiring Collateral Agent will be discharged from all of its duties and obligations hereunder or under the other Transaction Documents. The fees payable by the Company to a successor Collateral Agent will be the same as those payable to its predecessor unless otherwise agreed between the Companies and such successor. After the retiring Collateral Agent’s resignation hereunder and under the other Transaction Documents, the provisions of this Article VI will continue in effect for the benefit of such retiring Collateral Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while the retiring Collateral Agent was acting as Collateral Agent.

**5.7 Non-Reliance on Collateral Agent and Other Purchasers.** Each Purchaser acknowledges that it has, independently and without reliance upon the Collateral Agent or any other Purchaser or any of their Affiliates 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 Purchaser also acknowledges that it will, independently and without reliance upon the Collateral Agent or any other Purchaser or any of their Affiliates and based on such documents and information as it will 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 Transaction Document or any related agreement or any document furnished hereunder or thereunder.

**5.8 Collateral Agent May File Proofs of Claim.** In case of the pendency of any bankruptcy or insolvency proceeding or any other judicial proceeding relative to the Company, the Collateral Agent (irrespective of whether the principal of the Notes will then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Collateral Agent has made any demand on the Company) will 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 Notes and all other obligations that are owing and unpaid hereunder or under any other Transaction Document and to file such other documents as may be necessary or advisable in order to have the claims of the Purchasers and the Collateral Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Purchasers and the Collateral Agent and their respective agents and counsel and all other amounts due the Purchasers and the Collateral Agent under this Agreement or any other Transaction Document) 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.

Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Purchaser to make any payments of the type described above in this **Section 5.8** to the Collateral Agent and, in the event that the Collateral Agent consents to the making of such payments directly to the Purchasers, to pay to the Collateral Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Collateral Agent and its agents and counsel, and any other amounts due the Collateral Agent under this Agreement or any other Transaction Document.

**5.9 Indemnification.** Each Purchaser agrees to indemnify the Collateral Agent and each of its Related Parties (to the extent not reimbursed by the Borrower), from and against such Purchaser's aggregate ratable share (based on the principal amount of the Notes held by the Purchasers) of any and all Losses that may be imposed on, incurred by, or asserted against, the Collateral Agent or any of its Related Parties in any way relating to or arising out of this Agreement or the other Transaction Documents or any action taken or omitted by the Collateral Agent under this Agreement or the other Transaction Documents; **provided**, that no Purchaser shall be liable for any portion of such Losses resulting from the Collateral Agent's or such Related Party's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. Without limiting the foregoing, each Purchaser agrees to reimburse the Collateral Agent and its Related Parties promptly upon demand for its ratable share of any out-of-pocket expenses (including fees, expenses and disbursements of financial and legal advisors) incurred by the Collateral Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of its rights or responsibilities under, this Agreement or the other Transaction Documents, to the extent that the Collateral Agent is not reimbursed for such expenses by the Company or another Company Party.

**5.10 Collateral Matters; Appointment of Collateral Agent under other Transaction Documents.**

(a) Without limiting the provisions of **Section 5.8**, the Purchasers irrevocably agree as follows:

(i) the Collateral Agent is authorized, at its option and in its discretion, to release any Lien on any property granted to or held by the Collateral Agent under any Transaction Document (A) on the date when all obligations have been satisfied in full in cash (other than obligations under the Warrant and contingent obligations as to which no claims have been asserted), (B) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted under the Transaction Documents, and

(ii) Upon request by the Collateral Agent at any time, each Purchaser will confirm in writing the Collateral Agent's authority to release or subordinate its interest in particular types or items of Collateral.

(b) The Collateral Agent will not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Collateral Agent's lien thereon, or any certificate prepared by any Obligor in connection therewith, nor will the Collateral Agent be responsible or liable to the Purchasers for any failure to monitor or maintain any portion of the Collateral.

(c) Each Purchaser hereby appoints the Collateral Agent as its collateral agent under each of the Transaction Documents and agrees that, in so acting, the Collateral Agent will have all of the rights, protections, exculpations, indemnities and other benefits provided to the Collateral Agent under this Agreement, and hereby authorizes and directs the Collateral Agent, on behalf of such Purchaser and all Purchasers, without the necessity of any notice to or further consent from any of the Purchaser, from time to time to (i) take any action with respect to any collateral or any Transaction Document which may be necessary to perfect and maintain perfected the liens on the collateral granted pursuant to any such Transaction Document or protect and preserve the Collateral Agent's ability to enforce the liens or realize upon the collateral, (ii) act as collateral agent for each Purchaser that is a secured party for purposes of acquiring, holding, enforcing and perfecting all Liens created by the Transaction Documents and all other purposes stated therein, (iii) enter into non-disturbance or similar agreements in connection with licensing agreements and arrangements permitted by this Agreement and the other Transaction Documents and (iv) otherwise to take or refrain from taking any and all action that the Collateral Agent shall deem necessary or advisable in fulfilling its role as Collateral Agent under any of the Transaction Documents.

## ARTICLE VI MISCELLANEOUS

6.1 **Termination and Survival.** This Agreement may be terminated by each Purchaser, as to the Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the Company and the other Purchasers, if the Closing has not occurred on or before November 24, 2021. Termination of this Agreement will not affect the right of any party to sue for any breach by any other party (or parties) prior to such termination. The representations and warranties, covenants and other provisions hereof shall survive the Closing and the delivery of the Securities. Notwithstanding any termination of any Transaction Document, the reimbursement and indemnities to which the Purchaser Parties are entitled under the provisions of any Transaction Document shall continue in full force and effect and shall protect the Purchaser Parties against events arising after such termination as well as before.

6.2 **Fees and Expenses.** Whether or not the transactions contemplated hereby shall be consummated or any Securities shall be purchased, the Company agrees to pay promptly to each Purchaser Party, or reimburse each Purchaser Party for, the following:

(a) all the actual and reasonable costs, fees and expenses of negotiation, preparation, execution and closing of the Transaction Documents and the purchase and sale of the Securities in connection therewith and the consummation of the other transactions contemplated hereby to be consummated on or about the Closing Date, including the reasonable fees, expenses and disbursements of counsel to such Purchaser Party in connection therewith; **provided**, that such reimbursement obligation shall not exceed \$50,000 in the aggregate for the Collateral Agent and any Purchaser and its Related Parties, and \$50,000 for Sullivan & Worcester LLP, in the aggregate;

(b) all the costs, fees and expenses of the Transfer Agent (including any fees required for same-day processing of any instruction letter delivered by the Company and all other costs and expenses (including stamp taxes and other taxes and duties levied) incurred in connection with the delivery to any Purchaser of any Securities;

(c) all the actual and reasonable costs, fees and expenses of creating and perfecting Liens in favor of such Purchaser Party, pursuant to any Transaction Document, including costs associated with any UCC fees, other filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to such Purchaser Party;

(d) all the actual and reasonable costs, fees and expenses of administration of the Transaction Documents and preparation, execution and closing of any consents, amendments, waivers or other modifications thereto, including the reasonable fees, expenses and disbursements of counsel to such Purchaser Party in connection therewith and in connection with any other documents or matters requested by such Company Party (including through agents, contractors, trustees, representatives and advisors) or otherwise prepared or delivered in connection with any Transaction Document;

(e) all the actual and reasonable costs, fees, expenses and disbursements of any auditors, accountants, consultants or appraisers used in connection with the Transaction Documents;

(f) all the actual and reasonable costs, fees and expenses (including the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by such Purchaser Party and its counsel) in connection with the inspection, verification, custody or preservation of any collateral, to the extent required or permitted under any Transaction Document; and

(g) all costs, fees and expenses, including reasonable attorneys' fees (including allocated costs of internal counsel) and costs of settlement, incurred by any Purchaser in enforcing any obligation owed hereunder or in collecting any payments due from any Company Party hereunder or under the other Transaction Documents (including in connection with the sale of, collection from, or other realization upon any collateral or the enforcement of any guaranty) or in connection with any negotiations, reviews, refinancing or restructuring of the credit arrangements provided hereunder, including in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings.

The foregoing shall be in addition to, and shall not be construed to limit, any other provisions of the Transaction Documents regarding indemnification and costs and expenses to be paid by the Company Parties.

**6.3 Modifications and Signatures.** No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any modification effected in accordance with this **Section 5.3** shall be binding upon each Purchaser and holder of Securities and the Company.

(a) **Entire Agreement.** This Agreement and the other Transaction Documents contain and constitute the entire agreement of the parties with respect to the subject matter hereof and supersede all prior negotiations, agreements, and understandings, whether written or oral, of the parties hereto, which the parties acknowledge have been merged into such documents.

(b) **Amendments.** No amendment, modification or termination of any provision of this Agreement or any other Transaction Document shall be effective without the written consent of the Company and the Required Purchasers (or such other number of Purchasers as expressly stated in other provisions of the Transaction Documents); **provided**, that (i) if any amendment, modification or waiver disproportionately and adversely impacts a Purchaser (or group of Purchasers), the consent of holders of a majority of the principal amount of the Notes held by such disproportionately impacted Purchaser (or group of Purchasers) shall also be required and (ii) this clause (b) may only be modified with the consent of all Purchasers. No waiver or consent shall be effective against any party unless given in writing and then any such waiver shall then be effective only in the specific instance and for the specific purpose for which it was given. Where the consent or waiver of the Purchasers generally (and not each Purchaser) is required, it may be given by the Required Purchasers.

(c) **Successors and Assigns.** This Agreement shall bind and inure solely to the benefit of the Company Parties, the Purchaser Parties, and their respective successors and, if permitted, assigns; **provided**, that the Company Parties may not assign this Agreement or any other Transaction Document or any rights or obligations hereunder or thereunder without the Required Purchaser's prior written consent and any prohibited assignment shall be absolutely void. Unless otherwise expressly provided in any Transaction Document, each Purchaser may sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, or any right or remedy under, the Securities and the Transaction Documents without the consent of the Company Parties; **provided**, that any transferee of the Securities shall agree in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchaser" (and any attempt to effect such transfer without securing such agreement shall be null and void).

(d) **No Waiver by Course of Dealing.** No notice to or demand on any Company Party, whether or not in any Proceeding, pursuant to any Transaction Document shall entitle any Company Party to any other or further notice (except as specifically required hereunder or under any other Transaction Document) or demand in similar or other circumstances. The failure by any Purchaser Party at any time or times to require strict performance by any Company Party of any provision of this Agreement or any of the other Transaction Documents or the granting of any waiver or indulgence shall not waive, affect or otherwise diminish any right of any Purchaser Party thereafter to demand strict compliance and performance with such provision, shall not affect or be a waiver under any other provision of any Transaction Document except as specifically mentioned and shall not constitute a course of dealing by such Purchaser Party at variance with the terms of this Agreement or any other Transaction Document (and therefore, among other things, shall not require further notice by such Purchaser Party of its intent to require strict adherence to the terms of such Transaction Document in the future). Any such actions shall not in any way affect the ability of each Purchaser Party, in its discretion, to exercise any rights available to it under this Agreement, the other Transaction Documents or under applicable Regulations.

(e) **Execution in Counterparts.** This Agreement may be executed in counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and both of which, when taken together, shall constitute but one and the same Agreement. In proving this Agreement in any judicial proceedings, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom such enforcement is sought.

(f) **Electronic Signatures.** Each party agrees that the electronic signatures, whether digital or encrypted, of the parties included in this Agreement or any other Transaction Document are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such record, including facsimile or email electronic signatures. The Borrower expressly agrees that this Agreement and all other Transaction Documents are “transferable records” as defined in applicable Regulations relating to electronic transaction and that it may be created, authenticated, stored, transmitted and transferred in a manner consistent with and permitted by such applicable Regulations.

#### 6.4 Notices.

(a) All notices, requests, demands, and other communications to either party hereto or given under any Transaction Document shall be in writing (including electronic mail transmission or similar writing) and shall be given to such party at the physical address or send to the electronic mailing address set forth in the signature pages hereof or at such other physical address or electronic mailing address as such party may hereafter specify for the purpose of notice to the Purchasers and the Company in accordance with the provisions of this **Section 6.4**.

(b) Each such notice, request or other communication shall be effective (i) if given by mail, three (3) Trading Days after such communication is deposited in the U.S. Mail with first class postage pre-paid, addressed to the noticed party at the address specified herein, (ii) if by nationally recognized overnight courier, when delivered with receipt acknowledged in writing by the noticed party, (iii) if given by personal delivery, when duly delivered with receipt acknowledged in writing by the noticed party or (iv) if given by electronic mail, when delivered (receipt by the sender of a receipt using the “return receipt” function or receipt of a reply email being presumptive evidence of receipt thereof); **provided**, that if such electronic mail is not sent prior to the last trading hour of the principal Trading Market of the Securities on a Trading Day, such electronic mail shall be deemed to have been sent at the opening of trading on the next Trading Day for such principal Trading Market. Any written notice, request or demand that is not sent in conformity with the provisions hereof shall nevertheless be effective on the date that such notice, request or demand is actually received by the individual to whose attention at the noticed party such notice, request or demand is required to be sent.

**6.5 Set-Off.** In addition to any rights now or hereafter granted under applicable Regulations and not by way of limitation of any such rights, each Purchaser Party is hereby authorized by the Company Parties at any time or from time to time, without notice or demand to any Company Party or to any other Person, any such notice or demand being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, time or demand, provisional or final, including indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other indebtedness or other amounts at any time held or owing by such Company Party to or for the credit or the account of any Company Party or any of their Related Parties against and on account of any amounts due by any Company Party or any of their Related Parties to any Purchaser Party under any Transaction Documents (including from the Purchase Price to be disbursed hereunder), irrespective of whether or not (a) such Purchaser Party shall have made any demand hereunder or (b) the principal of or the interest on the Notes or any other Obligation shall have become due and payable and although such obligations and liabilities, or any of them, may be contingent or unmatured. If, as a result of such set off, appropriate or application, such Purchaser Party receives more than it is owed under any Transaction Document, it shall hold such amounts in trust for the other Purchaser Parties and transfer such amounts to the other Purchaser Parties ratably according to the amounts they are owed on the date of receipt.

#### 6.6 Governing Law.

(a) **Except as otherwise expressly provided in any other Transaction Document, this Agreement, the other Transaction Documents and all claims, Proceedings and matters arising hereunder or thereunder or related hereto or thereto are governed by, and construed and enforced in accordance with, the laws of the State of Nevada.**

(b) Any Proceeding with respect to any Transaction Document may be brought exclusively in the Nevada State courts sitting in Clark County or the federal courts of the United States of America for the District of Nevada and sitting in Clark County. Each Company Party (i) accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of such courts, (ii) irrevocably waives any objection, including any objection to the laying of venue, based on the grounds of forum *non conveniens* or that such jurisdiction is improper or otherwise that such party is not subject to the jurisdiction of such courts, that it may now or hereafter have to the bringing of any Proceeding in those jurisdictions, (iii) irrevocably consents to the service of process of any court referred to above in any Proceeding by the mailing of copies of the process to the parties hereto as provided in **Section 5.4** and (iv) agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Service effected as provided in this manner will become effective ten (10) calendar days after the mailing of the process. Notwithstanding the foregoing, nothing contained in any Transaction Document shall affect the right of any Purchaser Party to serve process in any other manner permitted by applicable Regulations or commence Proceedings or otherwise proceed against any Company Party in any other jurisdiction.

**6.7 Severability.** Any provision of any Transaction Document being held illegal, invalid or unenforceable in any jurisdiction shall not affect any part of such provision not held illegal, invalid or unenforceable, any other provision of any Transaction Document or any part of such provision in any other jurisdiction, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. In addition, upon any determination that any such term or other provision is invalid, illegal or incapable of being enforced, the parties hereto will negotiate in good faith to modify the relevant Transaction Document so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

**6.8 Rescission and Withdrawal Right.** Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; **provided**, that in the case of a rescission of a conversion of any Note, such Purchaser shall be required to return any shares of Common Stock subject to any such rescinded conversion notice.

**6.9 Replacement of Securities.** If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

#### **6.10 Remedies.**

(a) In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each Purchaser (severally and not jointly) and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

(b) If any Company Party shall fail to discharge any covenant, duty or obligation hereunder or under any of the other Transaction Documents, each Purchaser may, in its discretion at any time, for the account and at the expense of the Company Parties jointly and severally, pay any amount or do any act required of such Company Party hereunder or under any of the other Transaction Documents or otherwise lawfully requested by any Purchaser (including buying-in Securities in the principal Trading Market of the Securities in case of failure by the Company to deliver Convertible Securities). All costs and expenses incurred by any Purchaser in connection with the taking of any such action shall be reimbursed to such Purchaser by the Company Party on demand with interest at the highest interest rate applicable to amounts due under the Notes of such Purchaser from the date such payment is made or such costs or expenses are incurred to the date of payment thereof. Any payment made or other action taken by any Purchaser under this **clause (b)** shall be without prejudice to any right to assert, and without waiver of, any breach of any Transaction Document and without prejudice to any Purchaser Party's right to proceed thereafter as provided herein or in any of the other Transaction Documents.

(c) The remedies provided in this Agreement and all other Transaction Documents shall be cumulative and in addition to all other remedies available under any Transaction Document, whether at law or in equity (including a decree of specific performance and/or other injunctive relief).

(d) Nothing in any Transaction Document shall limit the Purchaser Party's rights to pursue actual and consequential damages for any failure by any Company Party to comply with the terms of this Agreement or any other Transaction Document.

(e) An Event of Default will cause irreparable harm to the Purchasers and that the remedy at law for any such breach may be inadequate. Therefore, in the event of any such Event of Default, the Purchasers shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required.

**6.11 Marshaling; Payment Set Aside.** No Purchaser Party shall be under any obligation to marshal any property in favor of any Company Party or any other party or against or in payment of any amount due under any Transaction Document. To the extent that any Company Party makes a payment or payments to any Purchaser pursuant to any Transaction Document or any Purchaser Party enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to any Company Party, a trustee, receiver or any other Person under any law (including any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

**6.12 Usury.** To the extent it may lawfully do so, each Company Party hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by any Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of each Company Party under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the "**Maximum Rate**") and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that any Company Party may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date thereof forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by any Company Party to any Purchaser Party with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Purchaser Party to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Purchaser's election.

**6.13 Liquidated Damages.** The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

6.14 **Further Assurances.** The Company Parties agree to take such further actions as each Purchaser shall reasonably request from time to time in connection herewith to evidence, give effect to or carry out this Agreement and the other Transaction Documents and any of the transactions contemplated hereby or thereby.

6.15 **Interpretation.** The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of any Transaction Document. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement. Except as otherwise expressly provided in any Transaction Document, if the last or appointed day for the taking of any action or the expiration of any right required or granted under any Transaction Document shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day. As used in any Transaction Document, references to the singular will include the plural and vice versa and references to the masculine gender will include the feminine and neuter genders and vice versa, as appropriate. When used in any Transaction Document, unless otherwise expressly provided in such Transaction Document, (a) the words “**hereof**,” “**herein**” and “**hereunder**” and words of similar import refer to such Transaction Document as a whole and not to any particular provision of such Transaction Document, (b) recital, article, section, subsection, schedule and exhibit references are references with respect to such Transaction Document unless otherwise specified, (c) any reference to any agreement shall include a reference to all recitals, appendices, exhibits and schedules to such agreement and, unless the prior written consent of any party is required hereunder and is not obtained, shall be a reference to such agreement as waived, amended, restated, supplemented or otherwise modified and (d) any reference to a specific Regulation shall be to such Regulation, as modified from time to time, together with any successor or replacement Regulation, in each case as in effect at the time of determination. Unless the context otherwise requires, when used in any Transaction Document, the following terms have the following meaning: (u) “**execution**,” “**signed**,” “**signature**” and words of like import shall be deemed to include electronic signatures and 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 Regulation, including the Federal Electronic Signatures in Global and National Commerce Act and any other similar state Regulation based on the Uniform Electronic Transactions Act, (v) “**incur**” means incur, create, make, issue, assume or otherwise become or remain directly or indirectly liable in respect of or responsible for, in each case whether directly or indirectly, as primary obligor or guarantor or endorser, and the terms “**incurrence**” and “**incurred**” and similar derivatives shall have correlative meanings, (w) “**knowledge**” of the any Company Party means the best knowledge of any officer, director or employee of such Company Party after due inquiry, (x) “**including**” means “including, without limitation,” (y) “**asset**” and “**property**” have the same meaning and mean, “collectively, all rights and interests in tangible and intangible assets and properties, whether real, personal or mixed and including cash, capital stock, revenues, accounts, leasehold interests, contract rights and other rights under Permits and Contractual Obligations” and (z) “**documents**” and “**documentation**” have the same meaning and mean “collectively, all documents, drafts, instruments, agreements, indentures, certificates, forms, opinions, powers of attorney, notices, summons, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.” The headings in this Agreement are included for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement. All references in this Agreement or any other Transaction Document to statutes and regulations shall include all amendments of same and implementing regulations and any successor statutes and regulations; to any instrument or agreement (including any of the Transaction Documents) shall include any and all modifications and supplements thereto and any and all restatements, extensions or renewals thereof to the extent such modifications, supplements, restatements, extensions or renewals of any such documents are permitted by the terms hereof and thereof. An Event of Default shall be deemed to exist at all times during the period commencing on the date that such Event of Default occurs to the date on which such Event of Default is waived in writing pursuant to the relevant Note or, with respect to any Default, is cured within any period of cure expressly provided in the relevant Note. Whenever in any provision of any Transaction Document, any Purchaser is authorized to take or decline to take any action (including making any determination) in the exercise of its “**discretion**,” such provision shall be understood to mean that such Purchaser may take or refrain to take such action in its sole discretion. References to times of the day in any Transaction Document shall refer to Eastern Time. 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.” Time is of the essence of this Agreement and the other Transaction Documents. No provision of this Agreement or any of the other Transaction Documents shall be construed against or interpreted to the disadvantage of any party hereto by any Governmental Authority by reason of such party having or being deemed to have structured, drafted or dictated such provision. “**month**” (but not “calendar month”) means each period from a date of determination to the day (including the Closing Date itself) in the next calendar month numerically-corresponding to such date (**provided**, that, if such calendar month does not have any such numerically-corresponding day, such numerically-corresponding day shall be deemed to be the last day of such calendar month).

