UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
Amendment No. 1

(Mark One)

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

For the quarterly period ended December 31, 2019

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

For the transition period from _____ to _____

Commission File Number 001-33937

Live Ventures Incorporated

(Exact name of registrant as specified in its charter)

Nevada	**85-0206668**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
325 E. Warm Springs Road, Suite 102 **Las Vegas, Nevada**	**89119**
(Address of principal executive offices)	(Zip Code)

(702) 997-5968
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	LIVE	The NASDAQ Stock Market LLC (The NASDAQ Capital Market)

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

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

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

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
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. ☐

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

The number of shares of the issuer's common stock, par value $0.001 per share, outstanding as of March 27, 2020 was 1,723,353.

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-Q/A to amend and restate in their entirety the following items of our Quarterly Report on Form 10-Q for the quarter ended December 31, 2019 as originally filed with the Securities and Exchange Commission on April 13, 2020 (the "Original Form 10-Q"): (i) Item 1 of Part I "Financial Information," (ii) Item 2 of Part I, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (iii) Item 6 of Part II, "Exhibits", and we have also updated the signature page, the certifications of our Chief Executive Officer and Chief Financial Officer in Exhibits 31.1, 31.2, 32.1 and 32.2, and our financial statements formatted in Extensible Business Reporting Language (XBRL) in Exhibits 101. No other sections were affected, but for the convenience of the reader, this report on Form 10-Q/A restates in its entirety, as amended, our Original Form 10-Q. This report on Form 10-Q/A is presented as of the filing date of the Original Form 10-Q and does not reflect events occurring after that date or modify or update disclosures in any way other than as required to reflect the restatement described below.

Our previously issued consolidated financial statements for the quarterly period ended December 31, 2019 has been reclassified and restated. As described in more detail in Note 1 to our consolidated financial statements, we have determined that our previously reported results for the quarter ended December 31, 2019 erroneously accounted for the impairment charges associated with certain right of use assets which were written down due to the voluntary Chapter 11 bankruptcy filing by our subsidiary ApplianceSmart, Inc. We have made necessary conforming changes in "Management's Discussion and Analysis of Financial Condition and Results of Operations" resulting from the correction of this error.

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FOR THE QUARTER ENDED DECEMBER 31, 2019

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

LIVE VENTURES INCORPORATED
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	December 31, 2019 (Unaudited)	September 30, 2019
Assets		
Cash	$ 1,502	$ 2,681
Trade receivables, net	9,109	11,901
Inventories, net	36,835	38,558
Income taxes receivable	161	235
Prepaid expenses and other current assets	1,964	2,377
Debtor in possession assets	2,688	—
Total current assets	52,259	55,752
Property and equipment, net	22,101	22,596
Right of use asset - operating leases	19,277	—
Deposits and other assets	50	90
Deferred taxes	4,588	4,869
Intangible assets, net	1,397	2,199
Goodwill	36,947	36,947
Total assets	$ 136,619	$ 122,453
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 5,783	$ 14,144
Accrued liabilities	5,129	12,984
Lease obligation short term - operating leases	7,182	—
Current portion of long-term debt	15,989	7,897
Debtor in possession liabilities	13,568	—
Total current liabilities	47,651	35,025
Long-term debt, net of current portion	35,270	47,819
Lease obligation long term - operating leases	12,697	—
Notes payable related parties, net of current portion	4,826	4,826
Other non-current obligations	1,112	654
Total liabilities	101,556	88,324
Commitments and contingencies		
Stockholders' equity:		
Series B convertible preferred stock, $0.001 par value, 1,000,000 shares authorized, 214,244 shares issued and outstanding at December 31, 2019 and September 30, 2019	—	—
Series E convertible preferred stock, $0.001 par value, 200,000 shares authorized, 47,840 and 77,840 shares issued and outstanding at December 31, 2019 and September 30, 2019, respectively, with a liquidation preference of $0.30 per share outstanding	—	—
Common stock, $0.001 par value, 10,000,000 shares authorized, 1,784,310 and 1,826,009 shares issued and outstanding at December 31, 2019 and September 30, 2019, respectively	2	2
Paid in capital	64,219	63,924
Treasury stock common 303,876 shares as of December 31, 2019 and 262,177 shares as of September 30, 2019	(2,781)	(2,438)
Treasury stock Series E preferred 80,000 shares as of December 31, 2019 and 50,000 shares as of September 30, 2019	(7)	(4)
Accumulated deficit	(26,370)	(27,355)
Total stockholders' equity	35,063	34,129
Total liabilities and stockholders' equity	$ 136,619	$ 122,453

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

LIVE VENTURES, INCORPORATED
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(dollars in thousands, except per share)

	Three Months Ended December 31,	
	2019	**2018**
Revenues	$ 42,001	$ 53,196
Cost of revenues	25,375	33,859
Gross profit	16,626	19,337
Operating expenses:		
General and administrative expenses	10,809	12,901
Sales and marketing expenses	2,330	4,346
Total operating expenses	13,139	17,247
Operating income	3,487	2,090
Other (expense) income:		
Interest expense, net	(1,357)	(1,653)
Impairment charges	(614)	—
Other income (expense)	(181)	1,660
Total other (expense) income, net	(2,152)	7
Income before provision for income taxes	1,335	2,097
Provision for income taxes	350	567
Net income	$ 985	$ 1,530
Dividends declared - series B convertible preferred stock	$ —	$ —
Dividends declared - series E convertible preferred stock	$ —	$ —
Dividends declared - common stock	$ —	$ —
Earnings per share:		
Basic	$ 0.55	$ 0.79
Diluted	$ 0.28	$ 0.41
Weighted average common shares outstanding:		
Basic	1,806,746	1,945,247
Diluted	3,540,953	3,696,030

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

LIVE VENTURES INCORPORATED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(dollars in thousands)

	Three Months Ended December 31,	
	2019	**2018**
OPERATING ACTIVITIES:		
Net income	$ 985	$ 1,530
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	1,085	1,482
Amortization of right-of-use assets	327	—
Impairment charges	614	—
Gain or loss on disposal of property and equipment	47	(1,507)
Amortization of debt issuance cost	108	97
Stock based compensation expense	29	47
Warrant extension fair value adjustment	266	—
Change in deferred rent	370	12
Change in reserve for uncollectible accounts	415	67
Change in reserve for obsolete inventory	(170)	18
Change in deferred income taxes	281	527
Change in other	103	169
Changes in assets and liabilities:		
Trade receivables	1,929	2,838
Inventories	439	3,993
Income taxes receivable	74	24
Prepaid expenses and other current assets	290	133
Deposits and other assets	9	15
Accounts payable	(2,182)	(2,090)
Accrued liabilities	(2,020)	894
Net cash provided by operating activities	2,999	8,249
INVESTING ACTIVITIES:		
Purchase of intangible assets	(4)	(46)
Proceeds from the sale of property and equipment	—	4,377
Purchase of property and equipment	(641)	(496)
Net cash provided by (used in) investing activities	(645)	3,835
FINANCING ACTIVITIES:		
Net borrowings (payments) under revolver loans	(972)	(7,347)
Purchase of series E preferred treasury stock	(3)	—
Purchase of common treasury stock	(343)	(19)
Debtor in possession - cash	(173)	
Payments on notes payable	(2,042)	(3,258)
Net cash used in financing activities	(3,533)	(10,624)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,179)	1,460
CASH AND CASH EQUIVALENTS, beginning of period	2,681	2,742
CASH AND CASH EQUIVALENTS, end of period	$ 1,502	$ 4,202
Supplemental cash flow disclosures:		
Interest paid	$ 1,187	$ 1,457
Income taxes paid (refunded)	$ —	$ —

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

LIVE VENTURES INCORPORATED
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)
(dollars in thousands)

	Series B Preferred Stock		Series E Preferred Stock		Common Stock			Series E Preferred Stock	Common Stock		
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Treasury Stock	Treasury Stock	Accumulated Deficit	Total Equity
Balance, September 30, 2019	214,244	$ —	77,840	$ —	1,826,009	$ 2	$ 63,924	$ (4)	$ (2,438)	$ (27,355)	$ 34,129
Stock based compensation	—	—	—	—	—	—	29	—	—	—	29
Warrant extension fair value adjustment	—	—	—	—	—	—	266	—	—	—	266
Purchase of common treasury stock	—	—	—	—	(41,699)	—	—	—	(343)	—	(343)
Purchase of Series E preferred stock	—	—	(30,000)	—	—	—	—	(3)	—	—	(3)
Net income	—	—	—	—	—	—	—	—	—	985	985
Balance, December 31, 2019	214,244	$ —	47,840	$ —	1,784,310	$ 2	$ 64,219	$ (7)	$ (2,781)	$ (26,370)	$ 35,063

	Series B Preferred Stock		Series E Preferred Stock		Common Stock			Series E Preferred Stock	Common Stock		
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Treasury Stock	Treasury Stock	Accumulated Deficit	Total Equity
Balance, September 30, 2018	214,244	$ —	77,840	$ —	1,945,247	$ 2	$ 63,654	$ (4)	$ (1,550)	$ (22,654)	$ 39,448
Stock based compensation	—	—	—	—	—	—	47	—	—	—	47
Purchase of common treasury stock	—	—	—	—	(2,819)	—	—	—	(19)	—	(19)
Net income	—	—	—	—	—	—	—	—	—	1,530	1,530
Balance, December 31, 2018	214,244	$ —	77,840	$ —	1,942,428	$ 2	$ 63,701	$ (4)	$ (1,569)	$ (21,124)	$ 41,006

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

(dollars in thousands, except per share)

Note 1: Background and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Live Ventures Incorporated, a Nevada corporation, and its subsidiaries (collectively, the "Company"). Commencing in fiscal year 2015, the Company began a strategic shift in its business plan away from providing online marketing solutions for small and medium sized business to acquiring profitable companies in various industries that have demonstrated a strong history of earnings power. The Company continues to actively develop, revise and evaluate its products, services and its marketing strategies in its businesses. The Company has three operating segments: Manufacturing, Retail, and Online and Services. With Marquis Industries, Inc. ("Marquis"), the Company is engaged in the manufacture and sale of carpet and the sale of vinyl and wood floorcoverings. With Vintage Stock, Inc. ("Vintage Stock"), the Company is engaged in the retail sale of new and used movies, music, collectibles, comics, books, games, game systems and components. With ApplianceSmart, Inc. ("ApplianceSmart"), the Company is engaged in the sale of new major appliances through a retail store in Columbus, Ohio.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of the Company's management, this interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. The results of operations for three months ended December 31, 2019 are not necessarily indicative of the results to be expected for the fiscal year ending September 30, 2020. This financial information should be read in conjunction with the consolidated financial statements and related notes thereto as of September 30, 2019 and for the fiscal year then ended included in the Company's Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (the "SEC") on February 10, 2020 (the "2019 10-K").

Restatement

During the three months ended December 31, 2019, the Company originally incurred $1,207 of impairment charges related to the decision to close additional ApplianceSmart retail locations, resulting in a decrease to the associated right of use asset related to these leases. These locations physically closed during the three months ended March 31, 2020. However, the Company miscalculated the impairment charges and the right of use asset associated with the closure of certain retail locations. The impairment charge should have been $614 and not $1,207 as originally reported for the three months ended December 31, 2019. As a result, we have reduced the original impairment charge and increased the right of use asset by $593. The provision for income taxes increased $155 with a corresponding decreased to deferred tax assets as a result of the decrease in impairment charges. Additionally, we reclassified a portion, $177, of the short term lease obligations to long term lease obligations.

The following table details the balance sheet and income statement line items effected by this restatement.

	As previously reported	Correction	As restated
Consolidated balance sheet as of December 31, 2019			
Right of use asset - operating leases	$ 18,684	$ 593	$ 19,277
Deferred taxes	4,743	(155)	4,588
Total assets	136,181	438	136,619
Lease obligation short term - operating leases	7,359	(177)	7,182
Lease obligation long term - operating leases	12,520	177	12,697
Total liabilities	101,556	—	101,556
Accumulated deficit	(26,808)	438	(26,370)
Total stockholders' equity	34,625	438	35,063
Consolidated statement of income for the three months ended December 31, 2019			
Impairment charges	$ (1,207)	$ 593	$ (614)
Provision for income taxes	195	155	350
Net income	547	438	985

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements represent the consolidated financial position, results of operations and cash flows for Live Ventures and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation

Use of Estimates

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

Significant estimates made in connection with the accompanying consolidated financial statements include the estimate of dilution and fees associated with billings, the estimated reserve for doubtful current and long-term trade and other receivables, the estimated reserve for excess and obsolete inventory, estimated warranty reserve, estimated fair value and forfeiture rates for stock-based compensation, fair values in connection with the analysis of goodwill, other intangibles and long-lived assets for impairment, current portion of notes payable, valuation allowance against deferred tax assets, lease terminations, and estimated useful lives for intangible assets and property and equipment.

Financial Instruments

Financial instruments consist primarily of cash equivalents, trade and other receivables, advances to affiliates and obligations under accounts payable, accrued expenses and notes payable. The carrying amounts of cash equivalents, trade receivables and other receivables, accounts payable, accrued expenses and short-term notes payable approximate fair value because of the short maturity of these instruments. The fair value of the long-term debt is calculated based on interest rates available for debt with terms and maturities similar to the Company's existing debt arrangements, unless quoted market prices are available (Level 2 inputs). The carrying amounts of long-term debt at December 31, 2019 and September 30, 2019 approximate fair value.

Cash and Cash Equivalents

Cash and Cash equivalents consist of highly liquid investments with a maturity of three months or less at the time of purchase. Fair value of cash equivalents and restricted cash approximates carrying value.

Trade Receivables

The Company grants trade credit to customers under credit terms that it believes are customary in the industry it operates and does not require collateral to support customer trade receivables. Some of the Company's trade receivables are factored primarily through two factors. Factored trade receivables are sold without recourse for substantially all of the balance receivable for credit approved accounts. The factor purchases the trade receivable(s) for the gross amount of the respective invoice(s), less factoring commissions, trade and cash discounts. The factor charges the Company a factoring commission for each trade account, which is between 0.75-1.00% of the gross amount of the invoice(s) factored on the date of the purchase, plus interest calculated at 3.25%-6% per annum. The minimum annual commission due the factor is $112 per contract year.

Allowance for Doubtful Accounts

The Company maintains an allowance for doubtful accounts, which includes allowances for accounts and factored trade receivables, customer refunds, dilution and fees from local exchange carrier billing aggregators and other uncollectible accounts. The allowance for doubtful accounts is based upon historical bad debt experience and periodic evaluations of the aging and collectability of the trade receivables. This allowance is maintained at a level which the Company believes is sufficient to cover potential credit losses and trade receivables are only written off to bad debt expense as uncollectible after all reasonable collection efforts have been made. The Company has also purchased accounts receivable credit insurance to cover non-factored trade and other receivables which helps reduce potential losses due to doubtful accounts. At December 31, 2019 and September 30, 2019, the allowance for doubtful accounts was $521 and $936, respectively.

Inventories

Manufacturing Segment

Inventories are valued at the lower of the inventory's cost (first in, first out basis or "FIFO") or net realizable value of the inventory. Management compares the cost of inventory with its net realizable value and an allowance is made to write down inventory to net realizable value, if lower. Management also reviews inventory to determine if excess or obsolete inventory is present and a reserve is made to reduce the carrying value for inventory for such excess and or obsolete inventory. At December 31, 2019 and September 30, 2019, the reserve for obsolete inventory was $92.

Retail and Online Segment

Inventories are valued at the lower of the inventory's cost (first in, first out basis or "FIFO") or net realizable value of the inventory. Management compares the cost of inventory with its net realizable value and an allowance is made to write down inventory to net realizable value, if lower. Management also reviews inventory to determine if excess or obsolete inventory is present and a reserve is made to reduce the carrying value for inventory for such excess and or obsolete inventory. Merchandise inventory reserves as of December 31, 2019 and September 30, 2019 were $328 and $590, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditures for repairs and maintenance are charged to expense as incurred and additions and improvements that significantly extend the lives of assets are capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts and any gain or loss is reflected in operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives of building and improvements are 3 to 40 years, transportation equipment is 5 to 10 years, machinery and equipment are 5 to 10 years, furnishings and fixtures are 3 to 5 years and office and computer equipment are 3 to 5 years. Depreciation expense was $915 and $1,128 for the three months ended December 31, 2019 and 2018, respectively.

We periodically review our property and equipment when events or changes in circumstances indicate that their carrying amounts may not be recoverable or their depreciation or amortization periods should be accelerated. We assess recoverability based on several factors, including our intention with respect to our stores and those stores projected undiscounted cash flows. An impairment loss would be recognized for the amount by which the carrying amount of the assets exceeds their fair value, as approximated by the present value of their projected discounted cash flows.

Goodwill

The Company accounts for purchased goodwill and intangible assets in accordance with ASC 350,*Intangibles—Goodwill and Other.* Under ASC 350, purchased goodwill are not amortized; rather, they are tested for impairment on at least an annual basis. Goodwill represents the excess of consideration paid over the fair value of underlying identifiable net assets of business acquired.

We test goodwill annually on July 1 of each fiscal year or more frequently if events arise or circumstances change that indicate that goodwill may be impaired. The Company assesses whether goodwill impairment exists using both the qualitative and quantitative assessments. The qualitative assessment involves determining whether events or circumstances exist that indicate it is more likely than not that the fair value of a reporting unit is less than its' carrying amount, including goodwill. If based on this qualitative assessment the Company determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount or if the Company elects not to perform a qualitative assessment, a quantitative assessment is performed using a two-step approach required by ASC 350 to determine whether a goodwill impairment exists.

The first step of the quantitative test is to compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the fair value exceeds the carrying value, no further evaluation is required, and no impairment loss is recognized. If the carrying amount exceeds the fair value, then the second step is required to be completed, which involves allocating the fair value of the reporting unit to each asset and liability using the guidance in ASC 805 ("*Business Combinations, Accounting for Identifiable Intangible Assets in a Business Combination*"), with the excess being applied to goodwill. An impairment loss occurs if the amount of the recorded goodwill exceeds the implied goodwill. The determination of the fair value of our reporting units is based, among other things, on estimates of future operating performance of the reporting unit being valued. We are required to complete an impairment test for goodwill and record any resulting impairment losses at least annually. Changes in market conditions, among other factors, may have an impact on these estimates and require interim impairment assessments.

When performing the two-step quantitative impairment test, the Company's methodology includes the use of an income approach which discounts future net cash flows to their present value at a rate that reflects the Company's cost of capital, otherwise known as the discounted cash flow method ("DCF"). These estimated fair values are based on estimates of future cash flows of the businesses. Factors affecting these future cash flows include the continued market acceptance of the products and services offered by the businesses, the development of new products and services by the businesses and the underlying cost of development, the future cost structure of the businesses, and future technological changes. The Company also incorporates market multiples for comparable companies in determining the fair value of our reporting units. Any such impairment would be recognized in full in the reporting period in which it has been identified.

There was no goodwill impairment for the three months ended December 31, 2019 or 2018.

Intangible Assets

The Company's intangible assets consist of customer relationship intangibles, licenses for the use of internet domain names, Universal Resource Locators, or URL's, software, and marketing and technology related intangibles. Upon acquisition, critical estimates are made in valuing acquired intangible assets, which include but are not limited to: future expected cash flows from customer contracts, customer lists, and estimating cash flows from projects when completed; tradename and market position, as well as assumptions about the period of time that customer relationships will continue; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from the assumptions used in determining the fair values. All intangible assets are capitalized at their original cost and amortized over their estimated useful lives as follows: domain name and marketing – 3 to 20 years; software – 3 to 5 years, customer relationships – 7 to 15 years, customer lists – 20 years. When certain events or changes in operating conditions occur, an impairment assessment is performed and lives of intangible assets with determined lives may be adjusted. Intangible amortization expense is $170 and $353 for the three months ended December 31, 2019 and 2018, respectively.

Revenue Recognition

General

The Company accounts for its sales revenue in accordance with*Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606")*. Topic 606 provides a five-step revenue recognition model that is applied to the Company's customer contracts. Under this model we (i) identify the contract with the customer, (ii) identify our performance obligations in the contract, (iii) determine the transaction price for the contract, (iv) allocate the transaction price to our performance obligations, and (v) recognize revenue when or as we satisfy our performance obligations.

Revenue is recognized upon transfer of control of the promised goods or the performance of the services to customers in an amount that reflects the consideration expected to be receive in exchange for those goods or services. The Company enters into contracts that may include various combinations of products and services, which are generally distinct and accounted for as separate performance obligations.

Manufacturing Segment

The Manufacturing Segment derives revenue primarily from the sale of carpet products, including shipping and handling amounts, which are recognized when the following requirements have been met: (i) there is persuasive evidence of an arrangement, (ii) the sales transaction price is fixed or determinable, (iii) title, ownership and risk of loss have been transferred to the customer, (iv) allocation of sales price to specific performance obligations, and (v) performance obligations are satisfied. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers. All direct costs are either paid and or accrued for in the period in which the sale is recorded.

Retail and Online Segment

The Retail and Online Segment derives revenue primarily from direct sales of entertainment and appliance products and services, including shipping and handling amounts, which are recognized when the following requirements have been met: (i) there is persuasive evidence of an arrangement, (ii) the sales transaction price is fixed or determinable, (iii) title or use rights, ownership and risk of loss have been transferred to the customer, (iv) allocation of sales price to specific performance obligations, and (v) performance obligations are satisfied. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. Revenues are recorded net of taxes collected from customers. All direct costs are either paid and or accrued for in the period in which the sale is recorded.

Services Segment

The Services Segment recognizes revenue from directory subscription services as billed for and accepted by the customer. Directory services revenue is billed and recognized monthly for directory services subscribed. The Company has utilized outside billing companies to perform direct ACH withdrawals. For billings via ACH withdrawals, revenue is recognized when such billings are accepted by the customer. Customer refunds are recorded as an offset to gross Services Segment revenue.

Revenue for billings to certain customers that are billed directly by the Company and not through outside billing companies is recognized based on estimated future collections which are reasonably assured. The Company continuously reviews this estimate for reasonableness based on its collection experience.

Spare Parts

For spare part sales, we transfer control and recognize a sale when we ship the product to our customer or when the customer receives product based upon agreed shipping terms. Each unit sold is considered an independent, unbundled performance obligation. We do not have any additional performance obligations other than spare part sales that are material in the context of the contract. The amount of consideration we receive and revenue we recognize varies due to sales incentives and returns we offer to our customers. When we give our customers the right to return eligible products, we reduce revenue for our estimate of the expected returns which is primarily based on an analysis of historical experience.

Warranties

Warranties are classified as either assurance type or service type warranties. A warranty is considered an assurance type warranty if it provides the consumer with assurance that the product will function as intended. A warranty that goes above and beyond ensuring basic functionality is considered a service type warranty. The Company offers certain limited warranties that are assurance type warranties and extended service arrangements that are service type warranties. Assurance type warranties are not accounted for as separate performance obligations under the revenue model. If a service type warranty is sold with a product or separately, revenue is recognized over the life of the warranty. The Company evaluates warranty offerings in comparison to industry standards and market expectations to determine appropriate warranty classification. Industry standards and market expectations are determined by jurisdictional laws, competitor offerings and customer expectations. Market expectations and industry standards can vary based on product type and geography. The Company primarily offers assurance type warranties.

We sell certain extended service arrangements separately from the sale of products. During 2019, the Company became the principal for certain extended service arrangements. Revenue related to these arrangements is recognized ratably over the contract term. The warranty reserve of $210 and $292 is included in accrued liabilities on the consolidated balance sheet at December 31, 2019 and September 30, 2019, respectively.

Shipping and Handling

The Company classifies shipping and handling charged to customers as revenues and classifies costs relating to shipping and handling as cost of revenues.

Customer Liabilities

The Company recognizes the portion of the dollar value of prepaid stored-value products that ultimately is unredeemed (“breakage”) in accordance with ASU 2016-04 Liabilities- Extinguishments of Liabilities (Subtopic 405-20): Recognition of Breakage for Certain Prepaid Stored-Value Products.

Because the Company expects to be entitled to a breakage amount for a liability resulting from the sale of a prepaid stored-value product, the Company utilized the Redemption Pattern methodology. Under this, the Company shall derecognize the amount related to the expected breakage in proportion to the pattern of rights expected to be exercised by the product holder only to the extent that it is probable that a significant reversal of the recognized breakage amount will not subsequently occur.

The Company establishes a liability upon the issuance of merchandise credits and the sale of gift cards. Breakage income related to gift cards which are no longer reportable under state escheatment laws for the three months ended December 31, 2019 and 2018, was $8 and $14, respectively.

Fair Value Measurements

ASC Topic 820, “Fair Value Measurements and Disclosures,” requires disclosure of the fair value of financial instruments held by the Company. ASC topic 825, “Financial Instruments,” defines fair value, and establishes a three-level valuation hierarchy for disclosures of fair value measurement that enhances disclosure requirements for fair value measures. The three levels of valuation hierarchy are defined as follows: Level 1 - inputs to the valuation methodology are quoted prices for identical assets or liabilities in active markets. Level 2 – to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Income Taxes

The Company accounts for income taxes using the asset and liability method. The asset and liability method requires recognition of deferred tax assets and liabilities for expected future tax consequences of temporary differences that currently exist between tax bases and financial reporting bases of the Company's assets and liabilities. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided on deferred taxes if it is determined that it is more likely than not that the asset will not be realized. The Company recognizes penalties and interest accrued related to income tax liabilities in the provision for income taxes in its Consolidated Statements of Income.

Significant management judgment is required to determine the amount of benefit to be recognized in relation to an uncertain tax position. The Company uses a two-step process to evaluate tax positions. The first step requires an entity to determine whether it is more likely than not (greater than 50% chance) that the tax position will be sustained. The second step requires an entity to recognize in the financial statements the benefit of a tax position that meets the more-likely-than-not recognition criterion. The amounts ultimately paid upon resolution of issues raised by taxing authorities may differ materially from the amounts accrued and may materially impact the financial statements of the Company in future periods.

Lease Accounting

We lease retail stores, warehouse facilities and office space. These assets and properties are generally leased under noncancelable agreements that expire atvarious dates through 2029 with various renewal options for additional periods. The agreements, which have been classified as operating leases, generally provide for minimum and, in some cases percentage rent and require us to pay all insurance, taxes and other maintenance costs.

For contracts entered into on or after October 1, 2019, we assess at contract inception whether the contract is, or contains, a lease. Generally, we determine that a lease exists when (i) the contract involves the use of a distinct identified asset, (ii) we obtain the right to substantially all economic benefits from use of the asset and (iii) we have the right to direct the use of the asset. In general, all of our leases are operating leases.

At the lease commencement date, we recognize a right-of-use asset and a lease liability for all leases, except short-term leases with an original term of 12 months or less. The right-of-use asset represents the right to use the leased asset for the lease term. The lease liability represents the present value of the lease payments under the lease. The right-of-use asset is initially measured at cost, which primarily comprises the initial amount of the lease liability, plus any prepayments to the lessor and initial direct costs such as brokerage commissions, less any lease incentives received. All right-of-use assets are periodically reviewed for impairment in accordance with standards that apply to long-lived assets. The lease liability is initially measured at the present value of the lease payments, discounted using an estimate of our incremental borrowing rate for a collateralized loan with the same term as the underlying lease. The incremental borrowing rates used for the initial measurement of lease liabilities as of October 1, 2019 were based on the original lease terms.

Lease payments included in the measurement of lease liabilities consist of (i) fixed lease payments for the noncancelable lease term, (ii) fixed lease payments for optional renewal periods where it is reasonably certain the renewal option will be exercised, and (iii) variable lease payments that depend on an underlying index or rate, based on the index or rate in effect at lease commencement. Certain of our real estate lease agreements require payments for non-lease costs such as utilities and common area maintenance. We have elected an accounting policy, as permitted by ASC 842, not to account for such payments separately from the related lease payments. Our policy election results in a higher initial measurement of lease liabilities when such non-lease payments are fixed amounts. Certain of our real estate lease agreements require variable lease payments that do not depend on an underlying index or rate, such as sales and value-added taxes and our proportionate share of actual property taxes, insurance and utilities. Such payments and changes in payments based on a rate or index are recognized in operating expenses when incurred.

Lease expense for operating leases consists of the fixed lease payments recognized on a straight-line basis over the lease term plus variable lease payments as incurred. The lease payments are allocated between a reduction of the lease liability and interest expense. Amortization of the right-of-use asset for operating leases reflects amortization of the lease liability, any differences between straight-line expense and related lease payments during the accounting period, and any impairments

We adopted Accounting Standard Update (“ASU”) No. 2016-02 - Leases (Topic 842), as amended, or Accounting Standard Codification (“ASC 842”), as of October 1, 2019. The primary impact of ASC 842 on our consolidated financial statements is the recognition of right-of-use assets and related liabilities on our consolidated balance sheet for operating leases where we are the lessee. We elected to apply the requirements of the new standard on October 1, 2019 and we have not restated our consolidated financial statements for prior periods. Our adoption of ASC 842 did not have a material impact on the results of our operations or on our cash flows for the period presented.

We elected certain practical expedients under our transition method, including elections to not reassess (i) whether a contract is or contains a lease and (ii) the classification of existing leases. We also elected not to apply hindsight in determining whether optional renewal periods should be included in the lease term, which in some instances may impact the initial measurement of the lease liability and the calculation of straight-line expense over the lease term for operating leases. As a result of our transition elections, there was no change in our recognition of expense for leases that commenced prior to October 1, 2019.

Stock-Based Compensation

The Company from time to time grants stock options to employees, non-employees, and Company executives and directors. Such awards are valued based on the grant date fair-value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the vesting period.

Earnings Per Share

Earnings per share is calculated in accordance with ASC 260, "*Earnings Per share*". Under ASC 260 basic earnings per share is computed using the weighted average number of common shares outstanding during the period except that it does not include unvested restricted stock subject to cancellation. Diluted earnings per share is computed using the weighted average number of common shares and, if dilutive, potential common shares outstanding during the period. Potential common shares consist of the incremental common shares issuable upon the exercise of warrants, options, restricted shares and convertible preferred stock. The dilutive effect of outstanding restricted shares, options and warrants is reflected in diluted earnings per share by application of the treasury stock method. Convertible preferred stock is reflected on an if-converted basis.

Segment Reporting

ASC Topic 280, "*Segment Reporting*," requires use of the "management approach" model for segment reporting. The management approach model is based on the way a Company's management organizes segments within the Company for making operating decisions and assessing performance. The Company determined it has three reportable segments. The Company determined it has three reportable segments (See Note 15).

Concentration of Credit Risk

The Company maintains cash balances in bank accounts in each state the Company has business operations. Accounts are insured by the Federal Deposit Insurance Corporation up to $250 per institution. At times, balances may exceed federally insured limits.

Note 3: Leases

We adopted ASU No. 2016-02, Leases (Topic 842) on October 1, 2019, the beginning of our fiscal year. The Company adopted the new standard prospectively and elected certain practical expedients permitted under the new standard's transition guidance. This allows the Company to carry forward the historical lease classification and to not reassess the lease term for leases in existence as of the adoption date and to carry forward our historical accounting treatment for land easements on agreements existing on the adoption date. The Company also made policy elections for certain classes of underlying assets to not separate lease and non-lease components in a contract as permitted under the new standard.

We lease retail stores, warehouse facilities and office space. These assets and properties are generally leased under noncancelable agreements that expire at various dates through 2029 with various renewal options for additional periods. The agreements, which have been classified as operating leases, generally provide for minimum and, in some cases percentage rent and require us to pay all insurance, taxes and other maintenance costs. As a result, we recognize assets and liabilities for all leases with lease terms greater than 12 months. The amounts recognized reflect the present value of remaining lease payments for all leases. The discount rate used is an estimate of the Company's blended incremental borrowing rate based on information available at lease commencement. In considering the lease asset value, the company considers fixed and variable payment terms, prepayments and options to extend, terminate or purchase. Renewal, termination or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. See the Note 2 on Lease Accounting.

The weighted average remaining lease term is 2.5 years. Our weighted average discount rate is 10.3%. Total cash payments for the three months ended December 31, 2019 was $1,972. We did not enter into any new leases during the three months ended December 31, 2019.

The following table details our right of use assets and lease liabilities as of December 31, 2019:

	December 31, 2019
Right of use asset - operating leases	$ 19,277
Operating lease liabilities:	
Current	7,182
Long term	12,697

Total present value of future lease payments as of December 31, 2019:

Twelve months ended December 31,	
2020	$ 7,182
2021	5,241
2022	3,267
2023	2,026
2024	1,132
Thereafter	2,193
Total	21,041
Less implied interest	(1,162)
Present value of payments	$ 19,879

During the three months ended, the Company incurred $614 of impairment charges related to the decision to close additional ApplianceSmart retail locations resulting in a decrease to the associated right of use asset related to these leases. These locations physically closed during the three months ended March 31, 2020.

Note 4: Balance Sheet Detail Information

	December 31, 2019	September 30, 2019
Trade receivables, current, net:		
Accounts receivable, current	$ 9,434	$ 12,641
Less: Reserve for doubtful accounts	(325)	(740)
	$ 9,109	$ 11,901
Trade receivables , long term, net:		
Accounts receivable, long term	$ 196	$ 196
Less: Reserve for doubtful accounts	(196)	(196)
	$ —	$ —
Total trade receivables, net:		
Gross trade receivables	$ 9,630	$ 12,837
Less: Reserve for doubtful accounts	(521)	(936)
	$ 9,109	$ 11,901
Inventory, net		
Raw materials	$ 7,227	$ 7,431
Work in progress	2,895	2,141
Finished goods	7,190	6,785
Merchandise	19,943	22,883
	37,255	39,240
Less: Inventory reserves	(420)	(682)
	$ 36,835	$ 38,558
Property and equipment, net:		
Building and improvements	$ 10,557	$ 10,827
Transportation equipment	82	82
Machinery and equipment	20,299	20,035
Furnishings and fixtures	2,741	2,741
Office, computer equipment and other	2,651	2,544
	36,330	36,229
Less: Accumulated depreciation	(14,229)	(13,633)
	$ 22,101	$ 22,596
Intangible assets, net:		
Domain name and marketing related intangibles	$ 90	$ 90
Lease intangibles	—	1,033
Customer relationship intangibles	2,689	2,689
Purchased software	120	808
	2,899	4,620
Less: Accumulated amortization	(1,502)	(2,421)
	$ 1,397	$ 2,199
Accrued liabilities:		
Compensation and benefits	$ 1,349	$ 3,316
Accrued sales and use taxes	649	1,176
Accrued property and other taxes	43	191
Accrued rent	563	604
Accrued gift card and escheatment liability	1,526	1,461
Accrued interest payable	180	181
Accrued accounts payable and bank overdrafts	271	591
Accrued professional fees	312	4,660
Customer deposits	78	240
Accrued expenses - other	158	564
	$ 5,129	$ 12,984

Note 5: Intangibles

The Company's intangible assets consist of customer relationship intangibles, licenses for the use of internet domain names, URL's, software, and marketing and technology related intangibles.

The following table summarizes estimated future amortization expense related to intangible assets that have net balances as of December 31, 2019:

2020	$	441
2021		387
2022		207
2023		172
2024		29
Thereafter		161
	$	1,397

Note 6: Long Term Debt

Bank of America Revolver Loan

On July 6, 2015 (amended January 31, 2020), Marquis entered into a $15,000 (as of January 31, 2020: $25,000) revolving credit agreement with Bank of America Corporation ("BofA Revolver"). The BofA Revolver is a five-year, asset-based facility that is secured by substantially all of Marquis' assets. Availability under the BofA Revolver is subject to a monthly borrowing base calculation.

Payment obligations under the BofA Revolver include monthly payments of interest and all outstanding principal and accrued interest thereon due in July 2020 (as of January 31, 2020: January 2025), which is when the BofA Revolver loan agreement terminates. The BofA Revolver is recorded as a currently liability due to a lockbox requirement, and a subjective acceleration clause as part of the agreement.

Capitalized terms in this Note 6: Long Term Debt, under the caption *"Bank of America Revolver Loan*" have the meanings ascribed to them in the revolving credit agreement governing the BofA Revolver.

For purposes of clarity, the advance rate for inventory is 55.5% for raw materials, 0% for work-in-process, and 70% for finished goods subject to eligibility, special reserves and advance limit of the lessor of $12,500 or 65% of the value of eligible inventory. Letters of credit reduce the amount available to borrow under the BofA Revolver by an amount equal to the face value of the letters of credit.

Distributions by Holdings to holders of its equity Interests so long as the following conditions are satisfied with respect to each such Distribution: (a) no Default or Event of Default has occurred or would result from such Distribution, (b) Lender has received the financial statements required under Section 10.1.2 (a)(ii), (c) Lender has received evidence that after giving effect to consummation of such Distribution, Borrowers shall maintain a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 on a pro forma basis, measured as of the most recently ended month for which Obligors have delivered the financial statements required under Section 10.1.2(a) or (b), as the case may be, for the twelve month period then ended, (d) Availability on each day during the 60 day period immediately preceding such Distribution calculated on a pro forma basis assuming such Distribution occurred on the first day of such period (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to $4,000 (as of January 31, 2020: $5,000), and (e) Availability, on the date of such Distribution, immediately after giving pro forma effect to the consummation of such Distribution (including any Loans made hereunder to finance such Distribution) shall be greater than or equal to$4,000 (as of January 31 2020: $5,000).

The BofA Revolver places certain restrictions and covenants on Marquis, including a limitation on asset sales, additional liens, investment, loans, guarantees, acquisitions, incurrence of additional indebtedness for Marquis to maintain a fixed charge coverage ratio of at least 1.05 to 1, tested as of the last day of each month for the twelve consecutive months ending on such day. The BofA Revolver provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, change in control of Marquis, a material representation or warranty made by us or the borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting Marquis or its subsidiaries, defaults relating to certain other indebtedness, imposition of certain judgments and mergers or the liquidation of Marquis or certain of its subsidiaries.

The BofA Revolver Loan bears interest at a variable rate based on a base rate plus a margin. The current base rate is the greater of (i) Bank of America prime rate, (ii) the current federal funds rate plus 0.50%, or (iii) 30-day LIBOR plus 1.00% plus the margin.

The BofA Revolver Loan bears interest at a variable rate based on a base rate plus a margin. The current base rate is the greater of (i) Bank of America prime rate, (ii) the current federal funds rate plus 0.50%, or (iii) 30-day LIBOR plus 1.00% plus the margin, which varies, depending on the fixed coverage ratio table below. Levels I – V determine the interest rate to be charged Marquis which is based on the fixed charge coverage ratio achieved. The Level V interest rate is adjusted up or down on a quarterly basis going forward based upon the above fixed coverage ratio achieved by Marquis.

Level	Fixed Charge Coverage Ratio	Base Rate Revolver	LIBOR Revolver
I	<1.20 to 1.00	1.25 %	2.25 %
II	>1.20 to 1.00 but <1.50 to 1.00	1.00 %	2.00 %
III	>1.50 to 1.00 but <1.75 to 1.00	0.75 %	1.75 %
IV	>1.75 to 1.00 but >2.00 to 1.00	0.50 %	1.50 %
V	>2.00 to 1.00	0.25 %	1.25 %

The following tables summarize the BofA Revolver for the three months ended December 31, 2019 and 2018 and as of December 31, 2019 and September 30, 2019:

	During the three months ended December 31,	
	2019	2018
Cumulative borrowing during the period	$ 24,344	$ 22,723
Cumulative repayment during the period	23,817	28,013
Maximum borrowed during the period	2,083	8,071
Weighted average interest for the period	3.66 %	4.27 %

	December 31, 2019	September 30, 2019
Total availability	$ 14,387	$ 14,914
Total outstanding	541	13

Real Estate Transaction

On June 14, 2016, Marquis entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was $10,000, which consisted of $644 from the sale of the land and a note payable of $9,356. In connection with the transaction, Marquis entered into a lease with a 15-year term commencing on the closing of the transaction, which provides Marquis an option to extend the lease upon the expiration of its term. The initial annual lease rate is $60 with an annual increase of 17%. The note payable bears interest at 9.25% per annum, with principal and interest due monthly. The note payable matures June 13, 2056. For the first five years of the note payable, there is a pre-payment penalty of 5%, which declines by 1% for each year the loan remains un-paid. At the end of five years, there is no pre-payment penalty. In connection with the note payable, Marquis incurred $458 in transaction costs that are being recognized as a debt issuance cost that is being amortized and recorded as interest expense over the term of the note payable.

Kingston Diversified Holdings LLC Agreement ($2 Million Line of Credit)

On December 21, 2016, the Company and Kingston Diversified Holdings LLC ("Kingston") entered into an agreement (the "December 21 Agreement") modifying its then existing agreement between the parties to extend the maturity date of notes issued by Kingston to the Company (the "Kingston Notes") by twelve months for 55,888 shares of the Company's Series B Convertible Preferred Stock with a value on September 15, 2016 of $2,800, as a compromise between the parties in respect of certain of their respective rights and duties under the agreement. The December 21 Agreement has a maximum principal amount of $2,000, and eliminates any and all actual, contingent, or other obligations of the Company to issue to Kingston any shares of the Company's common stock, or to grant any rights, warrants, options, or other derivatives that are exercisable or convertible into shares of the Company's common stock.

Kingston acknowledges that from the effective date through and including December 31, 2021, it shall not sell, transfer, assign, hypothecate, pledge, margin, hedge, trade, or otherwise obtain or attempt to obtain any economic value from any of the shares of Series B Preferred Stock or any shares into which they may be converted or from which they may be exchanged. As of December 31, 2019, and September 30, 2019, the Company had no borrowings on the Kingston line of credit.

Equipment Loans

On June 20, 2016 and August 5, 2016, Marquis entered into a transaction which provided for a master agreement and separate loan schedules (the "Equipment Loans") with Banc of America Leasing & Capital, LLC which provided:

Note #1 is $5,000, secured by equipment. The Equipment Loan #1 is due September 23, 2021, payable in 59 monthly payments of $84 beginning September 23, 2016, with a final payment in the sum of $584, bearing interest at 3.9% per annum.

Note #3 is $3,680, secured by equipment. The Equipment Loan #3 is due December 30, 2023, payable in 84 monthly payments of $52 beginning January 30, 2017, bearing interest rate at 4.8% per annum.

Note #4 is $1,095, secured by equipment. The Equipment Loan #4 is due December 30, 2023, payable in 81 monthly payments of $16 beginning April 30, 2017, bearing interest at 4.9% per annum.

Note #5 is $3,932, secured by equipment. The Equipment Loan #5 is due December 28, 2024, payable in 84 monthly payments of $55 beginning January 28, 2018, bearing interest at 4.7% per annum.

Note #6 is $913, secured by equipment. The Equipment Loan #6 is due July 29, 2024, payable in 60 monthly payments of $55 beginning August 28, 2019, bearing interest at 4.7% per annum.

Texas Capital Bank Revolver Loan

On November 3, 2016, Vintage Stock entered into a $12,000 credit agreement (as amended on January 23, 2017, amended on September 20, 2017, June 7, 2018 and September 24, 2019) with Texas Capital Bank ("TCB Revolver"). The TCB Revolver is a five-year, asset-based facility that is secured by substantially all of Vintage Stock's assets. Availability under the TCB Revolver is subject to a monthly borrowing base calculation. The TCB Revolver matures November 3, 2020.

Payment obligations under the TCB Revolver include monthly payments of interest and all outstanding principal and accrued interest thereon due in November 2020, which is when the TCB Revolver loan agreement terminates.

Borrowing availability under the TCB Revolver is limited to a borrowing base which allows Vintage Stock to borrow up to 90% of the appraisal value of the inventory, plus 85% of eligible receivables, net of certain reserves. The borrowing base provides for borrowing up to 90% of the appraisal value during the fiscal months of January through September and 92.5% appraisal value during the fiscal months of October through December. Letters of credit reduce the amount available to borrow under the TCB Revolver by an amount equal to the face value of the letters of credit.

Vintage Stock's ability to make prepayments against Vintage Stock subordinated debt including the Comvest Term Loan and pay cash dividends is generally permitted if (i) excess availability under the TCB Revolver is more than $2,000, and is projected to be within 12 months after such payment and (ii) excess availability under the TCB Revolver is more than $2,000, and the fixed charge coverage ratio, as calculated on a pro-forma basis for the prior 12 months is 1.2:1.0 or greater. Restrictions apply to our ability to make additional prepayments against Vintage Stock subordinated debt including the Comvest Term Loan and pay cash dividends if the fixed charge coverage ratio, as calculated on a pro-forma basis for the prior 12 months is less than 1.2:1.0 and excess availability under the TCB Revolver is less than $2,000 at the time of payment or distribution. There is no restriction on dividends that can be taken by the Company so long as Vintage Stock maintains $2,000 of current availability at the time of the dividend or distribution. This translates to having no restriction on Net Income so long as the Company retains sufficient assets to establish $2,000 of current availability and continues to meet the required fixed charge coverage ratio of 1.2:1 as stated above.

The TCB Revolver places certain restrictions on Vintage Stock, including a limitation on asset sales, a limitation of 25 new leases in any fiscal year, additional liens, investment, loans, guarantees, acquisitions and incurrence of additional indebtedness.

The TCB Revolver provides for customary events of default with corresponding grace periods, including failure to pay any principal or interest when due, failure to comply with covenants, change in control of Vintage Stock, a material representation or warranty made by us or the borrowers proving to be false in any material respect, certain bankruptcy, insolvency or receivership events affecting Vintage Stock, defaults relating to certain other indebtedness, imposition of certain judgments and mergers or the liquidation of Vintage Stock.

The following tables summarize the TCB Revolver for the three months ended December 31, 2019 and 2018 and as of December 31, 2019 and September 30, 2019:

	During the three months ended December 31,	
	2019	2018
Cumulative borrowing during the period	$ 18,626	$ 19,320
Cumulative repayment during the period	19,709	21,376
Maximum borrowed during the period	11,798	16,078
Weighted average interest for the period	4.13 %	4.50 %

	December 31, 2019	September 30, 2019
Total availability	$ 2,493	$ 1,410
Total outstanding	9,507	10,590

See Note 16 for a complete discussion regarding subsequent amendments to the TCB Revolver.

Sellers Subordinated Acquisition Note

In connection with the purchase of Vintage Stock, on November 3, 2016, VSAH and Vintage Stock entered into a seller financed mezzanine loan in the amount of $10,000 with the previous owners of Vintage Stock. The Sellers Subordinated Acquisition Note bears interest at 8% per annum, with interest payable monthly in arrears. The Sellers Subordinated Acquisition Note, as amended, has a maturity date of September 23, 2023.

Crossroads Revolver

On March 15, 2019, ApplianceSmart, Inc. (the "Borrower"), entered into a Loan and Security Agreement (the "Crossroads Revolver") with Crossroads Financing, LLC ("Crossroads"), providing for a $4,000 revolving credit facility, subject to a borrowing base limitation (the "ABL Facility"). The borrowing base for the ABL Facility at any time equals the lower of (i) up to 75% of inventory cost or (ii) up to 85% of net orderly liquidation value, in each case as further described in the Loan Agreement.

Advances under the Crossroads Revolver bear interest at an interest rate equal to the greater of (i) the three-month London Interbank Offered Rate plus 2.19% or (ii) 5.0%. In addition to paying interest on the outstanding principal under the ABL Facility, the Borrower is required to pay Lender a servicing fee equal to 1.0% per month of the amount of the Borrower's outstanding obligations under the Crossroads Revolver that accrue interest, an annual loan fee of $80, an early termination fee described below, and other fees described in the Crossroads Revolver.

Unless terminated early in accordance with its terms, the Crossroads Revolver terminates on March 15, 2021 (the "Maturity Date"). If the Crossroads Revolver is terminated by the Borrower prior to the Maturity Date, Borrower is required to pay Crossroads (i) a fee in an amount equal to $120 if the Crossroads Revolver is terminated prior to March 15, 2020 and (b) if the Crossroads Revolver is terminated on or after March 15, 2020, a fee in an amount equal to $80.

Advances under the Crossroads Revolver are guaranteed by Parent and ApplianceSmart Contracting, Inc., a wholly-owned subsidiary of Parent. In addition, certain executive officers of the Borrower have agreed to provide validity guarantees. Advances under the Crossroads Revolver are secured by a pledge of substantially all of the assets of the Borrower. On March 3, 2020, the Company executed a guaranty agreement to Crossroads to induce Crossroads to continue to extend financial accommodations and consent to use of cash collateral to ApplianceSmart. The amount of the guaranty is $1,200. The guaranty terminates at such time as ApplianceSmart has paid in full all amounts owed by it to Crossroads. The Company expects the guaranty to continue in effect until August 2021.

The Crossroads Revolver contains representations and warranties, events of default, affirmative and negative covenants and indemnities customary for loans of this nature. As of December 31, 2019, and September 30, 2019, the Crossroads Revolver had a balance outstanding of $1,565 and $1,981, respectively. The December 31, 2019 balance outstanding is included in Debtor in possession liabilities on the consolidated balance sheet. In connection with the Crossroads Revolver, ApplianceSmart incurred $118 in transaction costs that are being recognized as debt issuance cost that is being amortized and recorded as interest expense over the term of the Crossroads Revolver.

Comvest Term Loan

On June 7, 2018, (amended on September 9, 2019), Vintage Stock Affiliated Holdings LLC ("Holdings") and Vintage Stock, Inc. (the "Borrower"), entered into an Amended and Restated Credit Agreement (the "Credit Agreement") by and among Borrower, Holdings, the lenders party thereto and Comvest Capital IV, L.P. ("Comvest"), as agent. The Credit Agreement provides for a $24,000 secured term loan (the "Term Loan"). The proceeds of the Term Loan, together with a cash equity contribution of approximately $4,000 from the Company to the Borrower, were and are being used by the Borrower (i) to refinance and terminate the Borrower's credit facility (the "Prior Credit Facility") with Capitala Private Credit Fund and certain of its affiliates, as lenders, and Wilmington Trust National Association (the "Term Loan Administrative Agent"), as agent, (ii) to pay transaction costs, and (iii) for the Borrower's working capital and other general corporate purposes. In connection with the closing of the refinancing transaction with Comvest, all defaults under the Prior Credit Facility were extinguished.

The Term Loan bears interest at the base or LIBOR rates (as described below) plus an applicable margin in each case. The applicable margin ranges from 8.00% to 9.50% per annum (subject to a LIBOR floor of 1.00%) and is determined based on the Borrower's senior leverage ratio pricing grid.

The base rate under the Comvest Credit Agreement is equal to the greatest of (i) the per annum rate of interest which is identified as the "Prime Rate" and normally published in the Money Rates section of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as Agent may select), (ii) the sum of the Federal Funds Rate plus one half percent (0.50%), (iii) the most recently used LIBO Rate and (iv) two percent (2.00%) per annum.

LIBOR rate is defined as the greater of (a) a rate per annum equal to the London interbank offered rate for deposits in Dollars for a period of one month and for the outstanding principal amount of the Term Loan as published in the "Money Rates" section of The Wall Street Journal (or another national publication selected by Agent if such rate is not so published), two Business Days prior to the first day of such one month period and (b) one percent (1.00%) per annum.

The Term Loan matures on May 26, 2023 and is subject to amortization of 12.5% (decreasing to 10% upon the Borrower's senior leverage ratio being less than 1.5 times the Borrower's EBITDA (as defined in the Credit Agreement)) of principal per annum payable in equal quarterly instalments due on March 31, June 30, September 30, and December 31 of each year, with the first such payment due on June 30, 2018; plus, to the extent the Borrower generates excess cash flow (as defined in the Credit Agreement), a percent of such excess cash flow (ranging from 50% to 100%), all in accordance with the terms of the Credit Agreement.

Under the Credit Agreement, any and all mandatory prepayments arising from any voluntary act of the Borrower are subject to a prepayment premium, ranging from 5.00% of the principal amount prepaid plus a make-whole amount to 1.00%, depending on when the mandatory prepayment is made. There is no prepayment premium after June 7, 2021.

The Term Loan is secured by a pledge of substantially all of the assets of the Borrower and a pledge of the capital stock of the Borrower. In addition, the Company is guaranteeing (the "Sponsor Guaranty") that portion of the Term Loan that results in the Borrower's senior leverage ratio being greater than 2.0:1.0, and only for so long as such ratio exceeds 2.0:1.0. The Sponsor Guaranty terminates on the date that the Borrower's senior leverage ratio is less than 2.0:1.0 for two consecutive fiscal quarters.

The Term Loans place certain restrictions and covenants on Vintage Stock, including a limitation on asset sales, additional liens, investment, loans, guarantees, acquisitions and incurrence of additional indebtedness for Vintage Stock. Vintage Stock is required to maintain a minimum of $11,500 of EBITDA on a trailing twelve months basis. So long as the Senior leverage ratio is greater than 2.0 to 1.0, Vintage Stock is required to spend no more than $2,000 in fiscal year 2020, $1,750 in fiscal year 2021, and $1,500 in fiscal years 2022 and thereafter. At all times that the senior leverage ratio is greater than or equal to 1.50:1.00, Vintage Stock cannot have the same store sales percentage to be less than or equal to a negative 5.5 percent as of the last day of any fiscal quarter. Vintage Stock may only open three new retail locations within a twelve-month period so long as the senior leverage ratio is 2.00:1.00 or more. If the senior leverage ratio is less than 2.00:1.00 and is compliant with the loan covenants, Vintage Stock may only open more than five new retail locations within a twelve-month period.

Vintage Stock is required to maintain a declining maximum senior leverage ratio on a trailing twelve-month basis as follows:

December 31, 2018	2.65 : 1.00
March 31, 2019	2.60 : 1.00
June 30, 2019	2.40 : 1.00
September 30, 2019	2.40 : 1.00
December 31, 2019	2.40 : 1.00
March 31, 2020	2.20 : 1.00
June 30, 2020	2.10 : 1.00
September 30, 2020	2.05 : 1.00
December 31, 2020	1.85 : 1.00
March 31, 2021	1.60 : 1.00
June 30, 2021 and thereafter	1.55 : 1.00

Vintage Stock is required to maintain on a trailing twelve-month basis a minimum fixed charge ratio of no less than the following:

June 30, 2018	1.30 : 1.00
September 30, 2018	1.30 : 1.00
December 31, 2018	1.30 : 1.00
March 31, 2019	1.10 : 1.00
June 30, 2019	1.30 : 1.00
September 30, 2019	1.30 : 1.00
December 31, 2019	1.30 : 1.00
March 31, 2020 and thereafter	1.40 : 1.00

Vintage Stock may cure both payment and financial covenant defaults through infusion of equity cures as determined by the Credit Agreement. EBITDA, senior leverage ratio, same store sales decline percentage and fixed charge ratio are terms defined within the Credit Agreement.

In connection with the Comvest Term Loan, Vintage Stock incurred $1,318 in transaction cost that is being recognized as debt issuance cost that is being amortized and recorded as interest expense over the term of the Comvest Term Loan.

See Note 16 for a complete discussion regarding subsequent amendments to the Comvest Term Loan.

Loan Covenant Compliance

We were in compliance as of December 31, 2019 with all covenants under our existing revolving and other loan agreements, with the exception of covenants related to the Crossroads Revolver.

Long-term debt as of December 31, 2019 and September 30, 2019 consisted of the following:

	December 31, 2019	September 30, 2019
Bank of America Revolver Loan	$ 541	$ 13
Texas Capital Bank Revolver Loan	9,507	10,590
Note Payable Comvest Term Loan	13,909	15,412
Note Payable to the Sellers of Vintage Stock	10,000	10,000
Crossroads Financial Revolver Loan	—	1,981
Note #1 Payable to Banc of America Leasing & Capital LLC	1,853	2,057
Note #3 Payable to Banc of America Leasing & Capital LLC	2,252	2,379
Note #4 Payable to Banc of America Leasing & Capital LLC	692	731
Note #5 Payable to Banc of America Leasing & Capital LLC	2,936	3,065
Note #6 Payable to Banc of America Leasing & Capital LLC	859	891
Note Payable to Store Capital Acquisitions, LLC	9,266	9,274
Note payable to individual, interest at 11% per annum, payable on a 90 day written notice, unsecured	207	207
Note payable to individual, interest at 10% per annum, payable on a 90 day written notice, unsecured	500	500
Total notes payable	52,522	57,100
Less unamortized debt issuance costs	(1,263)	(1,384)
Net amount	51,259	55,716
Less current portion	(15,989)	(7,897)
Long-term portion	$ 35,270	$ 47,819

Future maturities of long-term debt at December 31, 2019, are as follows which does not include related party debt separately stated:

Twelve months ending December 31,	
2020	$ 15,989
2021	5,831
2022	4,862
2023	15,800
2024	966
Thereafter	9,074
Total	$ 52,522

Note 7: Notes Payable, Related Parties

JanOne Inc. Note

On December 30, 2017, ASH entered into a Stock Purchase Agreement (the "Agreement") with Appliance Recycling Centers of America, Inc. (now JanOne Inc.) (the "Seller") and ApplianceSmart, Inc. ("ApplianceSmart"), a subsidiary of the Seller. Pursuant to the Agreement, ASH purchased (the "Transaction") from the Seller all of the issued and outstanding shares of capital stock of ApplianceSmart in exchange for $6,500 (the "Purchase Price"). ASH was required to deliver the Purchase Price, and a portion of the Purchase Price was delivered, to the Seller prior to March 31, 2018. Between March 31, 2018 and April 24, 2018, ASH and the Seller negotiated in good faith the method of payment of the remaining outstanding balance of the Purchase Price.

On April 25, 2018, ASH delivered to the Seller that certain Promissory Note (the "ApplianceSmart Note") in the original principal amount of $3,919 (the "Original Principal Amount"), as such amount may be adjusted per the terms of the ApplianceSmart Note. The ApplianceSmart Note is effective as of April 1, 2018 and matures on April 1, 2021 (the "Maturity Date"). The ApplianceSmart Note bears interest at 5% per annum with interest payable monthly in arrears. Ten percent of the outstanding principal amount will be repaid annually on a quarterly basis, with the accrued and unpaid principal due on the Maturity Date. ApplianceSmart has agreed to guaranty repayment of the ApplianceSmart Note. The remaining $2,581 of the Purchase Price was paid in cash by ASH to the Seller. ASH may reborrow funds, and pay interest on such re-borrowings, from the Seller up to the Original Principal Amount. As of December 31, 2019, and September 30, 2018, there was $2,826 principal outstanding on the ApplianceSmart Note.

On December 26, 2018, ASH and the Seller amended and restated the ApplianceSmart Note to, among other things, grant the Seller a security interest in the assets of ASH and ApplianceSmart in accordance with the terms of separate security agreements entered into between ASH and ApplianceSmart, respectively, and the Seller.

On December 9, 2019, ApplianceSmart filed a voluntary petition in the United States Bankruptcy Court for the Southern District of New York seeking relief under Chapter 11 of Title 11 of the United States Code. See Note 13 for a complete discussion.

Isaac Capital Fund Note

In connection with the acquisition of Marquis by the Company, the Company entered into a mezzanine loan in the amount of up to $7,000 with Isaac Capital Fund ("ICF"), a private lender whose managing member is Jon Isaac, our President and Chief Executive Officer. The ICF mezzanine loan bears interest at 12.5% per annum with payment obligations of interest each month and all principal due in May 2025. As of December 31, 2019, and September 30, 2019, there was $2,000 outstanding on this mezzanine loan.

Notes payable, related parties as of December 31, 2019 and September 30, 2019 consisted of the following:

	December 31, 2019	September 30, 2019
JanOne Inc	$ 2,826	$ 2,826
Isaac Capital Fund	2,000	2,000
Total notes payable - related parties	4,826	4,826
Less current portion	—	—
Long-term portion	$ 4,826	$ 4,826

Future maturities of notes payable, related parties at December 31, 2019 are as follows:

Twelve months ending December 31,	
2020	$ —
2021	2,826
2022	—
2023	—
2024	—
Thereafter	2,000
Total	$ 4,826

Note 8: Stockholders' Equity

Series E Convertible Preferred Stock

As of December 31, 2019, and September 30, 2019, there were 47,840 and 77,840 shares outstanding of Series a Preferred Stock, respectively. During the three months ended December 31, 2019, the Company repurchased 30,000 shares of Series E Convertible Preferred Stock for an aggregate purchase price of $3.

Treasury Stock

For the three months ended December 31, 2019 and 2018, the Company purchased 41,699 and 2,819 shares of its common stock on the open market (treasury shares for $343 and $19, respectively).

Note 9: Warrants

The warrants listed below expire at various timeframes over the next two years. However, Company and ICG entered into an agreement whereby if the warrants are not exercised on or before the applicable expiration date, the applicable expiration date is deemed automatically extended for successive two year periods, immediately prior to such expiration. During the three months ended December 31, 2019, the Company recorded a fair value adjustment of $266 related to the extension of warrants that expired during this period. There was no such adjustment during the three months ended December 31, 2018.

The following table summarizes information about the Company's warrants at December 31, 2019 and September 30, 2019, respectively:

	Number of units - Series B Convertible preferred warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding and Exercisable at September 30, 2019	118,029	$ 20.80	0.53	$ —
Outstanding and Exercisable at December 31, 2019	118,029	$ 20.80	0.66	$ —

The warrants may be exchanged for shares of common stock at a ratio of one share of Series B Preferred Stock into five common shares. The following table provides information assuming the warrants are exercised and exchanged for common shares:

	Number of units - Series B Convertible preferred warrants	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Intrinsic Value
Outstanding and Exercisable at September 30, 2019	590,147	$ 4.16	0.53	$ 2,602
Outstanding and Exercisable at December 31, 2019	590,147	$ 4.16	0.66	$ 2,260

The exercise price for the Series B Convertible Preferred Stock warrants outstanding and exercisable at December 31, 2019 and September 30, 2019, are as follows:

Series B Convertible Preferred			
Outstanding		Exercisable	
Number of Warrants	Exercise Price	Number of Warrants	Exercise Price
54,396	$ 16.60	54,396	$ 16.60
17,857	16.80	17,857	16.80
12,383	24.30	12,383	24.30
33,393	28.50	33,393	28.50
118,029		118,029	

Note 10:Stock-Based Compensation

Our 2014 Omnibus Equity Incentive Plan (the "2014 Plan") authorizes the issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our directors, officer, employees, consultants and advisors. The Company has reserved up to 300,000 shares of common stock for issuance under the 2014 Plan.

From time to time, the Company grants stock options to directors, officers, and employees. These awards are valued at the grant date by determining the fair value of the instruments, net of estimated forfeitures. The value of each award is amortized on a straight-line basis over the requisite service period.