**6.16 Waiver of Jury Trial and Certain Other Rights.**

**(a) The parties hereto hereby irrevocably and unconditionally waive, to the fullest extent permitted by applicable Regulations, any right that they may have to trial by jury of any claim or cause of action or in any Proceeding, directly or indirectly based upon or arising out of this Agreement or any Transaction Document (whether based on contract, tort or any other theory). Each party (a) certifies that no representative, agent, or attorney of any other party has represented, expressly or otherwise, that such other parties would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties have been induced to enter into this Agreement and the other Transaction Documents by, among other things, the mutual waivers and certifications in this section.**

(b) Each Company Party acknowledges and agrees that the foregoing waivers are a material inducement to the Purchasers to enter into and accept this Agreement. Each Company Party has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial rights following consultation with such legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court. This **Section 6.16** shall not restrict a party from exercising remedies under the UCC or from exercising pre-judgment remedies under applicable Regulations.

*[Signature Pages Follow]*



**IN WITNESS WHEREOF**, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Unrivaled Brands, Inc.

Address for Notice:  
3242 S. Halladay St., Suite 202

Santa Ana, CA 92705

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: CEO

Fax: \_\_\_\_\_  
Email: \_\_\_\_\_

*[Signature Pages for Purchaser Follow]*

**IN WITNESS WHEREOF**, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: \_\_\_\_\_

Signature of Authorized Signatory of Purchaser: \_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address for Notices to Purchaser:

Email:

EIN Number: \_\_\_\_\_

For purposes of Section 4.17 only:

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

\_\_\_\_\_

**PURCHASERS**

1 - Name of Purchaser	2 - Initial Principal Amount of Notes	3 - Number of Commitment Shares	4 - Subscription Amount

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

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**FORM OF NOTE**

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

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**FORM OF GUARANTY**

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

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**FORM OF SECURITY AGREEMENT**

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

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**FORM OF TRANSFER AGENT INSTRUCTION LETTER**

SECURITIES PURCHASE AGREEMENT FOR \_\_\_\_\_

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## SECURITY AGREEMENT

This Security Agreement (this “**Agreement**”), dated as of November 22, 2021, is entered into by Unrivaled Brands, Inc., a Nevada corporation (the “**Company**”) and each of the other operating subsidiaries listed on the signature pages hereof (together with the Company, the “**Grantors**”) in favor of \_\_\_\_\_, a \_\_\_\_\_ limited liability company, for itself and as collateral agent (in such capacity and together with any successor and any replacement named in accordance with the Purchase Agreement, the “**Collateral Agent**”) for the holders (together with the Initial Holders, the “**Holder**” or the “**Purchasers**”) of, the Senior Secured Promissory Notes of the Company, designated as its Senior Secured Promissory Note due February 22, 2022 (the “**Notes**”), issued and sold by the Company pursuant to the Securities Purchase Agreement, dated as of November 22, 2021, between the Company and the Holders (the “**Purchase Agreement**”) and for the other Purchaser Parties.

## RECITALS

**WHEREAS**, pursuant to the Purchase Agreement, the initial Purchasers have severally agreed to purchase the Notes and Commitment Shares from the Company upon the terms and subject to the conditions set forth therein;

**WHEREAS**, each Grantor (other than the Company) has guaranteed the Obligations (as defined in the Purchase Agreement) of the Company pursuant to a Guaranty of even date herewith and will derive substantial direct and indirect benefits from the purchase of the Notes under the Purchase Agreement; and

**WHEREAS**, it is a condition precedent to the obligation of each Initial Holder to purchase the Notes and Commitment Shares from the Company under the Purchase Agreement and for the Collateral Agent to sign the Purchase Agreement that the Grantors shall have executed this Agreement and delivered it to the Collateral Agent and the initial Purchasers;

**NOW, THEREFORE**, in consideration of the premises and to induce the initial Holders to enter into the Purchase Agreement and to induce the Collateral Agent to enter into the Purchase Agreement and the initial Holders to purchase the Notes from the Company thereunder, each Grantor hereby agrees with the Holders as follows:

## ARTICLE I DEFINED TERMS

## 1.1 Definitions.

(a) Capitalized terms used but not defined herein shall be used to refer to any item included within the definition of such term under any Note, including if such term is defined in such Note merely by reference to such definition in the Purchase Agreement.

(b) The following terms shall have the following meanings:

“**Applicable IP Office**” means the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency within or outside the United States.

“**Collateral**” has the meaning specified in **Section 2.1**.

“**Copyrights**” means all rights, title and interests (and all related IP Ancillary Rights) arising under any Regulation in or relating to copyrights and all mask work, database and design rights, whether or not registered or published, all registrations and recordings thereof and all applications in connection therewith, and all rights corresponding to any of the foregoing throughout the world.



**“Excluded Property”** means, collectively, (i) any Permit or similar agreement entered into by any Grantor (A) that prohibits or requires the consent of any Person other than the Company, any other Company Party or any of their respective Affiliates as a condition to the creation by such Grantor of a Lien on any right, title or interest in such Permit or other agreement or any Stock or Stock Equivalent related thereto or (B) to the extent that any Regulation applicable thereto prohibits the creation of a Lien thereon, but only, with respect to the prohibition in (A) and (B), to the extent, and for as long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other Regulation, (ii) fixed or capital assets owned by any Grantor that is subject to a purchase money security interest or a Capital Lease if the documentation pursuant to which such Lien is granted (or in the documentation providing for such Capital Lease) prohibits or requires the consent of any Person (other than the Company, any other Company Party and their respective Affiliates) as a condition to the creation of any other Lien on such equipment and (iii) any “intent to use” Trademark applications for which a statement of use has not been filed (but only until such statement is filed); **provided**, that **“Excluded Property”** shall not include any proceeds, products, substitutions or replacements of Excluded Property (unless such proceeds, products, substitutions or replacements would otherwise constitute Excluded Property), all of which shall therefore be included in Collateral as provided hereunder.

**“Intellectual Property”** means any “Intellectual Property Rights” as defined in the Purchase Agreement, including all applicable Copyrights, Trademarks, Patents, Internet Domain Names, Trade Secrets and IP Licenses.

**“Internet Domain Names”** means all rights, title and interests (and all related IP Ancillary Rights) arising under any Regulation in or relating to Internet domain names.

**“IP Ancillary Rights”** means, with respect to any other Intellectual Property, as applicable, all foreign counterparts to, and all divisionals, reversions, continuations, continuations-in-part, reissues, reexaminations, renewals and extensions of, such Intellectual Property and all income, royalties, proceeds and Liabilities at any time due or payable or asserted under or with respect to any of the foregoing or otherwise with respect to such Intellectual Property, including all rights to sue or recover at law or in equity for any past, present or future infringement, misappropriation, dilution, violation or other impairment thereof, and, in each case, all rights to obtain any other IP Ancillary Right.

**“IP License”** means all agreements, licenses and other documentation (and all related IP Ancillary Rights), whether written or oral, granting any right title and interest in or relating to any Intellectual Property.

**“Liabilities”** means all claims, actions, suits, judgments, damages, losses, liability, obligations, responsibilities, fines, penalties, sanctions, costs, fees, taxes, commissions, charges, disbursements and expenses, in each case of any kind or nature (including interest accrued thereon or as a result thereto and fees, charges and disbursements of financial, legal and other advisors and consultants), whether joint or several, whether or not indirect, contingent, consequential, actual, punitive, treble or otherwise.

**“Patents”** means all rights, title and interests (and all related IP Ancillary Rights) arising under any Regulation in or relating to any and all patents and patent applications and all inventions and improvements described and claimed therein, and all rights corresponding to any of the foregoing throughout the world.

**“Pledged Certificated Stock”** means all certificated securities and any other Stock or Stock Equivalent of any Person evidenced by a certificate, instrument or other similar documentation (as defined in the UCC), in each case owned by any Grantor, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, set forth on the Disclosure Certificate. **“Pledged Certificated Stock”** excludes any Excluded Property.

**“Pledged Collateral”** means, collectively, the Pledged Stock and the Pledged Debt Instruments.

**“Pledged Debt Instruments”** means all right, title and interest of any Grantor in instruments evidencing any Indebtedness owed to such Grantor or other obligations, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, set forth on the Disclosure Certificate, issued by the obligors named therein.

**“Pledged Investment Property”** means any investment property of any Grantor, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, other than any Pledged Collateral.

“**Pledged Stock**” means all Pledged Certificated Stock and all Pledged Uncertificated Stock.

“**Pledged Uncertificated Stock**” means any Stock or Stock Equivalent of any Person that is not Pledged Certificated Stock set forth on the Disclosure Certificate, including all right, title and interest of any Grantor as a limited or general partner in any partnership not constituting Pledged Certificated Stock or as a member of any limited liability company, all right, title and interest of any Grantor in, to and under any constituent documentation of any partnership or limited liability company to which it is a party, and any distribution of property made on, in respect of or in exchange for the foregoing from time to time, set forth on the Disclosure Certificate, to the extent such interests are not certificated. “**Pledged Uncertificated Stock**” excludes any Excluded Property.

“**Purchaser**” has the meaning specified in the preamble hereto.

“**Purchase Agreement**” has the meaning specified in the preamble hereto.

“**Software**” means (a) all computer programs, including source code and object code versions, (b) all data, databases and compilations of data, whether machine readable or otherwise, and (c) all documentation, training materials and configurations related to any of the foregoing.

“**Stock**” means all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

“**Stock Equivalents**” means all securities convertible into or exchangeable for Stock or any other Stock Equivalent and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any Stock or any other Stock Equivalent, whether or not presently convertible, exchangeable or exercisable.

“**Trademarks**” means all rights, title and interests (and all related IP Ancillary Rights) arising under any Regulation in or relating to trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers and, in each case, all goodwill associated therewith, including all registrations and recordations thereof and all applications in connection therewith, all registrations and applications for registration and recording applications filed in connection therewith, including registrations and registration applications in the Applicable IP Office, all common law trademarks and the goodwill of the business symbolized by the foregoing, all licenses of the foregoing, whether as licensee or licensor, and all rights corresponding to any of the foregoing throughout the world.

“**Trade Secrets**” means all right, title and interest (and all related IP Ancillary Rights) arising under any Regulation in or relating to trade secrets, including all rights corresponding to any of the foregoing throughout the world.

“**UCC**” means the Uniform Commercial Code as from time to time in effect in the State of Nevada, **provided, however,** that, in the event that, by reason of mandatory provisions of any applicable Regulation, any of the attachment, perfection or priority of any other Purchaser Party’s security interest in any Collateral is governed by the Uniform Commercial Code or comparable Regulation of a jurisdiction other than the State of Nevada, “**UCC**” shall mean the Uniform Commercial Code or comparable Regulation as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of the definitions related to or otherwise used in such provisions.

“**Vehicles**” means all vehicles covered by a certificate of title law of any state.

(c) The following terms have the meanings given to them in the UCC and terms used herein without definition that are defined in the UCC have the meanings given to them in the UCC (such meanings to be equally applicable to both the singular and plural forms of the terms defined), including the following: “account,” “account debtor,” “as-extracted collateral,” “certificated security,” “chattel paper,” “commercial tort claim,” “commodity contract,” “deposit account,” “documents,” “electronic chattel paper,” “equipment,” “farm products,” “fixture,” “general intangible,” “goods,” “health-care-insurance receivable,” “instruments,” “inventory,” “investment property,” “letter-of-credit right,” “payment intangible,” “proceeds,” “record,” “securities account,” “security,” “supporting obligation” and “tangible chattel paper.”

**1.2 Certain Other Terms.** (a) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms. The terms “**herein**,” “**hereof**” and similar terms refer to this Agreement as a whole and not to any particular Article, Section or clause in this Agreement. References herein to an Annex, Article, Section or clause refer to the appropriate Annex to, or Article, Section or clause in this Agreement. Where the context requires, provisions relating to any Collateral when used in relation to a Grantor shall refer to such Grantor’s Collateral or any relevant part thereof.

(b) **Section 6.15 (Interpretation)** of the Purchase Agreement is applicable to this Agreement in accordance with its terms, as well as several other provisions of **Article VI (Miscellaneous)** of the Purchase Agreement. In addition, whenever used in this Agreement, “**in the ordinary course of business of a Person**” shall mean “in the ordinary course of business in all material respects consistent with past custom and practice of such Person as in effect on the date hereof with such changes as may be agreed to in writing by the Collateral Agent”.

## ARTICLE II GRANT OF SECURITY INTEREST

**2.1 Collateral.** For the purposes of this Agreement, all of the personal property, including the following property now owned or at any time hereafter acquired by a Grantor or in which a Grantor now has or at any time in the future may acquire any right, title or interests is collectively referred to as the “**Collateral**”:

(a) all accounts, as-extracted collateral, chattel paper, deposit accounts, documents, equipment, general intangibles (including all payment intangibles, Intellectual Property, rights to tax refunds, intercompany notes, rights arising out of leases, licenses, and contracts which are not accounts, computer software, computer programs, information contained on computer disks or tapes, software, literature, reports, catalogs, options, warranties, service contracts, program services, rights to refund, reimbursement, indemnification, and subrogation, goodwill, licenses, royalties, franchises, customer lists, reversions from any retirement plan or arrangement, money, interests in a partnership or limited liability company which do not constitute a security under Article 8 of the Code), instruments (including dividends and rights to payment arising out of partnership agreements and management contracts), inventory, investment property (including any Pledged Collateral and Pledged Investment Property) and any supporting obligations related thereto;

(b) any commercial tort claims set forth on the Disclosure Certificate;

(c) all books, records, ledgers, files, writings, data bases, plans, drawings, and information relating to any of the foregoing, pertaining to the other property described in this **Section 2.1**;

(d) all property of such Grantor held by any Purchaser Party, including all property of every description, in the custody of or in transit to such Purchaser Party for any purpose, including safekeeping, collection or pledge, for the account of such Grantor or as to which such Grantor may have any right or power, including cash;

(e) all other goods, fixtures, improvements (not constituting real property), and other personal property of such Grantor, whether tangible or intangible and wherever located; and

(f) to the extent not otherwise included, all cryptocurrency and other blockchain assets; and

(g) to the extent not otherwise included, all proceeds of the foregoing, including insurance proceeds (including any surrender value therefor, any right to return, or unearned premiums), causes and rights of action, remedies, privileges, settlements, judicial and arbitration judgments and awards, indemnities, Liens, warranties, or guaranties payable from time to time with respect to, or Lien or other security for, any of the foregoing; **provided**, that “**Collateral**” shall not include any Excluded Property; and **provided, further**, that if and when any property shall cease to be Excluded Property, such property shall be deemed at all times from and after the date hereof to constitute Collateral.

**2.2 Grant of Security Interest in Collateral.** Each Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of such Grantor (the “**Secured Obligations**”), hereby mortgages, pledges and hypothecates to the Collateral Agent, as agent for the Purchaser Parties, and grants to the Collateral Agent, as agent for the Purchaser Parties, a Lien on and security interest in, all of its right, title and interest in, to and under the Collateral of such Grantor.

### ARTICLE III REPRESENTATIONS AND WARRANTIES

To induce the initial Holders and the Collateral Agent to enter into the Transaction Documents, each Grantor hereby jointly and severally represents and warrants each of the following to the Collateral Agent, as agent for the other Purchaser Parties:

**3.1 Title; No Other Liens.** Except for the Lien granted to the Purchaser Parties pursuant to this Agreement and other Permitted Liens under any Transaction Document (including **Section 3.2** hereof and the Permitted Liens as such term is defined in the Notes), such Grantor owns each item of the Collateral free and clear of any and all Liens or claims of others. Such Grantor (a) is the record and beneficial owner of the Collateral pledged by it hereunder constituting instruments or certificates and (b) has rights in or the power to transfer each other item of Collateral in which a Lien is granted by it hereunder, free and clear of any other Lien.

**3.2 Perfection and Priority.** The security interest granted pursuant to this Agreement constitutes a valid and continuing perfected security interest in favor of the Collateral Agent, as agent for the Purchaser Parties, in all Collateral subject, for the following Collateral, to the occurrence of the following: (i) in the case of all Collateral in which a security interest may be perfected by filing a financing statement under the UCC, the completion of such filings set forth on the Disclosure Certificate (which have been delivered to the Collateral Agent in completed and duly authorized form), (ii) [reserved], (iii) in the case of all Copyrights, Trademarks, Patents and other Intellectual Property for which UCC filings are insufficient, all appropriate filings having been made with the United States Copyright Office or the United States Patent and Trademark Office, as applicable, (iv) in the case of letter-of-credit rights that are not supporting obligations of Collateral, the execution of an agreement granting control to the Collateral Agent over such letter-of-credit rights, (v) in the case of electronic chattel paper, the completion of all steps necessary to grant control to the Collateral Agent over such electronic chattel paper and (vi) in the case of Vehicles, the actions required under **Section 4.1(e)**. Such security interest shall be prior to all other Liens on the Collateral except as permitted by any Transaction Document upon (i) in the case of all Pledged Investment Property having instruments or certificates, Pledged Certificated Stock and Pledged Debt Instruments, the delivery thereof to the Collateral Agent of such Pledged Certificated Stock, Pledged Debt Instruments and Pledged Investment Property, in each case properly endorsed for transfer to the Collateral Agent or in blank, (ii) [reserved] and (iii) in the case of all other instruments and tangible chattel paper that are not Pledged Collateral or Pledged Investment Property, the delivery thereof to the Collateral Agent of such instruments and tangible chattel paper. Except as set forth in this **Section 3.2**, all actions by each Grantor necessary or desirable to protect and perfect the Lien granted hereunder on the Collateral have been duly taken.

**3.3 Jurisdiction of Organization; Chief Executive Office.** Such Grantor’s jurisdiction of organization, legal name and organizational identification number, if any, and the location of such Grantor’s chief executive office or sole place of business, in each case as of the date hereof, is set forth on the Disclosure Certificate and such Disclosure Certificate also lists all jurisdictions of incorporation, legal names and locations of such Grantor’s chief executive office or sole place of business for the five years preceding the date hereof.

**3.4 Locations of Inventory, Equipment and Books and Records.** On the date hereof, such Grantor’s inventory and equipment (other than inventory or equipment in transit) and books and records concerning the Collateral are kept at the locations listed on the Disclosure Certificate and such Disclosure Certificate also lists the locations of such inventory, equipment and books and records for the five years preceding the date hereof.

### 3.5 Pledged Collateral.

(a) The Pledged Stock pledged by such Grantor hereunder (i) is set forth on the Disclosure Certificate and constitutes that percentage of the issued and outstanding equity of all classes of each issuer thereof as set forth on the Disclosure Certificate, (ii) has been duly authorized, validly issued and is fully paid and nonassessable (other than Pledged Stock in limited liability companies and partnerships) and (iii) constitutes the legal, valid and binding obligation of the obligor with respect thereto, enforceable in accordance with its terms.

(b) As of the Closing Date, all Pledged Collateral (other than Pledged Uncertificated Stock) and all Pledged Investment Property consisting of instruments and certificates has been delivered to the Collateral Agent in accordance with **Section 4.3(a)**.

(c) Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall be entitled to exercise all of the rights of the Grantor granting the security interest in any Pledged Stock, and a transferee or assignee of such Pledged Stock shall become a holder of such Pledged Stock to the same extent as such Grantor and be entitled to participate in the management of the issuer of such Pledged Stock and, upon the transfer of the entire interest of such Grantor, such Grantor shall, by operation of law, cease to be a holder of such Pledged Stock.

**3.6 Instruments and Tangible Chattel Paper Formerly Accounts.** No amount payable to such Grantor under or in connection with any account is evidenced by any instrument or tangible chattel paper that has not been delivered to the Collateral Agent, properly endorsed for transfer, to the extent delivery is required by **Section 4.6(a)**.

**3.7 Intellectual Property.** (a) The Disclosure Certificate sets forth a true and complete list of the following Intellectual Property such Grantor owns, licenses or otherwise has the right to use: (i) Intellectual Property that is registered or subject to applications for registration, (ii) Internet Domain Names and (iii) Intellectual Property and Software, separately identifying that owned and licensed to such Grantor and including for each of the foregoing items (1) the owner, (2) the title, (3) the jurisdiction in which such item has been registered or otherwise arises or in which an application for registration has been filed, (4) as applicable, the registration or application number and registration or application date and (5) any IP Licenses or other rights (including franchises) granted by the Grantor with respect thereto.

(b) On the Closing Date, all Intellectual Property owned by such Grantor is valid, in full force and effect, subsisting, unexpired and enforceable, and no Intellectual Property has been abandoned. No breach or default of any material IP License shall be caused by any of the following, and none of the following shall limit or impair the ownership, use, validity or enforceability of, or any rights of such Grantor in, any Intellectual Property: (i) the consummation of the transactions contemplated by any Transaction Document or (ii) any holding, decision, judgment or order rendered by any Governmental Authority. There are no pending (or, to the knowledge of such Grantor, threatened) actions, investigations, suits, proceedings, audits, claims, demands, orders or disputes challenging the ownership, use, validity, enforceability of, or such Grantor's rights in, any Intellectual Property of such Grantor. To such Grantor's knowledge, no Person has been or is infringing, misappropriating, diluting, violating or otherwise impairing any Intellectual Property of such Grantor. Such Grantor, and to such Grantor's knowledge each other party thereto, is not in material breach or default of any material IP License.

**3.8 Commercial Tort Claims.** The only commercial tort claims of any Grantor existing on the date hereof (regardless of whether the amount, defendant or other material facts can be determined and regardless of whether such commercial tort claim has been asserted, threatened or has otherwise been made known to the obligee thereof or whether litigation has been commenced for such claims) are those listed on the Disclosure Certificate, which sets forth such information separately for each Grantor.

**3.9 Specific Collateral.** None of the Collateral is or is proceeds or products of farm products, as-extracted collateral, health-care-insurance receivables or timber to be cut.

**3.10 Enforcement.** No Permit, notice to or filing with any Governmental Authority or any other Person or any consent from any Person is required for the exercise by the Collateral Agent of its rights (including voting rights) provided for in this Agreement or the enforcement of remedies in respect of the Collateral pursuant to this Agreement, including the transfer of any Collateral, except as may be required in connection with the disposition of any portion of the Pledged Collateral by laws affecting the offering and sale of securities generally or any approvals that may be required to be obtained from any bailees or landlords to collect the Collateral.

**3.11 Representations and Warranties of the Purchase Agreement.** The representations and warranties as to such Grantor and its Subsidiaries made by the Company in **Section 3 (Representations and Warranties)** of the Purchase Agreement are true and correct on each date as required by **Section 2.4(b) (Conditions to the Initial Purchaser's Obligations)** of the Purchase Agreement.

#### ARTICLE IV COVENANTS

Each Grantor agrees with the Collateral Agent and the other Purchaser Parties to the following, as long as any Obligation remains outstanding and, in each case, unless the Collateral Agent and the Required Purchasers otherwise consent in writing:

##### **4.1 Maintenance of Perfected Security Interest; Further Documentation and Consents.**

(a) Such Grantor shall (i) not use or permit any Collateral to be used unlawfully or in violation of any provision of any Transaction Document, any Regulation or any policy of insurance covering the Collateral and (ii) not enter into any agreement, obligation or undertaking restricting the right or ability of such Grantor or the Collateral Agent to enter into an Asset Sale, if such restriction would have a Material Adverse Effect.

(b) Such Grantor shall maintain the security interest created by this Agreement as a perfected security interest having at least the priority described in **Section 3.2** and shall defend such security interest and such priority against the claims and demands of all Persons (other than the Purchaser Parties).

(c) Such Grantor shall furnish to the Collateral Agent from time to time updates to the Disclosure Certificate and other lists, schedules and other documentation as may be requested by the Collateral Agent further identifying and describing the Collateral and such other documentation in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail and in form and substance satisfactory to the Collateral Agent.

(d) At any time and from time to time, upon the written request of the Collateral Agent, such Grantor shall, for the purpose of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, (i) promptly and duly execute and deliver, and have recorded, such further documentation, including an authorization to file (or, as applicable, the filing) of any financing statement or amendment under the UCC (or other filings under similar Regulations) in effect in any jurisdiction with respect to the security interest created hereby and (ii) take such further action as the Collateral Agent may reasonably request, including (A) using its best efforts to secure all approvals necessary or appropriate for the assignment to or for the benefit of the Collateral Agent of any Permit or other agreement, including any IP License, held by such Grantor and to enforce the security interests granted hereunder and (B) [reserved].

(e) If requested by the Collateral Agent, the Grantor shall arrange for the Collateral Agent's first priority security interest to be noted on the certificate of title of each Vehicle and shall file any other necessary documentation in each jurisdiction that the Collateral Agent shall deem advisable to perfect its security interests in any Vehicle.

(f) To ensure that any of the Excluded Property set forth in **clause (ii)** of the definition of "Excluded Property" becomes part of the Collateral, such Grantor shall use its best efforts to obtain any required consents from any Person (other than the Company, any Company Party and their respective Affiliates) with respect to any Permit or Contractual Obligation with such Person entered into by such Grantor that requires such consent as a condition to the creation by such Grantor of a Lien on all or part of such Excluded Property.

#### 4.2 Changes in Locations, Name, Etc.

(a) Except upon 30 days' prior written notice to the Collateral Agent and delivery to the Collateral Agent of all documentation reasonably requested by the Collateral Agent to maintain the validity, perfection and priority of the security interests granted in the Transaction Documents, such Grantor shall not do any of the following:

(i) change its jurisdiction of organization or its location, in each case from that referred to in **Section 3.3**; or

(ii) change its legal name or organizational identification number, if any, or corporation, limited liability company, partnership or other organizational structure to such an extent that any financing statement filed in connection with this Agreement would become misleading.

(b) Such Grantor shall not permit any inventory or equipment to be kept at a location other than those listed on the Disclosure Certificate, except for inventory or equipment in transit.

#### 4.3 Pledged Collateral.

(b) Such Grantor shall (i) deliver to the Collateral Agent, in suitable form for transfer and in form and substance satisfactory to the Collateral Agent, (A) all Pledged Certificated Stock, (B) all Pledged Debt Instruments and (C) all certificates and instruments evidencing Pledged Investment Property and (ii) [reserved].

(c) **Event of Default.** During the continuance of an Event of Default, the Collateral Agent shall have the right, at any time in its discretion and without notice to the Grantor, to (i) transfer to or to register in its name or in the name of its nominees any Pledged Collateral or any Pledged Investment Property and (ii) exchange any certificate or instrument representing or evidencing any Pledged Collateral or any Pledged Investment Property for certificates or instruments of smaller or larger denominations.

(d) **Cash Distributions with respect to Pledged Collateral.** Except as provided in **Article V**, such Grantor shall be entitled to receive all cash distributions paid in respect of the Pledged Collateral.

(e) **Voting Rights.** Except as provided in **Article V**, such Grantor shall be entitled to exercise all voting, consent and corporate, partnership, limited liability company and similar rights with respect to the Pledged Collateral; **provided**, that no vote shall be cast, consent given or right exercised or other action taken by such Grantor that would impair the Collateral or be inconsistent with or result in any violation of any provision of any Transaction Document.

**4.4 Accounts.** (a) Such Grantor shall not, other than in the ordinary course of business, (i) grant any extension of the time of payment of any account, (ii) compromise or settle any account for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any account, (iv) allow any credit or discount on any account or (v) amend, supplement or modify any account in any manner that could adversely affect the value thereof.

(b) The Collateral Agent shall have the right to make test verifications of the Accounts in any manner and through any medium that it reasonably considers advisable, and, subject to the requirements set forth in **Section 4.7 (Material Non-Public Information)** of the Purchase Agreement, such Grantor shall furnish all such assistance and information as the Collateral Agent may reasonably require in connection therewith. At any time and from time to time, upon the Collateral Agent's request, subject to the requirements set forth in **Section 4.7 (Material Non-Public Information)** of the Purchase Agreement, such Grantor shall cause independent public accountants or others satisfactory to the Collateral Agent to furnish to the Collateral Agent reports showing reconciliations, aging and test verifications of, and trial balances for, the accounts.

**4.5 Equipment and Commodity Contracts.** (a) Such Grantor will use all equipment constituting Collateral solely in the ordinary course of business, will keep all tangible Collateral in good order and repair, and will not waste or destroy any part of the Collateral. Grantors will not use any of the Collateral in violation of any Regulation in any material respect.

(b) Except in the ordinary course of business and except as expressly permitted by this Agreement or the Purchase Agreement, the Collateral Agent does not authorize such Grantor to, and such Grantor will not, without the Collateral Agent's prior written consent, sell, lease, assign, license, transfer, or otherwise dispose of or in any manner alter, modify, manufacture, process, or assemble the Collateral or any part thereof.

(c) Such Grantor may dispose of any equipment constituting Collateral which is worn out, destroyed, or damaged beyond repair; **provided**, that such Grantor (i) promptly replaces such disposed of equipment with new equipment, free of any Lien except for Permitted Liens (inclusive of the first priority perfected security interest of RD Dyer LLC on substantially all of the property of 620 Dyer LLC in effect as of the date hereof), which has a value or utility at least equal as of the date of replacement to the value or utility of the replaced equipment as of the date hereof and (ii) provides the Collateral Agent with at least five (5) Business Days' prior written notice of any such disposition of Equipment.

(d) Such Grantor shall not have any commodity contract other than with a Person approved by the Collateral Agent and subject to a Control Agreement.

**4.6 Delivery of Instruments and Tangible Chattel Paper and Control of Investment Property, Letter-of-Credit Rights and Electronic Chattel Paper.** (a) If any amount payable under or in connection with any Collateral owned by such Grantor shall be or become evidenced by an instrument or tangible chattel paper other than such instrument delivered in accordance with **Section 4.3(a)** and in the possession of the Collateral Agent, such Grantor shall mark all such instruments and tangible chattel paper with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest \_\_\_\_\_, as Collateral Agent" and, at the request of the Collateral Agent, shall immediately deliver such instrument or tangible chattel paper to the Collateral Agent, duly indorsed in a manner satisfactory to the Collateral Agent.

(b) Such Grantor shall not grant "control" (within the meaning of such term under Article 9-106 of the UCC) over any investment property to any Person other than the Collateral Agent.

(c) If such Grantor is or becomes the beneficiary of a letter of credit that is not a supporting obligation of any Collateral, such Grantor shall promptly, and in any event within two (2) Business Days after becoming a beneficiary, notify the Collateral Agent thereof and enter into an agreement with the Collateral Agent, the issuer of such letter of credit or any nominated person with respect to the letter-of-credit rights under such letter of credit. Such agreement shall assign such letter-of-credit rights to the Collateral Agent and such assignment shall be sufficient to grant control for the purposes of Section 9-107 of the UCC (or any similar section under any equivalent UCC). Such agreement shall also direct all payments thereunder to an account controlled (as defined in the UCC) by the Collateral Agent. The provisions of such agreement shall be in form and substance reasonably satisfactory to the Collateral Agent.

(d) If any amount payable under or in connection with any Collateral owned by such Grantor shall be or become evidenced by electronic chattel paper, such Grantor shall take all steps necessary to grant the Collateral Agent control of all such electronic chattel paper for the purposes of Section 9-105 of the UCC (or any similar section under any equivalent UCC) and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

**4.7 Intellectual Property.** (a) Within 60 days after inclusion of any new Intellectual Property in the Disclosure Certificate, such Grantor shall provide the Collateral Agent notification thereof and the short-form intellectual property agreements and assignments as described in this **Section 4.7** and other documentation that the Collateral Agent reasonably requests with respect thereto.



(b) Such Grantor shall (and shall cause all its licensees to) (i) (1) continue to use each Trademark included in the Intellectual Property in order to maintain such Trademark in full force and effect with respect to each class of goods for which such Trademark is currently used, free from any claim of abandonment for non-use, (2) maintain at least the same standards of quality of products and services offered under such Trademark as are currently maintained, (3) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable Regulations, (4) not adopt or use any other Trademark that is confusingly similar or a colorable imitation of such Trademark unless the Collateral Agent shall obtain a perfected security interest in such other Trademark pursuant to this Agreement and (ii) not do any act or omit to do any act whereby (w) such Trademark (or any goodwill associated therewith) may become destroyed, invalidated, impaired or harmed in any way, (x) any Patent included in the Intellectual Property may become forfeited, misused, unenforceable, abandoned or dedicated to the public, (y) any portion of the Copyrights included in the Intellectual Property may become invalidated, otherwise impaired or fall into the public domain or (z) any Trade Secret that is Intellectual Property may become publicly available or otherwise unprotectable.

(c) Such Grantor shall notify the Collateral Agent immediately if it knows, or has reason to know, that any application or registration relating to any Intellectual Property may become forfeited, misused, unenforceable, abandoned or dedicated to the public, or of any adverse determination or development regarding the validity or enforceability of such Grantor's ownership of, interest in, right to use, register, own or maintain any Intellectual Property (including the institution of, or any such determination or development in, any proceeding relating to the foregoing in any Applicable IP Office). Such Grantor shall take all actions that are necessary or reasonably requested by the Collateral Agent to maintain and pursue each application (and to obtain the relevant registration or recordation) and to maintain each registration and recordation included in the Intellectual Property.

(d) Such Grantor shall not knowingly do any act or omit to do any act to infringe, misappropriate, dilute, violate or otherwise impair the Intellectual Property of any other Person. In the event that any Intellectual Property of such Grantor is or has been infringed, misappropriated, violated, diluted or otherwise impaired by a third party, such Grantor shall take such action as it reasonably deems appropriate under the circumstances in response thereto, including promptly bringing suit and recovering all damages therefor.

(e) Such Grantor shall execute and deliver to the Collateral Agent in form and substance reasonably acceptable to the Collateral Agent and suitable for (i) filing in the Applicable IP Office the short-form intellectual property security agreements in the form attached hereto as **Annex 3** for all Copyrights, Trademarks, Patents and IP Licenses of such Grantor and (ii) recording with the appropriate Internet domain name registrar, a duly executed form of assignment for all Internet Domain Names of such Grantor (together with appropriate supporting documentation as may be requested by the Collateral Agent).

**4.8 Landlord Waivers.** If any Collateral is at any time not in transit and located on any Real Property not owned and possessed by a Grantor, such Grantor shall provide prompt written notice to the Collateral Agent and notify any owner, lessor, licensor of any part of, or any other Person having any right to enter on any part of, such Real Property of the Collateral Agent's security interest in such Collateral. Upon the Collateral Agent's request and option, such Grantor shall (i) instruct each such owner, lessor, licensor and other Person to hold all such Collateral for the Collateral Agent's account subject to such Grantor's instructions, or, if an Event of Default shall have occurred, subject to the Collateral Agent's instructions and (ii) cause each such owner, lessor, licensor and other Person to enter into a landlord waiver in form and substance satisfactory to the Collateral Agent.

**4.9 Third-Party Possession or Control.** If any Collateral is at any time in the possession or control of any warehouseman, bailee, agent or independent contractor, such Grantor shall provide prompt written notice to the Collateral Agent and notify such warehouseman, bailee, agent or independent contractor of the Collateral Agent's security interest in such Collateral. Upon the Collateral Agent's request and option, such Grantor shall (i) instruct any such warehouseman, bailee, agent or independent contractor to hold all such Collateral for the Collateral Agent's account subject to such Grantor's instructions, or, if an Event of Default shall have occurred, subject to the Collateral Agent's instructions and (ii) cause any such warehouseman, bailee, agent or independent contractor to enter into a collateral access agreement in form and substance satisfactory to the Collateral Agent.

**4.10 Acquired Real Property.** In the event any Grantor hereafter acquires any interest in any Real Property, such Grantor shall promptly: (a) provide the Collateral Agent with a description of the location of the applicable Real Property; (b) provide the Collateral Agent with a legal description of such Real Property sufficient to enable the Collateral Agent to record the financing statements in the appropriate Real Property records and the name of the record owner of the real estate if other than the Grantor and real estate descriptions; and (c) pay to the Collateral Agent the related filing fee and any recording or stamp taxes due in connection with such filings.

**4.11 Notices.** Such Grantor shall promptly notify the Collateral Agent in writing of its acquisition of any interest hereafter in property that is of a type where a security interest or lien must be or may be registered, recorded or filed under, or notice thereof given under, any federal statute or regulation. In addition, such Grantor shall promptly notify the Collateral Agent of each of the following: (a) any material adverse change in such Grantor's financial condition or any change that materially affects any of the Collateral or the related security interest, (b) any claim, action, or proceeding which could materially and adversely affect the value of, or any such Grantor's title to, any of the Collateral, or the effectiveness of the security interest, and (c) the occurrence of any Event of Default.

**4.12 Notice of Commercial Tort Claims.** Such Grantor agrees that, if it shall acquire any interest in any commercial tort claim (whether from another Person or because such commercial tort claim shall have come into existence), (i) such Grantor shall deliver to the Collateral Agent within fifteen (15) calendar days of such acquisition, an update to the Disclosure Certificate that shall include a specific description of such commercial tort claim and such Grantor shall deliver any information about such commercial tort claim as the Collateral Agent shall reasonable request, (ii) **Section 2.1** shall apply to such commercial tort claim and (iii) within fifteen (15) calendar days of such acquisition, such Grantor shall execute and deliver to the Collateral Agent, in each case in form and substance satisfactory to the Collateral Agent, any documentation, and take all other action, deemed by the Collateral Agent to be reasonably necessary or appropriate for the Collateral Agent to obtain, a perfected security interest having at least the priority set forth in **Section 3.2** in all such commercial tort claims.

**4.13 Compliance with Purchase Agreement.** Such Grantor hereby makes all representations and warranties, and agrees to comply with all covenants and other provisions, applicable to it or any of its Subsidiaries under the Purchase Agreement, including **Section 3.1 (Representations and Warranties of the Company Parties (including clause (kk) (AML/CTF Regulations)), 4.8 (Use of Proceeds), 4.9 (Indemnification of Each Purchaser Party), 5.8 (Collateral Agent May File Proof of Claims) and 6.2 (Fees and Expenses)** and of the Purchase Agreement and agrees to the same submission to jurisdiction as that agreed to by the Company in the Purchase Agreement. Any update to the Disclosure Certificate delivered in accordance with the Transaction Documents shall, after the receipt thereof by the Collateral Agent, become part of the Disclosure Certificate for all purposes hereunder other than in respect of representations and warranties made prior to the date of such receipt.

## ARTICLE V REMEDIES

### 5.1 Code and Other Remedies.

(a) **UCC Remedies.** During the continuance of an Event of Default, the Collateral Agent may exercise, in addition to all other rights and remedies granted to it in this Agreement and in any other instrument or agreement securing, evidencing or relating to any Secured Obligation, all rights and remedies of a Purchaser Party under the UCC or any other applicable law.

(b) **Disposition of Collateral.** Without limiting the generality of the foregoing, the Collateral Agent may, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Grantor or any other Person (all and each of which demands, defenses, advertisements and notices are hereby waived), during the continuance of any Event of Default (personally or through its agents or attorneys), (i) enter upon the premises where any Collateral is located, without any obligation to pay rent, through self-help, without judicial process, without first obtaining a final judgment or giving any Grantor or any other Person notice or opportunity for a hearing on the Collateral Agent's claim or action, (ii) collect, receive, appropriate and realize upon any Collateral and (iii) as further set forth herein, enter into transfers, sales, or other dispositions of, grant option or options to purchase and deliver, any Collateral (enter into any Contractual Obligation to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of any Purchaser Party or elsewhere upon such terms and conditions and times and locations as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery without assumption of any credit risk.

(c) **Regulated Sales.** To the extent, and only to the extent, required by Regulation and prohibited by Regulation to be waived by the applicable Grantors (which the Grantors hereby expressly waive to the fullest extent permitted by Regulation), the Grantors agree that ten (10) days' written notice is reasonable notice within the meaning of Section 9-611 of the UCC or its equivalent in other jurisdictions of the Collateral Agent's intention to make any transfer, sale or other dispositions of any Collateral. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may determine in its sole and absolute discretion. The Collateral Agent shall not be obligated to sell any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, but none of the Collateral Agent or the other Purchaser Parties shall incur any Liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public (or, to the extent permitted by Regulations, private) sale made in accordance with the Transaction Documents, the Collateral Agent and any other Purchaser Party may bid for or purchase, free (to the extent permitted by Regulation) from any right or equity of redemption, stay, valuation or appraisal on the part of any Grantor (all said rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any Obligation then due and payable to the Purchaser Parties (in the case of the Collateral Agent) or, as the case may be, such Purchaser Party from any Grantor as a credit against the purchase price, and the Collateral Agent (or, as the case may be, such Purchaser Party) may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent shall have entered into such an agreement, all Events of Default shall have been remedied and no Obligation shall remain outstanding. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this **Section 5.1** shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the UCC or its equivalent in other jurisdictions.

(d) **Management of the Collateral.** Each Grantor further agrees, that, during the continuance of any Event of Default, (i) at the Collateral Agent's request, it shall assemble the Collateral and make it available to the Collateral Agent at places that the Collateral Agent shall reasonably select, whether at such Grantor's premises or elsewhere, (ii) without limiting the foregoing, the Collateral Agent also has the right to require that each Grantor store and keep any Collateral pending further action by the Collateral Agent and, while any such Collateral is so stored or kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain such Collateral in good condition, (iii) until the Collateral Agent is able to enter into an asset sale with respect to any Collateral, the Collateral Agent shall have the right to hold or use such Collateral to the extent that it deems appropriate for the purpose of preserving the Collateral or its value or for any other purpose deemed appropriate by the Collateral Agent and (iv) the Collateral Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of any Collateral and to enforce any of the Collateral Agent's remedies (for the benefit of the Purchaser Parties), with respect to such appointment without prior notice or hearing as to such appointment. The Collateral Agent shall not have any obligation to any Grantor to maintain or preserve the rights of any Grantor as against third parties with respect to any Collateral while such Collateral is in the possession of the Collateral Agent.

(e) **Application of Proceeds.** The Collateral Agent shall apply the cash proceeds of any action taken by it pursuant to this **Section 5.1**, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any Collateral or in any way relating to the Collateral or the rights of the Collateral Agent and any other Purchaser Party hereunder, including reasonable attorneys' fees and disbursements, to the payment in whole or in part of the Obligations, as set forth in the Purchase Agreement, and only after such application and after the payment by the Collateral Agent of any other amount required by any Regulation, need the Collateral Agent account for the surplus, if any, to any Grantor.

(f) **Direct Obligation.** Neither the Collateral Agent nor any other Purchaser Party shall be required to make any demand upon, or pursue or exhaust any right or remedy against, any Grantor, any other Purchaser Party or any other Person with respect to the payment of the Obligations or to pursue or exhaust any right or remedy with respect to any Collateral therefor or any direct or indirect guaranty thereof. All of the rights and remedies of the Collateral Agent and any other Purchaser Party under any Transaction Document shall be cumulative, may be exercised individually or concurrently and not exclusive of any other rights or remedies provided by any Regulation. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Collateral Agent or any Collateral Agent, any valuation, stay, appraisal, extension, redemption or similar laws and any and all rights or defenses it may have as a surety, now or hereafter existing, arising out of the exercise by them of any rights hereunder. If any notice of a proposed sale or other disposition of any Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

(g) **Commercially Reasonable.** To the extent that applicable Regulations impose duties on the Collateral Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Collateral Agent to do any of the following:

(i) fail to incur significant costs, expenses or other Liabilities reasonably deemed as such by the Collateral Agent to prepare any Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition;

(ii) fail to obtain Permits, or other consents, for access to any Collateral to dispose of, or for the collection of, any Collateral, or, if not required by other Regulations, fail to obtain Permits or other consents for the collection or disposition of any Collateral;

(iii) fail to exercise remedies against account debtors or other Persons obligated on any Collateral or to remove Liens on any Collateral or to remove any adverse claims against any Collateral;

(iv) advertise dispositions of any Collateral through publications or media of general circulation, whether or not such Collateral is of a specialized nature or to contact other Persons, whether or not in the same business as any Grantor, for expressions of interest in acquiring any such Collateral;

(v) exercise collection remedies against account debtors and other Persons obligated on any Collateral, directly or through the use of collection agencies or other collection specialists, hire one or more professional auctioneers to assist in the disposition of any Collateral, whether or not such Collateral is of a specialized nature or, to the extent deemed appropriate by the Collateral Agent, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or disposition of any Collateral, or utilize Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets to dispose of any Collateral;

(vi) dispose of assets in private sales instead of, or through exchange or wholesale rather than, retail markets;

(vii) disclaim disposition warranties, such as title, possession or quiet enjoyment; or

(viii) purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or disposition of any Collateral or to provide to the Collateral Agent a guaranteed return from the collection or disposition of any Collateral.

Each Grantor acknowledges that the purpose of this **Section 5.1** is to provide a non-exhaustive list of actions or omissions that are commercially reasonable when exercising remedies against any Collateral and that other actions or omissions by the Purchaser Parties shall not be deemed commercially unreasonable solely on account of not being indicated in this **Section 5.1**. Without limitation upon the foregoing, nothing contained in this **Section 5.1** shall be construed to grant any rights to any Grantor or to impose any duties on the Collateral Agent that would not have been granted or imposed by this Agreement or by applicable Regulations in the absence of this **Section 5.1**.