The following table summarizes stock option activity for the twelve months ended September 30, 2019 and the three months ended December 31, 2019:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
Outstanding at September 30, 2018	231,668	$ 14.84	3.04	$ 163
Forfeited	(31,250)			
Outstanding at September 30, 2019	200,418	$ 16.37	2.40	$ 27
Exercisable at September 30, 2019	164,084	$ 13.92	1.44	$ 27
Outstanding at December 31, 2019	200,418	$ 16.37	2.20	$ 12
Exercisable at December 31, 2019	172,251	$ 13.40	1.28	$ 12

The Company recognized compensation expense of $29 and $47 during the three months ended December 31, 2019 and 2018, respectively, related to stock option awards granted to certain employees and officers based on the grant date fair value of the awards, net of estimated forfeitures.

At December 31, 2019, the Company has $116 of unrecognized compensation expense (net of estimated forfeitures) associated with stock option awards which the company expects to recognize as compensation expense through October of 2022.

The exercise price for stock options outstanding and exercisable outstanding at December 31, 2019 is as follows:

Outstanding		Exercisable	
Number of Options	Exercise Price ($)	Number of Options	Exercise Price ($)
25,000	7.50	25,000	7.50
31,250	10.00	31,250	10.00
16,668	10.86	12,501	10.86
6,250	12.50	6,250	12.50
6,250	15.00	6,250	15.00
75,000	15.18	75,000	15.18
8,000	23.41	8,000	23.41
8,000	27.60	8,000	27.60
8,000	31.74	—	—
8,000	36.50	—	—
8,000	41.98	—	—
200,418		172,251	

The following table summarizes information about the Company's non-vested shares outstanding as of December 31, 2019 and September 30, 2019:

Non-vested Shares	Number of Shares		Average Grant-Date Fair Value
Non-vested at September 30, 2019	36,334	$	26.76
Vested	(8,167)	$	12.79
Non-vested at December 31, 2019	28,167	$	32.91

Note 11: Earnings Per Share

Net earnings per share is calculated using the weighted average number of shares of common stock outstanding during the applicable period. Diluted net earnings per share is computed using the weighted average number of common shares outstanding and if dilutive, potential common shares outstanding during the period. Potential shares of common stock consist of the additional shares of common stock issuable in respect of restricted share awards, stock options and convertible preferred stock. Preferred stock dividends are subtracted from net earnings to determine the amount available to common stockholders.

The following table presents the computation of basic and diluted net earnings per share:

	Three Months Ended December 31,	
	2019	2018
Basic		
Net income	$ 985	$ 1,530
Less: preferred stock dividends	—	—
Net income applicable to common stock	$ 985	$ 1,530
Weighted average common shares outstanding	1,806,746	1,945,247
Basic earnings per share	$ 0.55	$ 0.79
Diluted		
Net income applicable to common stock	$ 985	$ 1,530
Add: preferred stock dividends	—	—
Net income applicable for diluted earnings per share	$ 985	$ 1,530
Weighted average common shares outstanding	1,806,746	1,945,247
Add: Options	25,000	11,576
Add: Series B Preferred Stock	1,071,220	1,071,220
Add: Series B Preferred Stock Warrants	590,147	590,147
Add: Series E Preferred Stock	47,840	77,840
Assumed weighted average common shares outstanding	3,540,953	3,696,030
Diluted earnings per share	$ 0.28	$ 0.41

There are 175,418 and 200,418 common stock options that are anti-dilutive that are not included in the three months ended December 31, 2019 and 2018, diluted earnings per share computations, respectively.

Note 12: Related Party Transactions

In connection with its purchase of Marquis, Marquis entered into a mezzanine loan in the amount of up to $7,000 with ICF. The ICF mezzanine loan bears interest at a rate of 12.5% per annum with payment obligations of interest each month and all principal due in May 2025. As of December 31, 2019, and September 30, 2019, respectively, there was $2,000 outstanding on this mezzanine loan. During the three months ended December 31, 2019 and 2018, the Company recognized total interest expense of $64, associated with the ICF notes.

Customer Connexx LLC, a wholly-owned subsidiary of JanOne Inc. (“JanOne”), rents approximately 9,879 square feet of office space from the Company at its Las Vegas office which totals 11,100 square feet. JanOne paid the Company $45 and $45 in rent and other reimbursed expenses for the three months ended December 31, 2019 and 2018, respectively. Tony Isaac, a member of the Board of Directors of the Company and Virland Johnson, Chief Financial Officer of the Company, are Chief Executive Officer and Board of Directors member, and Chief Financial Officer of JanOne, respectively.

The warrants, discussed in Note 9, expire at various timeframes over the next two years. However, Company and ICG entered into an agreement whereby if the warrants are not exercised on or before the applicable expiration date, the applicable expiration date is deemed automatically extended for successive two year periods immediately prior to such expiration.

On December 30, 2017, ASH, a wholly owned subsidiary of the Company, entered into a Stock Purchase Agreement with JanOne and ApplianceSmart, a subsidiary of JanOne. Pursuant to the Agreement, the Purchaser purchased from JanOne all of the issued and outstanding shares of capital stock of ApplianceSmart in exchange for $6,500. Effective April 1, 2018, ASH issued an interest-bearing promissory note, with interest at 5% per annum, with a three-year term in the original amount of $3,919 for the balance of the purchase price.

On December 26, 2018, ASH and the Seller amended and restated the ApplianceSmart Note to, among other things, grant the Seller a security interest in the assets of ASH and ApplianceSmart in accordance with the terms of separate security agreements entered into between ASH and ApplianceSmart, respectively, and the Seller. At December 31, 2019 and September 30, 2019, respectively, there was $2,826 outstanding on this ApplianceSmart Note. On December 9, 2019, ApplianceSmart filed a voluntary petition in the United States Bankruptcy Court for the Southern District of New York seeking relief under Chapter 11 of Title 11 of the United States Code.

In connection with the acquisition of Vintage Stock on November 3, 2016, as amended, Rodney Spriggs, President of Vintage Stock, holds a 41% interest in the $1000 Seller Subordinated Acquisition Note payable by VSAH. The terms of payment are interest only, payable monthly on the 1st of each month, until maturity on September 23, 2023. Interest paid to Mr. Spriggs for the three months ended December 31, 2019 and 2018, was $84. Interest unpaid and accrued as of December 31, 2019 and September 30, 2019 is $27.

Also see Notes 6 and 7.

Note 13: Commitments and Contingencies

Litigation

Generally

We are involved in various claims and lawsuits arising in the normal course of business. The ultimate results of claims and litigation cannot be predicted with certainty. We currently believe that the ultimate outcome of such lawsuits and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or cash flows.

SEC Notice

On February 21, 2018, the Company received a subpoena from the Securities and Exchange Commission ("SEC") and a letter from the SEC stating that it is conducting an investigation. The subpoena requests documents and information concerning, among other things, the restatement of the Company's financial statements for the quarterly periods ended December 31, 2016, March 31, 2017, and June 30, 2017, the acquisition of Marquis Industries, Inc., Vintage Stock, Inc., and ApplianceSmart, Inc., and the change in auditors. The letter from the SEC states that "this inquiry does not mean that the SEC has concluded that the Company or any of its officers and directors has broken the law or that the SEC has a negative opinion of any person, entity, or security." The Company is cooperating with the SEC in its investigation.

Live Ventures and ApplianceSmart Related Litigation

On April 26, 2019, New Leaf Serv. Contracts, LLC ("New Leaf") filed suit again ApplianceSmart and the Company in the District Court of Dallas County, Texas (the "Dallas Court") alleging, among other things, breach of contract. Plaintiff seeks damages of approximately $215, plus interest and attorneys' fees. This matter was subsequently abated to allow the parties to arbitrate this dispute. The Company has asserted certain counterclaims against New Leaf. This matter has been stayed as a result of the Chapter 11 Case (as defined below).

ApplianceSmart Bankruptcy and Other ApplianceSmart Litigation Matters

On December 12, 2019, Crossroads Center LLC served a lawsuit against ApplianceSmart in the District Court for the State of Minnesota, County of Olmsted, alleging, among other things, breach of contract and seeking damages in excess of $64. This matter has been stayed as a result of the Chapter 11 Case.

On December 9, 2019, ApplianceSmart filed a voluntary petition (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") seeking relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The bankruptcy affects Live Ventures' indirect subsidiary ApplianceSmart only and does not affect any other subsidiary of Live Ventures, or Live Ventures itself. ApplianceSmart expects to continue to operate its business in the ordinary course of business as debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. In addition, the Company reserves its right to file a motion seeking authority to use cash collateral of the lenders under ApplianceSmart's reserve-based revolving credit facility. The case is being administrated under the caption *In re: ApplianceSmart, Inc.* (case number 19-13887). Court filings and other information related to the Chapter 11 Case are available at the PACER Case Locator website for those registered to do so or at the Courthouse located at One Bowling Green, Manhattan, New York 10004.

On November 22, 2019, Haier US Appliance Solutions, Inc. d/b/a GE Appliances filed suit against ApplianceSmart in the District Court for the State of Minnesota, County of Hennepin (the "Hennepin Court") alleging, among other things, breach of contract and seeking damages in excess of $250. This matter has been stayed as a result of the Chapter 11 Case.

On November 1, 2019, OIRE Minnesota, L.L.C. filed suit against ApplianceSmart in the Hennepin Court alleging, among other things, breach of contract and seeking damages in excess of $60. This matter was subsequently settled for an aggregate of $20 on February 18, 2020 in exchange for full mutual releases.

On October 16, 2019, VanMile, LLC filed a lawsuit against ApplianceSmart in the Magistrate Court of Gwinnett County, State of Georgia alleging unpaid invoices and seeking damages therefor. Plaintiff is seeking damages of $15. This matter has been stayed as a result of the Chapter 11 Case.

On September 12, 2019, Fisher & Paykel Appliances, Inc. initiated an arbitration against ApplianceSmart in San Diego alleging breach of contract and seeking damages in excess of $100. This matter has been stayed as a result of the Chapter 11 Case.

On July 22, 2019, Trustee Main/270, LLC (the "Reynoldsburg Landlord") filed a lawsuit against ApplianceSmart and JanOne Inc. (formerly known as Appliance Recycling Centers of America, Inc.) ("JanOne") in the Franklin County Common Pleas Court in Columbus, Ohio, alleging, with respect to ApplianceSmart, default under a lease agreement and, with respect to JanOne, guaranty of lease. The complaint sought damages of $1,530 attorney fees, and other charges. On or about September 27, 2019, the parties entered into a second lease modification agreement and ratification of agreement (the "Second Lease Modification Agreement") whereby the Reynoldsburg Landlord restored ApplianceSmart's access to the property. Pursuant to the terms of the Second Lease Modification Agreement, in exchange for such restored access, ApplianceSmart paid the Reynoldsburg Landlord $141 in partial satisfaction of past due rent and costs and the Reynoldsburg Landlord agreed to dismiss the lawsuit with prejudice. In addition, the Reynoldsburg Landlord agreed to reduced minimum annual rent for the remainder of the erm and waived the rent due for October 2019, December 2019, and January 2020. In addition, JanOne ratified its guaranty under the lease.

On August 29, 2019, Martin Drive, LLC filed suit against ApplianceSmart in the Hennepin Court, alleging, among other things, breach of contract and failure to pay rent under the terms of a lease agreement. The plaintiff was awarded a default judgment in the aggregate amount of $265. This matter has been stayed as a result of the Chapter 11 Case.

On August 27, 2019, CH Robinson Worldwide, Inc. served a lawsuit against ApplianceSmart in the District Court for the State of Minnesota, County of Carver, alleging, among other things, breach of contract and seeking damages in excess of $140. This matter has been stayed as a result of the Chapter 11 Case..

On June 19, 2019, Graceland Retail 2017 LLC filed suit against ApplianceSmart in the Court of Common Pleas in Franklin County, Ohio, alleging, among other things, breach of contract and failure to pay rent under the terms of a lease agreement. The plaintiff was seeking damages of approximately $940. This matter has been stayed as a result of the Chapter 11 Case.

On May 29, 2019, Hopkins Mainstreet II, LLC ("Hopkins Mainstreet") filed suit against ApplianceSmart, Inc. in the Hennepin Court alleging, among other things, breach of contract and failure to pay rent. The Hennepin Court subsequently entered a default judgment in favor of Hopkins Mainstreet in the amount of $225, plus attorneys' fees in the amount of $3, and costs and disbursements in the amount of $1. This matter has been stayed as a result of the Chapter 11 Case. The Company and Hopkins Mainstreet reached a settlement agreement during March 2020 in the amount of $25.

Warranties

During 2019, the Company became the principal for certain extended warranties, as a result, warranty reserves are included in accrued liabilities in our consolidated balance sheet. The following table summarizes the warranty reserve activity for the three months ended December 31, 2019:

Beginning balance, September 30, 2019	$	292
Warranties issued/accrued		—
Warranty settlements		(82)
Ending balance, December 31, 2019	$	210

Note 14:Income Taxes

The income tax rate for the three months ended December 31, 2019 and 2018 were 26.2% and 27.0%, respectively. The effective income tax rate differs from the U.S. federal statuary rate primarily due to state taxes and certain non-deductible expenses. As of December 31, 2019, the Company had no uncertain tax positions. The Company is subject to taxation and files income tax returns in the U.S., and various state jurisdictions. The Company is subject to audit for U.S. purposes for the current and prior three years; and for state purposes the current and prior four years.

Note 15: Segment Reporting

The Company operates in three segments which are characterized as: (1) Manufacturing, (2) Retail and Online, and (3) Services. The Manufacturing Segment consists of Marquis Industries, the Retail and Online segment consists of Vintage Stock and ApplianceSmart, and the Services segment consists of the directory services business.

The following tables summarize segment information for the three months ended December 31, 2019 and 2018:

	Three Months Ended December 31,	
	2019	2018
Revenues		
Retail and Online	$ 21,488	$ 30,645
Manufacturing	20,367	22,382
Services	146	169
	$ 42,001	$ 53,196
Gross profit		
Retail and Online	$ 11,120	$ 13,577
Manufacturing	5,368	5,601
Services	138	159
	$ 16,626	$ 19,337
Operating income (loss)		
Retail and Online	$ 946	$ (239)
Manufacturing	2,403	2,170
Services	138	159
	$ 3,487	$ 2,090
Depreciation and amortization		
Retail and Online	$ 487	$ 788
Manufacturing	598	694
Services	—	—
	$ 1,085	$ 1,482
Interest expenses		
Retail and Online	$ 967	$ 1,176
Manufacturing	390	477
Services	—	—
	$ 1,357	$ 1,653
Net income (loss) before provision for income taxes		
Retail and Online	$ (678)	$ (1,273)
Manufacturing	1,875	3,211
Services	138	159
	$ 1,335	$ 2,097

Chapter 11 Filing of ApplianceSmart, Inc.

On December 9, 2019, ApplianceSmart filed a voluntary petition (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") seeking relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The bankruptcy affects Live Ventures' indirect subsidiary ApplianceSmart only and does not affect any other subsidiary of Live Ventures, or Live Ventures itself. As part of the Chapter 11 process, ApplianceSmart expects to work with its lenders and creditors to restructure and or settle secured and unsecured indebtedness.

ApplianceSmart expects to continue to operate its business in the ordinary course of business as debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. In addition, the Company reserves its right to file a motion seeking authority to use cash collateral of the lenders under the reserve-based revolving credit facility.

The case is being administrated under the caption *In re: ApplianceSmart, Inc*. (case number 19-13887). Court filings and other information related to the Chapter 11 Case are available at the PACER Case Locator website for those registered to do so or at the Courthouse located at One Bowling Green, Manhattan, New York 10004.

The Company will continue to consolidate ApplianceSmart as ApplianceSmart remains under the control of management and not the Bankruptcy Court. ApplianceSmart maintains its ability to operate under the normal course of business throughout the bankruptcy proceedings. The Company will continue to evaluate any triggering events that indicate a loss of control that may result in deconsolidation.

Note 16:Subsequent Events

Lonesome Oak Acquisition

On November 1, 2019, Marquis entered into a purchase agreement, as amended (as amended, the "LOTC Purchase Agreement"), to acquire the outstanding capital stock of Lonesome Oak Trading Co., Inc. ("Lonesome Oak"). Pursuant to the LOTC Purchase Agreement, Marquis will acquire from the sole shareholder of Lonesome Oak (the "LOTC Shareholder") all of the issued and outstanding shares of capital stock of Lonesome Oak for $2,000. In addition, following the closing of the transaction, Lonesome Oak will be leasing back from the LOTC Shareholder certain properties owned by affiliates of the LOTC Shareholder that will be used in Lonesome Oak's operations. Marquis will hold back $1,450 of the purchase price (the "Holdback Amount") to satisfy claims for indemnity arising out of breaches of certain representations, warranties, and covenants, and certain other enumerated items, if any. In connection with the closing of the transaction, the LOTC Shareholder will enter into an employment agreement with a five-year term and will serve as Lonesome Oak's Executive Vice President pursuant to the terms thereof. The parties expect that the transaction will close within the Company's second fiscal quarter, subject to customary closing conditions. The LOTC Purchase Agreement contains customary representations, warranties, and covenants. Subject to certain exceptions, the LOTC Shareholder has agreed to indemnify Marquis for breaches of certain representations, warranties, and covenants, and certain other enumerated items, if any. Indemnification by the LOTC Shareholder for breaches of certain representations and warranties is generally limited to the Holdback Amount. The LOTC Purchase Agreement contains a three-year non-competition covenant and non-solicitation covenant that apply to the LOTC Shareholder. The transaction closed on January 31, 2020.

CornonaVirus

In March 2020, there was a global outbreak of COVID-19 (CoronaVirus) that has resulted in changes in global supply of certain products. The pandemic is having an unprecedented impact on the U.S. economy as federal, state, and local governments react to this public health crisis, which has created significant uncertainties. These uncertainties include, but are not limited to, the potential adverse effect of the pandemic on the economy, our supply chain partners, our employees and customers, customer sentiment in general, and traffic within shopping centers, and, where applicable, malls, containing our stores. As the pandemic continues to grow, consumer fear about becoming ill with the virus and recommendations and/or mandates from federal, state, and local authorities to avoid large gatherings of people or self-quarantine are continuing to increase, which has already affected, and may continue to affect, traffic to our stores. As of March 31, 2020, Vintage Stock has closed all of its retail locations in response to the crisis. Vintage expects to reopen its retail locations as soon as possible while maintaining compliance with government mandates. We are unable to predict when stores will reopen or if additional periods of store closures will be needed or mandated. Continued impacts of the pandemic could materially adversely affect our near-term and long-term revenues, earnings, liquidity, and cash flows, and may require significant actions in response, including but not limited to, employee furloughs, reduced store hours, store closings, expense reductions or discounting of pricing of our products, all in an effort to mitigate such impacts. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak within the U.S., the impact on capital and financial markets and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently.

Crossroads revolver

On March 3, 2020, the Company executed a guaranty agreement to Crossroads to induce Crossroads to continue to extend financial accommodations and consent to use of cash collateral to ApplianceSmart. The amount of the guaranty is $1,200. The guaranty terminates at such time as ApplianceSmart has paid in full all amounts owed by it to Crossroads. The Company expects the guaranty to continue in effect until August 2021.

Equipment loan

During February 2020, Marquis entered into equipment loan #7 with BofA. Equipment loan #7 is $5,000, secured by equipment. The equipment loan #7 is due February 2027, payable in 83 monthly payments of $58 beginning March 24, 2020, with the final payment of $809, bearing interest at 3.2% per annum.

ApplianceSmart retail locations

During the three months ended March 31, 2020, ApplianceSmart closed two additional retail locations. As of March 31, 2020, ApplianceSmart has one operating retail location in Columbus, Ohio.

Related party note

During April 2020, the Company entered into an unsecured revolving line of credit promissory note whereby the ICF agreed to provide the Company with a $1,000 revolving credit facility (the "Unsecured Revolving Credit Facility"). The Unsecured Revolving Credit Facility bears interest at 10.0% per annum and provides for the payment of interest monthly in arrears and matures April 2023.

Comvest term loan

On April 9, 2020, Vintage Stock (the "Borrower") entered into a Limited Waiver and Second Amendment (the "Limited Waiver and Second Amendment") to Amended and Restated Credit Agreement (the "Credit Agreement"), Second Amendment to Amended and Restated Management Fee Subordination Agreement (the "Management Fee Subordination Agreement") and First Amendment to Limited Guaranty (the "Guaranty"), with Comvest.

The Limited Waiver and Second Amendment, among other things (i) waives, and in certain instances conditionally waives, certain events of default that occurred under the Credit Agreement, (ii) confirms that the loan under the Credit Agreement will bear interest at an interest rate equal to the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 8.75% for the calendar months May, June, July, and August 2020, and that the applicable margin will reset on September 1, 2020 and be based on the senior leverage ratio pricing grid for the fiscal quarter ending June 30, 2020, (iii) provides that the parties will negotiate in good faith a reset of the financial covenants by September 15, 2020, provided that any changes to such financial covenants shall not be more restrictive on the Borrower than those in effect prior to the date of the Limited Waiver and Second Amendment, (iv) extends the due date of the July 1, 2020 amortization payment from July 1, 2020 to no later than August 1, 2020, (v) provides that any and all mandatory prepayments arising from any voluntary act of the Borrower are subject to a prepayment premium of the principal amount prepaid plus a make-whole amount to 1.00% if the mandatory prepayment is made on or before June 7, 2021, (vi) does not require the Company to make a contribution to the Borrower with respect certain payments to be made by the Borrower to a subordinated loan holder, (vii) modifies a condition precedent under which Vintage Stock is permitted to payment management fees to the Company by requiring certain amortization and excess cash flow payments that were previously waived to be paid prior to such management fees, and (viii) provides for the Company to make additional equity contributions by the Company to the Borrower.

TCB revolver

On April 10, 2020, the Borrower entered into that certain Waiver and Agreement Regarding Availability Reserves (the "TCB Waiver") with TCB. The TCB Waiver (i) waives, and in certain instances conditionally waives, certain financial covenant and other events of default that occurred under the Loan Agreement dated November 3, 2016 between Borrower and TCB (the "TCB Loan Agreement"), and the events of default that occurred under the Limited Waiver and Second Amendment as described in the foregoing paragraph, (ii) waives any testing of the fixed charge coverage ratio under the TCB Loan Agreement through the June 30, 2020 testing date, and (iii) waives the implementation by TCB of "availability reserves" under the TCB Loan Agreement until the earlier of (w) May 31, 2020, (x) April 22, 2020 unless the initial equity contribution contemplated by clause (viii) in the foregoing paragraph is made, (y) the date any default or event of default occurs under the TCB Loan Agreement, or (z) the date the Borrower fails to comply with any provision of the TCB Waiver, the Credit Agreement, or any other loan document contemplated by the Credit Agreement.

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

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the three months ended December 31, 2019, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" (hereafter referred to as "MD&A") should be read in conjunction with the condensed consolidated financial statements, including the related notes, appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended September 30, 2019 (the "2019 Form 10-K").

Note about Forward-Looking Statements

This Quarterly Report on Form 10-Q includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "intends," "plans," "expects," or "anticipates," and do not reflect historical facts.

Specific forward-looking statements contained in this portion of the Annual Report include, but are not limited to: (i) statements that are based on current projections and expectations about the markets in which we operate, (ii) statements about current projections and expectations of general economic conditions, (iii) statements about specific industry projections and expectations of economic activity, (iv) statements relating to our future operations, prospects, results, and performance, (v) statements relating to the Chapter 11 Case, (vi) statements that the cash on hand and additional cash generated from operations together with potential sources of cash through issuance of debt or equity will provide the Company with sufficient liquidity for the next 12 months, (vii) statements that the outcome of pending legal proceedings will not have a material adverse effect on business, financial position and results of operations, cash flow or liquidity, and (viii) the effect the Coronavirus crisis is having and will have on our business.

Forward-looking statements involve risks, uncertainties and other factors, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results, future performance and capital requirements and cause them to materially differ from those contained in the forward-looking statements include those identified in our 2019 Form 10-K under Item 1A "Risk Factors", as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may generally affect our business, results of operations and financial position. Forward-looking statements speak only as of the date the statements were made. We do not undertake and specifically decline any obligation to update any forward-looking statements. Any information contained on our website www.liveventures.com or any other websites referenced in this Quarterly Report are not part of this Quarterly Report.

Our Company

Live Ventures Incorporated is a holding company of diversified businesses, which, together with our subsidiaries, we refer to as the "Company", "Live Ventures", "we", "us" or "our". We acquire and operate profitable companies in various industries that have demonstrated a strong history of earnings power. We currently have three segments to our business, Manufacturing, Retail and Online, and Services.

Under the Live Ventures brand, we seek opportunities to acquire profitable and well-managed companies. We will work closely with consultants who will help us identify target companies that fit within the criteria we have established for opportunities that will provide synergies with our businesses.

Our principal offices are located at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, our telephone number is (702) 939-0231, and our corporate website (which does not form part of this report Form 10-K) is located at www.liveventures.com. Our common stock trades on the NASDAQ Capital Market under the symbol "LIVE".

Manufacturing Segment

Marquis Industries

Our Manufacturing segment is composed of Marquis Affiliated Holdings LLC and wholly-owned subsidiaries ("Marquis"). Marquis is a leading carpet manufacturer and a manufacturer of innovative yarn products, as well as a reseller of hard surface flooring products. Over the last decade, Marquis has been an innovator and leader in the value-oriented polyester carpet sector, which is currently the market's fastest-growing fibre category. We focus on the residential, niche commercial, and hospitality end-markets and serve over 2,000 customers.

Since commencing operations in 1995, Marquis has built a strong reputation for outstanding value, styling, and customer service. Its innovation has yielded products and technologies that differentiate its brands in the flooring marketplace. Marquis's state-of-the-art operations enable high quality products, unique customization, and exceptionally short lead-times. Furthermore, the Company has recently invested in additional capacity to grow several attractive lines of business, including printed carpet and yarn extrusion.

Retail and Online Segment

Our Retail and Online Segment is composed of Vintage Stock and ApplianceSmart.

Vintage Stock

Vintage Stock Holdings LLC, Vintage Stock, V-Stock, Movie Trading Company and EntertainMart (collectively "Vintage Stock") is an award-winning specialty entertainment retailer offering a large selection of entertainment products including new and pre-owned movies, video games and music products, as well as ancillary products such as books, comics, toys and collectibles all available in a single location. With its integrated buy-sell-trade business model, Vintage Stock buys, sells and trades new and pre-owned movies, music, video games, electronics and collectibles through 62 retail locations stra tegically positioned across Arkansas, Colorado, Idaho, Illinois, Kansas, Missouri, New Mexico, Oklahoma Texas and Utah. As of March 31, 2020, Vintage Stock has closed all of its retail locations in response to the crisis. Vintage expects to reopen its retail locations as soon as possible while maintaining compliance with government mandates.

ApplianceSmart

At December 31, 2019, ApplianceSmart Affiliated Holdings LLC, ApplianceSmart Inc. and ApplianceSmart Contracting, Inc (collectively "ApplianceSmart") operated three stores: two in Minnesota and one Ohio. As of March 31, 2020, ApplianceSmart operates one store in Ohio. ApplianceSmart is a major household appliance retailer with two product categories: one consisting of typical and commonly available, innovative appliances, and the other consisting of affordable value-priced, niche offerings such as close-outs, factory overruns, discontinued models, and special-buy appliances, including open box merchandise and others. In addition to retailing household appliances, ApplianceSmart through ApplianceSmart Contracting Inc. provides household appliances to builders and developers in the Minnesota and Ohio markets.

On December 9, 2019, ApplianceSmart filed a voluntary petition (the "Chapter 11 Case") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") seeking relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The bankruptcy affects Live Ventures' indirect subsidiary ApplianceSmart only and does not affect any other subsidiary of Live Ventures, or Live Ventures itself. ApplianceSmart expects to continue to operate its business in the ordinary course of business as debtor-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with applicable provisions of the Bankruptcy Code and the orders of the Bankruptcy Court. The Company reserves its right to file a motion seeking authority to use cash collateral of the lenders under the reserve-based revolving credit facility. The case is being administrated under the caption *In re: ApplianceSmart, Inc.* (case number 19-13887). Court filings and other information related to the Chapter 11 Case are available at the PACER Case Locator website for those registered to do so or at the Courthouse located at One Bowling Green, Manhattan, New York 10004.

The Company will continue to consolidate ApplianceSmart as ApplianceSmart remains under the control of management and not the Bankruptcy Court. ApplianceSmart maintains its ability to operate under the normal course of business throughout the bankruptcy proceedings. The Company will continue to evaluate any triggering events that indicate a loss of control that may result in deconsolidation.

Critical Accounting Policies

Our unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Preparation of these statements requires us to make judgments and estimates. Some accounting policies have a significant and material impact on amounts reported in these financial statements. Estimates and assumptions are based on management's experience and other information available prior to the issuance of our financial statements. Our actual realized results may differ materially from management's initial estimates as reported. Our critical and significant accounting policies include Trade and Other Receivables, Inventories, Goodwill, Revenue Recognition, Fair Value Measurements, Stock Based Compensation, Income Taxes, Segment Reporting and Concentrations of Credit Risk. For a summary of significant accounting policies and the means by which we develop estimates thereon, see ("Part 1, Item 1 of this 10-Q report – Financial Statements - Notes to unaudited condensed consolidated financial statements Note 2 – summary of significant accounting policies), which are an integral component of this filing.

Results of Operations Three Months Ended December 31, 2019 and 2018

The following table sets forth certain statement of income items and as a percentage of revenue, for the periods indicated:

	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018	
		% of Total Revenue		% of Total Revenue
Statement of Income Data:				
Revenue	$ 42,001	100.0 %	$ 53,196	100.0 %
Cost of Revenue	25,375	60.4 %	33,859	63.6 %
Gross Profit	16,626	39.6 %	19,337	36.4 %
General and Administrative Expense	10,809	25.7 %	12,901	24.3 %
Selling and Marketing Expense	2,330	5.5 %	4,346	8.2 %
Operating Income	3,487	8.3 %	2,090	3.9 %
Interest Expense, net	(1,357)	(3.2)%	(1,653)	(3.1)%
Impairment charges	(614)	-1.5 %	—	0.0 %
Other Income (expense)	(181)	(0.4)%	1,660	3.1 %
Net Income before Income Taxes	1,335	3.2 %	2,097	3.9 %
Provision for Income Taxes	350	0.8 %	567	1.1 %
Net Income	$ 985	2.3 %	$ 1,530	2.9 %

The following table sets forth revenues for key product categories revenue and percentages of total revenue for each key product category indicated:

	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018	
	Net Revenue	% of Total Revenue	Net Revenue	% of Total Total Revenue
Revenue				
Used Movies, Music, Games and Other	$ 10,415	24.8 %	$ 11,258	21.2 %
New Movies, Music, Games and Other	9,660	23.0 %	10,388	19.5 %
Rentals, Concessions and Other	200	0.5 %	296	0.6 %
Retail Appliance	1,213	2.9 %	8,703	16.4 %
Carpets	13,360	31.8 %	14,290	26.9 %
Hard Surface Products	6,852	16.3 %	6,935	13.0 %
Synthetic Turf Products	155	0.4 %	1,157	2.2 %
Directory Services	146	0.3 %	169	0.3 %
Total Revenue	$ 42,001	100.0 %	$ 53,196	100.0 %

The following table sets forth gross profit earned by key product categories and gross profit as a percentage of revenue for each key product category indicated:

	Three Months Ended December 31, 2019		Three Months Ended December 31, 2018	
	Gross Profit	Gross Profit %	Gross Profit	Gross Profit %
Gross Profit				
Used Movies, Music, Games and Other	$ 8,322	79.9 %	$ 9,074	80.6 %
New Movies, Music, Games and Other	2,495	25.8 %	2,395	23.1 %
Rentals, Concessions and Other	77	38.6 %	197	66.6 %
Retail Appliance	227	18.7 %	1,911	22.0 %
Carpets	3,840	28.7 %	3,661	25.6 %
Hard Surface Products	1,444	21.1 %	1,747	25.2 %
Synthetic Turf Products	84	54.2 %	193	16.7 %
Directory Services	138	94.5 %	159	94.1 %
Total Gross Profit	$ 16,626	39.6 %	$ 19,337	36.4 %

Revenue

Revenue decreased $11,195 or 21% for the three months ended December 31, 2019 as compared to the three months ended December 31, 2018 primarily due to the ApplianceSmart retail location closures during fiscal 2019 and a decrease in synthetic turf products due to the sale of equipment for this division during December 2018.

Cost of Revenue

Cost of revenue decreased $8,484, or 25% for the three months ended December 31, 2019 as compared to the three months ended December 31, 2018 proportionately with the decrease in revenue.

Gross Profit

Gross profit decreased $2,711 or 14% to $16,626 for the three months ended December 31, 2019 as compared to $19,337 the three months ended December 31, 2018 due to the decrease in revenue and costs of revenues discussed above.

General and Administrative Expense

General and Administrative expense decreased $2,092 or 26%, for the three months ended December 31, 2019 as compared to the three months ended December 31, 2018 primarily due to lower costs resulting from the decrease rent expense and employee costs associated with closure of the ApplianceSmart retail locations.

Selling and Marketing Expense

Selling and marketing expense decreased $2,016 or 46%, for the three months December 31, 2019 as compared to the three months ended December 31, 2018 primarily due to reduced marketing efforts related to the ApplianceSmart retail location closures.

Operating Income

Because of the factors described above, operating income of $3,487 for the three months ended December 31, 2019 represented an increase of $1,397 or 67% over the comparable prior year period of $2,090.

Interest Expense, net

Interest expense net decreased $296 or 18%, for the three months ended December 31, 2019 as compared to the three months ended December 31, 2018 as the Company continues to repay its debt obligations.

Impairment charges

During the three months ended, the Company incurred $614 of impairment charges related to the decision to close additional ApplianceSmart retail locations. These locations physically closed during the three months ended March 31, 2020. There were no similar charges during the three months ended December 31, 2018.

Other Income

Other expense of $181 for the three months ended December 31, 2019 was primarily related to the warrant extension fair value adjustment. Other income of $1,660 for the three months ended December 31, 2018 was driven by $1,518 of gain on sale of the Marquis Synthetic Turf Products business during December 2018.

Provision for Income Taxes

Provision for income taxes was $350, for the three months ended December 31, 2019 as compared to $567 for the three months ended December 31, 2018 primarily due to the variance in net income.

Net Income

The factors described above led to net income of $985 for the three months ended December 31, 2019, compared to net income of $1,530 for the three months ended December 31, 2018.

Segment Performance

We report our business in the following segments: Retail and Online, Manufacturing and Services. We identified these segments based on a combination of business type, customers serviced and how we divide management responsibility. Our revenues and profits are driven through our physical stores, e-commerce, individual sales reps and our internet services.

Operating income by operating segment, is defined as income before net interest expense, other income and expense, provision for income taxes and income attributable to non-controlling interest.

	Three Months Ended December 31, 2019				Three Months Ended December 31, 2018			
	Retail & Online	Manufacturing	Services	Total	Retail & Online	Manufacturing	Services	Total
Revenue	$ 21,488	$ 20,367	$ 146	$ 42,001	$ 30,645	$ 22,382	$ 169	$ 53,196
Cost of Revenue	10,368	14,999	8	25,375	17,068	16,781	10	33,859
Gross Profit	11,120	5,368	138	16,626	13,577	5,601	159	19,337
General and Administrative Expense	9,677	1,132	—	10,809	11,410	1,491	—	12,901
Selling and Marketing Expense	497	1,833	—	2,330	2,405	1,941	—	4,346
Operating Income (Loss)	$ 946	$ 2,403	$ 138	$ 3,487	$ (238)	$ 2,169	$ 159	$ 2,090

	Three Months Ended December 31, 2019 Segments in % of Revenue				Three Months Ended December 31, 2018 Segments in % of Revenue			
	Retail & Online	Manufacturing	Services	Total	Retail & Online	Manufacturing	Services	Total
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Revenue	48.2%	73.6%	5.5%	60.4%	55.7%	75.0%	5.9%	63.6%
Gross Profit	51.8%	26.4%	94.5%	39.6%	44.3%	25.0%	94.1%	36.4%
General and Administrative Expense	45.0%	5.6%	0.0%	25.7%	37.2%	6.7%	0.0%	24.3%
Selling and Marketing Expense	2.3%	9.0%	0.0%	5.5%	7.8%	8.7%	0.0%	8.2%
Operating Income (Loss)	4.4%	11.8%	94.5%	8.3%	-0.8%	9.7%	94.1%	3.9%

Retail and Online Segment

Segment results for Retail and Online include Vintage Stock and ApplianceSmart. Revenue for the three months ended December 31, 2019 decreased $9,157, or 30%, as compared to the prior year, primarily due to the ApplianceSmart retail location closures during fiscal 2019. Cost of revenue for the three months ended December 31, 2019 decreased $6,700 or 39%, as compared to the prior year period, primarily due to the decrease in revenue. Operating income for the three months ended December 31, 2019 was $946, as compared to operating loss of $238 the prior year period, primarily due to the decrease in gross profit, general and administrative costs and selling and marketing expenses due to ApplianceSmart retail location closures.

Manufacturing Segment

Segment results for Manufacturing include Marquis, which is our carpet, hard surface and synthetic turf products business. Revenue for the three months ended December 31, 2019 decreased $2,015, or 9%, as compared to the prior year period, due to decrease in synthetic turf products due to the sale of equipment for this division during December 2018. Cost of revenue for the three months ended December 31, 2019 decreased proportionately with revenue, as compared to the prior year period. Operating income for the three months ended December 31, 2019 remained constant compared to the prior year period.

Services Segment

Segment results for Services include Telco results, which is our directory services business. Revenues and operating income continue to decline due to decreasing renewals. We expect revenue and operating income from this segment to continue to decrease in the future. We are no longer accepting new customers in our directory services business.

Liquidity and Capital Resources

Overview

Based on our operating plans as of December 31, 2019, we believe that available cash balances, cash generated from our operating activities and funds available under our asset based revolver lines of credit will provide sufficient liquidity to fund our operations, pay our scheduled loan payments, fund our continued investments in store openings and remodeling activities, continue to repurchase shares, and pay dividends on our shares of Series E Preferred Stock as declared by the Board of Directors, for at least the next 12 months.

We have two asset-based revolver lines of credit (i) Bank of America Revolver Loan ("BofA Revolver") used by Marquis and (ii) Texas Capital Bank Revolver Loan ("TCB Revolver") used by Vintage Stock.

As of December 31, 2019, we had total cash on hand of $1,502, an additional $14,387 of available borrowing under the BofA Revolver, and an additional $2,493 of available borrowing under the TCB Revolver. As we continue to pursue acquisitions and other strategic transactions to expand and grow our business, we regularly monitor capital market conditions and may raise additional funds through borrowings or public or private sales of debt (including convertible debt) or equity securities. The amount, nature, and timing of any borrowings or sales of debt (including convertible debt) or equity securities will depend on our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

In March 2020, there was a global outbreak of COVID-19 (CoronaVirus) that has resulted in changes in global supply of certain products. The pandemic is having an unprecedented impact on the U.S. economy as federal, state, and local governments react to this public health crisis, which has created significant uncertainties. These uncertainties include, but are not limited to, the potential adverse effect of the pandemic on the economy, our supply chain partners, our employees and customers, customer sentiment in general, and traffic within shopping centers, and, where applicable, malls, containing our stores. As the pandemic continues to grow, consumer fear about becoming ill with the virus and recommendations and/or mandates from federal, state, and local authorities to avoid large gatherings of people or self-quarantine are continuing to increase, which has already affected, and may continue to affect, traffic to our stores. As of March 31, 2020, Vintage Stock has closed all of its retail locations in response to the crisis. Vintage expects to reopen its retail locations as soon as possible while maintaining compliance with government mandates. We are unable to predict when stores will reopen or if additional periods of store closures will be needed or mandated. Continued impacts of the pandemic could materially adversely affect our near-term and long-term revenues, earnings, liquidity, and cash flows, and may require significant actions in response, including but not limited to, employee furloughs, reduced store hours, store closings, expense reductions or discounting of pricing of our products, all in an effort to mitigate such impacts. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak within the U.S., the impact on capital and financial markets and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently.

Working Capital

We had working capital of $4,608 as of December 30, 2019 as compared to working capital of $20,727 as of September 30, 2019 with current assets decreasing by $3,493 and current liabilities increasing by $12,626. Such changes in working capital were primarily attributable to the increase in short term lease obligations due to the adoption of the new lease accounting standard, an increase in the current portion of debt, a decrease in trade receivables and net debtor in possession liabilities.

Cash Flows from Operating Activities

The Company's cash and cash equivalents at December 31, 2019 was $1,502 compared to $2,681 at September 30, 2019, a decrease of $1,179. Net cash provided by operations was $2,999 for the three months ended December 31, 2019 as compared to net cash provided by operations of $8,249 for the same period in 2019 primarily due to the Result of operations discussed above.

Our primary source of cash inflows is from customer receipts from sales on account, factor accounts receivable proceeds and net remittances from directory services customers processed in the form of ACH billings. Our most significant cash outflows include payments for raw materials and general operating expenses, including payroll costs and general and administrative expenses that typically occur within close proximity of expense recognition.

Cash Flows from Investing Activities

Our cash flows used in investing activities of $645 for the three months ended December 31, 2019 consisted primarily of purchases of property and equipment. Our cash flows provided by investing activities of $3,835 for the three months ended December 31, 2018 consisted primarily of proceeds from the sale of property and equipment.

Cash Flows from Financing Activities

Our cash flows used in financing activities during the three months ended December 31, 2019 consisted of $972 net payments under revolver loans, purchase of treasury stock $343, payment on notes payable $2,042 and cash classified as debtor in possession of $173.

Our cash flows used in financing activities during the three months ended December 31, 2018 consisted of $7,347 in net payments under revolver loans, and payment on notes payable of $3,258.

Currently, the Company does not intend to issue shares of common stock for liquidity purposes. We prefer to use asset-based lending arrangements and mezzanine financing together with Company provided capital to finance acquisitions and have done so historically. Occasionally, as our Company history has demonstrated, we will issue stock and derivative instruments linked to stock for services and or debt settlement.

Sources of Liquidity

We utilize cash on hand and cash generated from operations and have funds available to us under our two revolving loan facilities (the BofA Revolver and TCB Revolver) to cover normal and seasonal fluctuations in cash flows and to support our various growth initiatives. Our cash and cash equivalents are carried at cost and consist primarily of demand deposits with commercial banks. Our term debt facilities are not revolving credit facilities and require scheduled payments of principal and interest.

BofA Revolver

Marquis may borrow funds for operations under the BofA Revolver subject to availability as described in Note 7 to the consolidated financial statements. The following tables summarize the BofA Revolver for the period:

	During the three months ended December 31,	
	2019	2018
Cumulative borrowing during the period	$ 24,344	$ 22,723
Cumulative repayment during the period	23,817	28,013
Maximum borrowed during the period	2,083	8,071
Weighted average interest for the period	3.66 %	4.27 %

	December 31, 2019	September 30, 2019
Total availability	$ 14,387	$ 14,914
Total outstanding	541	13

TCB Revolver

Vintage Stock may borrow funds for operations under the TCB Revolver subject to availability as described in Note 7 to the consolidated financial statements. The following tables summarize the TCB Revolver for the period:

	During the three months ended December 31,	
	2019	2018
Cumulative borrowing during the period	$ 18,626	$ 19,320
Cumulative repayment during the period	19,709	21,376
Maximum borrowed during the period	11,798	16,078
Weighted average interest for the period	4.13 %	4.50 %

	December 31, 2019	September 30, 2019
Total availability	$ 2,493	$ 1,410
Total outstanding	9,507	10,590

Future Sources of Cash; New Products and Services

We may require additional debt financing and or capital to finance new acquisitions, refinance existing indebtedness, or other strategic investments in our business. Other sources of financing may include stock issuances, additional loans, or other forms of financing. Any financing obtained may further dilute or otherwise impair the ownership interest of our existing stockholders.

Off-Balance Sheet Arrangements

At December 31, 2019, we had no off-balance sheet arrangements, commitments, or guarantees that require additional disclosure or measurement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2019, we did not participate in any market risk-sensitive commodity instruments for which fair value disclosure would be required. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases or commodity price risk.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure control and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of December 31, 2019, the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's CEO and CFO, do not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent or detect all error and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following: judgements in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes, controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override, the design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2019. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") of 2013 regarding Internal Control – Integrated Framework. Based on our assessment using those criteria, our management concluded that our internal controls over financial reporting were ineffective as of September 30, 2019. Management noted the following deficiencies that management believes to be material weaknesses:

- The Company does not have sufficient segregation of duties within its accounting functions, which is a basic internal control. Due to its size and nature, segregation of all conflicting duties may not always be possible and may not be economically feasible. However, to the extent possible, the initiation of transactions, the custody of assets and the recording of transactions should be performed by separate individuals. Management evaluated the impact of its failure to have segregation of duties on its assessment of its disclosure controls and procedures and has concluded that the control deficiency that resulted represented a material weakness;
- The Company does not have written documentation of our internal control policies and procedures. Written documentation of key internal controls over financial reporting is a requirement of Section 404 of the Sarbanes-Oxley Act;
- Management has not established appropriate and rigorous procedures for evaluating internal controls over financial reporting. Due to limited resources and lack of segregation of duties, documentation of the limited control structure has not been accomplished; and
- The Company employ policies and procedures for reconciliation of the financial statements and note disclosures, however, these processes are not appropriately followed or documented.

In response to the above identified weaknesses in our internal control over financial reporting, we plan to work on documenting in writing our internal control policies and procedures and implement sufficient segregation of duties within our accounting functions, so that one person cannot initiate, authorize and execute transactions, and so that one person cannot record transactions in the accounting records without sufficient review by a separate person. We do not have a specific timeline within which we expect to conclude these remediation initiatives but do expect it to be an on-going process for the foreseeable future. We continue to evaluate testing of our internal control policies and procedures, including assessing internal and external resources that may be available to complete these tasks, but do not know when these tasks will be completed.

A material weakness (within the meaning of PCAOB Auditing Standard No. 5) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

Please refer to ‘‘Item 3. Legal Proceedings’’ in our Annual Report on Form 10-K for the year ended September 30, 2019 for information regarding material pending legal proceedings. Except as set forth therein and below, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

On November 1, 2019, OIRE Minnesota, L.L.C. filed suit against ApplianceSmart in the Hennepin Court alleging, among other things, breach of contract and seeking damages in excess of $60,000. This matter was subsequently settled for an aggregate of $20 on February 18, 2020 in exchange for full mutual releases.

On July 22, 2019, Trustee Main/270, LLC (the “Reynoldsburg Landlord”) filed a lawsuit against ApplianceSmart and JanOne Inc. (formerly known as Appliance Recycling Centers of America, Inc.) (“JanOne”) in the Franklin County Common Pleas Court in Columbus, Ohio, alleging, with respect to ApplianceSmart, default under a lease agreement and, with respect to JanOne, guaranty of lease. The complaint sought damages of $1,530,000 attorney fees, and other charges. On or about September 27, 2019, the parties entered into a second lease modification agreement and ratification of agreement (the “Second Lease Modification Agreement”) whereby the Reynoldsburg Landlord restored ApplianceSmart’s access to the property. Pursuant to the terms of the Second Lease Modification Agreement, in exchange for such restored access, ApplianceSmart paid the Reynoldsburg Landlord $141,000 in partial satisfaction of past due rent and costs and the Reynoldsburg Landlord agreed to dismiss the lawsuit with prejudice. In addition, the Reynoldsburg Landlord agreed to reduced minimum annual rent for the remainder of the term and waived the rent due for October 2019, December 2019, and January 2020. In addition, JanOne ratified its guaranty under the lease.

ITEM 1A. Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item. However, in light of the coronavirus pandemic, the Company provides the following additional risk factor, which supplements the risk factors previously disclosed by the Company in Part I, Item 1A, Risk Factors, of the 2019 10-K:

The recent coronavirus outbreak could have an adverse effect on our business.

Concerns are rapidly growing about the global outbreak of a novel strain ofcoronavirus (COVID-19). The virus has spread rapidly across the globe, including the U.S. The pandemic is having an unprecedented impact on the U.S. economy as federal, state, and local governments react to this public health crisis, which has created significant uncertainties. These uncertainties include, but are not limited to, the potential adverse effect of the pandemic on the economy, our supply chain partners, our employees and customers, customer sentiment in general, and traffic within shopping centers, and, where applicable, malls, containing our stores. As the pandemic continues to grow, consumer fear about becoming ill with the virus and recommendations and/or mandates from federal, state, and local authorities to avoid large gatherings of people or self-quarantine are continuing to increase, which has already affected, and may continue to affect, traffic to our stores. As of March 31, 2020, Vintage Stock has closed all of its stores in response to the crisis and may close additional stores as the crisis continues to spread. We are unable to predict when stores will reopen or if additional periods of store closures will be needed or mandated. Continued impacts of the pandemic could materially adversely affect our near-term and long-term revenues, earnings, liquidity, and cash flows, and may require significant actions in response, including but not limited to, employee furloughs, reduced store hours, store closings, expense reductions or discounting of pricing of our products, all in an effort to mitigate such impacts. The extent of the impact of the pandemic on our business and financial results will depend largely on future developments, including the duration of the spread of the outbreak within the U.S., the impact on capital and financial markets and the related impact on consumer confidence and spending, all of which are highly uncertain and cannot be predicted. This situation is changing rapidly, and additional impacts may arise that we are not aware of currently.

ITEM 2. Unregistered Sales of Equity Securities and Use of funds

On February 20, 2018, the Company announced a $10 million common stock repurchase program. Below are the purchases during the three months ended December 31, 2019:

Period	Number of Shares	Average Purchase Price Paid	Number of Share Purchases as Part of a Publicly Announced Plan or Program	Maximum Amount that May be Purchased Under the Announced Plan or Program
October 2019	6,737	$ 8.45	6,737	$ 8,753,141
November 2019	18,107	8.15	18,107	8,603,241
December 2019	16,855	7.88	16,855	8,468,310
	41,699		41,699	

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

Live Ventures Incorporated

Item 1.01. Entry into a Material Definitive Agreement.

On April 9, 2020, Live Ventures Incorporated (the "Company"), entered into and delivered to Isaac Capital Group, LLC (the "Lender"), an unsecured revolving line of credit promissory note whereby the Lender agreed to provide the Company with a $1,000,000 revolving credit facility (the "Unsecured Revolving Credit Facility"). The Unsecured Revolving Credit Facility matures on April 8, 2023, bears interest at 10.0% per annum, and provides for the payment of interest monthly in arrears. The foregoing transaction did not include the issuance of any shares of the Company's common stock, warrants, or other derivative securities.

As of January 29, 2020, the Lender is a record and beneficial owner of approximately 38.4% of the outstanding capital stock of the Company, and Jon Isaac, the Company's President and Chief Executive Officer, and manager and sole member of the Lender, is a record and beneficial owner of approximately 45.9% of the outstanding capital stock of the Company.

The foregoing description of the Unsecured Revolving Credit Facility does not purport to be complete and is qualified in its entirety by reference to the complete text of the unsecured revolving line of credit promissory note, a copy of which is attached hereto as Exhibit 10.3 and is incorporated herein by reference.

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

The information set forth in Item 1.01 above is incorporated by reference into this Item 2.03.

Vintage Stock

Item 1.01. Entry into a Material Definitive Agreement.

On April 10, 2020, the Company and Vintage Stock Affiliated Holdings LLC ("Holdings") and Vintage Stock, Inc. (the "Borrower"), each subsidiaries of the Company, entered into a Limited Waiver and Second Amendment (the "Limited Waiver and Second Amendment") to Amended and Restated Credit Agreement (the "Credit Agreement"), Second Amendment to Amended and Restated Management Fee Subordination Agreement (the "Management Fee Subordination Agreement") and First Amendment to Limited Guaranty (the "Guaranty"), with Comvest Capital IV, L.P. ("Comvest") and the other parties thereto. The Limited Waiver and Second Amendment, among other things (i) waives, and in certain instances conditionally waives, certain financial covenant and other events of default that occurred under the Credit Agreement, (ii) confirms that the loan under the Credit Agreement will bear interest at an interest rate equal to the London Interbank Offered Rate ("LIBOR") plus an applicable margin of 8.75% for the calendar months May, June, July, and August 2020, and that the applicable margin will reset on September 1, 2020 and be based on the senior leverage ratio pricing grid for the fiscal quarter ending June 30, 2020, (iii) provides that the parties will negotiate in good faith a reset of the financial covenants contained in the Credit Agreement by September 15, 2020, provided that any changes to such financial covenants shall not be more restrictive on the Borrower than those in effect prior to the date of the Limited Waiver and Second Amendment, (iv) extends the due date of the July 1, 2020 amortization payment to no later than August 1, 2020, (v) provides that any and all mandatory prepayments arising from any voluntary act of the Borrower are subject to a prepayment premium of the principal amount prepaid plus a make-whole amount of 1.00% if the mandatory prepayment is made on or before June 7, 2021, (vi) eliminates the requirement that the Company to make contributions to the Borrower with respect certain payments to be made by the Borrower to a subordinated loan holder, (vii) modifies a condition precedent under which Vintage Stock is permitted to pay management fees to the Company by requiring certain amortization and excess cash flow payments that were previously waived to be paid prior to such management fees, and (viii) provides for the Company to make additional equity contributions by the Company to the Borrower.

On April 10, 2020, the Borrower entered into that certain Waiver and Agreement Regarding Availability Reserves (the "TCB Waiver") with Texas Capital Bank, National Association ("TCB"). The TCB Waiver (i) waives, and in certain instances conditionally waives, certain financial covenant and other events of default that occurred under the Loan Agreement dated November 3, 2016 between Borrower and TCB (the "TCB Loan Agreement"), and the events of default that occurred under the Limited Waiver and Second Amendment as described in the foregoing paragraph, (ii) waives any testing of the fixed charge coverage ratio under the TCB Loan Agreement through the June 30, 2020 testing date, and (iii) waives the implementation by TCB of "availability reserves" under the TCB Loan Agreement until the earlier of (w) May 31, 2020, (x) April 22, 2020 unless the initial equity contribution contemplated by clause (viii) in the foregoing paragraph is made, (y) the date any default or event of default occurs under the TCB Loan Agreement, or (z) the date the Borrower fails to comply with any provision of the TCB Waiver, the Credit Agreement, or any other loan document contemplated by the Credit Agreement.

The foregoing descriptions of the Limited Waiver and Second Amendment and TCB Waiver do not purport to be complete and are qualified in their entirety by reference to the complete text of such agreements, copies of which are attached hereto as Exhibit 10.4 and Exhibit 10.5, respectively, to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

ITEM 6. Exhibits

The following exhibits are filed with or incorporated by reference into this Quarterly Report.

Exhibit Number	Exhibit Description	Form	File Number	Exhibit Number	Filing Date
2.3	Purchase Agreement dated November 1, 2019, by and among Marquis Affiliated Holdings LLC, Lonesome Oak Trading Co., Inc., and J. Chadwick McEntire	8-K	001-333937	2.3	02/10/20
2.4	First Amendment to Purchase Agreement dated November 1, 2019, by and among Marquis Affiliated Holdings LLC, Lonesome Oak Trading Co., Inc., and J. Chadwick McEntire	8-K	001-333937	2.4	02/10/20
3.1	Amended and Restated Articles of Incorporation	8-K	000-24217	3.1	08/15/07
3.2	Certificate of Change	8-K	001-333937	3.1	09/07/10
3.3	Certificate of Correction	8-K	001-333937	3.1	03/11/13
3.4	Certificate of Change	10-Q	001-333937	3.1	02/14/14
3.5	Articles of Merger	8-K	001-333937	3.1.4	10/08/15
3.6	Certificate of Change	8-K	001-333937	3.1.5	11/25/16
3.7	Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016	10-K	001-333937	3.1.6	12/29/16
3.8	Bylaws of Live Ventures Incorporated	10-Q	001-33937	3.8	08/14/18
10.1	Consent, Joinder and First Amendment to Loan and Security Agreement by and among Marquis Affiliated Holdings LLC, Marquis Industries, Inc., Lonesome Oak Trading Co., Inc., and Isaac Capital Fund I, LLC as Lender	10-K	001-33937	10.19	02/10/20
10.2	Consent, Joinder and Eighth Amendment to Loan and Security Agreement dated January 31, 2020 among Marquis Affiliated Holdings LLC, Marquis Industries, Inc., Lonesome Oak Trading Co., Inc., and Bank of America, N.A.	10-K	001-33937	10.31	02/10/20
10.3*	Unsecured Revolving Line Promissory Note dated April 9, 2020 issued to Isaac Capital Group, LLC				
10.4*	Limited Waiver and Second Amendment to Amended and Restated Credit Agreement, Second Amendment to Amended and Restated Management Fee Subordination Agreement and First Amendment to Limited Guaranty as of April 9, 2020, by and among the Lenders, Comvest Capital IV, L.P., as agent for the Lenders, Vintage Stock, Inc., and acknowledged and agreed to by Vintage Stock Affiliated Holdings LLC, and with respect to certain sections, Live Ventures Incorporated				
10.5*	Waiver and Agreement Regarding Availability Reserves dated April 10, 2010 by and among Texas Capital Bank, National Association and Vintage Stock, Inc.				
31.1*	Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 202				

31.2*	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 202
32.1*	Certification of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
Ex. 101.INS*	XBRL Instance Document
Ex. 101.SCH*	XBRL Taxonomy Extension Schema Document
Ex. 101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
Ex. 101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
Ex. 101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
Ex. 101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith

SIGNATURES

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

Live Ventures Incorporated

Dated: August 14, 2020

/s/ Jon Isaac
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2020

/s/ Virland A. Johnson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 10.3

UNSECURED REVOLVING LINE OF CREDIT PROMISSORY NOTE

April 9, 2020

For value received, Live Ventures Incorporated, a Nevada corporation ("***Borrower***"), hereby promises to pay to the order of Isaac Capital Group, LLC ("***Lender***"), at such address as the Lender may designate, the principal sum of $1,000,000, or the aggregate unpaid principal amount of all advances made by the Lender to the Borrower hereunder, whichever is less, in lawful money of the United States of America. During the period from the date hereof until April 8, 2023 (the "***Maturity Date***"), within two business days of a written request (including by e-mail) from Borrower, Lender shall make advances ("***Advances***") hereunder and the Borrower may borrow, repay, and reborrow; provided, however, that the aggregate amount of all advances at any one time outstanding shall not exceed the face amount of this Unsecured Revolving Line of Credit Promissory Note (this "***Note***"); and provided, further, that the Lender's obligation to make advances and the Borrower's right to borrow, repay, and reborrow are subject to the terms, conditions and limitations contained in this Note. If any advances are made during the period from the date hereof until the Maturity Date, the outstanding principal balance of all advances hereunder plus accrued but unpaid interest thereon, and all other indebtedness under this Note, if not sooner paid, shall be due and payable on the Maturity Date.

The outstanding principal of all Advances hereunder will bear interest at 10.0% per annum. Interest on the outstanding principal of all Advances shall be payable at the rate set forth above and shall be payable in arrears on the last day of each month commencing May 31, 2020 and on the Maturity Date. Interest shall be computed on the basis of a 360-day year and actual days elapsed. Upon default or after judgment has been rendered on this Note, the unpaid principal of all Advances shall, at the option of the Lender, bear interest at a rate which is 3.0% points per annum greater than that which would otherwise be applicable.

All payments hereunder shall be applied first to the payment of interest on the unpaid principal of all Advances outstanding under this Note, and then to the balance on account of the principal of all Advances due under this Note.

If at any time, the rate of interest, together with all amounts which constitute interest and which are reserved, charged or taken by Lender as compensation for fees, services, or expenses incidental to the making, negotiating, or collection of any Advance evidenced hereby, shall be deemed by any competent court of law, governmental agency, or tribunal to exceed the maximum of rate of interest permitted to be charged by Lender to Borrower, then, during such time as such rate of interest would be deemed excessive, that portion of each sum paid attributable to that portion of such interest rate that exceeds the maximum rate of interest so permitted shall be deemed a voluntary prepayment of principal.

The Borrower may prepay this Note, in whole or in part, at any time, without penalty or premium.

The Borrower agrees to pay all taxes levied or assessed upon the outstanding principal against any holder of this Note and to pay all reasonable costs, including attorneys' fees, costs relating to the appraisal and/or valuation of assets and all other costs and expenses incurred in the collection, protection, defense, preservation, or enforcement of this Note or any endorsement of this Note or in any litigation arising out of the transactions of which this Note or any endorsement of this Note is a part.

THE LENDER AND THE BORROWER IRREVOCABLY WAIVE ALL RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING HEREAFTER INSTITUTED BY OR AGAINST THE LENDER OR THE BORROWER IN RESPECT OF THIS NOTE OR ARISING OUT OF ANY DOCUMENT, INSTRUMENT OR AGREEMENT EVIDENCING, GOVERNING OR SECURING THIS NOTE, INCLUDING THE AFORESAID AGREEMENT.

Borrower hereby waives diligence, demand, presentment for payment, notice of nonpayment, protest and notice of protest, and notice of any renewals or extensions of this Note, and all rights under any statute of limitations, and agrees that the time for payment of this Note may be changed and extended at the Lender's sole discretion, without impairing the Borrower's liability hereon, and further consents to the release of all or any part of the security for the payment hereof at the discretion of the Lender. Any delay on the part of the Lender in exercising any right hereunder shall not operate as a waiver of any such right, and any waiver granted for one occasion shall not operate as a waiver in the event of any subsequent default.

The making of an Advance at any time shall not be deemed a waiver of, or consent, agreement or commitment by the Lender to the making of any future Advance to the Borrower.

If any provision of this Note shall, to any extent, be held invalid or unenforceable, then only such provision shall be deemed ineffective and the remainder of this Note shall not be affected.

This Note shall bind the successors and assigns of the Borrower and shall inure to the benefit of the Lender, its successors and assigns.

This Note shall be governed by and construed in accordance with the laws of the State of Nevada.

(Remainder of this page intentionally left blank; signatures begin on the next page.)

Borrower:

LIVE VENTURES INCORPORATED

By: /s/ Virland A. Johnson
Name: Virland A. Johnson
Title: Chief Financial Officer

Lender:

ISAAC CAPITAL GROUP, LLC

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President and Chief Executive Officer

LIMITED WAIVER AND SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, SECOND AMENDMENT TO AMENDED AND RESTATED MANAGEMENT FEE SUBORDINATION AGREEMENT AND FIRST AMENDMENT TO LIMITED GUARANTY

This **LIMITED WAIVER AND SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT, SECOND AMENDMENT TO AMENDED AND RESTATED MANAGEMENT FEE SUBORDINATION AGREEMENT AND FIRST AMENDMENT TO LIMITED GUARANTY** (this "Amendment") is entered into as of April 10, 2020, by and among the Lenders, **COMVEST CAPITAL IV, L.P.** , as agent for the Lenders (the "Agent"), **VINTAGE STOCK, INC.**, a Missouri corporation (the "Borrower"), and acknowledged and agreed to by **VINTAGE STOCK AFFILIATED HOLDINGS LLC** , a Nevada limited liability company and sole equity holder of the Borrower (the "Parent"), and, other than with respect to Sections 2, 3, 8(a) and 12 of this Amendment, **LIVE VENTURES INCORPORATED**, a Nevada corporation (the "Sponsor").