(h) **IP Licenses.** For the purpose of enabling the Collateral Agent to exercise rights and remedies under this **Section 5.1** (including in order to take possession of, collect, receive, assemble, process, appropriate, remove, realize upon, enter into an asset sale with respect to, or grant options to purchase any Collateral) at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Agent, for the benefit of the Purchaser Parties, (i) an irrevocable, nonexclusive, worldwide license (exercisable without payment of royalty or other compensation to such Grantor), including in such license the right to sublicense, use and practice any Intellectual Property now owned or hereafter acquired by such Grantor and access to all media in which any of the licensed items may be recorded or stored and to all Software and programs used for the compilation or printout thereof and (ii) an irrevocable license (without payment of rent or other compensation to such Grantor) to use, operate and occupy all Real Property owned, operated, leased, subleased or otherwise occupied by such Grantor.

(i) **Performance by the Collateral Agent or any other Purchaser Party.** The Collateral Agent may, but is not obligated to, perform or attempt to perform any Contractual Obligation of any Grantor contained herein with or without prior written notice to such Grantor. If any material part of the Collateral becomes the subject of any Proceeding and any such Grantor fails to defend fully such Proceeding and to protect such Grantor's and Purchaser Parties' rights in such Collateral in good faith, the Collateral Agent may, at its option but at Grantors' cost, elect to defend and control the defense of such litigation or other proceeding, and may (i) select and retain counsel, (ii) determine whether settlement shall be offered or accepted, and (iii) determine and negotiate all settlement terms.

## **5.2 Accounts and Payments in Respect of General Intangibles**

(a) In addition to, and not in substitution for, any similar requirement in the Purchase Agreement, if required by the Collateral Agent at any time during the continuance of an Event of Default, any payment of accounts or payment in respect of general intangibles, when collected by any Grantor, shall be promptly (and, in any event, within two (2) Business Days) deposited by such Grantor in the exact form received, duly indorsed by such Grantor to the Collateral Agent, in a Collection Account, subject to withdrawal by the Collateral Agent as provided in **Section 5.4**. Until so turned over, such payment shall be held by such Grantor in trust for the Collateral Agent, segregated from other funds of such Grantor. Each such deposit of proceeds of accounts and payments in respect of general intangibles shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit.

(b) At any time during the continuance of an Event of Default:

(i) each Grantor shall, upon the Collateral Agent's request, deliver to the Collateral Agent all original and other documentation evidencing, and relating to, the agreements, arrangements and transactions that gave rise to any account or any payment in respect of general intangibles, including all original orders, invoices and shipping receipts and notify account debtors that the accounts or general intangibles have been collaterally assigned to the Collateral Agent and that payments in respect thereof shall be made directly to the Collateral Agent;

(ii) the Collateral Agent may, without notice, at any time during the continuance of an Event of Default, limit or terminate the authority of a Grantor to collect its accounts or amounts due under general intangibles or any thereof and, in its own name or in the name of others, communicate with account debtors to verify with them to the Collateral Agent's satisfaction the existence, amount and terms of any account or amounts due under any general intangible. In addition, the Collateral Agent may at any time enforce such Grantor's rights against such account debtors and obligors of general intangibles; and

(iii) each Grantor shall take all actions, deliver all documentation and provide all information necessary or reasonably requested by the Collateral Agent to ensure any Internet Domain Name is registered.

(c) Anything herein to the contrary notwithstanding, each Grantor shall remain liable under each account and each payment in respect of general intangibles to observe and perform all the conditions and obligations to be observed and performed by it thereunder, all in accordance with the terms of any agreement giving rise thereto. No Purchaser Party shall have any obligation or liability under any agreement giving rise to an account or a payment in respect of a general intangible by reason of or arising out of any Transaction Document or the receipt by any Purchaser Party of any payment relating thereto, nor shall any Purchaser Party be obligated in any manner to perform any obligation of any Grantor under or pursuant to any agreement giving rise to an account or a payment in respect of a general intangible, to make any payment, to make any inquiry as to the nature or the sufficiency of any payment received by it or as to the sufficiency of any performance by any party thereunder, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts that may have been assigned to it or to which it may be entitled at any time or times.

### 5.3 Pledged Collateral.

(a) **Voting Rights.** During the continuance of an Event of Default, upon notice by the Collateral Agent to the relevant Grantor or Grantors, the Collateral Agent or its nominee may exercise (A) any voting, consent, corporate and other right pertaining to the Pledged Collateral at any meeting of shareholders, partners or members, as the case may be, of the relevant issuer or issuers of Pledged Collateral or otherwise and (B) any right of conversion, exchange and subscription and any other right, privilege or option pertaining to the Pledged Collateral as if it were the absolute owner thereof (including the right to exchange at its discretion any Pledged Collateral upon the merger, amalgamation, consolidation, reorganization, recapitalization or other fundamental change in the corporate or equivalent structure of any issuer of Pledged Stock, the right to deposit and deliver any Pledged Collateral with any committee, depository, transfer agent, registrar or other designated agency upon such terms and conditions as the Collateral Agent may determine), all without liability except to account for property actually received by it; **provided, however**, that the Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing.

(b) **Proxies.** In order to permit the Collateral Agent to exercise the voting and other consensual rights that it may be entitled to exercise pursuant hereto and to receive all dividends and other distributions that it may be entitled to receive hereunder, (i) each Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all such proxies, dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (ii) without limiting the effect of **clause (i)** above, such Grantor hereby grants to the Collateral Agent an irrevocable proxy to vote all or any part of the Pledged Collateral and to exercise all other rights, powers, privileges and remedies to which a holder of the Pledged Collateral would be entitled (including giving or withholding written consents of shareholders, partners or members, as the case may be, calling special meetings of shareholders, partners or members, as the case may be, and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Collateral on the record books of the issuer thereof) by any other person (including the issuer of such Pledged Collateral or any officer or agent thereof) during the continuance of an Event of Default and which proxy shall remain in place as long as any Obligation shall remain outstanding.

(c) **Authorization of Issuers.** At any time during the continuance of an Event of Default, each Grantor hereby expressly irrevocably authorizes and instructs, without any further instructions from such Grantor, each issuer of any Pledged Collateral pledged hereunder by such Grantor to (i) comply with any instruction received by it from the Collateral Agent in writing that states that an Event of Default is continuing and is otherwise in accordance with the terms of this Agreement and each Grantor agrees that such issuer shall be fully protected from Liabilities to such Grantor in so complying and (ii) unless otherwise expressly permitted hereby, pay any dividend or make any other payment with respect to the Pledged Collateral directly to the Collateral Agent.

**5.4 Proceeds to be Turned over to and Held by Collateral Agent.** At any time during the continuance of an Event of Default, unless otherwise expressly provided in the Purchase Agreement or this Agreement, all proceeds of any Collateral received by any Grantor hereunder in Cash, certificates of deposit, bankers' acceptances, time and demand deposits and other similar cash equivalents shall be held by such Grantor in trust for the Collateral Agent and the other Purchaser Parties, segregated from other funds of such Grantor, and shall, promptly upon receipt by any Grantor, be turned over to the Collateral Agent in the exact form received (with any necessary endorsement). All such proceeds and other proceeds being held by the Collateral Agent (or by such Grantor in trust for the Collateral Agent) shall continue to be held as collateral security for the Secured Obligations and shall not constitute payment thereof until applied as provided in the Purchase Agreement.

#### **5.5 Registration Rights.**

(a) If, in the opinion of the Collateral Agent, it is necessary or advisable to transfer any portion of the Pledged Collateral by registering such Pledged Collateral under the provisions of the Securities Act of 1933 (the "**Securities Act**"), each relevant Grantor shall cause the issuer thereof to do or cause to be done all acts as may be, in the opinion of the Collateral Agent, necessary or advisable to register such Pledged Collateral or that portion thereof to be transferred under the provisions of the Securities Act, all as directed by the Collateral Agent in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto and in compliance with the securities or "**Blue Sky**" laws of any jurisdiction that the Collateral Agent shall designate.

(b) Each Grantor recognizes that the Collateral Agent may be unable to effect a public sale of any Pledged Collateral by reason of certain prohibitions contained in the Securities Act and applicable state or foreign securities laws or otherwise or may determine that a public sale is impracticable, not desirable or not commercially reasonable and, accordingly, may resort to one or more private sales thereof to a restricted group of purchasers that shall be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner. The Collateral Agent shall be under no obligation to delay a sale of any Pledged Collateral for the period of time necessary to permit the issuer thereof to register such securities for public sale under the Securities Act or under applicable state securities laws even if such issuer would agree to do so.

(c) Each Grantor agrees to use its best efforts to do or cause to be done all such other acts as may be necessary to make such sale or sales of any portion of the Pledged Collateral pursuant to this **Section 5.5** valid and binding and in compliance with all applicable Regulations. Each Grantor further agrees that a breach of any covenant contained in this **Section 5.5** will cause irreparable injury to the Collateral Agent and other Purchaser Parties, that the Collateral Agent and the other Purchaser Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this **Section 5.5** shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defense against an action for specific performance of such covenants except for a defense that no Event of Default has occurred under the Purchase Agreement.

**5.6 Deficiency.** Each Grantor shall remain jointly and severally liable for any deficiency if the proceeds of any sale or other disposition of any Collateral are insufficient to pay the Secured Obligations and the fees and disbursements of any attorney employed by the Collateral Agent or any other Purchaser Party to collect such deficiency.

## ARTICLE VI OTHER RIGHTS OF COLLATERAL AGENT

**6.1 Collateral Agent's Appointment as Attorney-in-Fact.** (a) Each Grantor hereby irrevocably constitutes and appoints the Collateral Agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of such Grantor and in the name of such Grantor or in its own name, for the purpose of carrying out the terms of the Transaction Documents, to take any appropriate action and to execute any documentation or instrument that may be necessary or desirable to accomplish the purposes of the Transaction Documents, and, without limiting the generality of the foregoing, each Grantor hereby gives the Collateral Agent the power and right, on behalf of such Grantor, without notice to or assent by such Grantor, to do any of the following when an Event of Default shall be continuing:

(i) in the name of such Grantor, in its own name or otherwise, take possession of and indorse and collect any check, draft, note, acceptance or other instrument for the payment of moneys due under any account or general intangible or with respect to any other Collateral and file any claim or take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by the Collateral Agent for the purpose of collecting any such moneys due under any account or general intangible or with respect to any other Collateral whenever payable;

(ii) in the case of any Intellectual Property owned by or licensed to the Grantors, execute, deliver and have recorded any documentation that the Collateral Agent may request to evidence, effect, publicize or record the Collateral Agent's security interest in such Intellectual Property and the goodwill and general intangibles of such Grantor relating thereto or represented thereby;

(iii) pay or discharge taxes and Liens levied or placed on or threatened against any Collateral, effect any repair or pay any insurance called for by the terms of the Purchase Agreement (including all or any part of the premiums therefor and the costs thereof);

(iv) execute, in connection with any sale provided for in **Section 5.1** or **Section 5.5**, any documentation to effect or otherwise necessary or appropriate in relation to evidence the transfer of any Collateral; or

(v) (A) direct any party liable for any payment under any Collateral to make payment of any moneys due or to become due thereunder directly to the Collateral Agent or as the Collateral Agent shall direct, (B) ask or demand for, and collect and receive payment of and receipt for, any moneys, claims and other amounts due or to become due at any time in respect of or arising out of any Collateral, (C) sign and indorse any invoice, freight or express bill, bill of lading, storage or warehouse receipt, draft against debtors, assignment, verification, notice and other documentation in connection with any Collateral, (D) commence and prosecute any suit, action or proceeding at law or in equity in any court of competent jurisdiction to collect any Collateral and to enforce any other right in respect of any Collateral, (E) defend any actions, suits, proceedings, audits, claims, demands, orders or disputes brought against such Grantor with respect to any Collateral, (F) settle, compromise or adjust any such actions, suits, proceedings, audits, claims, demands, orders or disputes and, in connection therewith, give such discharges or releases as the Collateral Agent may deem appropriate, (G) assign any Intellectual Property owned by the Grantors or any IP Licenses of the Grantors throughout the world on such terms and conditions and in such manner as the Collateral Agent shall in its sole discretion determine, including the execution and filing of any documentation necessary to effectuate or record such assignment and (H) generally, enter into an Asset Sale with respect to, grant a Lien on, enter into any agreement or other obligation with respect to and otherwise deal with, any Collateral as fully and completely as though the Collateral Agent were the absolute owner thereof for all purposes and do, at the Collateral Agent's option, at any time or from time to time, all acts and things that the Collateral Agent deems necessary to protect, preserve or realize upon any Collateral and the Purchaser Parties' security interests therein and to effect the intent of the Transaction Documents, all as fully and effectively as such Grantor might do.



(b) If any Grantor fails to perform or comply with any obligation contained herein, the Collateral Agent, at its option, but without any obligation so to do, may perform or comply, or otherwise cause performance or compliance, with such obligation.

(c) The reasonable expenses of the Collateral Agent incurred in connection with actions undertaken as provided in this **Section 6.1** from the date of payment by the Collateral Agent to the date reimbursed by the relevant Grantor, shall be payable by such Grantor to the Collateral Agent on demand.

(d) Each Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue of this **Section 6.1**. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until this Agreement is terminated and the security interests created hereby are released.

**6.2 Authorization to File Financing Statements.** Each Grantor authorizes the Collateral Agent, its Affiliates and their Related Parties, contractors and agents, at any time and from time to time, to file or record financing statements, amendments thereto, and other filing or recording documentation or instruments with respect to any Collateral in such form and in such offices as the Collateral Agent reasonably determines appropriate to perfect the security interests of the Collateral Agent under this Agreement, and such financing statements and amendments may describe the Collateral covered thereby as “all assets of the debtor” or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the applicable UCC, and contain any other information required pursuant to the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including, in the case of financing statements filed as fixture filings or indicating Collateral as as-extracted collateral or as otherwise required by applicable Regulation, a sufficient description of the Real Property related to the applicable Collateral. A photographic or other reproduction of this Agreement shall be sufficient as a financing statement or other filing or recording documentation or instrument for filing or recording in any jurisdiction. Such Grantor also hereby ratifies its authorization for the Collateral Agent to have filed any initial financing statement or amendment thereto under the UCC (or other similar laws) in effect in any jurisdiction if filed prior to the date hereof. At such time as the Obligations shall have been paid in full, the Collateral Agent hereby authorizes the Company to file appropriate termination statements in such offices as the Company reasonably determines appropriate to terminate the security interests of the Collateral Agent under this Agreement.

**6.3 Authority of Collateral Agent.** Each Grantor acknowledges that the rights and responsibilities of the Collateral Agent under this Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall, as between the Collateral Agent and the other Purchaser Parties, be governed by the Purchase Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and the Grantors, the Collateral Agent shall be conclusively presumed to be acting as agent for the Purchaser Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation or entitlement to make any inquiry respecting such authority.

**6.4 Duty; Obligations and Liabilities.** The Collateral Agent’s sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession shall be to deal with it in the same manner as the Collateral Agent deals with similar property for its own account. The powers conferred on the Collateral Agent hereunder are solely to protect the Collateral Agent’s interest in the Collateral and shall not impose any duty upon the Collateral Agent to exercise any such powers. The Collateral Agent shall be accountable only for amounts that it receives as a result of the exercise of such powers, and neither it nor any of its Affiliates shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. In addition, the Collateral Agent shall not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehousemen, carrier, forwarding agency, consignee or other bailee if such Person has been selected by the Collateral Agent in good faith.

**6.5 Obligations and Liabilities with respect to Collateral.** No Purchaser Party and no Affiliate thereof shall be liable for failure to demand, collect or realize upon any Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any Grantor or any other Person or to take any other action whatsoever with regard to any Collateral. The powers conferred on the Collateral Agent hereunder shall not impose any duty upon any other Purchaser Party to exercise any such powers. The other Purchaser Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of their respective officers, directors, employees or agents shall be responsible to any Grantor for any act or failure to act hereunder, except for their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

## ARTICLE VII MISCELLANEOUS

**7.1 Reinstatement.** Each Grantor agrees that, if any payment made by any Purchaser Party or other Person and applied to the Secured Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of any Collateral are required to be returned by any Purchaser Party to such Purchaser Party, its estate, trustee, receiver or any other party, including any Grantor, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, any Lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, any Lien or other Collateral securing such Grantor's liability hereunder shall have been released or terminated by virtue of the foregoing or any other provision of this Agreement shall have been terminated, cancelled or surrendered, such Lien, other Collateral or provision shall be reinstated in full force and effect and such prior release, termination, cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any such Grantor in respect of any Lien or other Collateral securing such obligation or the amount of such payment.

**7.2 Independent Obligations.** The obligations of each Grantor hereunder are independent of and separate from the Secured Obligations. If any Secured Obligation is not paid when due, or upon any Event of Default, the Collateral Agent may, at its sole election, proceed directly and at once, without notice, against any Grantor and any Collateral to collect and recover the full amount of any Secured Obligation then due, without first proceeding against any other Grantor, any other Company Party or any other Collateral and without first joining any other Grantor or any other Company Party in any proceeding.

**7.3 No Waiver by Course of Conduct.** No Purchaser Party shall by any act (except by a written instrument pursuant to **Section 7.4**), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Purchaser Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Purchaser Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that such Purchaser Party would otherwise have on any future occasion.

**7.4 Amendments in Writing.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except in accordance with **Section 6.3** of the Purchase Agreement; **provided**, that annexes to this Agreement may be supplemented (but no existing provisions may be modified and no Collateral may be released) through Pledge Amendments and Joinder Agreements, in substantially the form of **Annex 1** and **Annex 2**, respectively, in each case duly executed by the Collateral Agent and each Grantor directly affected thereby.

### **7.5 Additional Grantors; Additional Pledged Collateral.**

(a) **Joinder Agreements.** [reserved]

(b) **Pledge Amendments.** To the extent any Pledged Collateral has not been delivered as of the Closing Date, such Grantor shall deliver a pledge amendment duly executed by the Grantor in substantially the form of **Annex 1** (each, a "**Pledge Amendment**"). Such Grantor authorizes the Collateral Agent to attach each Pledge Amendment to this Agreement.

**7.6 Notices.** All notices, requests and demands to or upon the Collateral Agent or any Grantor hereunder shall be effected in the manner provided for in **Section 6.4** of the Purchase Agreement; **provided**, that any such notice, request or demand to or upon any Grantor shall be addressed to the Company's notice address set forth in such **Section 6.4**.

**7.7 Successors and Assigns.** This Agreement shall be binding upon the successors and assigns of each Grantor and shall inure to the benefit of each Purchaser Party and their successors and assigns; **provided**, that no Grantor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Collateral Agent.

**7.8 Counterparts.** This Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Agreement by facsimile transmission or by e-mail shall be as effective as delivery of a manually executed counterpart hereof.

**7.9 Severability.** Any provision of this Agreement being held illegal, invalid or unenforceable in any jurisdiction shall not affect any part of such provision not held illegal, invalid or unenforceable, any other provision of this Agreement or any part of such provision in any other jurisdiction. 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.

**7.10 Survival.** All representations and warranties made by the Grantors in the Transaction Documents (including any such representation or warranty made in or in connection with any amendment thereto) shall constitute representations and warranties made under this Agreement. All representations and warranties made by the Grantors under this Agreement (including those representations and warranties set forth in the immediately preceding sentence) shall be made or deemed to be made at and as of the date hereof (except those that are expressly made as of a specific date), shall survive the date here and shall not be waived by the execution and delivery of this Agreement, any investigation made by or on behalf of the Collateral Agent or any borrowing hereunder. Notwithstanding any termination of this Agreement, the indemnities to which the Purchaser Parties are entitled under the provisions of this Agreement or any other Transaction Document shall continue in full force and effect and shall protect the Purchaser Parties against events arising after such termination as well as before. This Agreement shall be reinstated at any time any payment of any Secured Obligation, in whole or in part, is rescinded or must otherwise be returned by the Collateral Agent upon the insolvency, bankruptcy or reorganization of any Grantor or other Company Party or otherwise, all as though such payment had not been made.

**7.11 Set-Off.** **Section 6.5 (Set-off)** of the Purchase Agreement shall apply to this Agreement as if herein again restated.

**7.12 Security Interest Absolute.** All rights of the Collateral Agent hereunder, the grant of the security interest in the Collateral, and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of any Transaction Document or any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Transaction Documents or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or this Agreement (other than payment of the outstanding Secured Obligations).

**7.13 Governing Law** . This Agreement and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of Nevada.

**7.14 WAIVER OF JURY TRIAL.** The parties hereto hereby irrevocably and unconditionally waive, to the fullest extent permitted by applicable Regulations, any right that they may have to trial by jury of any claim or cause of action or in any Action, directly or indirectly based upon or arising out of this Agreement (whether based on contract, tort or any other theory). Each party (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other parties would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties have been induced to enter into this Agreement and the other Transaction Documents by, among other things, the mutual waivers and certifications in this section.

[SIGNATURE PAGES FOLLOW]

In witness whereof, each of the undersigned has caused this Security Agreement to be duly executed and delivered as of the date first above written.

Unrivaled Brands, Inc.  
as Company and Grantor

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: CEO

620 Dyer LLC  
as Grantor

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: CEO

Accepted and Agreed  
as of the date first above written:

\_\_\_\_\_  
as Collateral Agent

By: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

SIGNATURE PAGE TO SECURITY AGREEMENT UNRIVALED BRANDS, INC.

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This **Pledge Amendment**, dated as of \_\_\_\_\_, 20\_\_, is delivered pursuant to **Section 7.5** of the Security Agreement, dated as of November \_\_, 2021, by Unrivaled Brands, Inc., a Nevada corporation (the "**Company**"), the undersigned Grantors and the other Company Parties and Affiliates of the Company from time to time party thereto as Grantors in favor of \_\_\_\_\_, as collateral agent for the Purchaser Parties referred to therein (the "**Security Agreement**"). Capitalized terms used herein without definition are used as defined in the Security Agreement.

The undersigned hereby agrees that this Pledge Amendment may be attached to the Security Agreement and that the Pledged Collateral listed on **Annex 1-A** to this Pledge Amendment shall be and become part of the Collateral referred to in the Security Agreement and shall secure all Secured Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in **Sections 3.1, 3.2, 3.5 and 3.10** of the Security Agreement is true and correct and as of the date hereof as if made on and as of such date.

[Grantor]

By: \_\_\_\_\_  
Name:  
Title:

To be used for pledge of Additional Pledged Collateral by existing Grantor.

**PLEDGED STOCK**

<u>ISSUER</u>	<u>CLASS</u>	<u>CERTIFICATE NO(S).</u>	<u>PAR VALUE</u>	<u>NUMBER OF SHARES, UNITS OR INTERESTS</u>
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**PLEDGED DEBT INSTRUMENTS**

<u>ISSUER</u>	<u>DESCRIPTION OF DEBT</u>	<u>CERTIFICATE NO(S).</u>	<u>FINAL MATURITY</u>	<u>PRINCIPAL AMOUNT</u>
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ACKNOWLEDGED AND AGREED  
as of the date first above written:

\_\_\_\_\_  
as Collateral Agent

By: \_\_\_\_\_  
its manager

By: \_\_\_\_\_  
Name:  
Title:



ANNEX 2 TO SECURITY AGREEMENT

FORM OF JOINDER AGREEMENT

This **Joinder Agreement**, dated as of \_\_\_\_\_, 20\_\_\_\_, is delivered pursuant to **Section 7.5** of the Security Agreement, dated as of November 17, 2021, by Unrivaled Brands, Inc., a Nevada corporation (the "**Company**") and the Affiliates of the Company from time to time party thereto as Grantors in favor of \_\_\_\_\_, a \_\_\_\_\_ limited liability company, as lender and collateral agent for the Purchaser Parties referred to therein (the "**Security Agreement**"). Capitalized terms used herein without definition are used as defined in the Security Agreement.

By executing and delivering this Joinder Agreement, the undersigned, as provided in **Section 7.5** of the Security Agreement, hereby becomes a party to the Security Agreement as a Grantor thereunder with the same force and effect as if originally named as a Grantor therein and, without limiting the generality of the foregoing, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations of the undersigned, hereby mortgages, pledges and hypothecates to the Collateral Agent for the benefit of the Purchaser Parties, and grants to the Collateral Agent for the benefit of the Purchaser Parties a lien on and security interest in, all of its right, title and interest in, to and under the Collateral of the undersigned and expressly assumes all obligations and liabilities of a Grantor thereunder. The undersigned hereby agrees to be bound as a Grantor for the purposes of the Security Agreement.

The information set forth in **Annex 1** hereto is hereby added to the information set forth in the Disclosure Certificate. By acknowledging and agreeing to this Joinder Agreement, the undersigned hereby agree that this Joinder Agreement may be attached to the Purchase Agreement and that the Pledged Collateral listed on **Annex 1** to this Joinder Amendment shall be and become part of the Collateral referred to in the Security Agreement and shall secure all Secured Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in **Article III** of the Security Agreement (including by reference to the Purchase Agreement) applicable to it and its Subsidiaries is true and correct on and as the date hereof as if made on and as of such date.

In witness whereof, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[Additional Grantor]

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND AGREED  
as of the date first above written:

[EACH GRANTOR PLEDGING  
ADDITIONAL COLLATERAL]

By: \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
as Collateral Agent

By: \_\_\_\_\_  
its Manager

By: \_\_\_\_\_  
Name:  
Title:

ANNEX 3 TO SECURITY AGREEMENT

FORM OF  
INTELLECTUAL PROPERTY SECURITY AGREEMENT<sup>1</sup>

This [Copyright] [Patent] [Trademark] Security Agreement, dated as of \_\_\_\_\_, 20\_\_, is made by each of the entities listed on the signature pages hereof (each a “Grantor” and, collectively, the “Grantors”), in favor of \_\_\_\_\_, as lender (in such capacity, together with its successors and permitted assigns, the “Collateral Agent”).

WITNESSETH:

**WHEREAS**, pursuant to the Purchase Agreement, dated as of November [ ], 2021 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”), between the Company, various purchasers listed therein (together with their successors and permitted assigns, the “Purchasers”) and the Collateral Agent, the Purchasers have agreed to purchase secured notes from the Company upon the terms and subject to the conditions set forth therein and the Collateral Agent has agreed to act as collateral agent of the Purchasers; and

**WHEREAS**, each Grantor (other than the Company) has guaranteed the Obligations (as defined in the Purchase Agreement) of the Company and other Company Parties (as defined in the Purchase Agreement) and all of the Grantors are party to a Security Agreement of even date herewith with the Collateral Agent (the “Security Agreement”) pursuant to which the Grantors are required to execute and deliver this [Copyright] [Patent] [Trademark] Security Agreement.

**NOW, THEREFORE**, in consideration of the premises and to induce the Collateral Agent to enter into the Purchase Agreement and to induce the initial Purchasers to make purchase notes from the Company thereunder, each Grantor hereby agrees with the Collateral Agent as follows:

**Section 1. Defined Terms.** Capitalized terms used herein without definition have the meanings ascribed to such terms in the Security Agreement.

**Section 2. Grant of Security Interest in [Copyright] [Trademark] [Patent] Collateral.** Each Grantor, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Secured Obligations of such Grantor, hereby mortgages, pledges and hypothecates to the Collateral Agent for the benefit of the Purchaser Parties, and grants to the Collateral Agent for the benefit of the Purchaser Parties a Lien on and security interest in, all of its right, title and interest in, to and under the following Collateral of such Grantor (the “[Copyright] [Patent] [Trademark] Collateral”):

(a) [all of its Copyrights and all IP Licenses providing for the grant by or to such Grantor of any right under any Copyright, including, without limitation, those referred to on **Schedule 1** hereto;

(b) all renewals, reversions and extensions of the foregoing; and

(c) all income, royalties, proceeds and Liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.]

<sup>1</sup> Separate agreements should be executed relating to each Grantor’s respective Copyrights, Patents, and Trademarks.

or

(a) [all of its Patents and all IP Licenses providing for the grant by or to such Grantor of any right under any Patent, including, without limitation, those referred to on **Schedule 1** hereto;

(b) all reissues, reexaminations, continuations, continuations-in-part, divisionals, renewals and extensions of the foregoing; and

(c) all income, royalties, proceeds and Liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.]

or

(a) [all of its Trademarks and all IP Licenses providing for the grant by or to such Grantor of any right under any Trademark, including, without limitation, those referred to on **Schedule 1** hereto;

(b) all renewals and extensions of the foregoing;

(c) all goodwill of the business connected with the use of, and symbolized by, each such Trademark; and

(d) all income, royalties, proceeds and Liabilities at any time due or payable or asserted under and with respect to any of the foregoing, including, without limitation, all rights to sue and recover at law or in equity for any past, present and future infringement, misappropriation, dilution, violation or other impairment thereof.]

**Section 3. Security Agreement.** The security interest granted pursuant to this [Copyright] [Patent] [Trademark] Security Agreement is granted in conjunction with the security interest granted to the Collateral Agent pursuant to the Security Agreement and each Grantor hereby acknowledges and agrees that the rights and remedies of the Collateral Agent with respect to the security interest in the [Copyright] [Patent] [Trademark] Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

**Section 4. Grantor Remains Liable.** Each Grantor hereby agrees that, anything herein to the contrary notwithstanding, such Grantor shall assume full and complete responsibility for the prosecution, defense, enforcement or any other necessary or desirable actions in connection with their [Copyrights] [Patents] [Trademarks] and IP Licenses subject to a security interest hereunder.

**Section 5. Counterparts.** This [Copyright] [Patent] [Trademark] Security Agreement may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart.

**Section 6. Governing Law.** This [Copyright] [Patent] [Trademark] Security Agreement and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of Nevada.

[SIGNATURE PAGES FOLLOW]

**IN WITNESS WHEREOF**, each Grantor has caused this [Copyright] [Patent] [Trademark] Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[Grantor]  
as Grantor

By: \_\_\_\_\_  
Name:  
Title:

[SIGNATURE PAGE TO [COPYRIGHT] [PATENT] [TRADEMARK] SECURITY AGREEMENT]

ACKNOWLEDGMENT OF GRANTOR

State of        )  
                  ) ss.  
County of     )

On this \_\_\_ day of \_\_\_\_\_, 20\_\_ before me personally appeared \_\_\_\_\_, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of \_\_\_\_\_, who being by me duly sworn did depose and say that he is an authorized officer of said [corporation][limited liability company], that the said instrument was signed on behalf of said [corporation][limited liability company] as authorized by its [Board of Directors][Board of Managers] and that he acknowledged said instrument to be the free act and deed of said [corporation][limited liability company].

\_\_\_\_\_  
Notary Public0000000000

**SCHEDULE 1 TO  
[COPYRIGHT] [PATENT] [TRADEMARK] SECURITY  
AGREEMENT**

**[Copyright] [Patent] [Trademark] Registrations**

A. REGISTERED [COPYRIGHTS] [PATENTS] [TRADEMARKS]

[Include Registration Number and Date]

B. [COPYRIGHT] [PATENT] [TRADEMARK] APPLICATIONS

[Include Application Number and Date]

C. IP LICENSES

[Include complete legal description of agreement (name of agreement, parties and date)]



## GUARANTY

This **Guaranty** (this “**Guaranty**”), dated as of November 22, 2021, by Unrivaled Brands, Inc., a Nevada corporation (together with its successors and, if permitted, assigns, the “**Company**”) and each of the other operating subsidiaries listed on the signature pages hereof as guarantor (together with the Company, the “**Guarantors**”), in favor of the purchasers (the “**Purchasers**”) of the Senior Secured Promissory Notes of the Company, designated as its Senior Secured Promissory Note due February 22, 2022 (the “**Notes**”) and Commitment Shares (“**Commitment Shares**” and together with the Notes, referred to collectively as the “**Securities**”), each issued and sold by the Company pursuant to the Securities Purchase Agreement, dated as of November 22, 2021, between the Company and the Purchasers (the “**Purchase Agreement**”) and \_\_\_\_\_, a \_\_\_\_\_ limited liability company (together with its successors and registered assigns, “\_\_\_\_\_”), as collateral agent for the Purchasers (in such capacity, the “**Collateral Agent**”). Capitalized terms used but not defined herein shall be used to refer to any item included within the definition of such term under the Notes, including if such term is defined in such Note merely by reference to such definition in the Purchase Agreement.

### WITNESSETH:

**WHEREAS**, pursuant to the Purchase Agreement, the initial Purchasers have severally agreed to purchase the Securities from the Company upon the terms and subject to the conditions set forth therein;

**WHEREAS**, each Guarantor has agreed to guaranty the Guaranteed Obligations, as defined below;

**WHEREAS**, many Guarantors are operating Subsidiaries of the Company (the “**Subsidiary Guarantors**”);

**WHEREAS**, each Guarantor will derive substantial direct and indirect benefits from the purchase of the Securities under the Purchase Agreement; and

**WHEREAS**, it is a condition precedent to the obligation of the initial Purchasers to purchase the Securities from the Company under the Purchase Agreement that the Guarantors shall have executed this Guaranty and delivered it to such initial Purchasers;

**NOW, THEREFORE**, in consideration of the premises and to induce the initial Purchasers to enter into the Purchase Agreement and to induce the initial Purchasers to purchase the Notes from the Company thereunder, each Guarantor hereby agrees with the Purchaser as follows:

### ARTICLE I GUARANTY

1.1 Guaranty. To induce the initial Purchasers to purchase the Securities, each Guarantor hereby, jointly and severally, absolutely, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, the full and punctual payment when due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance with any Transaction Document, of all the Obligations of the other Company Parties owing to any Purchaser or any Purchaser Party whether existing on the date hereof or hereinafter incurred or created (the “**Guaranteed Obligations**”). This guaranty by each Guarantor hereunder constitutes a guaranty of payment and not of collection.

1.2 Limitation of Guaranty. Any term or provision of this Guaranty or any other Transaction Document to the contrary notwithstanding, the maximum aggregate amount for which any Guarantor that is not a direct or indirect owner of stock in the Company (any “**Subsidiary Guarantor**”) shall be liable hereunder shall not exceed the maximum amount for which such Subsidiary Guarantor can be liable without rendering this Guaranty or any other Transaction Document, as it relates to such Subsidiary Guarantor, subject to avoidance under applicable Requirements of Law relating to fraudulent conveyance or fraudulent transfer (including the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act and Section 548 of title 11 of the United States Code or any applicable provisions of comparable Requirements of Law) (collectively, “**Fraudulent Transfer Laws**”). Any analysis of the provisions of this Guaranty for purposes of Fraudulent Transfer Laws shall take into account the right of contribution established in Section 3 and, for purposes of such analysis, give effect to any discharge of intercompany debt as a result of any payment made under this Guaranty.

**1.3 Contribution.** To the extent that any Subsidiary Guarantor shall be required hereunder to pay any portion of any Guaranteed Obligation exceeding the greater of (a) the amount of the economic benefit actually received by such Subsidiary Guarantor from the Notes and other Obligations of each Purchaser and Purchaser Party and (b) the amount such Subsidiary Guarantor would otherwise have paid if such Subsidiary Guarantor had paid the aggregate amount of the Guaranteed Obligations (excluding the amount thereof repaid by the Company and any Guarantor that is not a Subsidiary Guarantor) in the same proportion as such Subsidiary Guarantor's net worth on the date enforcement is sought hereunder bears to the aggregate net worth of all the Subsidiary Guarantors on such date, then such Subsidiary Guarantor shall be reimbursed by such other Subsidiary Guarantors for the amount of such excess, pro rata, based on the respective net worth of such other Subsidiary Guarantors on such date.

**1.4 Authorization; Other Agreements.** The Purchasers, the Purchaser Parties and each other Purchaser of an Obligation or Purchaser or beneficiary of a Guaranteed Obligation or beneficiary of a Lien granted under any Transactional Document (collectively, and together with their successors and permitted assigns, the "**Beneficiaries**") are hereby authorized, without notice to or demand upon any Guarantor and without discharging or otherwise affecting the obligations of any Guarantor hereunder and without incurring any liability hereunder, from time to time, to do each of the following:

(a) (i) modify, amend, supplement or otherwise change, (ii) accelerate or otherwise change the time of payment or (iii) waive or otherwise consent to noncompliance with, any Guaranteed Obligation or any Transaction Document;

(b) apply any sums by whomever paid or however realized to any Guaranteed Obligation in such order as provided in the Transaction Documents;

(c) refund at any time any payment received by any Beneficiary in respect of any Guaranteed Obligation;

(d) (i) enter into an sale, lease, license, assignment, transfer, conveyance or other disposition with respect to, or exchange, enforce, waive, substitute, liquidate, terminate, release, abandon, fail to perfect, subordinate, accept, substitute, surrender, exchange, affect, impair or otherwise alter or release, any Collateral for any Guaranteed Obligation or any other guaranty therefor in any manner, (ii) receive, take and hold additional Collateral to secure any Guaranteed Obligation, (iii) add, release or substitute any one or more other Guarantors, makers or endorers of any Guaranteed Obligation or any part thereof and (iv) otherwise deal in any manner with the Company and any other Guarantor, maker or endorser of any Guaranteed Obligation or any part thereof; and

(e) settle, release, compromise, collect or otherwise liquidate the Guaranteed Obligations.

**1.5 Guaranty Absolute and Unconditional.** Each Guarantor hereby waives and agrees not to assert any defense, whether arising in connection with or in respect of any of the following or otherwise, and hereby agrees that its obligations under this Guaranty are irrevocable, absolute and unconditional and shall not be discharged as a result of or otherwise affected by any of the following (which may not be pleaded and evidence of which may not be introduced in any proceeding with respect to this Guaranty):

(a) the invalidity or unenforceability of any obligation of the Company or any other Guarantor under any Transaction Document or any other agreement or instrument relating thereto (including any amendment, consent or waiver thereto), or any security for, or other guaranty of, any Guaranteed Obligation or any part thereof, or the lack of perfection or continuing perfection or failure of priority of any security for the Guaranteed Obligations or any part thereof;

(b) the absence of (i) any attempt to collect any Guaranteed Obligation or any part thereof or from the Company or any other Guarantor or other action to enforce any of the same or (ii) any action to enforce any Transaction Document or any Lien thereunder;

(c) the failure by any Person to take any steps to perfect and maintain any Lien on, or to preserve any rights with respect to, any Collateral;

(d) any workout, insolvency, bankruptcy proceeding, reorganization, arrangement, liquidation or dissolution by or against the Company, any other Guarantor or any of the Company's other Subsidiaries or any procedure, agreement, order, stipulation, election, action or omission thereunder, including any discharge or disallowance of, or bar or stay against collecting, any Guaranteed Obligation (or any interest thereon) in or as a result of any such proceeding;

(e) any foreclosure, whether or not through judicial sale, and any other Asset Sale involving Collateral or any election following the occurrence of an Event of Default by any Beneficiary to proceed separately against any Collateral in accordance with such Beneficiary's rights under any applicable law (including any applicable Regulation or Consent of any Governmental Authority); or

(f) any other defense, setoff, counterclaim or any other circumstance that might otherwise constitute a legal or equitable discharge of the Company, any other Guarantor or any of the Company's other Subsidiaries, in each case other than the payment in full of the Guaranteed Obligations.

**1.6 Waivers.** Each Guarantor hereby unconditionally and irrevocably waives and agrees not to assert any claim, defense, setoff or counterclaim based on diligence, promptness, presentment, requirements for any demand or notice hereunder including any of the following: (a) any demand for payment or performance and protest and notice of protest, (b) any notice of acceptance, (c) any presentment, demand, protest or further notice or other requirements of any kind with respect to any Guaranteed Obligation (including any accrued but unpaid interest thereon) becoming immediately due and payable and (d) any other notice in respect of any Guaranteed Obligation or any part thereof, and any defense arising by reason of any disability or other defense of the Company or any other Guarantor. Each Guarantor further unconditionally and irrevocably agrees not to (x) enforce or otherwise exercise any right of subrogation or any right of reimbursement or contribution or similar right against the Company or any other Guarantor by reason of any Transaction Document or any payment made thereunder or (y) assert any claim, defense, setoff or counterclaim it may have against any other Company Party or set off any of its obligations to such other Company Party against obligations of such Company Party to such Guarantor. No obligation of any Guarantor hereunder shall be discharged other than by complete performance.

**1.7 . Reliance.** Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Company, each other Guarantor and any other guarantor, maker or endorser of any Guaranteed Obligation or any part thereof, and of all other circumstances bearing upon the risk of nonpayment of any Guaranteed Obligation or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that no Beneficiary shall have any duty to advise any Guarantor of information known to it regarding such condition or any such circumstances. In the event any Beneficiary, in its sole discretion, undertakes at any time or from time to time to provide any such information to any Guarantor, such Beneficiary shall be under no obligation to (a) undertake any investigation not a part of its regular business routine, (b) disclose any information that such Beneficiary, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (c) make any future disclosures of such information or any other information to any Guarantor.

## ARTICLE II MISCELLANEOUS

**2.1 Representations and Warranties; Covenants.** To induce the initial Purchasers to enter into the Transaction Documents, each Guarantor hereby agrees to each of the following with the Purchasers and the other Beneficiaries, as long as any Guaranteed Obligation remains outstanding with respect to any Guarantor:

(a) the representations and warranties as to such Guarantor and its operating Subsidiaries made by the Company in **Article III (Representations and Warranties)** of the Purchase Agreement are true and correct on each date as required by **Section 2.4(b)** of the Purchase Agreement; and

(b) such Guarantor agrees to comply with all covenants and other provisions applicable to it under the Purchase Agreement and the Note, including **Article IV (Other Agreements of the Parties)**, **Section 4.9 (Indemnification of Each Purchaser Party)**, **Section 6.2 (Fees and Expenses)** and **Section 6.5 (Set off)** of the Purchase Agreement and **Section 5 (Events of Default)**, **6(i)** and **6(j)** of the Note (with respect to disclosure of information and rules on material non-public information) and agrees to the same submission to jurisdiction as that agreed to by the Company in the Purchase Agreement.

**2.2 Reinstatement.** Each Guarantor agrees that, if any payment made by any Company Party or other Person and applied to the Guaranteed Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared or sought to be declared to be fraudulent or preferential or otherwise required to be refunded or repaid, then, if, prior to any of the foregoing, any provision of this Guaranty (including the guaranty of such Guarantor hereunder) shall have been terminated, cancelled or surrendered, such provision shall be reinstated in full force and effect and such prior termination, cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any such Guarantor in respect of the amount of such payment.

**2.3 Independent Obligations.** The obligations of each Guarantor hereunder are independent of and separate from the Guaranteed Obligations. If any Guaranteed Obligation is not paid when due, or upon any Event of Default, a Purchaser may, at its sole election, proceed directly and at once, without notice, against any Guarantor to collect and recover the full amount or any portion of any Guaranteed Obligation then due, without first proceeding against any other Guarantor or any other Company Party and without first joining any other Guarantor or any other Company Party in any proceeding.

**2.4 No Waiver by Course of Conduct.** No Beneficiary shall by any act (except by a written instrument pursuant to Section 5), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. No failure to exercise, nor any delay in exercising, on the part of any Beneficiary, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Beneficiary of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy that such Beneficiary would otherwise have on any future occasion.

**2.5 Amendments in Writing.** None of the terms or provisions of this Guaranty may be waived, amended, supplemented or otherwise modified except in accordance with **Section 6.3(b)** (Amendments) of the Purchase Agreement.

**2.6 Additional Guarantors.** [reserved].

**2.7 Notices.** All notices, requests and demands to or upon any Purchaser or any Guarantor hereunder shall be effected in the manner provided for in **Section 6.4** (Notices) of the Purchase Agreement; **provided, that**, any such notice, request or demand to or upon any Guarantor shall be addressed to the Company's notice address set forth in such **Section 6.4**.

**2.8 Successors and Assigns.** This Guaranty shall be binding upon the successors and assigns of each Guarantor and shall inure to the benefit of each Beneficiary and their successors and assigns; provided, however, that no Guarantor may assign, transfer or delegate any of its rights or obligations under this Guaranty except as authorized in the Purchase Agreement.

**2.9 Counterparts.** This Guaranty may be executed in any number of counterparts and by different parties in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from multiple separate counterparts and attached to a single counterpart. Delivery of an executed signature page of this Guaranty by facsimile transmission or by e-mail shall be as effective as delivery of a manually executed counterpart hereof.

**2.10 Interpretation.** This Guaranty is a Transaction Document and as such is subject to various interpretative, amendment and third party beneficiary and other miscellaneous provisions set forth in the Purchase Agreement that expressly apply to Transaction Documents, located principally in **Article VI** thereof. In particular, without limitation, none of the terms or provisions of this Guaranty may be waived, amended, supplemented or otherwise modified except in accordance with **Section 6.3(b)** (Modifications and Signatures) of the Purchase Agreement.

**2.11 Severability.** Any provision of this Guaranty being held illegal, invalid or unenforceable in any jurisdiction shall not affect any part of such provision not held illegal, invalid or unenforceable, any other provision of this Guaranty or any part of such provision in any other jurisdiction.