W I T N E S S E T H

WHEREAS, the Borrower, the Parent, the Lenders from time to time party thereto and Agent are party to that certain Amended and Restated Credit Agreement, dated as of June 7, 2018 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, the Agent, the Sponsor, Parent and the Borrower are party to that certain Amended and Restated Management Fee Subordination Agreement, dated as of June 7, 2018 (as amended, restated, supplemented, or otherwise modified from time to time, the "Management Fee Subordination Agreement");

WHEREAS, the Sponsor and Agent are party to that certain Limited Guaranty, dated as of June 7, 2018 (as amended, restated, supplemented, or otherwise modified from time to time, the "Sponsor Guaranty");

WHEREAS, (i) the Borrower has failed to comply with Section 6.18(b) of the Credit Agreement for the Fiscal Quarter ending December 31, 2019, which resulted in an Event of Default under Section 7.01(c) of the Credit Agreement (the "Financial Covenant Default"), (ii) the Borrower has failed to comply with Section 2.01(b) of the Credit Agreement with respect to the amortization payment due on April 1, 2020, which resulted in an Event of Default under Section 7.01(b)(i) of the Credit Agreement (the "Payment Default" and, together with the Financial Covenant Default, the "Financial Covenant and Payment Events of Default"), (iii) the Borrower has failed to comply with various covenants set forth in Article V of the Credit Agreement on and prior to the date hereof as the result of the COVID-19 pandemic (the "COVID-19 Pandemic"), which resulted in Events of Default under Section 7.01(e) of the Credit Agreement (the "Affirmative Covenant Defaults"), and (iv) an Event of Default has occurred under Section 7.01(q) of the Credit Agreement from the Borrower's closure of its retail locations as the result of the COVID-19 Pandemic (the "Cessation of Business Operations Default", and, together with the Affirmative Covenant Defaults, the "COVID-19 Related Events of Default"; the COVID-18 Related Events of Default, together with the Financial Covenant and Payment Events of Default, the "Specified Events of Default"); and

WHEREAS, the "Cumulative Defaults", as defined in that certain Waiver and Agreement Regarding Availability Reserves, dated as of the date hereof (the "TCB Waiver"), between the Borrower and the Revolving Lender, have occurred and are continuing, resulting in Events of Default under Section 7.01(f)(y) of the Credit Agreement (the "Specified Cross Defaults"); and

WHEREAS, the Borrower (i) proposes to make certain amendments to the Credit Agreement, the Management Fee Subordination Agreement and Sponsor Guaranty and (ii) requests that the Agent and Lenders waive the Specified Events of Default, and the Agent and the Lenders are willing to agree to make such amendments and waive, or conditionally waive, as applicable, the Specified Events of Default, in each case, on the terms and conditions set forth herein.

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

1. Defined Terms. Each capitalized term used herein and not defined herein shall have the meaning ascribed to such term in the Amended Credit Agreement (as defined below).

2. Waiver.

(a) Limited Waiver. Subject to the satisfaction of each of the conditions to effectiveness set forth in Section 5, the Agent and Required Lenders hereby irrevocably waive (x) the Event of Default with respect to the Financial Covenant Default (as defined in the TCB Waiver, and such Event of Default, the "Financial Covenant Cross Default") and (y) the Financial Covenant and Payment Events of Default and all rights and remedies under the Amended Credit Agreement and the other Loan Documents arising as a result of the occurrence and continuance of the Financial Covenant Cross Default and the Financial Covenant and Payment Events of Default; provided that nothing contained herein shall in any way (i) waive, release, modify or limit any Loan Party's obligations to otherwise comply with all terms and conditions of any or all of the Amended Credit Agreement (after giving effect to this Amendment) and the other Loan Documents or (ii) waive, release, modify, hinder, restrict or otherwise limit any or all of Agent's or any Lender's rights, remedies and privileges thereunder following the occurrence of any Default or Event of Default under the Amended Credit Agreement, other than with respect to the Financial Covenant Cross Default and the Financial Covenant and Payment Events of Default.

(b) Conditional Waiver. Subject to the satisfaction of each of the conditions to effectiveness set forth in Section 5, and strictly in accordance with the terms of this Section 2, the Agent and the Required Lenders hereby conditionally waive the COVID-19 Related Events of Default and all rights and remedies under the Credit Agreement and the other Loan Documents arising as a result of the occurrence and continuance of the COVID-19 Related Cross Defaults and the COVID-19 Related Events of Default; provided, that if the Loan Parties have not commenced ordinary course business operations on or prior to July 31, 2020, as determined by the Agent in Agent's Discretion,

the foregoing conditional waiver shall be immediately revoked, and the COVID-19 Related Cross Defaults and the COVID-19 Related Events of Default shall be continuing retroactive to the date the first COVID-19 Related Cross Default or COVID-19 Related Event of Default occurred; provided further, that nothing contained herein shall in any way (i) waive, release, modify or limit any Loan Party's obligations to otherwise comply with all terms and conditions of any or all of the Amended Credit Agreement (after giving effect to this Amendment) and the other Loan Documents or (ii) waive, release, modify, hinder, restrict or otherwise limit any or all of Agent's or any Lender's rights, remedies and privileges thereunder following the occurrence of any Default or Event of Default under the Amended Credit Agreement, other than with respect to the COVID-19 Related Cross Defaults and the COVID-19 Related Events of Default.

3. Amendments to Credit Agreement. Each of the parties hereto agrees and consents that, effective on the Second Amendment Effective Date, the Credit Agreement shall be amended (the Credit Agreement, as so amended, the "Amended Credit Agreement") to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the Amended Credit Agreement attached as Exhibit A hereto.

4. Amendments to Management Fee Subordination Agreement.

(a) Section 1 of the Management Fee Subordination Agreement is hereby amended by amending and restating the definition "Standstill Period" to read as follows:

""Standstill Period" shall mean the period beginning on the Second Amendment Effective Date and ending such time as all of the following conditions have been satisfied: (1) (i) the Senior Leverage Ratio as of the last day of any Fiscal Quarter is less than 2.25:1.00 and (ii) the Borrower has delivered to the Senior Agent an officer's certificate executed by the Chief Executive Officer or Chief Financial Officer of the Borrower certifying as to the foregoing subclause (i) and setting forth in reasonable detail the calculation of the Senior Leverage Ratio as of such date (the "Leverage Conditions" and the date the Leverage Conditions are satisfied, the "Leverage Conditions Date"); provided, that if after the Leverage Conditions Date, the Senior Leverage Ratio as of the last day of any Fiscal Quarter is greater than or equal to 2.25:1.00, the Leverage Conditions shall no longer be satisfied as of such day, and (2) after the Second Amendment Effective Date, and without giving effect to any repayment or prepayment that shall have occurred prior to the Second Amendment Effective Date, the Borrower has repaid the Term Loans in an amount equal to $2,350,000, exclusive of any mandatory prepayments or repayments otherwise required under the Credit Agreement including under Section 2.01(b) of the Credit Agreement."

5. Amendments to Sponsor Guaranty.

(a) The Sponsor Guaranty is hereby amended by adding a new Section 27 to read as follows:

"**27. Specified 2020 Equity Contributions**. Notwithstanding anything to the contrary set forth herein, (i) on or prior to April 22, 2020, the Guarantor shall have made, directly or indirectly, an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Agent) to the Borrower in cash in an amount not less than $1,000,000, and (ii) to the extent that the Agent and Guarantor shall have mutually determined, acting reasonably, that the Borrower shall require further liquidity in light of the then current market conditions, including the availability to the Borrower of any disaster relief program, legislation or similar assistance program in respect, or enacted in response to, COVID-19, on such date as the Agent and Guarantor shall mutually determine, acting reasonably, the Guarantor shall have made, directly or indirectly, an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Agent) to the Borrower in cash in an amount determined by the Guarantor and Agent, acting reasonably."

(b) Agent, each Lender, each Loan Party and the Sponsor each hereby acknowledge and agree that, as of the Second Amendment Effective Date, Sections 2 through 5 of the Sponsor Guaranty are hereby terminated, it being understood that the Sponsor's obligations under Section 1 of the Sponsor Guaranty were terminated on the First Amendment Effective Date.

6. Conditions Precedent to Amendment. The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of this Amendment and each and every provision hereof (the date such conditions precedent are satisfied, the "Second Amendment Effective Date"):

(a) Agent (or its counsel) shall have received, in form and substance satisfactory to Agent:

(i) this Amendment duly executed by the Agent, the Lenders party hereto, the Borrower, Parent and Sponsor;

(ii) a waiver and amendment to the Revolving Loan Credit Agreement, duly executed by the parties thereto; and

(iii) evidence that the Borrower has paid to the Agent all fees, expenses and reimbursement amounts due and payable to the Agent and Lenders (and reasonable evidence of which has been provided to Borrower) have been paid.

(b) The representations and warranties in this Amendment shall be true and correct on and as of the date hereof.

(c) As of the date hereof and after giving effect to the waivers set forth in Section 2, no event shall have occurred and be continuing or would result from the consummation of the transactions contemplated by this Amendment that would constitute an Event of Default or a Default.

(d) Agent shall have received such other information, documents, instruments or approvals as Agent or its counsel may reasonably request.

7. Governing Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORKWITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES (OTHER THAN SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

8. Representations and Warranties.

(a) Each Loan Party hereby represents and warrants to Agent and each Lender that:

(i) at the time of and immediately after giving effect to this Amendment, all representations and warranties set forth in the Loan Documents are true and correct in all respects on and as of the date of this Amendment, in each case before (other than any such representations and warranties expressly addressed by the consents or the amendments contained herein) and after giving effect hereto, except to the extent made as of a specific date (in which case such representations and warranties shall be true and correct in all respects as of such date);

(ii) the execution, delivery, and performance by such Loan Party of this Amendment (1) are within such Loan Party's powers and have been duly authorized by all necessary action on the part of such Loan Party, (2) do not and will not violate (A) any provision of any Applicable Law or any order of any court or other agency of government, or (B) any provision of the Organic Documents of any such Loan Party, or any Contract to which such Loan Party is a party, or by which any such Loan Party or any assets or properties of any such Loan Party are bound, and (3) do not conflict with, result in a breach of, or constitute (after the giving of notice or lapse of time or both) a default under, or except for any Lien in favor of Agent, for the benefit of Agent and the other Secured Persons, as may be provided in the Loan Documents, result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of Borrower or any other Loan Party pursuant to, any such Organic Document, Contract or otherwise;

(iii) this Amendment constitutes such Loan Party's valid and binding obligation, enforceable against such Loan Party in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium laws, or other similar laws affecting creditors' rights and general principles of equity;

(iv) this Amendment has been duly executed and delivered by such Loan Party;

(v) after giving effect to the waivers set forth in Section 2, no Default or Event of Default has occurred and is continuing; and

(vi) as of the date hereof, no Material Adverse Effect has occurred and is continuing or would result from the consummation of the transactions contemplated by this Amendment.

(b) Sponsor represents and warrants to Agent and each Lender that:

(i) at the time of and immediately after giving effect to this Amendment, all representations and warranties of the Sponsor set forth in the Loan Documents are true and correct in all respects on and as of the date of this Amendment, in each case before (other than any such representations and warranties expressly addressed by the consents or the amendments contained herein) and after giving effect hereto, except to the extent made as of a specific date (in which case such representations and warranties shall be true and correct in all respects as of such date);

(ii) the execution, delivery, and performance by Sponsor of this Amendment (1) are within such Sponsor's powers and have been duly authorized by all necessary action on the part of the Sponsor, (ii) do not and will not violate (A) any provision of any Applicable Law or any order of any court or other agency of government, or (B) any provision of the Organic Documents of Sponsor, or any Contract to which Sponsor is a party, or by which Sponsor or any assets or properties of Sponsor are bound, and (iii) do not conflict with, result in a breach of, or constitute (after the giving of notice or lapse of time or both) a default under any such Organic Document, Contract or otherwise;

(iii) this Amendment constitutes Sponsor's valid and binding obligation, enforceable against Sponsor in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium laws, or other similar laws affecting creditors' rights and general principles of equity; and

(iv) this Amendment has been duly executed and delivered by Sponsor.

; provided, that any representation or warranty in this Amendment or any other Loan Document that is qualified by, or otherwise relates to the occurrence of, a Material Adverse Effect shall not be made untrue or incorrect solely as the result of the COVID-19 Pandemic.

9. Entire Agreement; Effect of Amendment. This Amendment, and the terms and provisions hereof, and the documents referenced herein, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersede any and all prior or contemporaneous amendments relating to the subject matter hereof. There are no oral

agreements among the parties pertaining to the subject matter hereof. The Amended Credit Agreement and the other Loan Documents (as amended hereby) shall be and remain in full force and effect in accordance with its respective terms and hereby is ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not, except as expressly set forth herein, operate as a consent to, as a waiver of or as an amendment of, any right, power, or remedy of Agent or any Lender under the Amended Credit Agreement or any other Loan Document, in each case, as in effect prior to the date hereof. To the extent any terms or provisions of this Amendment conflict with those of Amended Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control. This Amendment is a "Loan Document" for all purposes.

10. Counterparts. This Amendment 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 Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by facsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by facsimile also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Reaffirmation. Each of Loan Party and Sponsor hereby (a) acknowledges and reaffirms its obligations to Agent and each Lender under any Loan Document (as amended hereby) to which it is a party and (b) agrees that each of the Loan Documents (as amended, modified or waived hereby) to which it is a party shall remain in full force and effect.

12. Ratification of Security Interests and Liens. Each Loan Party hereby confirms and agrees that: (a) all security interests and Liens granted to the Agent pursuant to the Loan Documents continue in full force and effect and (b) all Collateral remains free and clear of any Liens other than Liens in favor of Agent and other Permitted Liens. Nothing herein contained is intended to impair the validity, priority and extent of Agent's security interest in and Liens upon the Collateral.

13. Further Assurances. Each party hereto agrees to take such action and execute, acknowledge and deliver, at their sole cost and expense, such agreements, instruments or other documents as may be reasonably necessary to carry out the intent of this Amendment.

14. Miscellaneous.

(a) Upon the effectiveness of this Amendment, each reference in the Amended Credit Agreement, the Management Fee Subordination Agreement or the Sponsor Guaranty, as applicable, to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Amended Credit Agreement, the Management Fee Subordination Agreement or the Sponsor Guaranty, as applicable, shall mean and refer to the Amended Credit Agreement or to the Management Fee Subordination Agreement or the Sponsor Guaranty, as applicable, as amended by this Amendment.

(b) Upon the effectiveness of this Amendment, each reference in any Loan Document to the "Credit Agreement", "Management Fee Subordination Agreement" or "Sponsor Guaranty" as applicable, "thereunder", "therein", "thereof" or words of like import referring to the Amended Credit Agreement, the Management Fee Subordination Agreement or Sponsor Guaranty, as applicable, shall mean and refer to the Amended Credit Agreement or the Management Fee Subordination Agreement or Sponsor Guaranty, as applicable, as amended by this Amendment.

(c) This Amendment shall not constitute a modification of the Amended Credit Agreement or any other Loan Document or a course of dealing with Agent or any Lender at variance with the Amended Credit Agreement such as to require further notice by Agent or any Lender to require strict compliance with the terms of the Amended Credit Agreement and the other Loan Documents in the future, except as expressly set forth herein.

15. RELEASE. IN CONSIDERATION OF THE AMENDMENTS CONTAINED HEREIN THE SUFFICIENCY OF WHICH IS HEREBY ACKNOWLEDGED, EACH LOAN PARTY AND SPONSOR HEREBY IRREVOCABLY RELEASES AND FOREVER DISCHARGES AGENT AND EACH LENDER AND EACH OF THEIR RESPECTIVE AFFILIATES AND ITS OFFICERS, PARTNERS, DIRECTORS, TRUSTEES, EMPLOYEES AND AGENTS (EACH, A "RELEASED PERSON") OF AND FROM ALL DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS AND CAUSES OF ACTION WHATSOEVER WHICH ANY SUCH PERSON MAY NOW HAVE OR CLAIM TO HAVE ON AND AS OF THE DATE HEREOF AGAINST ANY RELEASED PERSON, WHETHER PRESENTLY KNOWN OR UNKNOWN, LIQUIDATED OR UNLIQUIDATED, SUSPECTED OR UNSUSPECTED, CONTINGENT OR NON-CONTINGENT, AND OF EVERY NATURE AND EXTENT WHATSOEVER WITH RESPECT TO THE AMENDED CREDIT AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED THEREBY, EXCEPT WITH RESPECT TO OBLIGATIONS UNDER THE LOAN DOCUMENTS TO BE PERFORMED BY ANY RELEASED PERSON AFTER THE DATE OF THIS AMENDMENT (COLLECTIVELY, "CLAIMS"). EACH LOAN PARTY AND SPONSOR EACH HEREBY REPRESENTS AND WARRANTS TO AGENT, DOCUMENTATION AGENT AND EACH LENDER THAT NO SUCH PERSON HAS GRANTED OR PURPORTED TO GRANT TO ANY OTHER PERSON ANY INTEREST WHATSOEVER IN ANY CLAIM, AS SECURITY OR OTHERWISE.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their duly authorized officer as of the day and year first written above.

COMVEST CAPITAL IV, L.P.,
as Agent and a Lender
By: ComVest Capital IV Partners, L.P., its General Partner
By: ComVest Capital IV Partners UGP, LLC, its General Partner

By: /s/ Jason Gelberd
Name: Jason Gelberd
Title: Partner

COMVEST CAPITAL IV (LUXEMBOURG) MASTER FUND, SCSP,
as a Lender

By: Comvest Capital Advisors, LLC, as investment manager

By: /s/ Jason Gelberd
Name: Jason Gelberd
Title: Partner

VINTAGE STOCK, INC.,
as Borrower

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: CEO

Acknowledged and Agreed:

VINTAGE STOCK AFFILIATED HOLDINGS LLC,
as Parent

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President

LIVE VENTURES INCORPORATED,
as Sponsor

(other than with respect to
Sections 2, 3, 8(a) and 12 of this Amendment)

By: /s/ Jon Isaac
Name: Jon Isaac
Title: President and CEO

Exhibit A to
Limited Waiver and Second Amendment to Amended and Restated Credit Agreement, Second Amendment to Amended and Restated Management Fee Subordination Agreement and First Amendment to Limited Guaranty

Amended Credit Agreement

(see attached).

A&B Draft 04/09/20
~~EXECUTION VERSION~~
Composite copy reflecting amendments made pursuant to (i) the Limited Waiver and First Amendment to Amended and Restated Credit Agreement and Amended and Restated Management Fee Subordination Agreement dated September 3, 2019, and (ii) the Limited Waiver and Second Amendment to Amended and Restated Credit Agreement, Second Amendment to Amended and Restated Management Fee Subordination Agreement and First Amendment to Limited Guaranty dated April [___], 2020
~~Conformed through Limited Waiver and First Amendment to Amended and Restated Credit Agreement and Amended and Amended and Restated Management Fee Subordination Agreement dated September 3, 2019~~

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

June 7, 2018

among

VINTAGE STOCK AFFILIATED HOLDINGS LLC,
as Parent,

VINTAGE STOCK, INC.,
as Borrower,

THE LENDERS PARTY HERETO,
as Lenders,

and

COMVEST CAPITAL IV, L.P.,
as Agent

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AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDED AND RESTATED CREDIT AGREEMENT (as it may from time to time be amended, modified, supplemented and/or restated, this "Agreement ") is made and entered into as of June 7, 2018, as amended on the First Amendment Effective Date, as amended on the Second Amendment Effective Date, by and among the lenders from time to time party hereto ("the "Lenders"), COMVEST CAPITAL IV, L.P., a Delaware limited partnership (in its individual capacity, " Comvest"), as the Agent (as defined below) for all Lenders, VINTAGE STOCK, INC., a Missouri corporation (the "Borrower"), and acknowledged and agreed to by VINTAGE STOCK AFFILIATED HOLDINGS LLC, a Nevada limited liability company and sole equity holder of the Borrower (the "Parent").

W I T N E S S E T H :

WHEREAS, pursuant to the Assignment Agreement (as defined below), (i) Comvest assumed all of the rights, powers, privileges and duties of Existing Term Agent (as defined below) under the Existing Agreement (as defined below), and (ii) the lenders party hereto purchased from the lenders under the Existing Agreement all of the Loans (as defined in the Existing Agreement) held by such lenders and assumed all the right, title and interest of such lenders under the Existing Agreement;

WHEREAS, Parent and the Borrower have requested that Comvest and the lenders amend and restate in its entirety the Existing Agreement, and pursuant to the Amendment and Restatement Agreement (as defined below), Comvest and such lenders have agreed to such request upon the terms and conditions set forth therein and herein;

WHEREAS, the Borrower is engaged in the retail business and through its buy-sell-trade model offers a selection of entertainment products including new and pre-owned movies, video games and music products, as well as ancillary products such as books, comics, toys and collectibles and other related merchandise (collectively, the "Business Operations");

WHEREAS, in order to provide funds for the refinancing of all indebtedness under the Existing Agreement on the Closing Date (as defined below), to pay Transaction Costs (as defined below) and for the Borrower's working capital and other general corporate purposes, the Borrower has requested that the Lenders extend to the Borrower a Term Loan (as defined below) pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, the Lenders are willing to make the Term Loan, on a several basis, to the Borrower on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereby agree as follows:

I. DEFINITIONS

Section 1.01 Defined Terms. In addition to the other terms defined elsewhere in this Agreement, as used herein, the following terms shall have the following meanings:

"Acceleration Event" means the occurrence and continuance of any of the following: (a) an Event of Default under Section 7.01(b) as a result of the failure to pay in full the Term Loan on the Maturity Date, (b) an Event of Default under Section 7.01(g) or Section 7.01(h), or (c) any other Event of Default under Section 7.01 and the declaration by Agent or the Required Lenders pursuant to Section 7.02 that the Obligations are due and payable.

"Accounts" shall mean "accounts" (as defined in the UCC).

"Account Debtor" shall mean any Person who is obligated on an Account.

"Act" shall mean the Securities Act of 1933, as amended, and the rules and regulations thereunder.

"Affected Principal Amount" shall mean the principal amount of Term Loan subject to a Voluntary Act Prepayment.

"Affiliate" shall mean, with respect to any Person, (a) any other Person in Control of, Controlled by, or under common Control with the first Person, (b) any other Person who has a substantial interest, direct or indirect, in the first Person or any of its Affiliates, and (c) any officer or director of such Person or any of the Affiliates of such Person; provided, however, that none of the Agent, any Lender nor any of their respective Affiliates shall be deemed an "Affiliate" of any Loan Party for any purposes of this Agreement solely as a result of receiving any Capital Stock in any Loan Party in connection with making the Term Loan or in connection with exercising any rights and remedies under the Loan Documents. For the purpose of this definition, a "substantial interest" shall mean the direct or indirect legal or beneficial ownership of more than ten percent (10%) of any class of Capital Stock. Notwithstanding anything to the contrary herein, in no event shall the term "Affiliate" be deemed to include any Sponsor Affiliate.

"Agent" shall mean Comvest in its capacity as administrative agent for all Lenders hereunder and any successor thereto in such capacity.

"Agent Advances" shall have the meaning set forth in Section 10.11.

"Agent Payments Letter" shall mean that certain amended and restated letter, dated as of even date with this Agreement, between the Borrower and the Agent regarding certain payments owing from Borrower to Agent.

"Agent's Discretion" shall mean the Agent's determination made in the exercise of commercially reasonable (from the perspective of a secured lender) credit or business judgment.

"Agreement" shall have the meaning set forth in the Preamble.

"Aggregate Term Loan Commitment" shall mean $24,000,000.

"Amendment and Restatement Agreement" shall mean that certain Amendment and Restatement Agreement, dated as of even date herewith, by and among Parent, Borrower, the lenders party thereto and Agent.

"Applicable Amortization Payment" shall mean, as of any date of determination, an amount equal to (i) at any time the Senior Leverage Ratio is greater than or equal to 1.50:1.00, $750,000, and (ii) at any time the Senior Leverage Ratio is less than 1.50:1.00, $600,000. The Applicable Amortization Payment shall be adjusted quarterly, to the extent applicable, as of the first day of the month following the date on which financial statements are required to be delivered pursuant to Section 5.04(b) after the end of the last month of each Fiscal Quarter (including with respect to the last Fiscal Quarter of each Fiscal Year) based on the Senior Leverage Ratio as of the last day of such Fiscal Quarter. Notwithstanding the foregoing, (i) for the Fiscal Quarter ending June 30, 2018, (ii) if Borrower fails to deliver the financial statements required by Section 5.04(b), or the related certificate required by Section 5.04(d), by the respective date required thereunder after the end of the last month of any Fiscal Quarter, for the immediately succeeding Fiscal Quarter and (iii) at any time an Event of Default has occurred and is continuing, the Applicable Amortization Payment shall, in each case, be $750,000. If, as a result of any restatement of or other adjustment to the financial statements of the Loan Parties or for any other reason, Agent determines in Agent's Discretion that (a) the Senior Leverage Ratio as calculated by Parent as of any applicable date was inaccurate and (b) a proper calculation of the Senior Leverage Ratio would have resulted in different principal repayment for any period, then (x) if the proper calculation of Senior Leverage Ratio would have resulted in higher principal repayment for such period, Borrower shall automatically and retroactively be obligated to pay to the Agent promptly on demand by the Agent, an amount equal to the excess of such principal repayment that should have been paid for such period over the amount of the principal repayment actually paid for such period; and (y) if the proper calculation of Senior Leverage Ratio would have resulted in lower principal repayment for such period, then an amount equal to the excess of the amount of the principal repayment actually paid for such period over the amount of the principal repayment that should have been paid for such period shall be automatically applied to the next principal repayment due under this Agreement.

"Applicable ECF Percentage " shall mean, for the Fiscal Quarter ending June 30, 2018 and each Fiscal Quarter thereafter, if the Senior Leverage Ratio (a) is greater than or equal to ~~2.25~~1.50 :1.00, 100%, and (b) is less ~~than 2.25:1.00 but greater~~ than 1.50:1.00, ~~75%, and (c) is less than or equal to 1.50:1.00,~~ 50%.

"Applicable Law" shall mean all applicable provisions of all (a) constitutions, statutes, ordinances, rules, regulations and orders of all governmental and/or quasi-governmental bodies, (b) Government Approvals, and (c) order, judgments and decrees of all courts and arbitrators.

"Applicable Margin" shall mean the applicable rate per annum corresponding to the applicable Senior Leverage Ratio level, all as set forth in the following table:

Level	Senior Leverage Ratio	Applicable Margin for LIBOR Rate	Applicable Margin for Base Rate
I	Greater than 2.25:1.00	9.50%	8.50%
II	Less than or equal to 2.25:1.00 and greater than or equal to 1.25:1.00	8.75%	7.75%
III	Less than 1.25:1.00 and greater than 1.00:1.00	8.50%	7.50%
IV	Less than or equal to 1.00:1.00	8.00%	7.00%

The Applicable Margin shall be adjusted quarterly, to the extent applicable, as of the first day of the month following the date on which financial statements are required to be delivered pursuant to Section 5.04(b) after the end of the last month of each Fiscal Quarter (including with respect to the last Fiscal Quarter of each Fiscal Year) based on the Senior Leverage Ratio as of the last day of such Fiscal Quarter. Notwithstanding the foregoing, (a) until the first day of the month following the calendar month ending December 31, 2018, the Applicable Margin shall be the rate corresponding to Level I in the foregoing table, (b) for the calendar months May, June, July and August 2020, the Applicable Margin shall be the rate corresponding to Level II in the foregoing table and shall be reset on September 1, 2020, based on the Senior Leverage Ratio for the Fiscal Quarter ending June 30, 2020, in accordance with this Agreement, (c) if Borrower fails to deliver the financial statements required by Section 5.04(b), or the related certificate required by Section 5.04(d) , by the respective date required thereunder after the end of the last month of any Fiscal Quarter, the Applicable Margin shall be the rate corresponding to Level I in the foregoing table until such financial statements and certificate are delivered, and (~~e~~d) no reduction to the Applicable Margin shall become effective at any time when an Event of Default has occurred and is continuing.

If, as a result of any restatement of or other adjustment to the financial statements of the Loan Parties or for any other reason, Agent determines in Agent's Discretion that (x) the Senior Leverage Ratio as calculated by Parent as of any applicable date was inaccurate and (y) a proper calculation of the Senior Leverage Ratio would have resulted in different pricing for any period, then (i) if the proper calculation of Senior Leverage Ratio would have resulted in higher pricing for such period, Borrower shall automatically and retroactively be obligated to pay to the Agent promptly on demand by the Agent, an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (ii) if the proper calculation of Senior Leverage Ratio would have resulted in lower pricing for such period, then an amount equal to the excess of the amount of interest actually paid for such period over the amount of interest that should have been paid for such period shall be automatically applied to the next interest payment due under this Agreement.

"Assignment Agreement" shall mean that certain Agent Substitution and Loan Assignment Agreement, dated as of even date herewith, by and among Existing Term Agent, as retiring agent, Comvest, as successor agent, the assigning lenders party thereto, the assignee lenders party thereto and Parent and Borrower, as borrowers.

"Assignment and Acceptance" shall mean an Assignment and Acceptance Agreement substantially in the form of Exhibit C attached hereto, or such other form as may be acceptable to the Agent.

"Audited ECF Calculation" shall have the meaning set forth in the definition of "Required ECF Payment".

"Bankruptcy Code" shall mean Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

"Base Rate" shall mean, for any day, the greatest of (i) the per annum rate of interest which is identified as the "Prime Rate" and normally published in the Money Rates section of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such

other generally available and recognizable source as Agent may select), (ii) the sum of the Federal Funds Rate plus one half percent (0.50%), (iii) the most recently used LIBOR Rate and (iv) two percent (2.00%) per annum. Any change in the Base Rate due to a change in such Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in such Prime Rate or the Federal Funds Rate.

"Borrower" shall have the meaning set forth in the Preamble.

"Borrowing Notice" shall mean a notice executed by the chief executive officer or chief financial officer of the Borrower, appropriately completed and substantially in the form of Exhibit D attached hereto.

"Business Day" shall mean a day other than (a) a Saturday, (b) a Sunday, or (c) a day on which banking institutions in either the State of Florida or the State of New York are authorized or required by Applicable Law or executive order to close.

"Business Operations" shall have the meaning set forth in the Recitals.

"Capital Expenditures" shall mean with respect to any Person, all expenditures of such Person for tangible and other assets which are required, in accordance with GAAP, to be capitalized on the consolidated balance sheet of such Person, and the amount of all Capitalized Lease Obligations of such Person, including all amounts paid or accrued by such Person in connection with the purchase (whether on a cash or deferred payment basis) or lease (including Capitalized Lease Obligations) of any machinery, equipment, real property, improvements to real property (including leasehold improvements), or any other tangible or other asset of such Person which is required, in accordance with GAAP, to be capitalized on the consolidated balance sheet of such Person; provided that "Capital Expenditures" shall not include any New Store Inventory Amounts.