**2.12 Governing Law.** This Guaranty and the rights and obligations of the parties hereto shall be governed by, and construed and interpreted in accordance with, the law of the State of Nevada.

**2.13 Waiver of Jury Trial.** Each party hereto hereby irrevocably waives trial by jury in any Proceeding with respect to, or directly or indirectly arising out of, relating to or in connection with, this Guaranty or any other Transaction Document or the transactions contemplated therein or related thereto (whether founded in contract, tort or any other theory). Each party hereto (a) certifies that no other party, no Beneficiary and no affiliate or representative of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Guaranty by the mutual waivers and certifications in this **Section 13**.

*[Signature Pages Follow]*

In witness whereof, each of the undersigned has caused this Guaranty to be duly executed and delivered as of the date first above written.

Unrivaled Brands, Inc.  
as Company

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: CEO

620 DYER, LLC  
as Guarantor

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: CEO

Accepted and Agreed  
as of the date first above written:

\_\_\_\_\_  
as Purchaser and Collateral Agent

By: \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Title:

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as may be amended, supplemented or otherwise modified from time to time, this "Agreement") dated as of November 22, 2021, is made by Unrivaled Brands, Inc., a Nevada corporation ("Pledgor"), in favor of People's California, LLC, a California limited liability company ("Lender").

RECITALS

WHEREAS, Pledgor entered into that certain Membership Interest Purchase Agreement, dated as of August 15, 2021 (the "Primary MIPA"), by and among Pledgor, Lender, and People's First Choice, LLC, a California limited liability company ("PFC").

WHEREAS, Pledgor has entered or will enter into that certain Membership Interest Purchase Agreement, dated as of November 22, 2021 (the "Secondary MIPA"), by and among between Pledgor, Lender and the other parties thereto;

WHEREAS, concurrently with the execution of this Agreement, Pledgor (a) acquired eighty percent (80%) of the issued and outstanding membership interests of PFC, pursuant to the terms of the Primary MIPA, and (b) has acquired or agreed to acquire from Lender eighty percent (80%) of the issued and outstanding membership interests of each of People's Corona, LLC, a California limited liability company ("People's Corona"), People's Riverside, LLC, a California limited liability company ("People's Riverside"), Holistic Supplements, a California corporation ("Holistic"), and People's Costa Mesa, LLC, a California limited liability company ("People's Costa Mesa") (each of PFC, People's Corona, People's Riverside, Holistic and People's Costa Mesa, and any of their subsidiaries, an "Acquired Company" and, collectively, the "Acquired Companies"), and Lender has sold or agreed to sell to Pledgor such membership interests, pursuant to the terms of the Secondary MIPA;

WHEREAS, in connection with the Primary MIPA, Lender has made a loan to Pledgor evidenced by the Secured Promissory Note dated of even date herewith in the aggregate original principal amount of \$30,568,623.67 (as the same may from time to time be amended, restated or otherwise modified, the "Note"); and

WHEREAS, in order to secure the Obligations (as defined below), Pledgor has agreed to pledge and grant a security interest in the Collateral (as defined below).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Pledgor has agreed to enter into this Agreement for the benefit of the Lender.

Accordingly, the parties hereto agree as follows: Section 1. Definitions and Accounting Matters.

1.1 Definitions. Capitalized terms used herein but not defined shall have the meaning ascribed thereto in the Note, or as applicable, the Uniform Commercial Code (as defined below). In addition, as used herein:

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Collateral" means, collectively, (a) the Pledged Securities and each addition, if any, thereto and each substitution, if any, therefor, in whole or in part, (b) the certificates representing the Pledged Securities, if any, and (c) the dividends, cash, instruments and other property distributed in respect of and other proceeds of any of the foregoing.

“Lien” shall mean, with respect to any property or asset, any lien, security interest, mortgage, pledge, charge, claim, lease, agreement, right of first refusal, option, limitation on transfer or use or assignment or licensing, restrictive easement, charge or any other encumbrance or restriction of any kind or other preferential arrangement having the practical effect of any of the foregoing, including any restriction on the ownership, use, voting, transfer, possession, receipt of income or other exercise of any attributes of ownership, in respect of such property or asset.

“Obligations” means, collectively, (a) all of Pledgor’s indebtedness and other obligations now or hereafter incurred by Pledgor to Lender under the Note and the other Loan Documents, and includes the principal of and interest on the Loan until all of such obligations are satisfied, (b) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; and (c) all costs and expenses, including reasonable attorneys’ fees, incurred by Lender in connection with the collection of the obligations described in subparts (a) and (b) above or the enforcement of Pledgor’s obligations under this Agreement, the Note or any other Loan Documents.

“Person” means natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities.

“Pledged Securities” means all of the shares of capital stock or other equity interest of each Acquired Company held by Pledgor, whether now owned or hereafter acquired or created, and all proceeds thereof. As of the date hereof, the existing Pledged Securities are listed on the attached Exhibit A.

“Pledgor” has the meaning set forth in the introductory paragraph hereof.

“Pledgor Organizational Documents” means the operating agreement and other organizational documents of the Pledgor.

“Revenue Payments” shall mean all revenue payments actually received by the Acquired Companies during an ongoing Event of Default.

“Transfer” has the meaning set forth in Section 4.5 hereof.

“UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of California; provided, however, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any item or portion of the collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, then UCC means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## Section 2. Pledge and Delivery of Collateral

2.1 The Pledge and Collateral. As collateral security for the prompt payment and performance in full when due (whether at stated maturity by acceleration or otherwise) of the Obligations, Pledgor hereby grants to Lender a senior Lien on and a first-priority security interest in all of the Collateral, including (without limitation) all of Pledgor’s future Collateral, irrespective of any lack of knowledge by Lender of the creation or acquisition thereof.



2.2 Delivery of the Collateral. During the continuance of an Event of Default, Lender shall have the right, at any time in its discretion and without notice to Pledgor, to transfer to or to register in the name of Lender or its nominee any or all of the Collateral, to be held by Lender or such nominee as security for the Obligations until (i) sold in accordance with this Agreement and applicable law or (ii) the Obligations have otherwise been satisfied.

2.3 Reinstatement. The obligations of Pledgor under this Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Pledgor in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 3. Representations and Warranties. Pledgor represents and warrants to Lender as of the date hereof that:

3.1 Existence. Pledgor (i) is a limited liability company organized under the State of Nevada, (ii) has all requisite power, has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, and (iii) is not insolvent, as defined in any applicable state or federal statute.

3.2 No Breach. None of the execution and delivery of this Agreement, the Note, the other Loan Documents, or the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will, conflict with or result in a breach of or require any consent (other than any consent that has been obtained) under the Pledgor Organizational Documents or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which Pledgor is a party or by which Pledgor is bound or to which it is subject, or constitute a default under any such agreement or instrument, or (except for the Lien arising under this Agreement) result in the creation or imposition of any Lien upon any of the revenues or assets of Pledgor pursuant to the terms of any such agreement or instrument.

3.3 Necessary Action. Pledgor has all necessary power and authority to execute, deliver and perform its obligations under this Agreement, the Note, the other Loan Documents; the execution, delivery and performance by Pledgor of this Agreement, the Note, the other Loan Documents have been duly authorized by all necessary action on its part; and this Agreement, the Note, the other Loan Documents have been duly and validly executed and delivered by Pledgor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) laws relating to the availability of specific performance, injunctive relief and other equitable remedies.

3.4 Approvals. No authorizations, approvals and consents of, and no filings and registrations with, any governmental or regulatory authority or agency are necessary for (a) the execution, delivery or performance by Pledgor of this Agreement, the Note, the other Loan Documents, or for the validity or enforceability thereof, (b) the grant by Pledgor of the assignments and security interests granted hereby; or the pledge by Pledgor of the Collateral pursuant hereto, (c) the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment and security interest) except for the filing of financing statements under the UCC or (d) the exercise by Lender of all rights and remedies in respect of the Collateral pursuant to this Agreement.

Section 4. Covenants. Pledgor covenants and agrees that, until the payment and satisfaction in full of the Obligations:

4.1 Existence, etc. Pledgor shall preserve and maintain its existence and all of its material rights, privileges and franchises. Pledgor shall comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities. Pledgor shall pay and discharge all taxes, assessments and governmental charges or levies imposed on them or on their income or profits or on any of their property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings. Pledgor shall promptly provide Lender with written notice of correspondence from any governmental, regulatory or taxing authorities that Pledgor is in material violation of any law, rule or regulation with respect to the Collateral or the Acquired Companies and which would reasonably be expected to impact Pledgor's compliance with its obligations hereunder.

4.2 Limitation on Sale and Liens. Pledgor shall not create or incur any Lien upon any of the Collateral except (i) the Liens created hereby; (ii) Liens existing as of or prior to the date hereof; and (iii) Liens that arise in connection with or as a result of the Closing (as defined in the Primary MIPA and the Secondary MIPA, as the case may be). Pledgor shall not file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which Lender is not named as the sole secured party. Pledgor shall not transfer or create, incur or suffer to exist any Lien on the Collateral, other than the Lien created under this Agreement. Notwithstanding anything to the contrary contained herein, the Acquired Companies shall be permitted to sell, transfer, convey, or otherwise dispose of any inventory, including cannabis inventory, in the ordinary course of business of such Acquired Company, and any such sale, transfer, conveyance or disposal shall not be deemed a breach of, event of default under, or a violation of, any of the terms of this Agreement

4.3 Non-Petition. Pledgor agrees that it will not take any action to petition itself into bankruptcy or to enable any of the aforementioned to seek relief under any federal or state bankruptcy law.

4.4 Preservation of Collateral. Lender may, without Pledgor's prior written consent, for the account and reasonable expense of Pledgor, pay any amount or do any act required of Pledgor hereunder or reasonably requested by Lender to preserve, protect, maintain or enforce the Obligations, the Collateral or the security interests granted herein, and which Pledgor fails to do or pay within thirty (30) days of Lender's reasonable request therefor, and any such undisputed payments shall be deemed an advance by Lender to Pledgor and shall be payable by Pledgor within thirty (30) days after written demand, together with interest thereon, at the rate of interest then applicable to the Obligations from the date expended by Lender until paid.

4.5 Pledged Securities. Pledgor shall not (a) vote or agree to issue certificates or other evidence of the Pledged Securities unless all such certificates or other evidence of the Pledged Securities have been delivered to Lender, together with undated transfer powers duly executed in blank by Pledgor or such other instruments of transfer as are acceptable to Lender, promptly after the issuance thereof, or (b) vote or agree to allow the Pledged Securities to become an uncertificated security under Article 8 of the Uniform Commercial Code as in effect in any applicable state from time to time unless, promptly after the Pledged Securities become uncertificated securities, the Pledgor provides to Lender a control agreement in form and substance satisfactory to Lender that perfects in favor of Lender a first-priority security interest in such uncertificated security.

4.6 Reserved.

Section 5. Payments With Respect to the Collateral. During the continuance of an Event of Default, Lender shall collect, retain, control and distribute all Revenue Payments in such manner and priority as shall be determined by Lender and, in addition, may make any compromise or settlement deemed desirable by Lender with respect to, all or any of the Collateral, and/or extend the time of payment, arrange for payment in installments, or otherwise modify the terms of or release all or any of the Collateral, all without notice to or consent by Pledgor and without otherwise discharging or affecting the Obligations or the security interests granted herein except to the extent the Obligations are satisfied thereby. If during the continuance of an Event of Default Pledgor receives any Revenue Payments, Pledgor shall hold the same in trust for Lender, shall not commingle them with other funds of Pledgor and shall immediately deliver and pay over same to Lender all such payments and to become part of the Collateral for disposition pursuant to the terms of this Agreement.

Section 6. Further Assurances: Remedies. In furtherance of the grant of the security interest pursuant to Section 2 hereof, Pledgor hereby agrees with Lender as follows:

6.1 Delivery and Other Perfection. Pledgor shall, upon written request by Lender, give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that are legally necessary to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Lender to exercise and enforce its rights hereunder with respect to such pledge and security interest. Pledgor hereby irrevocably authorizes Lender to at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto relative to all or any part of the Collateral but only after first providing Pledgor with copies of any such financing statements and amendments. Pledgor also ratifies its authorization for Lender to file in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof. Pledgor shall reimburse Lender all its costs and expenses, including attorneys' fees, related to Lender exercising its rights hereunder.

6.2 Pledged Collateral.

(a) Pledgor shall not and shall not have the right to directly or indirectly, without the prior written consent of Lender, attempt to waive, alter, amend, modify, supplement or change in any way, or release, subordinate, terminate or cancel in whole or in part, or give any consent under, any of the instruments, documents, policies or agreements constituting the Collateral or exercise any of the rights, options or interests of Pledgor as party, holder, Lender or beneficiary thereunder. Pledgor agrees that all rights to do any and all of the foregoing have been pledged to and, following an Event of Default, may be exercised by Lender, and Pledgor agrees, upon reasonable request from Lender, from time to time to (i) do any of the foregoing, (ii) join Lender in doing so, or (iii) confirm the right of Lender to do so and shall execute such instruments and undertake such actions as Lender may reasonably request in connection therewith. Unless Pledgor shall have provided prior written notice and received the written consent of Lender, Pledgor shall not make any election, compromise, adjustment or settlement in respect of any of the Collateral. Notwithstanding anything herein to the contrary, so long as no Event of Default shall have occurred and be continuing, Pledgor shall have the right to exercise all of Pledgor's rights under the Pledgor Organizational Documents to which it is a party (and in the ordinary course of business) for all purposes not inconsistent with any of the terms of this Agreement, the Note, the other Loan Documents or any other instrument or agreement referred to herein or therein, provided that Pledgor agrees that it will not take any action in any manner that is inconsistent with the terms of this Agreement, the Note, the other Loan Documents or any such other instrument or agreement. All dividends and distributions paid in respect of the Collateral shall be directed by Lender, in its sole and absolute discretion, to repay the Obligations. Lender shall execute and deliver to Pledgor or cause to be executed and delivered to Pledgor all such proxies, powers of attorney, distribution and other orders, and all such instruments, without representation, recourse or warranty, as Pledgor may reasonably request for the purpose of enabling Pledgor to exercise the rights and powers which it is entitled to exercise pursuant to this Section 6.2.

(c) Anything to the contrary notwithstanding, (i) Pledgor shall remain liable under the Pledgor Organizational Documents to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by Lender of any of the rights hereunder shall not release Pledgor from any of its duties or obligations under the Pledgor Organizational Documents, and (iii) Lender shall have no obligation or liability under the Pledgor Organizational Documents by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Pledgor thereunder to the extent arising prior to Lender taking title to the Collateral or to take any action to collect or enforce any claim for payment assigned hereunder. Pledgor covenants that until such time as the Obligations are fully satisfied, (i) Pledgor shall, at its own expense, take any and all actions necessary or desirable to preserve, protect and defend the security interest of the Lender in the Collateral and the perfection and priority thereof against any and all adverse claims, including appearing in and defending all actions and proceedings which purport to affect any of the foregoing; (ii) Pledgor shall pay or cause to be paid all taxes and other levies with respect to the Collateral when the same become due and payable except to the extent contested in good faith with appropriate reserves therefor on Pledgor's books and records; (iii) and Pledgor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise create or permit to exist any lien or other encumbrance on or with respect to any of the Collateral, except for liens for taxes not yet due and payable.

### 6.3 Events of Default.

The occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "Event of Default":

(a) Pledgor's failure to pay, when due, the Obligations set forth under the Note, provided that Pledgor shall be granted a forty-five (45) day period to cure such default following notice of such default from Lender to Pledgor, provided, however, that in no event shall an Event of Default be deemed to have occurred if Pledgor and/or its affiliates is withholding the unpaid amount(s) in connection with (a) a direct verifiable claim for indemnification that has been submitted for recovery under the indemnity provisions in the Primary MIPA, the Secondary MIPA and any of the other definitive transaction documents entered into by and between, among other parties, Pledgor and Lender (collectively, the "Transaction Documents"), or (b) a third party claim that has been filed (i.e., a formal proceeding has been initiated) and which could reasonably be expected to result in damages recoverable under the indemnity provisions in the Transaction Documents;

(b) Pledgor materially breaches any term or condition of this Agreement, the Note, or the other Loan Documents;

(c) any proceeding, action, petition or filing under Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect or any successor statute (the "Bankruptcy Code"), or any similar state or federal law now or hereafter in effect relating to bankruptcy, reorganization or insolvency, or the arrangement or adjustment of debts affecting Pledgor, shall be filed by or against Pledgor, consented to or acquiesced in by Pledgor, or if Pledgor shall institute any proceeding with respect to the dissolution or liquidation of Pledgor, shall make an assignment for the benefit of creditors.

6.4 After Events of Default. During the period during which an Event of Default shall have occurred and be continuing:

(a) Pledgor may not distribute, transfer, or encumber any of the Collateral;

(b) If an Event of Default under Section 6.3(a) hereof has occurred and continues for a period of at least forty-five (45) days, Lender (i) shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if Lender were the sole and absolute owner of the Collateral, (ii) in its discretion may, in its name or in the name of Pledgor or otherwise, demand, sue for, collect or receive any money or property, at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so, and (iii) may, at its option, apply all or any part of the Collateral to the Obligations in such order and priority as shall be selected by Lender;

(c) If Pledgor has not cured such Event of Default within any cure period provided for herein but in no event later than sixty (60) days of receiving a written notice of default, Lender may, upon notice to Pledgor as required by applicable law of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of Lender or any of its agents, sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places as Lender deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place thereof (except such notice as is required above or by applicable statute and cannot be waived) and Lender or anyone else who may be the Lender, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of Pledgor, any such demand, notice or right and equity being hereby expressly waived and released. Lender may, without publication but upon notice required by applicable law, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned; The proceeds of each collection, sale or other disposition under this Section 6.4 shall be applied in accordance with Section 6.5 hereof; and

(d) Lender shall not be obligated to resort to its rights or remedies with respect to any other security for or guaranty of payment of the Obligations before resorting to its rights and remedies against Pledgor or the Collateral hereunder. All rights and remedies of Lender shall be cumulative and not in the alternative.

6.5 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by Lender under this Section 6, shall be applied by Lender:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of Lender and the reasonable fees and expenses of their respective agents and counsel, and all reasonable expenses, and advances made or incurred by Lender in connection therewith;

Second, to the payment in full of the Obligations in such order as Lender may determine in its sole discretion; and

Finally, to the payment to Pledgor or to whomsoever may be lawfully entitled to receive any surplus then remaining.

As used in this Section 6, “proceeds” of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Pledgor or any issuer of or obligor on any of the Collateral.

6.6 Attorney-in-Fact. During the continuance of any Event of Default, Lender is hereby appointed the attorney-in-fact of Pledgor solely for the purpose of carrying out the provisions of this Section 6 and taking any reasonable action which Lender reasonably deems necessary to accomplish the purposes hereof.

6.7 Enforcement Expenses. Except in connection with any indemnification claim made by Pledgor pursuant to the Transaction Documents (or in connection with any fraud or intentional misrepresentation in connection with the transactions contemplated thereunder) during an Event of Default, Pledgor agrees to pay the reasonable, documented, out-of-pocket expenses actually incurred by Lender that arise out of the enforcement of the provisions of this Section 6, or performance by Lender of any obligations of Pledgor in respect of the Collateral which Pledgor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of Lender in respect thereof, by litigation or otherwise and all such expenses shall be Obligations to Lender secured under Section 2 hereof.

6.8 Termination. Upon the payment, performance in full, or reduction pursuant to the terms of the Note, this Agreement or the other Loan Documents of all Obligations, then this Agreement and the Note shall terminate, and Lender shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral received in respect thereof, to or on the order of Pledgor and Lender will promptly deliver, a Pledgor’s sole cost, any UCC termination statements and any other releases and documentation necessary to evidence the same.

6.9 Indemnification. Pledgor agrees to indemnify and to hold the Lender harmless from and against all losses, liabilities, claims, damages, costs and expenses (including actual attorneys’ fees and disbursements and court costs) (“Losses”) arising out of third-party claims to the extent related to or arising out of the Loan Documents or any actual or proposed use of proceeds of the Loan or any of the Obligations, but excluding any Losses to the extent (i) attributable to any periods prior to the applicable Closing (as defined in the Primary MIPA and the Secondary MIPA, as the case may be) or (ii) any such Losses are indemnifiable by Lender under the Transaction Documents.

6.10 Security Interest Absolute. All rights of Lender and security interests hereunder, and all obligations of Pledgor hereunder, shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of any of the Note, the other Loan Documents or any other agreement or instrument relating thereto; (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from any of the Note, the other Loan Documents or any other agreement or instrument relating thereto; (c) any exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Obligations; or (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Pledgor.

6.11 Waivers. To the fullest extent permitted by law Pledgor hereby waives any defense that may arise by reason of: any failure of Lender to marshal any present or future collateral security (including but not limited to the Collateral) or to resort to such collateral security or other assurances of payment in any particular order. Pledgor acknowledges that each of the waivers set forth herein is made after consultation with legal counsel and with full knowledge of its significance and consequences.

Section 7. Miscellaneous.

7.1 No Waiver. No failure on the part of Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided herein are cumulative and are not exclusive of any remedies provided by law.

7.2 GOVERNING LAW, JURISDICTION. THIS AGREEMENT, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY CALIFORNIA LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW. ANY PROCEEDING TO ENFORCE AND/OR INTERPRET THIS AGREEMENT SHALL OCCUR IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA.

7.3 Notices. All notices, demands, consents, approvals, requests or other communications which any of the parties to this Agreement may desire or be required to give hereunder (collectively, "Notices") shall be in writing and shall be given by (a) personal delivery, (b) facsimile transmission or (c) a reputable overnight courier service, fees prepaid, addressed as follows:

If to Pledgor:

Unrivaled Brands, Inc.  
Attn: Joe Segilia, General Counsel  
3242 S. Halladay Street  
Santa Ana, CA 92705  
Email:

If to Lender:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704  
Email:

Either Pledgor or Lender may designate another addressee (and/or change its address) for Notices hereunder by a Notice given pursuant to this Section 7.3. A Notice sent in compliance with the provisions of this Section 7.3 shall be deemed given on the date of receipt.

7.4 Waivers, Modifications, etc. The terms of this Agreement may be waived, altered, modified or amended only by an instrument in writing duly executed by Pledgor and Lender. Any such waiver, alteration, modification, amendment or waiver shall be binding upon Lender and Pledgor.

7.5 Successors and Assigns. This Agreement shall be binding upon the successors and permitted assigns of Pledgor and inure to the benefit of the successors and permitted assigns of Lender. Each representation and agreement made by Pledgor in this Agreement shall be deemed to run to, and each reference in this Agreement to Lender shall be deemed to refer to, Lender and each of its successors and assigns.

7.6 Further Assurances. Pledgor and Lender agree that, at any time and from time to time, such parties shall execute and deliver such further documents and do such further acts and things as may be reasonably required in order to effect the purposes of this Agreement, the Note or the other Loan Documents, including, in the case of Lender, to execute and deliver any documentation required by any of Pledgor's affiliates' current or future lenders or creditors to clarify and confirm that the Collateral does not include any assets of Pledgor that are not specifically identified as "Collateral" herein which includes any of the assets of any of Pledgor's affiliates or any of the assets of Pledgor not existing and owned by Pledgor as of the date of the Initial Closing (as defined in the MIPA).

7.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

7.8 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Lender in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

7.9 Assignment. Neither Lender nor Pledgor may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld.


7.10 Attorneys' Fees and Costs. Pledgor agrees to pay to Lender on demand all actual out-of-pocket costs and expenses incurred by Lender in seeking to enforce any of Lender's rights and remedies under this Agreement, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with arbitration, judicial reference, bankruptcy, insolvency or appeal.



IN WITNESS WHEREOF, Pledgor has caused this Agreement to be duly executed and delivered as of the date first above written.

**PLEDGOR:**

UNRIVALED BRANDS, INC.  
a Nevada corporation

By: A rectangular box containing a handwritten signature in blue ink that reads "Francis Knuettel II". Above the signature, the text "DocuSigned by:" is visible. Below the signature, the text "UNRIVALED BRANDS, INC." is printed.

Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Security Agreement]

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EXHIBIT A

PLEGGED SECURITIES

<u>Name of Subsidiary</u>	<u>Jurisdiction of Subsidiary</u>	<u>Ownership Percentage</u>
People's First Choice, LLC	California	80%
People's Corona, LLC	California	80%
People's Riverside, LLC	California	80%
Holistic Supplements	California	80%
People's Costa Mesa, LLC	California	80%

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EXHIBIT A

**GUARANTY AND SECURITY AGREEMENT**

THIS GUARANTY AND SECURITY AGREEMENT (as may be amended, supplemented or otherwise modified from time to time, this "Agreement") dated as of November 22, 2021, is made by:

- (a) People's First Choice, LLC, a California limited liability company ("PFC");
- (b) People's Corona, LLC, a California limited liability company ("People's Corona");
- (c) People's Riverside, LLC, a California limited liability company ("People's Riverside");
- (d) Holistic Supplements, a California corporation ("Holistic"); and
- (e) People's Costa Mesa, LLC, a California limited liability company ("People's Costa Mesa") and, together with PFC, People's Corona, People's Riverside and Holistic, "Pledgors" or "Guarantors" and, individually, each a "Pledgor" or "Guarantor"), in favor of;
- (f) People's California, LLC, a California limited liability company ("Lender").

RECITALS

WHEREAS, Unrivaled Brands, Inc., a Nevada corporation ("Borrower") entered into that certain Membership Interest Purchase Agreement, dated as of August 15, 2021 (the "Primary MIPA"), by and among Borrower, Lender, and PFC.

WHEREAS, Borrower has entered into that certain Membership Interest Purchase Agreement, dated as of November 22, 2021 (the "Secondary MIPA"), by and among between Borrower, Lender and the other parties thereto;

WHEREAS, concurrently with or prior to the execution of this Agreement, Borrower acquired (a) eighty percent (80%) of the issued and outstanding membership interests of PFC, pursuant to the terms of the Primary MIPA, and (b) has acquired eighty percent (80%) of the issued and outstanding membership interests of each of People's Corona, People's Riverside, Holistic, and People's Costa Mesa, and Lender has sold or agreed to sell to Borrower such membership interests, pursuant to the terms of the Secondary MIPA;

WHEREAS, in connection with the Primary MIPA, Lender has made a loan to Borrower evidenced by the Secured Promissory Note dated of even date herewith in the aggregate original principal amount of \$30,568,623.67 (as the same may from time to time be amended, restated or otherwise modified, the "Note");

WHEREAS, each Guarantor desires that Lender grant to Borrower the financial accommodations as described in the Note;

WHEREAS, each Guarantor, a direct or indirect subsidiary of Borrower whose financing is provided by the Loan, deems it to be in the direct pecuniary and business interests of such Guarantor that Borrower obtain from Lender the Loan provided for in the Note; and

WHEREAS, in order to secure the Obligations (as defined below), each Pledgor has agreed to pledge and grant a security interest in the Collateral (as defined below).

NOW THEREFORE, each Guarantor understands that Lender is willing to enter into the Note and grant the financial accommodations provided for in the Note only upon certain terms and conditions, one of which is that such Guarantor guarantee the payment of the Obligations, and this Agreement is being executed and delivered in consideration of Lender entering into the Note and each financial accommodation granted to Borrower by Lender, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Pledgor has agreed to enter into this Agreement for the benefit of the Lender.

Accordingly, the parties hereto agree as follows: Section 1. Definitions and Accounting Matters.

1.1 Definitions. Capitalized terms used herein but not defined shall have the meaning ascribed thereto in the Note, or as applicable, the Uniform Commercial Code (as defined below). In addition, as used herein:

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“Borrower” has the meaning set forth in the introductory paragraph hereof.

“Collateral” means, collectively, (a) all of each Pledgor’s existing and future assets, including, but not limited to, (i) personal property, (ii) accounts, (iii) chattel paper, (iv) deposit accounts, (v) documents, (vi) electronic chattel paper, (vii) equipment, (viii) fixtures, (ix) general intangibles (including intellectual property rights), (x) goods, (xi) letter of credit rights, (xii) health care insurance receivable, (xiii) instruments, (xiv) inventory, (xv) investment property, (xvi) payment intangible, (xvii) software, (xviii) tangible chattel paper, (xix) general intangibles, and (xx) Pledged Securities; and (b) proceeds and products of any of the foregoing.

“Guarantor” has the meaning set forth in the introductory paragraph hereof.

“Guaranty Collateral” means, collectively, (a) the Collateral, and (b) all other property, if any, securing the Obligations or any part thereof at the time in question, whether under the Note or under that certain Security Agreement executed by Borrower in favor of Lender on the date hereof, or otherwise.

“Lien” shall mean, with respect to any property or asset, any lien, security interest, mortgage, pledge, charge, claim, lease, agreement, right of first refusal, option, limitation on transfer or use or assignment or licensing, restrictive easement, charge or any other encumbrance or restriction of any kind or other preferential arrangement having the practical effect of any of the foregoing, including any restriction on the ownership, use, voting, transfer, possession, receipt of income or other exercise of any attributes of ownership, in respect of such property or asset.

“Obligations” means, collectively, (a) all of Borrower’s indebtedness and other obligations now or hereafter incurred by Borrower to Lender under the Note and the other Loan Documents, and includes the principal of and interest on the Loan until all of such obligations are satisfied, (b) each renewal, extension, consolidation or refinancing of any of the foregoing, in whole or in part; and (c) all costs and expenses, including reasonable attorneys’ fees, incurred by Lender in connection with the collection of the obligations described in subparts (a) and (b) above or the enforcement of each Pledgor’s obligations under this Agreement, the Note or any other Loan Documents.

“Obligor” means any Person that, or any of whose property, is or shall be obligated on the Obligations or any part thereof in any manner and includes, without limiting the generality of the foregoing, Borrower or any Guarantor, and any other co-maker, endorser, guarantor of payment, subordinating creditor, assignor, grantor of a security interest, pledgor, mortgagor or any hypothecator of property, if any.

“Person” means natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities.

“Pledged Securities” means (a) all of the shares of capital stock or other equity interests of a subsidiary of Pledgor, whether now owned or hereafter acquired or created, and all proceeds thereof collectively, (b) each addition, if any, thereto and each substitution, if any, therefor, in whole or in part, (c) the certificates representing the Pledged Securities, if any, and (d) the dividends, cash, instruments and other property distributed in respect of and other proceeds of any of the foregoing. As of the date hereof, the existing Pledged Securities are listed on the attached Exhibit A.

“Pledgor” has the meaning set forth in the introductory paragraph hereof.

“Pledgor Organizational Documents” means the operating agreement and other organizational documents of each Pledgor.

“Revenue Payments” shall mean all revenue payments actually received by any Guarantor during an ongoing Event of Default.

“Transfer” has the meaning set forth in Section 5.5 hereof.

“UCC” means the Uniform Commercial Code as in effect on the date hereof in the State of California; provided, however, that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any item or portion of the collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of California, then UCC means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection.

## Section 2. Guaranty.

2.1 Guaranty of Obligations. Each Guarantor hereby absolutely and unconditionally guarantees (as a guaranty of payment and not merely a guaranty of collection) the prompt payment in full of all of the Obligations as and when the respective parts thereof become due and payable. If the Obligations, or any part thereof, shall not be paid in full when due and payable, Lender, in each case, shall have the right to proceed directly against any Guarantor under this Agreement to collect the payment in full of the Obligations, regardless of whether or not Lender shall have theretofore proceeded or shall then be proceeding against Borrower or any other Obligor or Guaranty Collateral, if any, or any of the foregoing, it being understood that Lender, in its sole discretion, may proceed against any Obligor and any Guaranty Collateral and may exercise each right, power or privilege that Lender may then have, either simultaneously or separately, and, in any event, at such time or times and as often and in such order as Lender, in its sole discretion, may from time to time deem expedient to collect the payment in full of the Obligations. Each Guarantor agrees that all payments made by such Guarantor under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of any taxes.

2.2 Payments Conditional. Whenever Lender shall credit any payment to the Obligations or any part thereof, whatever the source or form of payment, the credit shall be conditional as to Guarantors unless and until the payment shall be final and valid as to all the world. Without limiting the generality of the foregoing, each Guarantor agrees that, if any check or other instrument so applied shall be dishonored by the drawer or any party thereto, or if any proceeds of Guaranty Collateral or payment so applied shall thereafter be recovered by any trustee in bankruptcy or any other Person, Lender, in each case, may reverse any entry relating thereto on its books and such Guarantor shall remain liable therefor, even if Lender may no longer have in its possession any instrument evidencing the Obligations to which the payment in question was applied.

2.3 Guarantors' Obligations Absolute and Unconditional. Regardless of the duration of time, regardless of whether Borrower may from time to time cease to be indebted to Lender and irrespective of any act, omission or course of dealing whatsoever on the part of Lender, each Guarantor liabilities and other obligations under this Agreement shall remain in full effect until the payment in full of the Obligations.

2.4 Lender Has No Duty to Make Financial Accommodations. Lender shall not at any time be under any duty to any Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment, if any, of Lender to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation.

2.5 Guarantors' Waiver of Notice, Presentment. Each Guarantor waives (a) notice of the granting of any loan to Borrower or the incurring of any other indebtedness by Borrower or the terms and conditions thereof, (b) presentment, demand for payment and notice of dishonor of the Obligations or any part thereof, or any other indebtedness incurred by Borrower to Lender, (c) notice of any indulgence granted to any Obligor, and (d) any other notice to which such Guarantor might, but for this waiver, be entitled.

2.6 Lender's Rights Not Prejudiced by Action or Omission. Lender, in its sole discretion, may, without any prejudice to its rights under this Agreement, at any time or times, without notice to or the consent of any Guarantor, (a) grant Borrower whatever financial accommodations that Lender may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder, (b) assent to any renewal, extension, consolidation or refinancing of the Obligations or any part thereof, (c) forbear from demanding security, if Lender shall have the right to do so, (d) release any Obligor or Collateral or assent to any exchange of Guaranty Collateral, if any, irrespective of the consideration, if any, received therefor, (e) grant any waiver or consent or forbear from exercising any right, power or privilege that Lender may have or acquire, (f) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any of the Obligations or pursuant to which any of the Obligations are created, (g) grant any other indulgence to any Obligor, (h) accept any Guaranty Collateral for, or any other Obligor upon, the Obligations or any part thereof, and (i) fail, neglect or omit in any way to realize upon any Guaranty Collateral, to perfect any security interest with respect to Guaranty Collateral, or to protect the Obligations or any part thereof or any Guaranty Collateral therefor.

2.7 Liabilities Survive Guarantors' Dissolution. Each Guarantor's liabilities and other obligations under this Agreement shall survive any dissolution of any Guarantor.

2.8 Liabilities Absolute and Unconditional. Each Guarantor's liabilities and other obligations under this Agreement shall be absolute and unconditional irrespective of any lack of validity or enforceability of the Note, any Loan Document or any other agreement, instrument or document evidencing the Loan or related thereto, the existence of any claim, set-off or other rights that any Guarantor may have against Borrower or any other Person, or any other defense available to any Guarantor in respect of this Agreement (other than the payment in full of the Obligations).

2.9 Guarantors' Obligations Independent. The obligations of each Guarantor hereunder are as set forth in this Agreement and are independent of the obligation of any other Obligor, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against any other Obligor and whether or not any other Obligor is joined in any such action.

2.10 Waiver of Guarantors' Rights Against Borrower and Guaranty Collateral. To the extent permitted by law, each Guarantor hereby waives any claim or other right that Guarantor might now have or hereafter acquire against Borrower or any other Obligor that arises from the existence or performance of such Guarantor's liabilities or other obligations under this Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, and any right to participate in any claim or remedy of Lender against Borrower or any Guaranty Collateral that Lender now has or hereafter acquires, whether or not such claim, remedy or right arises in equity, or under contract, statute or common law, until such time as the Obligations (other than contingent indemnity obligations) have been repaid in full.

2.11 Full Recourse Obligations; Effect of Fraudulent Transfer Laws It is the desire and intent of each Guarantor and Lender that this Agreement shall be enforced as a full recourse obligation of Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If and to the extent that the obligations of any Guarantor under this Agreement would, in the absence of this sentence, be adjudicated to be invalid or unenforceable because of any applicable state or federal law relating to fraudulent conveyances or transfers, then the amount of such Guarantor's liability hereunder in respect of the Obligations shall be deemed to be reduced *ab initio* to that maximum amount that would be permitted without causing such Guarantor's obligations hereunder to be so invalidated.

2.12 Stay of Acceleration. In the event that acceleration of the time for payment of any of the Obligations is stayed, upon the insolvency, bankruptcy or reorganization of Borrower or any other Person, or otherwise, the Obligations shall nonetheless be payable by Guarantors immediately upon demand by Lender.

### Section 3. Pledge and Delivery of Collateral

3.1 The Pledge and Collateral. As collateral security for the prompt payment and performance in full when due (whether at stated maturity by acceleration or otherwise) of the Obligations, each Pledgor hereby grants to Lender a senior Lien on and a first-priority security interest in all of the Collateral, including (without limitation) all of such Pledgor's future Collateral, irrespective of any lack of knowledge by Lender of the creation or acquisition thereof.

3.2 Delivery of the Collateral. During the continuance of an Event of Default, Lender shall have the right, at any time in its discretion and without notice to Pledgors, to transfer to or to register in the name of Lender or its nominee any or all of the Collateral, to be held by Lender or such nominee as security for the Obligations until (i) sold in accordance with this Agreement and applicable law or (ii) the Obligations have otherwise been satisfied.

3.3 Reinstatement. The obligations of Pledgors under this Agreement shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Pledgor in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

### Section 4. Representations and Warranties. Each Pledgor represents and warrants to Lender as of the date hereof that:

4.1 Existence. Each Pledgor (i) is a limited liability company or corporation, as the case may be, organized under the State of California, (ii) has all requisite power, has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted, and (iii) is not insolvent, as defined in any applicable state or federal statute.

4.2 No Breach. None of the execution and delivery of this Agreement, the Note, the other Loan Documents, or the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof will, conflict with or result in a breach of or require any consent (other than any consent that has been obtained) under the Pledgor Organizational Documents or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which any Pledgor is a party or by which any Pledgor is bound or to which it is subject, or constitute a default under any such agreement or instrument, or (except for the Lien arising under this Agreement) result in the creation or imposition of any Lien upon any of the revenues or assets of any Pledgor pursuant to the terms of any such agreement or instrument.

4.3 Necessary Action. Each Pledgor has all necessary power and authority to execute, deliver and perform its obligations under this Agreement, the Note, the other Loan Documents; the execution, delivery and performance by each Pledgor of this Agreement, the Note, the other Loan Documents have been duly authorized by all necessary action on its part; and this Agreement, the Note, the other Loan Documents have been duly and validly executed and delivered by each Pledgor and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) laws relating to the availability of specific performance, injunctive relief and other equitable remedies.

4.4 Approvals. No authorizations, approvals and consents of, and no filings and registrations with, any governmental or regulatory authority or agency are necessary for (a) the execution, delivery or performance by each Pledgor of this Agreement, the Note, the other Loan Documents, or for the validity or enforceability thereof, (b) the grant by each Pledgor of the assignments and security interests granted hereby; or the pledge by each Pledgor of the Collateral pursuant hereto, (c) the perfection or maintenance of the pledge, assignment and security interest created hereby (including the first priority nature of such pledge, assignment and security interest) except for the filing of financing statements under the UCC or (d) the exercise by Lender of all rights and remedies in respect of the Collateral pursuant to this Agreement.

Section 5. Covenants. Each Pledgor covenants and agrees that, until the payment and satisfaction in full of the Obligations:

5.1 Existence, etc. Each Pledgor shall preserve and maintain its existence and all of its material rights, privileges and franchises. Each Pledgor shall comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities. Each Pledgor shall pay and discharge all taxes, assessments and governmental charges or levies imposed on them or on their income or profits or on any of their property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the payment of which is being contested in good faith and by proper proceedings. Each Pledgor shall promptly provide Lender with written notice of correspondence from any governmental, regulatory or taxing authorities that such Pledgor is in material violation of any law, rule or regulation with respect to the Collateral or such Pledgor and which would reasonably be expected to impact such Pledgor's compliance with its obligations hereunder.



5.2 Limitation on Sale and Liens. No Pledgor shall create or incur any Lien upon any of the Collateral except (i) the Liens created hereby; (ii) Liens existing as of or prior to the date hereof; and (iii) Liens that arise in connection with or as a result of the Closing (as defined in the Primary MIPA and the Secondary MIPA, as the case may be). No Pledgor shall file or suffer to be on file, or authorize or permit to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which Lender is not named as the sole secured party. No Pledgor shall transfer or create, incur or suffer to exist any Lien on the Collateral, other than the Lien created under this Agreement. Notwithstanding anything to the contrary contained herein, each Pledgor shall be permitted to sell, transfer, convey, or otherwise dispose of any inventory, including cannabis inventory, in the ordinary course of business of such Pledgor, and any such sale, transfer, conveyance or disposal shall not be deemed a breach of, event of default under, or a violation of, any of the terms of this Agreement.

5.3 Non-Petition. Each Pledgor agrees that it will not take any action to petition itself into bankruptcy or to enable any of the aforementioned to seek relief under any federal or state bankruptcy law.

5.4 Preservation of Collateral. Lender may, without Pledgors' prior written consent, for the account and reasonable expense of Pledgors, pay any amount or do any act required of any Pledgor hereunder or reasonably requested by Lender to preserve, protect, maintain or enforce the Obligations, the Collateral or the security interests granted herein, and which such Pledgor fails to do or pay within thirty (30) days of Lender's reasonable request therefor, and any such undisputed payments shall be deemed an advance by Lender to such Pledgor and shall be payable by such Pledgor within thirty (30) days after written demand, together with interest thereon, at the rate of interest then applicable to the Obligations from the date expended by Lender until paid.

5.5 Pledged Securities. No Pledgor shall (a) vote or agree to issue certificates or other evidence of the Pledged Securities unless all such certificates or other evidence of the Pledged Securities have been delivered to Lender, together with undated transfer powers duly executed in blank by Pledgor or such other instruments of transfer as are acceptable to Lender, promptly after the issuance thereof, or (b) vote or agree to allow the Pledged Securities to become an uncertificated security under Article 8 of the Uniform Commercial Code as in effect in any applicable state from time to time unless, promptly after the Pledged Securities become uncertificated securities, the Pledgor provides to Lender a control agreement in form and substance satisfactory to Lender that perfects in favor of Lender a first-priority security interest in such uncertificated security.

5.6 Indebtedness. (a) On the date hereof, no Pledgor is obligated under or in connection with any Indebtedness, other than such indebtedness as listed on the attached Exhibit B, in an aggregate amount not to exceed the balance thereof as listed on such Exhibit B (the "Permitted Indebtedness"), and any indebtedness or other financing obligations existing prior to the date hereof, other than Permitted Indebtedness, have been paid in full, terminated and are of no further effect and any liens or obligations in connection therewith have been released, and (b) on and after the date hereof, no Pledgor shall create, incur, assume, or be liable for any indebtedness, other than Permitted Indebtedness.

Section 6. Payments With Respect to the Collateral. During the continuance of an Event of Default, Lender shall collect, retain, control and distribute all Revenue Payments in such manner and priority as shall be determined by Lender and, in addition, may make any compromise or settlement deemed desirable by Lender with respect to, all or any of the Collateral, and/or extend the time of payment, arrange for payment in installments, or otherwise modify the terms of or release all or any of the Collateral, all without notice to or consent by Pledgors and without otherwise discharging or affecting the Obligations or the security interests granted herein except to the extent the Obligations are satisfied thereby. If during the continuance of an Event of Default any Pledgor receives any Revenue Payments, such Pledgor shall hold the same in trust for Lender, shall not commingle them with other funds of such Pledgor and shall immediately deliver and pay over same to Lender all such payments and to become part of the Collateral for disposition pursuant to the terms of this Agreement.

Section 7. Further Assurances: Remedies. In furtherance of the grant of the security interest pursuant to Section 3 hereof, each Pledgor hereby agrees with Lender as follows:

7.1 Delivery and Other Perfection. Each Pledgor shall, upon written request by Lender, give, execute, deliver, file and/or record any financing statement, notice, instrument, document, agreement or other papers that are legally necessary to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Lender to exercise and enforce its rights hereunder with respect to such pledge and security interest. Each Pledgor hereby irrevocably authorizes Lender to at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto relative to all or any part of the Collateral but only after first providing such Pledgor with copies of any such financing statements and amendments. Each Pledgor also ratifies its authorization for Lender to file in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof. Each Pledgor shall reimburse Lender all its costs and expenses, including attorneys' fees, related to Lender exercising its rights hereunder.