"Capital Stock" shall mean any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including any units of or other interests in a partnership, and any and all warrants, rights or options to purchase any of the foregoing.

"Capitalized Lease" shall mean any lease which is or should be capitalized on the balance sheet of the lessee thereunder in accordance with GAAP.

"Capitalized Lease Obligation" shall mean with respect to any Person, the amount of the liability which reflects the amount of all future payments under all Capitalized Leases of such Person as at any date, determined in accordance with GAAP.

"Cash Equivalents" shall mean (a) marketable securities issued, or directly and fully guaranteed or insured, by the United States of America or any agency or instrumentality thereof (provided that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than twelve (12) months from the date of acquisition; (b) time deposits, demand deposits, certificates of deposit, acceptances or prime commercial paper issued by, or repurchase obligations for underlying securities of the types

described in clause (a) entered into with any commercial bank having a short-term deposit rating of at least A-2 or the equivalent thereof by Standard & Poor's Corporation or at least P-2 or the equivalent thereof by Moody's Investors Service, Inc.; (c) commercial paper with a rating of A-1 or A-2 or the equivalent thereof by Standard & Poor's Corporation or P-1 or P-2 or the equivalent thereof by Moody's Investors Service, Inc. and in each case maturing within twelve (12) months after the date of acquisition; (d) marketable direct obligations issued by any state in the United States or any agency or instrumentality thereof maturing within twelve (12) months from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings generally obtainable from either Standard & Poor's Corporation or Moody's Investors Services, Inc.; (e) tax-exempt commercial paper of United States municipal, state or local governments rated at least A-2 or the equivalent thereof by Standard & Poor's Corporation or at least P-2 or the equivalent thereof by Moody's Investors Services, Inc. and maturing within twelve (12) months after the date of acquisition thereof; or (f) any mutual fund or other pooled investment vehicle which invests principally in the foregoing obligations.

"CERCLA" shall have the meaning set forth in the definition of "Environmental Laws".

"Change of Control" shall mean (a) if Sponsor shall cease to, directly or indirectly, (i) own and control at least 75% of the outstanding Capital Stock of the Parent on a fully diluted basis, (ii) own and control at least 75% of the outstanding voting Capital Stock of the Parent or (iii) possess the right to elect (through contract, ownership of voting securities or otherwise) at all times a majority of the board of directors (or comparable body) of the Parent and to direct the management policies and decisions of the Parent, (b) if the Parent shall cease to directly own and control 100% of each class of the outstanding Capital Stock of Borrower, (c) if Borrower shall cease to, directly or indirectly, own and control 100% of each class of the outstanding Capital Stock of each Subsidiary, or (d) a "Change of Control" (as defined in the Revolving Loan Documents) has occurred.

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

"Closing Payment" shall have the meaning set forth in the Agent Payments Letter.

"Code" shall mean the Internal Revenue Code of 1986, and the rules and regulations promulgated thereunder, as amended and as in effect from time to time.

"Collateral" shall mean all collateral pledged or granted by any or all of the Loan Parties as security for the payment and performance of all or any portion of the Obligations, whether pursuant to the Collateral Agreement or any other Security Document.

"Collateral Agreement" shall mean the Amended and Restated Collateral Agreement, dated as of the Closing Date, by and among the Borrower, the other Loan Parties from time to time parties thereto and the Agent, for its benefit and the benefit of the other Secured Persons, as the same may be amended, modified, supplemented and/or restated from time to time.

"Competitor" shall mean GameStop Corp., Trans World Entertainment Corp. or any of their respective Affiliates.

"Compliance Certificate" shall mean a certificate delivered pursuant to Section 5.04(d) and substantially in the form of Exhibit B attached hereto.

"Comvest" shall have the meaning set forth in the Preamble.

"Confidential Information" shall mean all information that is furnished to the Agent or any Lender by or on behalf of any Loan Party, its Affiliates or any Sponsor Affiliate, and which is designated in writing by such Person as being confidential or would otherwise reasonably be understood to be confidential as of the time it furnishes such information to the Agent or such Lender, pursuant to any Loan Document concerning such Person's business, but does not include any such information once such information has become, or if such information is, generally available to the public or available to the Agent, the applicable Lender or other applicable Person from a source other than such Person which is not, to the Agent's, the applicable Lender's or other applicable Person's knowledge, bound by any confidentiality agreement in respect thereof.

"Contract" shall mean any indenture, contract, lease, license or other agreement (other than this Agreement or any other Loan Document) to which any Loan Party is a party or to which any of their respective properties are subject.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" shall have meanings correlative thereto.

"Control Agreement" shall mean, with respect to each bank account and/or securities account maintained by or in the name of any Loan Party, an agreement (in form and substance satisfactory to the Agent in the Agent's Discretion) executed and delivered by such Loan Party, the depository bank or other applicable account intermediary, as applicable, and the Agent, whereby, among other things, the depository bank or other applicable account intermediary acknowledges the Agent's Lien on such account and all funds or property therein, and "control" (within the meaning of the UCC) over such account is established in favor of the Agent, on behalf of itself and the other Secured Persons.

"Controlled Account" shall mean any bank account or securities account subject to a Control Agreement.

"Covenant Default Equity Contribution" shall have the meaning set forth in Section 6.18(g)(ii).

"Covenant Reset Determination" shall mean a determination by the Agent acting in Agent's Discretion, in consultation with the Borrower, with respect to certain of the financial covenant levels set forth in Section 6.18, it being understood that such determination shall take into account historical cushions to Borrower's financial model and such financial covenant levels shall not be more restrictive on the Borrower than those in effect for the applicable period(s) prior to giving effect to the Second Amendment.

"Current Assets" shall mean, as at any date of determination, the total assets of the Loan Parties on a consolidated basis that may properly be classified as current assets in conformity with GAAP, excluding cash and Cash Equivalents.

"Current Liabilities" shall mean, as at any date of determination, the total liabilities of the Loan Parties on a consolidated basis that may properly be classified as current liabilities in conformity with GAAP, excluding the current portion of long term debt.

"Debtor Relief Laws" shall mean the Bankruptcy Code, and all other applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, receivership, insolvency, reorganization, suspension of payments, readjustment of debt, marshalling of assets, assignment for the benefit of creditors or similar debtor relief laws of the United States, any state or any foreign country from time to time in effect, affecting the rights of creditors generally or the rights of creditors of banks.

"Default" shall mean any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Default Rate Interest" shall have the meaning set forth in Section 2.02(a).

"Defaulting Lender" shall mean any Lender designated as such by Agent that (a) for so long as such failure shall exist, has failed to make its Pro Rata Share of the Term Loan or any other payment that such Lender is required to make pursuant to the terms of this Agreement, or (b)(i) has admitted in writing that it is insolvent or (ii) has become the subject of a bankruptcy insolvency proceeding, or has had a receiver, conservator, trustee or custodian appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of or acquiescence in any such proceeding or appointment (unless, in the case of any Lender referred to in this clause (b), the Agent is reasonably satisfied that such Lender intends, and has the financial wherewithal and all approvals required to enable it, to continue to perform its obligations hereunder as a Lender).

"Disclosure Schedule" shall mean the disclosure schedules attached hereto.

"Disqualified Capital Stock" shall mean any Capital Stock that, by its terms (or by the terms of any security or other Capital Stock into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the date which is ninety-one (91) days after the Maturity Date, (b) is convertible into or exchangeable for (i) debt securities or (ii) any Capital Stock referred to in clause (a) above, in each case at any time prior to the date which is ninety-one (91) days after the Maturity Date, (c) contains any repurchase obligation that may come into effect either (i) prior to payment in full of all Obligations or (ii) prior to the date that is ninety-one (91) days after the Maturity Date or (d) provides for scheduled payments or the payment of cash dividends or distributions prior to the date that is ninety-one (91) days after the Maturity Date.

"Dollars" or "$" shall mean United States Dollars, lawful currency for the payment of public and private debts.

"Domestic Subsidiary" shall mean any Subsidiary which is incorporated or formed solely under the laws of the United States, any State or Commonwealth in the United States, or the District of Columbia.

"EBITDA" shall mean, for the applicable period, for the Loan Parties on a consolidated basis, the sum of (a) Net Income, plus (b) Interest Expense deducted in the calculation of such Net Income, plus (c) taxes on income, whether paid, payable or accrued, deducted in the calculation of such Net Income, plus (d) depreciation expense deducted in the calculation of such Net Income, plus (e) amortization expense deducted in the calculation of such Net Income, plus (f) all non-cash impairment charges with respect to goodwill or intangible assets deducted in the calculation of such Net Income, plus (g) all other non-cash, non-recurring or unusual losses, charges or expenses deducted in the calculation of such Net Income (x) solely to the extent any such losses, charges or expenses do not relate to, or are not in respect of, any accounts receivable or inventory, in an amount not to exceed $500,000 in any Fiscal Year, and (y) any other such losses, charges or expenses which have been approved in writing by Agent in its sole discretion for the purpose of an add back to EBITDA, plus (h) Transaction Costs deducted in the calculation of such Net Income in an amount not to exceed $1,100,000, plus, (i) third-party costs, fees and expenses incurred in connection with the Loan Documents (other than Transaction Costs) or the Revolving Loan Documents in an amount not to exceed $150,000 during any Fiscal Year (the "Third Party Fee Cap") deducted in the calculation of such Net Income (provided that any such costs, fees or expenses of Agent, any Lender or Revolving Lender (including any attorneys' fees or expenses of Agent, any Lender or Revolving Lender) shall not be subject to, or included in the calculation of, the Third Party Fee Cap), plus (j) Management Fees (whether or not paid in cash) during such Fiscal Year to the extent deducted in the calculation of such Net Income, plus (k) losses and setup and store operating costs in an aggregate amount not to exceed $75,000 per retail location of the Loan Parties permitted to be established under Section 6.18(f) during the first nine (9) months such retail location is in operation.

Notwithstanding anything to the contrary herein, EBITDA shall be deemed to be, for the calendar month ending (i) April 30, 2017, $904,000, (ii) May 31, 2017, $1,021,000, (iii) June 30, 2017, $1,480,000, (iv) July 31, 2017, $1,026,000, (v) August 31, 2017, $440,000, (vi) September 30, 2017, $944,000, (vii) October 31, 2017, $170,000, (viii) November 30, 2017, $801,000, (ix) December 31, 2017, $2,727,000, (x) January 31, 2018, $438,000, (xi) February 28, 2018, $1,467,000, and (xii) March 31, 2018, $1,436,000.

"Environmental Laws" shall mean and include all federal, state, local and other laws, rules, regulations, ordinances, permits, orders, and consent decrees agreed to by any Loan Party, and all Environmental Notices, relating to health, safety, and environmental matters applicable to the business and property of any Loan Party. Such laws and regulations include but are not limited to the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 et seq., as amended; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 et seq., as amended; the Toxic Substances Control Act ("TSCA"), 15 U.S.C. §2601 et seq., as amended; the Clean Water Act, 33 U.S.C. §1331 et seq., as amended, and applicable common law to the extent it establishes duties, liabilities or causes of action related to the release, presence, disposal of or other exposure to Hazardous Substances.

"Environmental Notice" shall mean any actual summons, citation, directive, information request, notice of potential responsibility, notice of violation or deficiency, order, claim, complaint, investigation, proceeding, judgment, letter, or other communication, written or oral, from the United States Environmental Protection Agency or other federal, state, local or other agency or authority, or any other entity or individual, public or private, concerning any intentional or unintentional act or omission which involves management of Hazardous Substances in amounts in violation of Environmental Laws on or off any Real Properties; the imposition of any Lien on any Real Properties, including Liens asserted by government entities, in connection with any of any Loan Party's response to the presence or Release of Hazardous Substances in amounts in violation of Environmental Laws; and any alleged violation of or responsibility under any Environmental Laws.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"ERISA Affiliate" shall mean, with respect to any Person, any other Person which is under common control with the first Person within the meaning of Section 414(b), 414(c), 414(m) or 414(o) of the Code; provided, however, that with respect to the Borrower, no Person which is an Affiliate of the Agent or any Lender (other than the Loan Parties) shall be deemed an ERISA Affiliate for purposes of this Agreement.

"Event of Default" shall have the meaning set forth in Section 7.01.

"Excess Cash Flow" shall mean, without duplication, with respect to any Fiscal Quarter, (a) the sum of (i) EBITDA plus (ii) the Working Capital Adjustment minus (b) the sum of (i) income taxes and Interest Expense of the Loan Parties paid in cash during such Fiscal Quarter to the extent deducted in determining Net Income, plus (ii) unfinanced Capital Expenditures made during such Fiscal Quarter, plus (iii) Management Fees paid in cash during such Fiscal Quarter, plus (iv) all other non-cash charges added back to EBITDA (less all other non-cash income added in determining Net Income), plus (v) third-party costs, fees and expenses incurred in connection with the Loan Documents (including Transaction Costs) or the Revolving Loan Documents, in each case to the extent paid in cash during such Fiscal Quarter, plus (vi) scheduled principal payments paid in cash in respect of Senior Debt of the Loan Parties (excluding repayment of Revolving Loans except to the extent the related revolving commitments are permanently reduced in connection with such repayments), plus (vii) voluntary prepayments of the Term Loan pursuant to Section 2.01(c).

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

"Excluded Equity Contribution" shall mean any cash equity contribution from Sponsor to Parent and/or from Parent to Borrower (in each case, funded with a capital contribution to Parent or proceeds of Capital Stock issued by Parent having terms acceptable to the Agent in the Agent's Discretion and in any case, not constituting Disqualified Capital Stock) used within 30 days of receipt solely for purposes of specifically identified capital expenditures, store openings and/or payment of Revolving Loans.

"Excluded Tax" shall mean with respect to any interest, make whole, or fee or other amount received by a recipient under this Agreement, net income taxes imposed on the recipient of such amount by the jurisdiction in which such recipient is organized or has a present or former connection, other than a connection arising solely from entering into the Loan Documents, receiving any payments under the Loan Documents, or enforcing any rights or remedies under the Loan Documents.

"Existing Agreement" shall mean that certain Term Loan Agreement, dated as of November 3, 2016, by and among Borrower and Parent, as borrowers, the subsidiaries of the Borrower party thereto, the lenders party thereto and Existing Term Agent.

"Existing Term Agent" shall mean Wilmington Trust, National Association, as administrative agent under the Existing Agreement.

"Extraordinary Receipts" shall mean, except as otherwise agreed to be excluded from this definition by Agent in writing in the Agent's Discretion, any cash or Cash Equivalents received by or paid to or for the account of any Loan Party not in the Ordinary Course of Business including amounts received in respect of foreign, United States, state or local tax refunds, purchase price adjustments, indemnification payments, and pension plan reversions.

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor or version that is substantially compatible and not more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into by the United States pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Rate" shall mean, for any day, a rate per annum (rounded upward to the nearest 1/100th of 1%) equal to the rate published by the Federal Reserve Bank of New York on the preceding Business Day or, if no such rate is so published, the average rate per annum, as determined by Agent in Agent's Discretion, quoted for overnight Federal Funds transactions last arranged prior to such day.

"Financial Statements" shall have the meaning set forth in Section 3.01(a).

"First 2020 Equity Contribution" shall have the meaning set forth in Section 5.16.

"First Amendment" shall mean that certain Limited Waiver and First Amendment to Amended and Restated Credit Agreement and Amended and Restated Management Fee Subordination Agreement, dated as of September 3, 2019**, by and among the Borrower, the Agent and the Lenders and acknowledged and agreed to by the Parent and the Sponsor.**

"First Amendment Effective Date" shall mean the date that the conditions set forth in Section 5 of the First Amendment have been satisfied (or waived pursuant to Section 11.01).

"Fiscal Quarter" shall mean a fiscal quarter of Borrower, ending on March 31, June 30, September 30 or December 31 of each calendar year.

"Fiscal Year" shall mean the fiscal year of the Borrower which ends on September 30 of each year.

"Fixed Charge Coverage Ratio" shall mean, with respect to any Fiscal Quarter, the ratio of (i) EBITDA minus unfinanced Capital Expenditures to (ii) Fixed Charges of the Loan Parties on a consolidated basis, in each case for the twelve (12) month period ending on the last day of such Fiscal Quarter; provided, that for purposes of determining Fixed Charges with respect to items (a) and (b) of the definition of Fixed Charges for the Fiscal Quarter ending (A) June 30, 2018, the amount of such items for the one Fiscal Quarter period then ending shall be multiplied by four (4), (B) September 30, 2018, the amount of such items for the two Fiscal Quarter period then ending shall be multiplied by two (2), and (C) December 31, 2018, the amount of such items for the three Fiscal Quarter period then ending shall be multiplied by four-thirds (4/3).

"Fixed Charges" shall mean, for the period in question, on a consolidated basis, the sum of (a) all principal payments scheduled or required to be made during or with respect to such period in respect of Indebtedness of the Loan Parties (excluding payment of Revolving Loans except to the extent the related revolving commitments are permanently reduced in connection with such payments), plus (b) all Interest Expense of the Loan Parties for such period paid or required to be paid in cash during such period, plus (c) all taxes of the Loan Parties paid or required to be paid for such period, plus (d) all distributions, dividends, redemptions and other cash payments made or required to be made during such period with respect to the Capital Stock of any Loan Party, plus (e) all Management Fees paid or required to be paid during such period plus (f) the positive difference, if any, of (i) the value of inventory of the Loan Parties on a consolidated basis as of such date minus (ii) the value of inventory of the Loan Parties on a consolidated basis one (1) year prior to such date (provided, that, for the Fiscal Quarters ending June 30, 2018, September 30, 2018, December 31, 2018 and March 31, 2019, the amount in this clause (ii) shall be deemed to be the value of the inventory of the Loan Parties on a consolidated basis as of the Closing Date).

"Foreign Lender" shall have the meaning set forth in Section 2.07(a).

"Foreign Subsidiary" shall mean any Subsidiary which is not a Domestic Subsidiary.

"FRB" shall mean the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" shall mean generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination, applied on a consistent basis.

"Government Approval" shall mean an authorization, consent, non-action, approval, license or exemption of, registration or filing with, or report to, any governmental or quasi-governmental department, agency, body or other unit.

"Guaranty", "Guaranteed" or to "Guarantee", as applied to any Indebtedness, liability or other obligation, shall mean (a) a guaranty, directly or indirectly, in any manner, including by way of endorsement (other than endorsements of negotiable instruments for collection in the Ordinary Course of Business), of any part or all of such Indebtedness, liability or obligation, and (b) an agreement, contingent or otherwise, and whether or not constituting a guaranty, assuring, or intended to assure, the payment or performance (or payment of damages in the event of non-performance) of any part or all of such Indebtedness, liability or obligation by any means (including the purchase of securities or obligations, the purchase or sale of property or services, or the supplying of funds).

"Hazardous Substances" shall mean hazardous waste, hazardous substance, pollutant, contaminant, toxic substance, oil, hazardous material, chemical or other substance regulated by any Environmental Law.

"Indebtedness" shall mean (without duplication), with respect to any Person, (a) any and all obligations or liabilities, contingent or otherwise, of such Person for borrowed money, (b) any and all obligations of such Person represented by promissory notes, bonds, debentures or the like, or on which interest charges are customarily paid, (c) any and all liability of such Person secured by any mortgage, pledge, lien or security interest on property owned or acquired, whether or not such liability shall have been assumed, (d) any and all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) any and all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding trade payables incurred in the Ordinary Course of Business that are not one hundred and twenty (120) days or more past their respective invoice dates, but including the maximum potential amount payable under any earn-out or similar obligations), (f) any and all Capitalized Lease Obligations of such Person, (g) any and all obligations (contingent or otherwise) of such Person as an account party or applicant in respect of letters of credit and/or bankers' acceptances, or in respect of financial or other hedging obligations, (h) any and all Disqualified Capital Stock of such Person, (i) any and all principal outstanding under any synthetic lease, off-balance sheet loan or similar financing product with respect to such Person, and (j) any and all Guarantees, endorsements (other than for collection in the Ordinary Course of Business) and other contingent obligations of such Person in respect of the obligations of others.

"Intercompany Subordination Agreement" shall mean that certain Intercompany Subordination Agreement, dated as of the Closing Date, among the Agent, as the senior creditor, the Parent, the Borrower, and each other Loan Party that holds any Indebtedness owing by any other Loan Party, as subordinated creditors.

"Intercreditor Agreement" means that certain Amended and Restated Intercreditor Agreement, dated as of the Closing Date, by and between Agent and Revolving Lender, and acknowledged by the Loan Parties.

"Interest Expense" shall mean, for the applicable period, for the Loan Parties on a consolidated basis, total interest expense (including interest attributable to Capitalized Leases) and fees with respect to outstanding Indebtedness, in accordance with GAAP.

"Interest Rate" shall have the meaning set forth in Section 2.02(a).

"Interest Settlement Date" shall have the meaning set forth in Section 2.10.

"Investment", as applied to any Loan Party, shall mean: (a) any investment by such Loan Party in any shares of Capital Stock, evidence of Indebtedness or other security issued by any other Person, (b) any loan to advance or extension of credit to, or contribution to the capital of, any other Person by such Loan Party, other than credit terms extended to customers in the Ordinary Course of Business, (c) any other investment by such Loan Party in any assets (other than purchases of non-material assets in the Ordinary Course of Business), Capital Stock of any other Person, and (d) any commitment to make or do any of the foregoing.

"Lenders" shall have the meaning set forth in the Preamble.

"Liabilities and Contingencies" shall have the meaning set forth in Section 3.01(c).

"LIBOR Rate" shall mean the greater of (a) a rate per annum equal to the London interbank offered rate for deposits in Dollars for a period of one month and for the outstanding principal amount of the Term Loan as published in the "Money Rates" section of The Wall Street Journal (or another national publication selected by Agent if such rate is not so published), two Business Days prior to the first day of such one month period and (b) one percent (1.00%) per annum.

"Lien" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, or any other type of preferential arrangement that has the practical effect of creating a security interest, in respect of such asset.

"Liquidity " shall mean, as of any date of determination ~~for Parent and its Subsidiaries on a consolidated basis equal to (a) the aggregate average Revolving Commitments for the sixty (60) day period ending on such date minus (b) the average Total Utilization of Revolving Commitments for the sixty (60) day period ending on such date.~~, an amount equal to the sum of (i) the immediately available and Unrestricted Cash-on-Hand of the Loan Parties on deposit in a Controlled Account and (ii) "Availability" under the Revolving Loan Credit Agreement as determined by the Agent with reference to the most recent borrowing base certificate delivered to the Agent (subject to any adjustments made by the Agent in consultation with the Revolving Lender or otherwise in Agent's Discretion).

"Liquidity Determination Date" shall mean the third (3rd) Business Day of each calendar week.

"Liquidity Report" shall mean a report signed by the Chief Financial Officers of the Borrower, in form and substance satisfactory to the Agent in Agent's Discretion, which sets forth Liquidity and such other information related thereto as requested by the Agent in Agent's Discretion.

"Loan Documents" shall mean the collective reference to this Agreement, the Notes, the Security Documents, the Loan Party Guaranty, the Sponsor Guaranty, the Intercompany Subordination Agreement, the Intercreditor Agreement, the Seller Debt Subordination Agreement, the Sponsor Debt Subordination Agreement, the Management Fee

Subordination Agreement, the Assignment Agreement, the Agent Payments Letter, the Amendment and Restatement Agreement and any and all other agreements, instruments, certificates and other documents as may be executed and delivered by any and all Loan Parties in connection with the foregoing, in each case, as same may be amended, modified, supplemented and/or restated from time to time.

"Loan Party" shall mean the Parent, the Borrower or any Subsidiary of the Borrower, as applicable; and "Loan Parties" shall mean, collectively, the Parent, the Borrower and its Subsidiaries.

"Loan Party Guaranty " shall mean the Continuing Guaranty, dated as of the Closing Date, by and among Parent and each Subsidiary party thereto, in favor of the Agent, for its benefit and the benefit of the other Secured Persons, as same may be amended, modified, supplemented and/or restated from time to time, pursuant to which the Parent and each such Subsidiary guarantees the full and timely payment and performance of all of the Obligations.

"Make Whole Amount" shall mean with respect to any Voluntary Act Prepayment, an amount equal to the present value of the amount of the regularly scheduled interest payments (calculated with reference to the last used (as of the time of such Voluntary Act Prepayment) non-default LIBOR Rate (or non-default Base Rate, if Base Rate was then used more recently than LIBOR Rate)) plus the last used Applicable Margin, and with the assumption that such LIBOR Rate (or Base Rate, as applicable) plus such Applicable Margin would have continued to apply through the No Call Period End Date had such Voluntary Act Prepayment not been made, discounted to the date such Voluntary Act Prepayment was made at a rate equal to the sum of (a) the U.S. Treasury rate then published in the Key Interest Rates section of the Market Data Center of The Wall Street Journal (or, if such rate ceases to be so published, as quoted from such other generally available and recognizable source as the Agent may select) (indexed off of the 3-year U.S. treasury note) plus (b) 0.50%.

"Management Fees" shall have the meaning set forth in the Management Fee Subordination Agreement.

"Management Fee Subordination Agreement" shall mean that certain Amended and Restated Management Fee Subordination Agreement, dated as of the Closing Date, by and between the Sponsor and Agent and acknowledged by the Borrower.

"Master Agreement" shall have the meaning set forth in the definition of "Swap Contract".

"Material Adverse Effect" shall mean any event, act, omission, condition or circumstance which, individually or in the aggregate, has a material adverse effect on (a) the business, operations, properties, assets or condition, financial or otherwise, of any Loan Party, (b) the ability of any Loan Party to perform any of its obligations under any of the Loan Documents, or (c) the validity or enforceability of, or the Agent's or Lenders' rights and remedies under, any of the Loan Documents.

"Material Contracts" shall have the meaning set forth in Section 3.05.

"Mature Retail Location" shall mean, as of any date of determination, any retail location of a Loan Party established and in operation continuously for a period of eighteen (18) months or more as of such date.

"Maturity Date" shall mean May 26, 2023.

"Net Income" shall mean the consolidated net income (or loss) of the Loan Parties, determined on a consolidated basis in accordance with GAAP, but excluding therefrom (to the extent otherwise included therein): (i) any extraordinary gains or losses, (ii) any gains attributable to write-ups of assets or losses attributable to write-downs of assets, (iii) any equity interest of any Loan Party or any Subsidiary in the unremitted earnings of any Person that is not a Subsidiary, (iv) the income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary and (v) any income (or loss) of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with any Loan Party or any Subsidiary of any Loan Party on the date that such Person's assets are acquired by any Loan Party or any Subsidiary of any Loan Party.

"New Store Inventory Amounts" shall mean all amounts expended by any Loan Party in acquiring inventory for sale or use in any newly established retail location of such Loan Party.

"No Call Period End Date" shall mean June 7, 2019.

"Northpark Lease" shall mean that certain Shopping Center Lease, dated June 3, 2010, by and between Northpark Mall/Joplin, LLC, as landlord, and Vintage Stock, Inc. (as successor to The Book Barn, Inc.), as tenant, as in effect on the Closing Date or as amended, restated, supplemented or otherwise modified with the consent of the Agent in Agent's Discretion.

"Notes" shall mean, collectively, any and all Term Notes issued from time to time in accordance with this Agreement.

"Obligations" shall mean the collective reference to all Indebtedness (including all of the Term Loan and Agent Advances) and all of the other liabilities and obligations of every kind and description owed by any and all the Loan Parties to the Agent and the other Secured Persons from time to time under or pursuant to this Agreement, the Notes, the Security Documents and the other Loan Documents, however evidenced, created or incurred, fixed or contingent, now or hereafter existing, due or to become due.

"Ordinary Course of Business" shall mean, in respect of any action or omission taken or not taken by any Person, the ordinary course of such Person's business, as conducted by such Person consistent with past practices. For the avoidance of doubt, the ordinary course of the Borrower's business shall be deemed to include all of the following: (i) bulk sales of inventory solely to Ingram Entertainment; (ii) bulk sales of inventory in the amount of (A)

$250,000 or less in any single transaction or (B) $1,000,000 or less in the aggregate in any Fiscal Year; and (iii) bulk sales of inventory in an amount exceeding the amounts set forth in the preceding clause (ii) so long as (x) the Borrower has provided Agent with such advance written notice of such proposed bulk sale as is reasonably practicable in the circumstances and (y) Agent has consented to such proposed bulk sale in Agent's Discretion.

"Organic Documents" shall mean, as applicable, with respect to any Person that is an entity, the certificate of incorporation, articles of incorporation, certificate of formation, certificate of limited partnership, by-laws, operating agreement, limited liability company agreement, limited partnership agreement and such other governance documents of such Person.

"Other Taxes" shall mean all present or future stamp, court, documentary, intangible, recording, sales, use, value added, property, excise, filing, or other similar taxes that arise from any payment made under, or from the execution, delivery, performance, enforcement, or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document.

"Parent" shall have the meaning set forth in the Preamble.

"Payment Default Amount" shall have the meaning set forth in Section 6.18(g)(i).

"Payment Default Equity Contribution" shall have the meaning set forth in Section 6.18(g)(i).

"Permitted Indebtedness" shall mean any and all Indebtedness expressly permitted pursuant to Section 6.01.

"Permitted Liens" shall mean those Liens expressly permitted pursuant to Section 6.02.

"Person" shall mean any individual, partnership, corporation, limited liability company, banking association, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"Prepayment Event" shall mean:

(a) any sale (other than sales of inventory in the Ordinary Course of Business and intercompany sales solely among the Loan Parties permitted by Section 6.04), transfer or other disposition (including pursuant to a sale and leaseback transaction) of any property or asset of any Loan Party other than sales, transfers and dispositions of property and assets with an aggregate fair value which does not exceed $250,000 in any Fiscal Year;

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of any Loan Party with an aggregate fair value immediately prior to such event equal to or greater than $150,000 in any Fiscal Year;

(c) (i) the issuance by any Loan Party to any Person (other than to another Loan Party) of any Capital Stock after the Closing Date, or (ii) the receipt by any Loan Party of any capital contribution from any Person after the Closing Date (including any Covenant Default Equity Contribution) other than (A) any capital contribution from another Loan Party (excluding any Covenant Default Equity Contribution), (B) any Payment Default Equity Contribution, (C) any Seller Subordinated Debt Contribution, ~~or~~ (D) any Excluded Equity Contribution or (E) any Specified 2020 Equity Contribution;

(d) the incurrence by any Loan Party of any Indebtedness not permitted by this Agreement;

(e) the receipt by any Loan Party of any Extraordinary Receipts in excess of $150,000 in the aggregate in any Fiscal Year;

(f) any Change of Control; and

(g) subject to any applicable conditions to payment set forth in Section 5.04 of the Revolving Loan Credit Agreement, any Required ECF Payment.

"Prepayment Premium" shall mean each prepayment premium payable pursuant to Section 2.02(d); provided, that the Affected Principal Amount, in an amount not to exceed $3,000,000 in any Fiscal Year, subject to a Voluntary Act Prepayment resulting from prepayment of the Term Loan from any portion of Excess Cash Flow (which, for the avoidance of doubt, shall not include the proceeds of any issuance of Capital Stock to, or any capital contribution received from, the Sponsor) that is not required to be applied to prepay the Term Loan pursuant to Section 2.01(d) shall not be subject to a Prepayment Premium.