7.2 Pledged Collateral.

(a) No Pledgor shall nor shall have the right to directly or indirectly, without the prior written consent of Lender, attempt to waive, alter, amend, modify, supplement or change in any way, or release, subordinate, terminate or cancel in whole or in part, or give any consent under, any of the instruments, documents, policies or agreements constituting the Collateral or exercise any of the rights, options or interests of such Pledgor as party, holder, Lender or beneficiary thereunder. Each Pledgor agrees that all rights to do any and all of the foregoing have been pledged to and, following an Event of Default, may be exercised by Lender, and each Pledgor agrees, upon reasonable request from Lender, from time to time to (i) do any of the foregoing, (ii) join Lender in doing so, or (iii) confirm the right of Lender to do so and shall execute such instruments and undertake such actions as Lender may reasonably request in connection therewith. Unless Pledgors shall have provided prior written notice and received the written consent of Lender, no Pledgor shall make any election, compromise, adjustment or settlement in respect of any of the Collateral. Notwithstanding anything herein to the contrary, so long as no Event of Default shall have occurred and be continuing, each Pledgor shall have the right to exercise all of such Pledgor's rights under the Pledgor Organizational Documents to which it is a party (and in the ordinary course of business) for all purposes not inconsistent with any of the terms of this Agreement, the Note, the other Loan Documents or any other instrument or agreement referred to herein or therein, provided that such Pledgor agrees that it will not take any action in any manner that is inconsistent with the terms of this Agreement, the Note, the other Loan Documents or any such other instrument or agreement. All dividends and distributions paid in respect of the Collateral shall be directed by Lender, in its sole and absolute discretion, to repay the Obligations. Lender shall execute and deliver to Pledgors or cause to be executed and delivered to Pledgors all such proxies, powers of attorney, distribution and other orders, and all such instruments, without representation, recourse or warranty, as Pledgors may reasonably request for the purpose of enabling Pledgors to exercise the rights and powers which they are entitled to exercise pursuant to this Section 7.2.

(c) Anything to the contrary notwithstanding, (i) each Pledgor shall remain liable under the Pledgor Organizational Documents to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (ii) the exercise by Lender of any of the rights hereunder shall not release any Pledgor from any of its duties or obligations under the Pledgor Organizational Documents, and (iii) Lender shall have no obligation or liability under the Pledgor Organizational Documents by reason of this Agreement, nor shall Lender be obligated to perform any of the obligations or duties of any Pledgor thereunder to the extent arising prior to Lender taking title to the Collateral or to take any action to collect or enforce any claim for payment assigned hereunder. Each Pledgor covenants that until such time as the Obligations are fully satisfied, (i) such Pledgor shall, at its own expense, take any and all actions necessary or desirable to preserve, protect and defend the security interest of the Lender in the Collateral and the perfection and priority thereof against any and all adverse claims, including appearing in and defending all actions and proceedings which purport to affect any of the foregoing; (ii) such Pledgor shall pay or cause to be paid all taxes and other levies with respect to the Collateral when the same become due and payable except to the extent contested in good faith with appropriate reserves therefor on such Pledgor's books and records; (iii) and such Pledgor shall not directly or indirectly, whether voluntarily, involuntarily, by operation of law or otherwise create or permit to exist any lien or other encumbrance on or with respect to any of the Collateral, except for liens for taxes not yet due and payable.

### 7.3 Events of Default

The occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an “Event of Default”:

(a) Borrower’s failure to pay, when due, the Obligations set forth under the Note, provided that Borrower shall be granted a forty-five (45) day period to cure such default following notice of such default from Lender to Borrower, provided, however, that in no event shall an Event of Default be deemed to have occurred if Borrower and/or its affiliates is withholding the unpaid amount(s) in connection with (a) a direct verifiable claim for indemnification that has been submitted for recovery under the indemnity provisions in the Primary MIPA, the Secondary MIPA and any of the other definitive transaction documents entered into by and between, among other parties, Pledgors and Lender (collectively, the “Transaction Documents”), or (b) a third party claim that has been filed (i.e., a formal proceeding has been initiated) and which could reasonably be expected to result in damages recoverable under the indemnity provisions in the Transaction Documents;

(b) Borrower or any Pledgor materially breaches any term or condition of this Agreement, the Note, or the other Loan Documents;

(c) the validity, binding effect or enforceability of this Agreement or any other Loan Document against any Guarantor shall be contested by such Guarantor, any Guarantor shall deny that it has any or further liability or obligation under any Loan Document;

(d) any proceeding, action, petition or filing under Title 11 of the United States Code entitled “Bankruptcy”, as now and hereafter in effect or any successor statute (the “Bankruptcy Code”), or any similar state or federal law now or hereafter in effect relating to bankruptcy, reorganization or insolvency, or the arrangement or adjustment of debts affecting any Pledgor, shall be filed by or against any Pledgor, consented to or acquiesced in by any Pledgor, or if any Pledgor shall institute any proceeding with respect to the dissolution or liquidation of such Pledgor, shall make an assignment for the benefit of creditors.

7.4 After Events of Default During the period during which an Event of Default shall have occurred and be continuing:

(a) no Pledgor may distribute, transfer, or encumber any of the Collateral;

(b) If an Event of Default under Section 7.3(a) hereof has occurred and continues for a period of at least forty-five (45) days, Lender (i) shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not said Code is in effect in the jurisdiction where the rights and remedies are asserted) and such additional rights and remedies to which a secured party is entitled under the laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including, without limitation, the right, to the maximum extent permitted by law, to exercise all voting, consensual and other powers of ownership pertaining to the Collateral as if Lender were the sole and absolute owner of the Collateral, (ii) in its discretion may, in its name or in the name of any Pledgor or otherwise, demand, sue for, collect or receive any money or property, at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so, and (iii) may, at its option, apply all or any part of the Collateral to the Obligations in such order and priority as shall be selected by Lender;

(c) If Borrower or any Pledgor has not cured such Event of Default within any cure period provided for herein but in no event later than sixty (60) days of receiving a written notice of default, Lender may, upon notice to Pledgors as required by applicable law of the time and place, with respect to the Collateral or any part thereof which shall then be or shall thereafter come into the possession, custody or control of Lender or any of its agents, sell, assign or otherwise dispose of all or any part of such Collateral, at such place or places as Lender deems best, and for cash or on credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of time or place thereof (except such notice as is required above or by applicable statute and cannot be waived) and Lender or anyone else who may be the Lender, assignee or recipient of any or all of the Collateral so disposed of at any public sale (or, to the extent permitted by law, at any private sale), and thereafter hold the same absolutely free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of Pledgors, any such demand, notice or right and equity being hereby expressly waived and released. Lender may, without publication but upon notice required by applicable law, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned; The proceeds of each collection, sale or other disposition under this Section 7.4 shall be applied in accordance with Section 7.5 hereof; and

(d) Lender shall not be obligated to resort to its rights or remedies with respect to any other security for or guaranty of payment of the Obligations before resorting to its rights and remedies against any Pledgor or the Collateral hereunder. All rights and remedies of Lender shall be cumulative and not in the alternative.

7.5 Application of Proceeds. Except as otherwise herein expressly provided, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant hereto, and any other cash at the time held by Lender under this Section 7, shall be applied by Lender:

First, to the payment of the costs and expenses of such collection, sale or other realization, including reasonable out-of-pocket costs and expenses of Lender and the reasonable fees and expenses of their respective agents and counsel, and all reasonable expenses, and advances made or incurred by Lender in connection therewith;

Second, to the payment in full of the Obligations in such order as Lender may determine in its sole discretion; and

Finally, to the payment to Pledgors or to whomsoever may be lawfully entitled to receive any surplus then remaining.

As used in this Section 7, "proceeds" of Collateral shall mean cash, securities and other property realized in respect of, and distributions in kind of, Collateral, including any thereof received under any reorganization, liquidation or adjustment of debt of Pledgors or any issuer of or obligor on any of the Collateral.

7.6 Attorney-in-Fact. During the continuance of any Event of Default, Lender is hereby appointed the attorney-in-fact of Pledgors solely for the purpose of carrying out the provisions of this Section 7 and taking any reasonable action which Lender reasonably deems necessary to accomplish the purposes hereof.

7.7 Enforcement Expenses. Except in connection with any indemnification claim made by a Pledgor pursuant to the Transaction Documents (or in connection with any fraud or intentional misrepresentation in connection with the transactions contemplated thereunder) during an Event of Default, each Pledgor agrees to pay the reasonable, documented, out-of-pocket expenses actually incurred by Lender that arise out of the enforcement of the provisions of this Section 7, or performance by Lender of any obligations of any Pledgor in respect of the Collateral which such Pledgor has failed or refused to perform, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement in respect of any of the Collateral, and for the care of the Collateral and defending or asserting rights and claims of Lender in respect thereof, by litigation or otherwise and all such expenses shall be Obligations to Lender secured under Section 3 hereof.

7.8 Termination. Upon the payment, performance in full, or reduction pursuant to the terms of the Note, this Agreement or the other Loan Documents of all Obligations, then this Agreement and the Note shall terminate, and Lender shall forthwith cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral received in respect thereof, to or on the order of Pledgors and Lender will promptly deliver, at Pledgors' sole cost, any UCC termination statements and any other releases and documentation necessary to evidence the same.

7.9 Indemnification. Each Pledgor agrees to indemnify and to hold the Lender harmless from and against all losses, liabilities, claims, damages, costs and expenses (including actual attorneys' fees and disbursements and court costs) ("Losses") arising out of third-party claims to the extent related to or arising out of the Loan Documents or any actual or proposed use of proceeds of the Loan or any of the Obligations, but excluding any Losses to the extent (i) attributable to any periods prior to the applicable Closing (as defined in the Primary MIPA and the Secondary MIPA, as the case may be) or (ii) any such Losses are indemnifiable by Lender under the Transaction Documents.

7.10 Security Interest Absolute. All rights of Lender and security interests hereunder, and all obligations of each Pledgor hereunder, shall be absolute and unconditional irrespective of: (a) any lack of validity or enforceability of any of the Note, the other Loan Documents or any other agreement or instrument relating thereto; (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from any of the Note, the other Loan Documents or any other agreement or instrument relating thereto; (c) any exchange, release or non-perfection of any other Collateral, or any release or amendment or waiver of or consent to departure from any guaranty for all or any of the Obligations; or (d) any other circumstance which might otherwise constitute a defense available to, or a discharge of, such Pledgor.

7.11 Waivers. To the fullest extent permitted by law each Pledgor hereby waives any defense that may arise by reason of: any failure of Lender to marshal any present or future collateral security (including but not limited to the Collateral) or to resort to such collateral security or other assurances of payment in any particular order. Each Pledgor acknowledges that each of the waivers set forth herein is made after consultation with legal counsel and with full knowledge of its significance and consequences.

#### Section 8. Miscellaneous.

8.1 No Waiver. No failure on the part of Lender or any of its agents to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by Lender or any of its agents of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The remedies provided herein are cumulative and are not exclusive of any remedies provided by law.

8.2 GOVERNING LAW, JURISDICTION. THIS AGREEMENT, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY CALIFORNIA LAW (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW. ANY PROCEEDING TO ENFORCE AND/OR INTERPRET THIS AGREEMENT SHALL OCCUR IN THE COUNTY OF ORANGE, STATE OF CALIFORNIA.

8.3 Notices. All notices, demands, consents, approvals, requests or other communications which any of the parties to this Agreement may desire or be required to give hereunder (collectively, "Notices") shall be in writing and shall be given by (a) personal delivery, (b) facsimile transmission or (c) a reputable overnight courier service, fees prepaid, addressed as follows:

If to a Pledgor:

c/o Unrivaled Brands, Inc.  
Attn: Joe Segilia, General Counsel  
3242 S. Halladay Street  
Santa Ana, CA 92705  
Email:

If to Lender:

People's California, LLC  
Attn: Bernard Steimann  
3843 S. Bristol St., #614  
Santa Ana, CA 92704  
Email:

Either Pledgors or Lender may designate another addressee (and/or change its address) for Notices hereunder by a Notice given pursuant to this Section 8.3. A Notice sent in compliance with the provisions of this Section 8.3 shall be deemed given on the date of receipt.

8.4 Waivers, Modifications, etc. The terms of this Agreement may be waived, altered, modified or amended only by an instrument in writing duly executed by each Pledgor and Lender. Any such waiver, alteration, modification, amendment or waiver shall be binding upon Lender and each Pledgor.

8.5 Successors and Assigns. This Agreement shall be binding upon the successors and permitted assigns of any Pledgor and inure to the benefit of the successors and permitted assigns of Lender. Each representation and agreement made by any Pledgor in this Agreement shall be deemed to run to, and each reference in this Agreement to Lender shall be deemed to refer to, Lender and each of its successors and assigns.

8.6 Further Assurances. Each Pledgor and Lender agree that, at any time and from time to time, such parties shall execute and deliver such further documents and do such further acts and things as may be reasonably required in order to effect the purposes of this Agreement, the Note or the other Loan Documents, including, in the case of Lender, to execute and deliver any documentation required by any of any Pledgor's affiliates' current or future lenders or creditors to clarify and confirm that the Collateral does not include any assets of any Pledgor that are not specifically identified as "Collateral" herein which includes any of the assets of any of such Pledgor's affiliates or any of the assets of a Pledgor not existing and owned by such Pledgor as of the date of the Initial Closing (as defined in the MIPA).

8.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

8.8 Severability. If any provision hereof is invalid and unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Lender in order to carry out the intentions of the parties hereto as nearly as may be possible and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

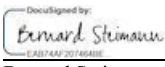
8.9 Assignment. Neither Lender nor any Pledgor may assign this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld.

8.10 Attorneys' Fees and Costs. Each Pledgor agrees to pay to Lender on demand all actual out-of-pocket costs and expenses incurred by Lender in seeking to enforce any of Lender's rights and remedies under this Agreement, including court costs and reasonable attorneys' fees and expenses, whether or not suit is filed hereon, or whether in connection with arbitration, judicial reference, bankruptcy, insolvency or appeal.

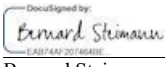
IN WITNESS WHEREOF, each Pledgor has caused this Agreement to be duly executed and delivered as of the date first above written.

**PLEDGORS:**

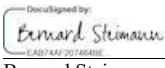
PEOPLE'S FIRST CHOICE, LLC

By:   
Name: Bernard Steimann  
Title: Manager

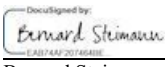
PEOPLE'S CORONA, LLC

By:   
Name: Bernard Steimann  
Title: Authorized Signatory

PEOPLE'S RIVERSIDE, LLC

By:   
Name: Bernard Steimann  
Title: Authorized Signatory

HOLISTIC SUPPLEMENTS

By:   
Name: Bernard Steimann  
Title: President

[Signature Page to Guaranty and Security Agreement]



IN WITNESS WHEREOF, each Pledgor has caused this Agreement to be duly executed and delivered as of the date first above written.

PEOPLE'S COSTA MESA, LLC

By: Unrivaled Brands, Inc., its manager

DocuSigned by:  
*Francis Knuettel II*  
F4C4B567FFDD4C5

By: \_\_\_\_\_  
Name: Francis Knuettel II  
Title: Chief Executive Officer

[Signature Page to Guaranty and Security Agreement]

EXHIBIT A  
PLEDGED SECURITIES

Pledgor	Name of Subsidiary	Jurisdiction of Subsidiary	Ownership Percentage
People's First Choice, LLC	People's Direct, Inc.	California	100%

Exhibit A

EXHIBIT B

LIST OF PERMITTED INDEBTEDNESS

Exhibit B

**Peoples First Choice, LLC**  
List of Indebtedness  
As of Closing Date

	<b>Based on balances - August 31, 2021</b>
2000 · Accounts Payable	401,990
2100 · Sales Tax Payable	271,139
2151 · City of Santa Ana Tax Payable	236,034
2160 · State Income Tax Payable	616,533
2170 · Federal Income Tax Payable - IRS installment Plan	3,825,017
2170 · Federal Income Tax Payable - accrued	541,077
2501 · Note Payable - B. Steimann	5,003,864
2260 · Accrued Interest - B. Steimann	83,681
	<u>10,979,335</u>

**People's Corona, LLC**  
List of Disbursements  
As of September 30, 2021

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>
<b>Due to New Patriot</b>			
04/19/2021	1301 Pomona Rd LLC	Deposit For Sunset Vans Corona Location	\$ 60,000.00
08/14/2021	American Express	Corona Chamber of Commerce - Women's Leadership Table and Level 4 Sponsor	\$ 1,995.00
08/14/2021	American Express	CORONA CHAMBER OF COCORONA CA	\$ 35.00
08/14/2021	American Express	CORONA CHAMBER OF COCORONA CA	\$ 210.00
<b>TOTAL</b>			<b>\$ 62,240.00</b>

**People's Costa Mesa, LLC**  
 Balance Sheet  
 As of September 30, 2021

Costa Mesa

**ASSETS**

Current Assets		
Other Current Assets		
1499 · Due from(to) Affiliates		
1499.01 · People's First Choice, LLC		
1499.10 · New Patriot Holdings, Inc.		
1499.50 · People's Properties, LLC		
Total 1499 · Due from(to) Affiliates		-
Total Other Current Assets		-
Total Current Assets		-
Fixed Assets		
1555 · CIP / Leasehold Improvements		-
Total Fixed Assets		-
Other Assets		
1600 · Deposit		
1610 · Licenses		-
Total Other Assets		-

**TOTAL ASSETS**

**LIABILITIES & EQUITY**

Liabilities		
Current Liabilities		
Other Current Liabilities		
2250 · Accrued Expenses		
2300 · Due to affiliates		
2301 · Due to People's First Choice		14,606
2302 · Due to New Patriot		
2303 · Due to People's California		
2304 · Due to People's Properties		
Total Current Liabilities		14,606
Long Term Liabilities		
2500 · Notes Payable		
Total Long Term Liabilities		-
Total Liabilities		14,606
Equity		14,606
3900 · Retained Earnings		
Net Income		(14,606)
Total Equity		(14,606)
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<u>0</u>

**People's Los Angeles, LLC**

List of Indebtedness

As of September 30, 2021

5/19/2019 New Patriot Holdings, Inc.	Rent Deposit	\$ 110,500
6/2/2020 Notes Payable - Chris Stark		<u>1,385,000</u>
		<u>1,495,500</u>

**People's Riverside, LLC**  
List of Indebtedness  
As of September 30, 2021

09/30/2021 People's Properties Riverside LLC	Rent accrual from Sep 2021 to Nov 2021	<u>37,500.00</u>
	<b>Total Accrued Expenses</b>	<b><u><u>37,500.00</u></u></b>



**Holistic Supplements**

List of Indebtedness

As of September 30, 2021

6/2/2020 People's First Choice	License payment to Chris Stark	\$ 250,000.00
9/30/2021 People's Los Angeles	Notes Payable to Chris Stark	<u>1,385,000.00</u>
		<u>1,635,000.00</u>



UNRIVALD.

**Unrivald Brands Announces Successful Closing of Acquisition of  
People's First Choice**

**Adds Premier Southern California Dispensary Operations**

**SANTA ANA, CA – November 29, 2021 – (GlobeNewswire)** – Unrivald Brands, Inc. (OTCQX:UNRV) ("Unrivald" or the "Company") today announced that the Company has successfully completed its acquisition of People's First Choice and entered into a definitive agreement to acquire People's Riverside, People's Los Angeles and People's Costa Mesa ("People's"). In connection with the acquisition agreement, the Company will take full control of the People's Riverside, People's Los Angeles and People's Costa Mesa operations and will receive all economic benefits of each.

The acquisition of People's dramatically expands the Company's retail footprint, with the addition of one of the premier Southern California dispensaries, located in Santa Ana, as well as two additional prominent locations, Los Angeles and Riverside, opening next week and in Q1 2022, respectively. The Santa Ana dispensary generated almost \$30 million in revenues during 2020, and revenue has continued to grow during 2021. The Los Angeles and Riverside locations are also in prominent locations, and both are expected to be strong performers.

Unrivald's CEO, Frank Knuettel II, stated, "With the close of the acquisition of People's First Choice and the entry into a definitive acquisition agreement with additional People's entities, we are pleased to take the next step in building the Company towards becoming the pre-eminent West Coast multi-state operator ("MSO"). The People's dispensaries, in footprint, location and merchandising, are very attractive, and Santa Ana is an existing high performing asset. The proven methodology upon which the Santa Ana dispensary was built was replicated at the additional locations acquired by the Company, with the LA dispensary opening next week.

Importantly, the acquisition also affords us, where appropriate, the opportunity to add or replace existing products on the People's shelves with our brands. In addition to the branded revenue we are adding, we anticipate that the addition of our owned brands on the People's shelves will increase the Company's margins and cash flow."

## **About Unrivaled Brands**

Unrivaled Brands is a multi-state vertically integrated company focused on the cannabis sector with operations in California and Oregon. In California, Unrivaled Brands operates four dispensaries, a state-wide distribution network, and two cultivation facilities, and has one additional cultivation facilities and five dispensaries under development. In Oregon, we operate a state-wide distribution network. Among other brands, Unrivaled Brands is home to Korova, the market leader in high potency products across multiple product categories, currently available in California, Oregon, Arizona, and Oklahoma, as well as Sticks and Cabana. For more info, please visit: unrivaledbrands.com.

## **Cautionary Language Concerning Forward-Looking Statements**

Certain statements contained in this communication regarding matters that are not historical facts are forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, known as the PSLRA. These include statements regarding management's intentions, plans, beliefs, expectations, or forecasts for the future, and, therefore, you are cautioned not to place undue reliance on them. No forward-looking statement can be guaranteed, and actual results may differ materially from those projected. Unrivaled undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by law. We use words such as "anticipates," "believes," "plans," "expects," "projects," "future," "intends," "may," "will," "should," "could," "estimates," "predicts," "potential," "continue," "guidance," and similar expressions to identify these forward-looking statements that are intended to be covered by the safe-harbor provisions of the PSLRA. Such forward-looking statements are based on our expectations and involve risks and uncertainties; consequently, actual results may differ materially from those expressed or implied in the statements due to a number of factors.

New factors emerge from time-to-time and it is not possible for us to predict all such factors, nor can we assess the impact of each such factor on the business 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. These risks, as well as additional risks and uncertainties we face, are identified and more fully discussed in the "Risk Factors" section of Unrivaled's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other documents filed from time to time with the SEC. Forward-looking statements included in this release are based on information available to Unrivaled as of the date of this release. Unrivaled undertakes no obligation to update such forward-looking statements to reflect events or circumstances after the date of this release.

### Contact

Jason Assad  
LR Advisors LLC.  
jassad@unrivaledbrands.com  
678-570-6791

### For media inquiries:

Nic Johnson  
Russo Partners  
nic.johnson@russopartnersllc.com  
303-482-6405