"Pro Rata Share" shall mean, with respect to any Lender, the percentage equal to such Lender's share of the Aggregate Term Loan Commitment, or if the Term Loan Commitments have been terminated, its share of the outstanding principal balance of the Term Loan, in each case as set forth beside such Lender's name under the applicable heading on Schedule C-1 to this Agreement or in the Assignment and Acceptance pursuant to which such Lender became a Lender under this Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 8.02.

"Quarterly ECF Payment" shall have the meaning set forth in the definition of "Required ECF Payment".

"RCRA" shall have the meaning set forth in the definition of "Environmental Laws".

"Real Properties" shall mean, collectively, any real properties (land, buildings and/or improvements) now owned or leased or occupied by any and all Loan Parties, and, during the period of any and all Loan Parties' occupancy thereof, any other real properties heretofore owned or leased by any and all Loan Parties (provided that, with respect to leased properties, the "Real Property" shall refer only to the portion of the subject property (excluding common areas) leased by any and all Loan Parties).

"Register" shall have the meaning set forth in Section 8.02.

"Related Fund" shall mean, with respect to any Lender, (i) any fund, trust or similar entity that is advised or managed by (a) such Lender, (b) an Affiliate of such Lender, (c) the same investment advisor that manages such Lender or (d) an Affiliate of an investment advisor that manages such Lender or (ii) a finance company, insurance company or other financial institution which temporarily warehouses loans for such Lender or any Person described in clause (i) above.

"Release" shall have the meaning assigned to it in CERCLA, 42 U.S.C. §9601, as amended.

"Required ECF Payment" shall mean, within five (5) Business Days following delivery of the financial statements required to be provided pursuant to Section 5.04(b), prepayment of the outstanding amount of the Term Loan by the Borrower in an amount equal to (each such payment, a "Quarterly ECF Payment"):

(a) with respect to the Fiscal Quarter ending June 30, 2018, the Applicable ECF Percentage multiplied by Excess Cash Flow for such Fiscal Quarter;

(b) with respect to the Fiscal Quarter ending September 30, 2018, the Applicable ECF Percentage as of such date multiplied by Excess Cash Flow for the two Fiscal Quarter period ending on such date minus the payment made pursuant to clause (a) above;

(c) with respect to the Fiscal Quarter ending December 31, 2018, the Applicable ECF Percentage as of such date multiplied by Excess Cash Flow for the three Fiscal Quarter period ending on such date minus the payments made pursuant to clauses (a) and (b) above;

(d) with respect to the Fiscal Quarter ending March 31, 2019, the Applicable ECF Percentage as of such date multiplied by Excess Cash Flow for the four Fiscal Quarter period ending on such date minus the payments made pursuant to clauses (a), (b) and (c) above; and

(e) with respect to each Fiscal Quarter ending on any date thereafter, the Applicable ECF Percentage as of such date multiplied by Excess Cash Flow for the four Fiscal Quarter period then ending on such date, minus the amount of Quarterly ECF Payments made in respect of the previous three Fiscal Quarters (it being understood that no such Quarterly ECF Payment shall have been made for the Fiscal Quarter ending March 31, 2020);

provided, that: (i) if the financial statements delivered pursuant to Section 5.04(a) for any Fiscal Year demonstrate that Applicable ECF Percentage of the Excess Cash Flow for all periods for which Quarterly ECF Payments were due (such amount the "Audited ECF Calculation"), exceeds the aggregate amount of all Quarterly ECF Payments actually made by Borrower, an additional prepayment of the Term Loan shall be made by the Borrower, within five (5) Business Days following delivery of such financial statements, in an amount equal to the amount by which the Audited ECF Calculation exceeds the actual aggregate amount of all Quarterly ECF Payments made by Borrower; and (ii) if the financial statements delivered pursuant to Section 5.04(a) for any Fiscal Year demonstrate that the aggregate amount of all Quarterly ECF Payments actually made by Borrower exceeds the Audited ECF Calculation, an amount equal to the amount by which the actual aggregate amount of all Quarterly ECF Payments made by Borrower exceeds the Audited ECF Calculation shall be automatically applied to the next Quarterly ECF Payment due under this Agreement.

"Required Lenders" shall mean Lenders having Pro Rata Shares the aggregate amount of which exceeds fifty percent (50%) of the outstanding principal amount of the Term Loan collectively.

"Revolving Commitment" shall mean the "Maximum Revolving Facility" as defined in the Revolving Loan Credit Agreement in effect on the date hereof or as amended, restated, supplemented or otherwise modified in accordance with the Intercreditor Agreement, which shall not exceed $12,000,000.

"Revolving Lender" shall mean Texas Capital Bank, National Association, together with all successors and assigns.

"Revolving Loan Credit Agreement" shall mean that certain Loan Agreement, dated as of November 3, 2016, by and between the Borrower and the Revolving Lender, as may be amended, amended and restated, modified, supplemented, refinanced, replaced, substituted or renewed from time to time in accordance with the terms of the Intercreditor Agreement.

"Revolving Loan Documents" shall mean all "Security Instruments" as defined in the Revolving Loan Credit Agreement, as amended, amended and restated, modified, supplemented, refinanced, replaced, substituted or renewed from time to time in accordance with the terms of the Intercreditor Agreement.

"Revolving Loans" shall mean the revolving loans made to the Loan Parties from time to time by the Revolving Lender under the Revolving Loan Credit Agreement.

"Same Store Sales Percentage" shall mean, as of any date of determination, (i) the quotient of (a) the aggregate amount of sales (excluding bulk sales of inventory) for all Mature Retail Locations for the twelve (12) month period ending on such date divided by (b) the aggregate amount of sales (excluding bulk sales of inventory) for all Mature Retail Locations for the twelve (12) month period ending such date of the immediately preceding calendar year minus (ii) one.

"Second 2020 Equity Contribution" shall have the meaning set forth in Section 5.16.

"Second Amendment" shall mean that certain Limited Waiver and Second Amendment to Amended and Restated Credit Agreement, Second Amendment to Amended and Restated Management Fee Subordination Agreement and First Amendment to Limited Guaranty, dated as of April [___], 2020**, by and among the Borrower, the Agent and the Lenders and acknowledged and agreed to by the Parent and the Sponsor.**

"Second Amendment Effective Date" shall mean the date that the conditions set forth in Section 6 of the Second Amendment have been satisfied (or waived pursuant to Section 11.01).

"Secured Persons" shall mean the Agent and the Lenders.

"Security Documents" shall mean the Collateral Agreement, the Control Agreements, and any other agreements or instruments securing or creating or evidencing Liens securing all or any portion of the Obligations.

"Seller Debt Subordination Agreement" shall mean that certain Amended and Restated Subordination Agreement, dated as of the Closing Date, by and among the Sellers, Sponsor and the Agent and acknowledged by the Loan Parties.

"Seller Subordinated Debt" shall mean all Indebtedness of the Loan Parties under the Seller Subordinated Note.

"Seller Subordinated Debt Contribution" shall mean a capital contribution due from Sponsor to Parent no later than the first (1st) Business Day of each Fiscal Quarter in the amount of (x) if an Event of Default under Section 7.01(b), 7.01(c) (solely with respect to Section 6.18), 7.01(g) or 7.01(h) has occurred and is continuing as of such Business Day or at any time after such Business Day prior to the making of such capital contribution, $200,000, and (y) otherwise, $100,000; provided, that if, as of the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.04(b) the Senior Leverage Ratio is less than 2.30:1.00, any portion of the Sponsor Equity Contribution made on the Closing Date in excess of $3,500,000 but less than $4,000,000 (the "Sponsor Equity Contribution Excess") may be designated by the Loan Parties to be a Seller Subordinated Debt Contribution (and be permitted to be applied to the Seller Subordinated Debt in accordance with the Seller Debt Subordination Agreement) so long as no Default or Event of Default has occurred and is continuing as of (x) the last day of such Fiscal Quarter or (y) the date any Sponsor Equity Contribution Excess is so applied to payment of the Seller Subordinated Debt, it being understood that if the Senior Leverage Ratio is greater than or equal to 2.30:1.00 as of the last day of any subsequent Fiscal Quarter, the Loan Parties shall not be permitted to so apply any Sponsor Equity Contribution Excess to payment of the Seller Subordinated Debt on or after such day until such time as the Senior Leverage Ratio is less than 2.30:1.00 as of the last day of any Fiscal Quarter thereafter for which financial statements have been delivered pursuant to Section 5.04(b).

"Seller Subordinated Note Documents" shall mean the Seller Subordinated Note and all other documents, instruments or agreements executed and delivered by the Parent for the benefit of any holder of the Seller Subordinated Note (or the holder of any portion of the rights of any Seller thereunder) in connection therewith, as may be amended, amended and restated, modified, supplemented, refinanced, replaced, substituted or renewed from time to time in accordance with the terms of the Seller Debt Subordination Agreement.

"Seller Subordinated Note" shall mean that certain Amended and Restated Subordinated Promissory Note, dated as of the date hereof, by Parent in favor of the Sellers, as in effect on the date hereof or as amended in accordance with the Seller Debt Subordination Agreement.

"Sellers" shall mean, collectively, the (a) Rodney and Sherry Spriggs Living Trust, dated April 18, 2012, (b) Steven and Anna Wilcox Living Trust, dated May 15, 2012, and (c) Ken and Deanna Caviness Living Trust, dated July 12, 2002.

"Senior Debt" shall mean (i)(a) solely for purposes of Section 4.07, the outstanding principal balance of the Revolving Loans as of the Closing Date, and (b) for all other purposes, the average daily outstanding principal balance of the Revolving Loans during the Fiscal Quarter most recently ended, plus (ii) all other Indebtedness of the Loan Parties as of the last day of the Fiscal Quarter most recently ended, including the Obligations, minus (iii) the principal balance of the Seller Subordinated Debt and the Sponsor Subordinated Debt as of the last day of the Fiscal Quarter most recently ended. For the avoidance of doubt, for purposes of calculating Senior Debt, any obligation of any Loan Party under any lease (including any lease of real property) that would have constituted an operating lease had such lease been in existence on the Closing Date shall not be deemed to constitute Indebtedness of any Loan Party.

"Senior Leverage Ratio" shall mean the ratio of Senior Debt of the Parent and its Subsidiaries on a consolidated basis to EBITDA for the twelve (12) month period most recently ended.

" Specified 2020 Equity Contribution" shall have the meaning set forth in Section 5.16.

"Specified Equity Contribution" shall have the meaning set forth in Section 6.18(g).

"Sponsor" shall mean Live Ventures Incorporated, a Nevada corporation.

"Sponsor Affiliate" shall mean (a) Sponsor, (b) any Person in Control of, Controlled by, or under common Control with Sponsor (other than the Loan Parties and their Subsidiaries), (c) any Person who has a substantial interest, direct or indirect, in Sponsor or any other Person described in this definition, and (d) any officer or director of Sponsor or any other Person described in this definition (in each case, except to the extent such officer or director is also an officer or director of a Loan Party or any Subsidiary of a Loan Party). For the purpose of this definition, a "substantial interest" shall mean the direct or indirect legal or beneficial ownership of more than ten percent (10%) of any class of Capital Stock.

"Sponsor Debt Subordination Agreement" shall mean that certain Subordination Agreement, dated as of the Closing Date, by and among the Sponsor and the Agent and acknowledged by the Loan Parties.

"Sponsor Equity Contribution" shall have the meaning set forth in Section 4.09.

"Sponsor Equity Contribution Excess" shall have the meaning set forth in the definition of "Seller Subordinated Debt Contribution".

"Sponsor Guaranty " shall mean the ~~Continuing~~Limited Guaranty, dated as of the Closing Date, by the Sponsor, in favor of the Agent, for its benefit and the benefit of the other Secured Persons, as same may be amended, modified, supplemented and/or restated from time to time, pursuant to which the Sponsor guarantees payment and performance of the Obligations upon the terms and conditions therein.

"Sponsor Subordinated Debt" shall mean all Indebtedness of the Loan Parties under the Sponsor Subordinated Note.

"Sponsor Subordinated Note" shall mean that certain Subordinated Promissory Note, dated as of the date hereof, by Parent in favor of the Sponsor, as in effect on the date hereof or as amended in accordance with the Sponsor Debt Subordination Agreement.

"Sponsor Subordinated Note Documents" shall mean the Sponsor Subordinated Note and all other documents, instruments or agreements executed and delivered by the Parent for the benefit of any holder of the Sponsor Subordinated Note (or the holder of any portion of the rights of Sponsor thereunder) in connection therewith, as may be amended, amended and restated, modified, supplemented, refinanced, replaced, substituted or renewed from time to time in accordance with the terms of the Sponsor Debt Subordination Agreement.

"Subordinated Debt" shall mean all Indebtedness of the Loan Parties which is contractually subordinated in right of payment, in a manner satisfactory to the Agent (as evidenced by a subordination agreement pertaining thereto executed by the Agent and the holder of such Indebtedness), to all of the Obligations, including the Seller Subordinated Note and Sponsor Subordinated Note.

"Subsidiary" or "Subsidiaries" shall mean, with respect to any Person, any other Person of which an aggregate of more than fifty percent (50%) of the outstanding shares of Capital Stock having ordinary voting power to elect a majority of the board of directors (or other comparable body) of such other Person is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or a combination thereof, or with respect to which any such Person has the right to vote or designate the vote of more than fifty percent (50%) of such shares of Capital Stock whether by proxy, agreement, operation of Applicable Law or otherwise. Unless the context otherwise requires, each reference to a Subsidiary shall mean a Subsidiary of the Borrower.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Term Loan" shall mean the term loan made pursuant to Section 2.01(a).

"Term Loan Commitment" shall mean, with respect to any Lender, the percentage equal to such Lender's share of the Aggregate Term Loan Commitment, in each case as set forth beside such Lender's name under the applicable heading on Schedule C-1 to this Agreement.

"Term Note" shall mean any promissory note of the Borrower issued to a Lender with respect to the Term Loan, as described in Section 2.01(f).

"Third Party Fee Cap" shall have the meaning set forth in the definition of "EBITDA".

"Total Utilization of Revolving Commitments" means, as at any date of determination, the aggregate principal amount of all outstanding Revolving Loans.

"Transaction Costs" shall mean the fees, costs and expenses payable by the Loan Parties on or before the Closing Date in connection with the transactions contemplated by the Loan Documents.

"Treasury Regulations" shall mean the United States Treasury regulations issued pursuant to the Code from time to time.

"TSCA" shall have the meaning set forth in the definition of "Environmental Laws".

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York (or of any other state the Applicable Laws of which are required to be applied in connection with the perfection of security interests in any Collateral) on the Closing Date and hereafter from time to time.

"Unrestricted Cash-on-Hand" shall mean, on any date of determination, all cash and Cash Equivalents owned by the Borrower and held in any deposit account subject to a Control Agreement in the United States or otherwise subject to a first priority perfected Lien (subject to the Lien set forth in Sections 6.02(b)) in favor of Agent, in each case, on such date of determination (excluding, for purposes of clarity, any amounts available to be drawn or funded under lines of credit or other debt facilities, including any revolving loans); provided that amounts included under this definition shall (x) be included only to the extent such amounts are not subject to any consensual Lien or other restriction or encumbrance of any kind (other than Liens in favor of Agent and the Lien set forth in Sections 6.02(b)) and (y) exclude any amounts held by the Loan Parties in escrow, trust or other fiduciary capacity.

"Voluntary Act Prepayment" shall mean (i) any voluntary prepayment made by or on behalf of Borrower of all or any portion of the outstanding principal balance of the Term Loan, including any prepayment pursuant to Section 2.01(c), (ii) any mandatory prepayment made or required to be made by or on behalf of Borrower of all or any portion of the outstanding principal balance of the Term Loan pursuant to Section 2.01(d) resulting from a Prepayment Event under clauses (a), (c), (d) or (f) of the definition of Prepayment Event, or (iii) any payment made or required to be made of all or any portion of the outstanding principal balance of the Term Loan as a result of an acceleration, with or without notice, of all or any portion of the Obligations pursuant to Section 7.02 in connection with (x) an Event of Default described in Section 7.01(g), or (y) any other Event of Default, in the case of this clause (y), arising in all or in any part from any voluntary act of Borrower, any other Loan Party or any of their respective Affiliates or any Sponsor Affiliates.

"Wholly-Owned Domestic Subsidiary" shall mean each Domestic Subsidiary of which all of the outstanding shares of Capital Stock are owned by the Borrower or another Wholly-Owned Domestic Subsidiary of Borrower.

"Wholly-Owned Domestic Subsidiary Guarantor" shall mean each Wholly-Owned Domestic Subsidiary of Borrower that is a party to the Loan Party Guaranty and as a result thereof guarantees the full and timely payment and performance of all of the Obligations.

"Wholly-Owned Subsidiary" shall mean each Subsidiary of which all of the outstanding shares of Capital Stock (other than directors' qualifying shares) are owned by the Borrower or another Wholly-Owned Subsidiary of Borrower.

"Working Capital" shall mean, as at any date of determination, the excess or deficiency of Current Assets over Current Liabilities.

"Working Capital Adjustment" shall mean, for any period of determination on a consolidated basis for the Loan Parties, the amount (which may be a negative number) equal to (i) Working Capital as of the beginning of such period, minus (ii) Working Capital as of the end of such period.

Section 1.02 Accounting Terms and Determinations; Capitalized Leases.

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a consistent basis. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Loan Document, and either the Borrower, the Agent or Required Lenders shall so request, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided that, until agreed to by the Borrower and the Required Lenders, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) Borrower shall provide to the Agent and the Lenders financial statements and other documents required under this Agreement and the other Loan Documents which include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (Codification of Accounting Standards 825-10) to value any Indebtedness or other liabilities of any Loan Party or other Person at "fair value", as defined therein.

Notwithstanding anything to the contrary contained in the paragraph above or the definitions of Capital Expenditures or Capitalized Leases, in the event of a change in GAAP after the Closing Date requiring all leases to be capitalized, only those leases (assuming for purposes of this paragraph that they were in existence on the Closing Date) that would have constituted Capitalized Leases on the Closing Date shall be considered Capitalized Leases (and all other such leases shall constitute operating leases) and all calculations and deliverables under this Agreement or the other Loan Documents shall be made in accordance therewith (other than the financial statements delivered pursuant to this Agreement; provided that all such financial statements delivered to the Agent and the Lenders in accordance with the terms of this Agreement after the date of such change in GAAP shall be accompanied by workpapers showing the adjustments necessary to reconcile such financial statements with GAAP as in effect immediately prior to such change).

Section 1.03 Other Definitional Provisions and References.

References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits" or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation" unless otherwise specifically provided. Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. Time is of the essence for each performance obligation of the Loan Parties under this Agreement and each Loan Document. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. Unless otherwise specified herein, references to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. Unless otherwise specified herein, references to any agreement, instrument or document (i) shall include all schedules, exhibits, annexes and other attachments thereto and (ii) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein or in any other Loan Document). Unless otherwise specified herein, any reference herein to any Person shall be construed to include such Person's permitted successors and assigns. The words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or otherwise within the limitations of, another covenant shall not avoid the occurrence of a Default or Event of Default if such action is taken or condition exists. In addition, all representations and warranties hereunder shall be given independent effect so that if a particular representation or warranty proves to be incorrect or is breached, the fact that another representation or warranty concerning the same or similar subject matter is correct or is not breached will not affect the incorrectness of a breach of a representation or warranty hereunder.

II. GENERAL TERMS

Section 2.01 Term Loan.

(a) Term Loan. Subject at all times to all of the terms and conditions of this Agreement, each Lender hereby severally agrees as to itself only (and not on behalf of any other Lender) to make a term loan to the Borrower in such Lender's applicable Pro Rata Share of the Aggregate Term Loan Commitment (collectively, the "Term Loan"). The Term Loan shall be borrowed in a single borrowing on the Closing Date, and the Term Loan Commitment of each Lender shall terminate concurrently with the making of the Term Loan on the Closing Date by each such Lender. Any principal amounts repaid in respect of the Term Loan may not be reborrowed. Neither any Lender nor the Agent shall be responsible for the failure of any other Lender to fund its Pro Rata Share of the Term Loan required hereunder.

(b) Amortization. Unless sooner due and payable by reason of acceleration resulting from an Event of Default, the outstanding principal balance of the Term Loan shall be due and payable (i) in quarterly installments on the first (1st) day of each Fiscal Quarter, commencing on July 1, 2018, in an amount equal to the Applicable Amortization Payment and (ii) in a final installment due and payable on the Maturity Date, in an amount equal to the entire remaining balance; provided, that the quarterly installment otherwise owed on July 1, 2020 may be paid no later than August 1, 2020. Such payments of the outstanding principal balance of the Term Loan shall be made for the account of each Lender according to its Pro Rata Share thereof. The Borrower shall pay the outstanding principal balance of the Term Loan in full on the Maturity Date.

(c) Voluntary Prepayments. All or any portion of the unpaid principal balance of the Term Loan, together with all accrued and unpaid interest on the principal amount being prepaid, may at the Borrower's option be prepaid in whole or in part, at any time or from time to time, upon five (5) Business Days' prior written notice to the Agent, with payment accompanied by a Prepayment Premium, if any, as provided in Section 2.02(d).

(d) Mandatory Prepayments. The Borrower shall be required to prepay the unpaid principal balance of the Term Loan (x) with respect to any Prepayment Event of the type set forth in clause (g) of the definition thereof, no later than the earlier of (i) 45 days after the end of each Fiscal Quarter and (ii) the date of delivery of the financial statements described in Section 5.04(b); provided, that no such prepayment shall be required for the Fiscal Quarter ending March 31, 2020, (y) with respect to any Prepayment Event of the type set forth in clauses (a), (b) and (e) of the definition thereof, on or before the date (including on any date on or prior to the No Call Period End Date) that is three (3) Business Days following the date of receipt by any Loan Party of any proceeds from such Prepayment Event (and on or before the date that is three (3) Business Days following any date thereafter on which any other proceeds subject thereto are received by any Loan Party), and (z) with respect to any other Prepayment Event, on the date (including on any date on or prior to the No Call Period End Date) of receipt by any Loan Party of any proceeds from such Prepayment Event (and on any date thereafter on which any other proceeds subject thereto are received by any Loan Party), in each case without any demand or notice from the Agent, Lenders or any other Person, all of which is hereby expressly waived by the Borrower, in the amount equal to one hundred percent (100%) of the proceeds

(other than with respect to any Prepayment Event of the type set forth in clause (g) of the definition thereof, net of documented reasonable out-of-pocket costs and expenses incurred in connection with the collection of such proceeds, in each case payable to Persons that are not Affiliates or Sponsor Affiliates) received by any Loan Party with respect to such Prepayment Event; provided that with respect to a Prepayment Event of the type described in clause (b) of the definition of Prepayment Event, so long as no Event of Default exists, to the extent that the proceeds received by such Person as a result of such Prepayment Event do not exceed $150,000 in the aggregate during the applicable Fiscal Year (or, in the case of any Prepayment Event of the type described in clause (b) of the definition of Prepayment Event resulting from an act of God, flood or fire, do not exceed $750,000 in the aggregate during the applicable Fiscal Year) and are actually applied within 180 days of such receipt to (I) replace the property or assets subject to such Prepayment Event with property and/or assets performing the same or similar functions or (II) repair, replace or reconstruct property and or assets damaged by such Prepayment Event, such proceeds shall not be required to prepay the Term Loan pursuant to this Section 2.01(d). Any such prepayment shall be accompanied by a Prepayment Premium, if any, as provided in Section 2.02(d). For the sake of clarity, the foregoing shall not be deemed to be implied consent to any sale or other event or occurrence giving rise to a Prepayment Event.

(e) Application of Applicable Amortization Payments and Prepayments. All voluntary and mandatory prepayments of the Term Loan shall be applied to the Applicable Amortization Payments in inverse order of maturity.

(f) Term Notes. Upon the request of any Lender, such Lender's Pro Rata Share the Term Loan shall be evidenced by a Term Note of the Borrower payable to such Lender or its registered assigns substantially in the form of Exhibit A attached hereto. The terms of such Term Note, if any, are incorporated into this Agreement by this reference.

Section 2.02 Interest, Certain Payments, Fees and Premiums.

(a) Interest. The Borrower shall pay the Agent on behalf of the Lenders interest on the principal balance of the Term Loan outstanding from time to time from the date hereof until the date that all of the Term Loan has been paid in full and each of the Loan Documents have been terminated at the rate equal to the LIBOR Rate (or to the extent provided in Section 2.13, the Base Rate) plus the Applicable Margin (the "Interest Rate"); provided, however, that the Interest Rate shall be increased by three percent (3.00%) ("Default Rate Interest") (1) automatically (without the need for any election or notice) upon the occurrence and during the continuation of an Event of Default under Section 7.01(g) or 7.01(h) and (2) at the election of Agent or the Required Lenders upon the occurrence and during the continuance of any other Event of Default, which such election under this clause (2) shall be evidenced by the Agent or the Required Lenders delivering written notice of such election to Borrower (it being understood and agreed that Agent or the Required Lenders shall be permitted to elect to have Default Rate Interest provided for in this clause (2) apply retroactively back to the date any then existing Event of Default first occurred). All interest shall be due and payable monthly in arrears on the first Business Day of each calendar month and on the Maturity Date, and shall be computed on the daily unpaid balance of the Term Loan, based on a three hundred sixty (360) day year, counting the actual number of days elapsed.

(b) Closing Payment. The Borrower shall pay the Closing Payment to the Agent, for the benefit of the Lenders based on their Pro Rata Shares thereof, on the Closing Date upon the execution and delivery of this Agreement as compensation for the making of the Term Loan on the Closing Date (and not be counted as a repayment of the Term Loan). The Closing Payment shall be deemed fully earned upon the parties' execution and delivery of this Agreement, and shall not be refundable in whole or in part and shall not be subject to reduction or set-off under any circumstances. The parties agree that for federal and state income tax purposes, the Closing Payment shall be treated as an adjustment to issue price of the Term Loan in accordance with Treasury Regulation Section 1.1273-2(g)(2), and the parties will file all their tax returns (including information returns) in a manner consistent with this Section 2.02(b) unless there is a "determination" within the meaning of Code section 1313 to the contrary.

(c) Other Payments. The Borrower shall further pay to the Agent the amounts set forth in the Agent Payments Letter.

(d) Prepayment Premium. In the event that any Voluntary Act Prepayment (other than any regularly scheduled principal amortization payments specifically provided for in Section 2.01(b)) of all or any portion of the Term Loan is made or is required to be made for any reason whatsoever prior to the Maturity Date (including as a result of any acceleration of the Term Loan resulting from an Event of Default, a foreclosure and sale of Collateral, any sale of Collateral in any bankruptcy or insolvency proceeding, a mandatory prepayment or a voluntary prepayment), in addition to the payment of the subject principal amount and all unpaid accrued interest thereon, the Borrower shall be required to pay to the Agent, for the benefit of the Lenders based on their respective Pro Rata Shares thereof, a Prepayment Premium (as liquidated damages and compensation for the costs of the Lenders being prepared to make funds available hereunder with respect to the Term Loan) in an amount equal to (i) if such Voluntary Act Prepayment is made on or before the No Call Period End Date, the greater of (x) the Make Whole Amount with respect to the Affected Principal Amount subject to such Voluntary Act Prepayment and (y) five percent (5.00%) with respect to the Affected Principal Amount subject to such Voluntary Act Prepayment , (ii) if such Voluntary Act Prepayment is made after the No Call Period End Date but ~~on or~~ before the ~~second (2nd) anniversary of the Closing~~Second Amendment Effective Date, an amount equal to three percent (3.00%) of the Affected Principal Amount subject to such Voluntary Act Prepayment , (iii) if such Voluntary Act Prepayment is made ~~after the second (2nd) anniversary of the Closing~~on or after the Second Amendment Effective Date but on or before the third (3rd) anniversary of the Closing Date, an amount equal to one percent (1.00%) of the Affected Principal Amount subject to such Voluntary Act Prepayment, or (iv) if such Voluntary Act Prepayment is made after the third (3 rd) anniversary of the Closing Date, an amount equal to zero percent (0%) of the Affected Principal Amount subject to such Voluntary Act Prepayment. Each such Prepayment Premium shall be deemed fully earned, and due and payable, upon each such date that such Voluntary Act Prepayment made, or (if earlier) is required to be made, and shall not be refundable in whole or in part and shall not be subject to reduction or set-off under any circumstances. Borrower acknowledges and agrees that (x) the provisions of this Section 2.02(d) shall remain in full force and effect notwithstanding any rescission by Agent or Required Lenders of an acceleration with respect to all or any portion of the Obligations pursuant to Section 7.02 or otherwise, (y) payment of any Prepayment Premium under this Section 2.02(d) constitutes liquidated damages and not a penalty and (z) the actual amount of damages to the Agent and the Lenders or profits lost by the Agent

and the Lenders as a result of such Voluntary Act Prepayment would be impracticable and extremely difficult to ascertain, and the Prepayment Premium under this Section 2.02(d) is provided by mutual agreement of the Borrower, Agent and Lenders as a reasonable estimation and calculation of such lost profits or damages of the Agent and the Lenders.

(e) Clearance. Payments received by Agent in respect of the Obligations after 12:00 noon New York time on any day shall be deemed to be received on the next succeeding Business Day, and if any payment is received by Agent other than by wire transfer of immediately available funds, such payment shall be subject to three (3) Business Days' clearance prior to being credited to the Obligations for interest calculation purposes.

Section 2.03 Use of Proceeds. The Borrower shall utilize the proceeds of the Term Loan solely (a) to refinance, in full on the Closing Date, the Indebtedness under the Existing Agreement, (b) to fund working capital growth and other general corporate purposes of the Borrower and (c) to pay Transaction Costs.

Section 2.04 Further Obligations / Maximum Lawful Rate. With respect to all Obligations for which the interest rate is not otherwise specified herein (whether such Obligations arise hereunder or under other Loan Documents, or otherwise), such Obligations shall bear interest at the highest rate(s) in effect from time to time with respect to the Term Loan and shall be payable upon demand by the Agent. In no event shall the interest or other amounts charged with respect to the Term Loan or any other Obligation exceed the maximum amount permitted under Applicable Law. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable or other amounts hereunder or under any other Loan Document (the "Stated Rate") would exceed the highest rate of interest or other amount permitted under any Applicable Law to be charged (the "Maximum Lawful Rate"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest and other amounts payable shall be equal to the Maximum Lawful Rate; provided, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, Borrower shall, to the extent permitted by Applicable Law, continue to pay interest and such other amounts at the Maximum Lawful Rate until such time as the total interest and other such amounts received is equal to the total interest and other such amounts which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable or such other amounts payable. Thereafter, the interest rate and such other amounts payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest or other such amounts received by the Agent or any Lender exceed the amount which it could lawfully have received had the interest and other such amounts been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, the Agent or any Lender has received interest or other such amounts hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Term Loan or to other Obligations (other than interest) payable hereunder or under the other Loan Documents, and if no such principal or other Obligations are then outstanding, such excess or part thereof remaining shall be paid to the Borrower. In computing interest payable with reference to the Maximum Lawful Rate applicable to the Agent or any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made.

Section 2.05 Application of Payments. All amounts paid to or received by the Agent in respect of the Obligations, from whatever source (whether from any Loan Party pursuant to this Agreement, the Loan Party Guaranty, or any other Loan Document, any realization upon any Collateral or otherwise) shall, unless otherwise directed by the Borrower with respect to any particular payment (provided, if an Event of Default is then in existence, the Agent may disregard the Borrower's direction), be applied by the Agent to the Obligations in such order as the Agent may elect when no Acceleration Event is in existence, and while an Acceleration Event is in existence (or absent such election by Agent when no Acceleration Event is in existence) shall be applied as follows:

(A) FIRST, to the payment of all fees (other than the Prepayment Premium), costs, expenses and indemnities then owing to Agent under this Agreement or any other Loan Document;

(B) SECOND, to the payment of all accrued and unpaid interest then owing to Agent in respect of any Agent Advances, until paid in full;

(C) THIRD, to the payment of all principal then owing to Agent in respect of any Agent Advances, until paid in full;

(D) FOURTH, to the payment of all fees (other than the Prepayment Premium), costs, expenses and indemnities then due and owing to Lenders in respect of the Term Loan, pro rata based on each Lender's Pro Rata Share thereof, until paid in full;

(E) FIFTH, to the payment of all accrued and unpaid interest then due and owing to Lenders in respect of the Term Loan, pro rata based on each Lender's Pro Rata Share thereof, until paid in full;

(F) SIXTH, pro rata to the payment of all principal of the Term Loan then due and owing, pro rata based on each Lender's Pro Rata Share thereof, until paid in full;

(G) SEVENTH, to the payment of the Prepayment Premium then due and owing, pro rata based on each Lender's Pro Rata Share thereof, until paid in full; and

(H) EIGHTH, pro rata to the payment of all other Obligations then owing, until paid in full.

Section 2.06 Obligations Unconditional/Withholding Taxes; Changes in Law.

(a) Obligations Unconditional/Withholding Taxes. The payment and performance of all Obligations shall constitute the absolute and unconditional obligations of the Borrower, and shall be independent of any defense or rights of set-off, recoupment or counterclaim which the Borrower or any other Person might otherwise have against the Agent, any Lender or any other Person. All payments required (other than by the Agent to any Lender, or by the Agent or any Lender to any Loan Party) by this Agreement and/or the other Loan Documents shall be made in Dollars (unless payment in a different currency is expressly provided otherwise in the applicable Loan Document) and paid free of any deductions or withholdings for any taxes or other amounts and without abatement, diminution or set-off. If any

Loan Party is required by Applicable Law to make such a deduction or withholding from a payment hereunder or under any other Loan Document, such Loan Party shall pay to the Agent such additional amount as is necessary to ensure that, after the making of such deduction or withholding, the Agent and the Lenders receive (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made. Each Loan Party shall (i) pay the full amount of such deduction or withholding, which it is required to make by Applicable Law, to the relevant authority within the payment period set by Applicable Law, and (ii) promptly after any such payment, deliver to the Agent an original (or certified copy) of an official receipt issued by the relevant authority in respect of the amount withheld or deducted or, if the relevant authority does not issue such official receipts, such other evidence of payment of the amount withheld or deducted as is acceptable to the Agent in the Agent's Discretion. Furthermore, the Loan Parties shall timely pay to the relevant governmental authority in accordance with Applicable Law, or at the option of the Agent timely reimburse Agent and the Lenders for the payment of, any Other Taxes.

(b) Changes in Law. If, at any time and from time to time after the Closing Date (or at any time before or after the Closing Date with respect to (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith shall, regardless of the date enacted, adopted or issued, or (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case for purposes of this clause (y) pursuant to Basel III), (i) any change in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (ii) any new law, regulation, treaty or directive enacted or application thereof, or (iii) compliance by the Agent or any Lender with any request or directive (whether or not having the force of law) from any governmental authority (A) subjects the Agent or any Lender to any tax, levy, impost, deduction, assessment, charge or withholding of any kind whatsoever with respect to any Loan Document, or changes the basis of taxation of payments to the Agent or any Lender of any amount payable thereunder (except for an Excluded Tax), (B) imposes, modifies or deems applicable any reserve (including any reserve imposed by the FRB), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by the Agent or any Lender or imposes on the Agent or any Lender any other condition affecting the Term Loan that bears interest at a rate determined by reference to the LIBOR Rate or its obligation to make the Term Loan that bears interest at a rate determined by reference to the LIBOR Rate the result of which is to increase the cost to (or to impose a cost on) the Agent or any Lender of making or maintaining the Term Loan that bears interest at a rate determined by reference to the LIBOR Rate, or (C) imposes on the Agent or any Lender any other condition or increased cost in connection with the transactions contemplated thereby or participations therein, and the result of any of the foregoing is to increase the cost to the Agent or any Lender of making or continuing the Term Loan or to reduce any amount receivable hereunder or under any other Loan Documents, then, in any such case, the Agent or such Lender shall, as soon as practicable thereafter, give written notice thereof to the Borrower, and the Borrower shall pay to the Agent or such Lender, as applicable, promptly following such notice, any additional amounts necessary to compensate the Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount as reasonably determined by the Agent or such Lender. Each such notice of additional amounts payable pursuant to this Section 2.06(b) submitted by the Agent or any Lender to the Borrower must also be sent to the Agent and shall, absent manifest error, be final, conclusive and binding for all purposes.

Section 2.07 Taxes.

(a) Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) (a "Foreign Lender") for U.S. federal income tax purposes shall execute and deliver to Borrower and Agent, on or prior to the Closing Date (in the case of each Foreign Lender that is a party hereto on the Closing Date) or on or prior to the date of any assignment pursuant to which it becomes a Lender (in the case of each other Foreign Lender) one or more (as Borrower or Agent may reasonably request) IRS Forms W-8ECI, W-8BEN, W-8BEN-E, W-8IMY (as applicable) or other applicable form, certificate or document prescribed by the Code, the regulations issued thereunder or the United States Internal Revenue Service certifying as to such Foreign Lender's entitlement to exemption from withholding or deduction of all relevant taxes, and, in the case of such Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code. Such forms shall be delivered by each Foreign Lender on or before the date it becomes a party to this Agreement and on or before the date, if any, such Foreign Lender changes its applicable lending office by designating a different lending office. Borrower shall not be required to pay additional amounts for United States federal withholding taxes to any Foreign Lender or indemnify such Foreign Lender for United States federal withholding taxes pursuant to Sections 2.06 and 2.07 to the extent that the obligation to pay such additional amounts or pay such taxes would not have arisen but for the failure of such Foreign Lender to comply with this paragraph.

(b) Each Lender and Agent that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to each of the Borrower and Agent a duly signed, properly completed IRS Form W-9 (or successor form) on or prior to the Closing Date (or on or prior to the date it otherwise becomes a party hereto), certifying that such Lender is entitled to an exemption from, or is otherwise not subject to, United States backup withholding tax. Borrower shall not be required to pay additional amounts for United States federal withholding taxes to any Lender or indemnify such Lender for United States federal withholding taxes pursuant to Sections 2.06 and 2.07 to the extent that the obligation to pay such additional amounts or pay such taxes would not have arisen but for the failure of such Lender to comply with this paragraph.

(c) Each Lender required to deliver any forms, certificates, or other evidence with respect to United States federal income tax withholding matters pursuant to this Section 2.07 hereby agrees, from time to time, after the initial delivery by such Lender of such forms, certificates, or other evidence (and whenever a lapse in time or change in circumstance renders such forms, certificates, or other evidence obsolete or inaccurate in any material respect) to promptly deliver to Agent and Borrower one or more original copies of, as applicable, IRS Forms W-8BEN, W-8BEN-E, W-8ECI, W-8IMY, or W-9, a certificate to the effect that such Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code, and such other documentation required by the Code, the regulations issued thereunder, or the United States

Internal Revenue Service or otherwise by Applicable Law, all as reasonably requested by Borrower in writing to confirm or establish that such Lender is not subject to deduction or withholding of United States federal income taxation with respect to payments made to such Lender under the Loan Documents. If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Sections 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Agent, at the time or times prescribed by Applicable Law and at such time or times reasonably requested by the Borrower or the Agent, such documentation prescribed by Applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Agent as may be necessary for the Borrower and the Agent to comply with their obligations under FATCA, to determine whether such Lender has complied with such Lender's obligations under FATCA or to determine, if necessary, the amount to deduct and withhold from such payment. For the avoidance of doubt, for the purposes of this Section 2.07(c), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(d) Borrower shall indemnify the Agent and each Lender for the full amount of taxes (other than Excluded Taxes) arising in connection with this Agreement or any other Loan Document (including any such taxes imposed or asserted on or attributable to amounts payable under Sections 2.06 and 2.07) paid by Agent or each such Lender and any reasonable out-of-pocket third party expenses arising therefrom or with respect thereto (including reasonable attorneys' fees), whether or not such taxes were correctly or legally imposed or asserted by the relevant governmental authority.

(e) This Section 2.07 and Section 2.06 shall remain operative and in full force and effect regardless of the expiration or any termination of this Agreement.

Section 2.08 Reversal of Payments. To the extent that any payment or payments made to or received by the Agent or any Lender pursuant to this Agreement or any other Loan Document are subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid to any trustee, receiver or other Person under any state, federal or other bankruptcy or other such Applicable Law, then, to the extent thereof, such amounts (and all Liens, rights and remedies therefore) shall be revived as Obligations and continue in full force and effect under this Agreement and under the other Loan Documents as if such payment or payments had not been received by the Agent or such Lender. This Section 2.08 shall remain operative and in full force and effect regardless of the expiration or any termination of this Agreement.

Section 2.09 Set-Off Rights. The Parent and the Borrower each agrees that the Agent, each Lender and each of their respective Affiliates have all rights of set-off and bankers' lien provided by Applicable Law, and in addition thereto, the Parent and the Borrower each agrees that at any time an Event of Default has occurred and is continuing, the Agent and each Lender may (upon written notice to the Loan Parties) apply to the payment of any Obligations, whether or not then due, any and all balances, credits, deposits, accounts or moneys or other properties of any Loan Party then or thereafter with the Agent, any Lender or any of their respective Affiliates. Notwithstanding the foregoing, no Lender shall exercise, or permit any of its Affiliates to exercise, any rights described in the preceding sentence without the prior written consent of the Agent.

Section 2.10 Making of Payments; Settlement of Payments. All payments made by the Borrower or any other Loan Party under any Loan Document to the Agent or any Lender shall be paid directly by the Borrower or such Loan Party to Agent (as opposed to any individual Lender) without setoff, recoupment or counterclaim and in immediately available funds by wire transfer to Agent's account specified below (or to such other account designated in writing from time to time by Agent to Borrower) not later than 12:00 noon New York time on the date due, and funds received after that hour shall be deemed to have been received by Agent on the following Business Day. Wiring instructions for the Agent's account are as follows:

Bank Name:	Citibank, N.A.
Bank Address:	153 East 53rd Street, 18th Floor New York, NY 10022
Swift:	CITIUS33
ABA#:	021-000-089
Account Number:	6779035780
Account Name:	Comvest Capital IV, L.P.
Reference:	Vintage Stock, Inc.

The Agent shall promptly remit to each Lender its share of all principal payments received with respect to the Term Loan in collected funds by the Agent from the Borrower for the account of such Lender. On the first Business Day of each month (each an "Interest Settlement Date"), the Agent will notify each Lender of the amount of such Lender's applicable Pro Rata Share of interest on the Term Loan as of the end of the last day of the immediately preceding month. Provided that such Lender is not a Defaulting Lender, the Agent will pay to such Lender, by wire transfer to such Lender's account on the next Business Day following the Interest Settlement Date, such Lender's Pro Rata Share of interest received in collected funds by the Agent from the Borrower for the account of such Lender for the immediately preceding month. It is agreed and understood that, in the case of a Defaulting Lender, the Agent shall be entitled to set off the funding shortfall of such Defaulting Lender against such Defaulting Lender's respective share of any payments received by or on behalf of any Loan Party.

Section 2.11 Proration of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of set-off or otherwise) on account of principal of or interest on the Term Loan (but excluding (i) any payment pursuant to Section 2.06 or Section 2.07 and (ii) participations and assignments pursuant to Sections 8.01 and 8.02) in excess of its applicable Pro Rata Share of payments and other recoveries obtained by all Lenders on account of principal of and interest on the Term Loan then held by them, then such Lender shall purchase from the other Lenders such participations in the Term Loan held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery.

Section 2.12 Recordkeeping. Agent, on behalf of each Lender, shall record in its records the date and amount of the portion of the Term Loan made by each Lender and each repayment thereof. The aggregate unpaid principal amount so recorded shall be rebuttably presumptive evidence of the principal amount of the Term Loan owing and unpaid. The failure to record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the Obligations of the Borrower hereunder or under any Note to repay the principal amount of the Term Loan hereunder, together with all interest accruing thereon.

Section 2.13 Certain Provisions Regarding the LIBOR Rate.

(a) If the Agent determines (which determination shall be binding and conclusive on Borrower) in the Agent's Discretion that, by reason of circumstances affecting the interbank eurodollar market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, then the Agent shall promptly notify Borrower thereof and, so long as such circumstances shall continue, the Term Loan shall, unless then repaid in full, automatically bear interest at a per annum rate determined by reference to the Base Rate plus the Applicable Margin.

(b) If any change in, or the adoption of any new, law or regulation, or any change in the interpretation of any applicable law or regulation by any governmental or other regulatory body charged with the administration thereof, would make it (or in the good faith judgment of the Agent or any Lender cause a substantial question as to whether it is) unlawful for the Agent or such Lender to make, maintain or fund loans based on the LIBOR Rate, then the Agent or such Lender, as applicable, shall promptly notify Borrower and the Agent and, so long as such circumstances shall continue, the Term Loan shall automatically bear interest at a per annum rate determined by reference to the Base Rate plus the Applicable Margin.

(c) Notwithstanding any provision of this Agreement to the contrary, the Agent and the Lenders shall be entitled to fund and maintain its funding of all or any part of its Pro Rata Share of the Term Loan in any manner it may determine at its sole discretion.

III. REPRESENTATIONS AND WARRANTIES

The Parent and the Borrower each hereby jointly and severally make the following representations and warranties to the Agent and the Lenders, in each case, as of the Closing Date, all of which representations and warranties shall survive the Closing Date and the making of the Term Loan, and are as follows:

Section 3.01 Financial Matters.

(a) The Borrower has heretofore furnished to the Agent and the Lenders (i) the audited financial statements (including balance sheets, statements of income and statements of cash flows) of the Parent and its Subsidiaries as of September 30, 2017 for the twelve (12) month period then ended, and (ii) the unaudited financial statements of the Loan Parties as of April 30, 2018 for the seven (7) month period then ended (collectively, the "Financial Statements").

(b) The Financial Statements (i) have been prepared in accordance with GAAP applied on a consistent basis for all periods (subject, in the case of unaudited statements, to the absence of full footnote disclosures, and to normal non-material year-end audit adjustments), (ii) are complete and correct in all material respects, (iii) fairly present in all material respects the financial condition of each Loan Party as of said dates, and the results of each of their operations for the periods stated, (iv) contain and reflect all necessary adjustments and accruals for a fair presentation, in all material respects, of the financial condition of each Loan Party and the results of each of their respective operations as of the dates of and for the periods covered by such Financial Statements, and (v) make full and adequate provision, subject to and in accordance with GAAP, for the various assets and liabilities (including deferred revenues) of the Loan Parties, fixed or contingent, and the results of each of their operations and transactions in its accounts, as of the dates and for the periods referred to therein.

(c) As of the Closing Date, except as set forth in Schedule 3.01 of the Disclosure Schedule, no Loan Party has any liabilities, obligations or commitments of any kind or nature whatsoever, whether absolute, accrued, contingent or otherwise (collectively "Liabilities and Contingencies"), including Liabilities and Contingencies under employment agreements and with respect to any "earn-outs", stock appreciation rights, or related compensation obligations, except: (i) Liabilities and Contingencies disclosed or reflected in the Financial Statements or footnotes thereto, (ii) Liabilities and Contingencies incurred in the Ordinary Course of Business and consistent with past practice since the date of the most recent Financial Statements, or (iii) those Liabilities and Contingencies which are not required to be disclosed or reflected under GAAP. The reserves, if any, reflected on the consolidated balance sheet of the Parent included in the most recent Financial Statements are appropriate and reasonable. As of the Closing Date, no Loan Party has had (during the periods covered by the Financial Statements) or presently does have any Indebtedness for money borrowed, outstanding obligations for the purchase price of property, contingent obligations or liabilities for taxes, or any unusual forward or long-term commitments, except as specifically set forth or provided for in the Financial Statements or in Schedule 3.01 of the Disclosure Schedule.

(d) Since the date of the most recent Financial Statements through the Closing Date, except as set forth in Schedule 3.01 of the Disclosure Schedule, there has been no material adverse change in the working capital, condition (financial or otherwise), assets, liabilities, reserves, business, management or operations of any Loan Party, including the following:

(i) there has been no material change in any assumptions underlying, or in any methods of calculating, any bad debt, contingency or other reserve relating to any Loan Party;

(ii) there have been (A) no material write-downs in the value of any inventory of, and there have been no write-offs as uncollectible of any notes, Accounts or other receivables of any Loan Party other than write-offs of Accounts or other receivables reserved in full as of the date of the most recent Financial Statements, and (B) no reserves established for the uncollectibility of any notes, Accounts or other receivables of any Loan Party except to the extent that the same have been disclosed to the Agent and the Lenders in writing;

(iii) no debts have been cancelled, no claims or rights of substantial value have been waived and no properties or assets (real, personal or mixed, tangible or intangible) have been sold, transferred, or otherwise disposed of by any Loan Party except in the Ordinary Course of Business;

(iv) there has been no change in any method of accounting or accounting practice utilized by any Loan Party;

(v) no material casualty, loss or damage has been suffered by any Loan Party, regardless of whether such casualty, loss or damage is or was covered by insurance;

(vi) no Loan Party has received written notice of any changes in the policies or practices of any customer, supplier or referral source which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(vii) there has been no incurrence of (A) any liability or obligation outside of the Ordinary Course of Business, or (B) any Indebtedness other than Permitted Indebtedness;

(viii) there has been no declaration, setting aside or payment of any dividend or distribution or any other payment of any kind by any Loan Party to or in respect of any Capital Stock of any Loan Party; and

(ix) no action described in this Section 3.01(d) has been agreed to be taken by any Loan Party.

Section 3.02 Organization; Corporate Existence.

(a) Each of the Loan Parties (i) with respect to the Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Missouri, (ii) with respect to each other Loan Party is duly organized and validly existing and in good standing under the laws indicated with respect to such other Loan Party on Schedule 3.02 of the Disclosure Schedule and is the type of entity indicated with respect to such other Loan Party on Schedule 3.02 of the Disclosure Schedule, (iii) has all requisite power and authority to own, lease and operate its properties and to carry on its business as now conducted and as proposed hereafter to be conducted, (iv) is qualified to do business as a foreign entity in each jurisdiction in which the failure of such Loan Party to be so qualified could reasonably be expected to have a Material Adverse Effect, and (v) has all requisite right, power and authority to execute and deliver, and perform all of its obligations under, the Loan Documents to which it is a party and to consummate all of the transactions contemplated by the Loan Documents. True and complete copies of the Organic Documents of each Loan Party, together with all amendments and modifications thereto, have been furnished to the Agent.

(b) The Borrower is a direct and Wholly-Owned Subsidiary of the Parent. The outstanding Capital Stock of the Borrower, the Subsidiaries and the Parent, and the number and amount of all outstanding options, warrants, convertible securities, subscriptions and other rights to acquire Capital Stock of the Borrower, the Subsidiaries and the Parent, in each case, as of the Closing Date, are as set forth in Schedule 3.02 of the Disclosure Schedule.

(c) On the Closing Date, the Borrower has no Subsidiaries and the Parent has no Subsidiaries other than the Borrower.

Section 3.03 Authorization.

(a) The execution, delivery and performance by the Borrower and each other Loan Party of their respective obligations under the Loan Documents to which they are a party, and the consummation of each of the transactions contemplated hereby, have been duly authorized by all requisite corporate and other action and will not, either prior to or as a result of the consummation of the transactions contemplated by the Loan Documents: (i) violate any provision of Applicable Law, any order of any court or other agency of government, any provision of the Organic Documents of any such Person, or any Contract to which any such Person is a party, or by which any such Person or any assets or properties of any such Person are bound, or (ii) be in conflict with, result in a breach of, or constitute (after the giving of notice or lapse of time or both) a default under, or, except for any Lien in favor of Agent, for the benefit of Agent and the other Secured Persons, as may be provided in the Loan Documents, result in the creation or imposition of any Lien of any nature whatsoever upon any of the property or assets of Borrower or any other Loan Party pursuant to, any such Organic Document, Contract or otherwise.

(b) Except for the filing of amendments to financing statements in respect of any and all Lien filings against the Loan Parties under the Existing Agreement, no Loan Party is required to obtain any Government Approval, consent or authorization from, or to file any declaration or statement with, any governmental instrumentality or agency in connection with or as a condition to the execution, delivery or performance of any of the Loan Documents or any of the transactions contemplated hereby.

(c) Each of the Loan Documents constitutes the valid and binding obligation of each Loan Party (in each case to the extent a party thereto), enforceable against each such Loan Party in accordance with each of their respective terms, except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or moratorium laws, or other similar laws affecting creditors' rights and general principles of equity.

Section 3.04 Litigation. Except as disclosed on Schedule 3.04 of the Disclosure Schedule, there is no action, suit or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending or, to the knowledge of the Parent or the Borrower, threatened against or affecting any Loan Party or any of their respective assets, which, if adversely determined, could, in the aggregate, reasonably be expected to have a Material Adverse Effect or result in liabilities to the Loan Parties in excess of $100,000. Neither the Parent nor the Borrower has any knowledge of any state of facts, events, conditions or circumstances which could reasonably be expected to properly constitute grounds for or the basis of any suit, action, arbitration, proceeding or investigation (including any unfair labor practice charges, interference with union organizing activities, or other labor or employment claims) against or with respect to any Loan Party which, if adversely determined, could, in the aggregate, reasonably be expected to have a Material Adverse Effect or result in liabilities in excess of $100,000.

Section 3.05 Material Contracts. Except as disclosed on Schedule 3.05(1) of the Disclosure Schedule, no Loan Party is (a) a party to any Contract the termination of which could reasonably be expected to have a Material Adverse Effect or (b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in (x) any Contract to which it is a party or by which any of its assets or properties is bound, which default, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or result in liabilities in excess of $150,000 or (y) any Material Contract. Except as disclosed on Schedule 3.05(2) of the Disclosure Schedule, no Loan Party is party to any (i) employment agreements covering the management of any Loan Party, (ii) collective bargaining agreements or other labor agreements covering any employees of any Loan Party, (iii) agreements for managerial, consulting or similar services to which any Loan Party is a party or by which it is bound, (iv) agreements regarding any Loan Party, its assets or operations or any investment therein to which any of its equity holders is a party, (v) patent licenses, trademark licenses, copyright licenses or other lease or license agreements to which any Loan Party is a party, either as lessor or lessee, or as licensor or licensee, (vi) distribution, marketing or supply agreements to which any Loan Party is a party, (vii) customer agreements to which any Loan Party is a party (in each case with respect to any Contract of the type described in the preceding clauses (i), (iii), (iv), (v), (vi) and (vii) requiring payments of more than $150,000 in the aggregate in any Fiscal Year), (viii) partnership agreements to which any Loan Party is a partner, limited liability company agreements to which any Loan Party is a member or manager, or joint venture agreements to which any Loan Party is a party, (ix) real estate leases or (x) any other Contract to which any Loan Party is a party, in each case with respect to this clause (x), the breach, nonperformance or cancellation of which could reasonably be expected to have a Material Adverse Effect (all types of Contracts (subject to any applicable thresholds expressly provided in this Section 3.05) referenced in this Section 3.05 are hereinafter referred to as "Material Contracts").

Section 3.06 Title to Properties. Each Loan Party has good title to all of its properties and assets, free and clear of all mortgages, security interests, restrictions, encumbrances and other Liens of any kind, except for restrictions on the nature of use thereof imposed by Applicable Law, and except for Permitted Liens, none of which materially interfere with the use and enjoyment of such properties and assets in the normal course of the Business Operations as presently conducted, or materially impair the value of such properties and assets for the purpose of such business.

Section 3.07 Real Property. Schedule 3.07 of the Disclosure Schedule sets forth a correct and complete list of all Real Properties owned, leased or occupied by any Loan Party on the Closing Date, including a statement as to whether such property is owned, leased and or occupied by any Loan Party. Each of the Loan Parties has a valid interest in each Real Property currently leased or occupied by the Loan Parties. No Loan Party nor, to Parent's or the Borrower's knowledge, any other party thereto, is in material breach or violation of any requirements of any such lease; and such Real Properties are in good condition (reasonable wear and tear excepted) and are adequate for the current and proposed businesses of the Loan Parties. The use of such Real Properties by the Loan Parties in the normal conduct of the Business Operations does not violate in any material respect any applicable building, zoning or other Applicable Law, ordinance or regulation affecting such Real Properties, and no covenants, easements, rights-of-way or other such conditions of record impair in any material respect any Loan Party's use of such Real Properties in the normal conduct of the Business Operations.

Section 3.08 Machinery and Equipment. The machinery and equipment owned and/or used by the Loan Parties is, as to each individual material item of machinery and equipment, and in the aggregate as to all such material machinery and equipment, in good and usable condition and in a state of good maintenance and repair (reasonable wear and tear excepted), and adequate for its use in the Business Operations.

Section 3.09 Capitalization. Neither the Parent nor the Borrower, directly or indirectly, owns any Capital Stock of any other Person except that the Parent owns all of the Capital Stock issued by the Borrower.

Section 3.10 Solvency. After giving effect to the Term Loan, the borrowings made by the Borrower under this Agreement, and the consummation of the transactions contemplated hereby: (a) no Loan Party is insolvent or has unreasonably small capital for its business, (b) the fair saleable value of all of the assets and properties of each of each Loan Party exceeds the aggregate liabilities and Indebtedness of each such Loan Party (including contingent liabilities), (c) no Loan Party is contemplating either the filing of a petition under any state, federal or other bankruptcy or insolvency law, or the liquidation of all or any substantial portion of its assets or property, (d) no Loan Party has any knowledge of any Person contemplating the filing of any such petition against any Loan Party thereof, and (e) each Loan Party reasonably anticipates that it will be able to pay its debts as they mature.

Section 3.11 No Investment Company. No Loan Party is an "investment company" or a company "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

Section 3.12 Margin Securities. No Loan Party owns or has any present intention of acquiring any "margin security" or any "margin stock" within the meaning of Regulations T, U or X of the FRB (herein called "margin security" and "margin stock"). None of the proceeds of the Term Loan will be used, directly or indirectly, for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any Indebtedness which was originally incurred to purchase or carry, any margin security or margin stock or for any other purpose which might constitute the transactions contemplated hereby a "purpose credit" within the meaning of said Regulations T, U or X, or cause this Agreement to violate any other regulation of the FRB or the Exchange Act, or any rules or regulations promulgated under such statutes.

Section 3.13 Taxes.

(a) All federal and material state, local and other tax returns and tax reports required to be filed by any Loan Party have been timely filed after giving effect to legally available extensions to file such returns with the appropriate governmental agencies in all jurisdictions in which such returns and reports are required to be filed. All federal and material state, local, foreign and other income, franchise, sales, use, property, excise, ad valorem, value-added, payroll and other taxes (including interest, penalties and additions to tax and including estimated tax installments where required to be filed and paid) due from or with respect to the Loan Parties have been fully paid, and appropriate accruals have been made on the Loan Parties' books for taxes not yet due and payable. All material taxes and other assessments and levies which any Loan Party is required by Applicable Law to withhold or to collect have been duly

withheld and collected, and have been paid over to the proper governmental authorities to the extent due and payable. Except as set forth in Schedule 3.13 of the Disclosure Schedule, there are no material outstanding or pending claims, deficiencies or assessments for taxes, interest or penalties with respect to any taxable period of any Loan Party, and no outstanding tax Liens.

(b) Except as disclosed in Schedule 3.13 of the Disclosure Schedule, neither the Parent nor the Borrower has any knowledge or has received written notice of any pending audit with respect to any federal, state, local or other tax returns of any Loan Party, and no waivers of statutes of limitations have been given or requested with respect to any tax years or tax filings of any Loan Party.

(c) No Loan Party engages in any transaction or holds any investment that would give rise to non-deductible expenses, non-creditable taxes, or income inclusions under sections 162(c), (e), (f), (g), or (j), 280E, 901(j), 908, or 952(a) of the Code or similar laws.

Section 3.14 ERISA. With respect to each obligation of any Loan Party or any ERISA Affiliate to make any contributions to any pension, profit sharing or other similar plan providing for deferred compensation to any employee as may now exist or may hereafter be established by such Loan Party or an ERISA Affiliate of such Loan Party, or for which such Loan Party or such ERISA Affiliate have a duty to contribute and which constitutes an "employee pension benefit plan" within the meaning of Section 3(2) of ERISA: (a) the Loan Parties or the subject ERISA Affiliate has paid when due all amounts necessary to fund such plan(s) in accordance with its terms and applicable law, including Section 412 of the Code, (b) except for normal premiums payable by the Loan Parties to the Pension Benefit Guaranty Corporation ("PBGC"), no Loan Party nor the subject ERISA Affiliate has taken any action which could reasonably be expected to result in any material liability to the PBGC, or any of its successors or assigns, (c) the present value of all accrued benefits thereunder has not at any time exceeded the value of the assets of such plan(s) allocable to such accrued benefits, (d) there have not been any transactions that could reasonably be expected to result in the imposition of any tax or penalty under Section 4975 of the Code or under Section 502 of ERISA on any Loan Party, (e) there has not been any termination or partial termination thereof (other than a partial termination resulting solely from a reduction in the number of employees of a Loan Party or an ERISA Affiliate of any Loan Party, which reduction is not anticipated by any Loan Party), and there has not been any "reportable event" (as such term is defined in Section 4043(b) of ERISA) on or after the effective date of Section 4043(b) of ERISA with respect to any such plan(s) subject to Title IV of ERISA, (f) no "accumulated funding deficiency" (within the meaning of ERISA) has been, (g) such plan(s) have been "qualified" within the meaning of Section 401(a) of the Code, and have been duly administered in all material respects in compliance with ERISA and the Code, and (h) no Loan Party is aware of any fact, event, condition or cause which could reasonably be expected to adversely affect the qualified status thereof. As respects any "multiemployer plan" (as such term is defined in Section 3(37) of ERISA) to which any Loan Party or any ERISA Affiliate thereof has heretofore been, is now, or may hereafter be required to make contributions, any Loan Party or such ERISA Affiliate has made all required contributions thereto, and there has not been any "complete withdrawal" or "partial withdrawal" (as such terms are respectively defined in Sections 4203 and 4205 of ERISA) therefrom on the part of any Loan Party or such ERISA Affiliate.

Section 3.15 Intellectual Property. The Loan Parties own or have the valid right to use all material patents, trademarks, copyrights, software, computer programs, equipment designs, network designs, equipment configurations, technology and other intellectual property used, marketed and sold in the Business Operations, and the Loan Parties are in compliance in all material respects with all licenses, user agreements and other such agreements regarding the use of intellectual property used in the Business Operations; and neither the Parent nor the Borrower has any knowledge that, or has received any written notice claiming that, any of such intellectual property infringes upon or violates the rights of any other Person.

Section 3.16 Compliance with Laws. Except as set forth on Schedule 3.16 of the Disclosure Schedule: (a) the Loan Parties are in compliance, in all material respects, with all occupational safety, health, wage and hour, employment discrimination, environmental flammability, labeling and other Applicable Law; (b) no Loan Party is aware of any state or facts, events, conditions or occurrences which may now or hereafter constitute or result in a violation, in any material respect, of any Applicable Law, or which may reasonably be expected to give rise to the assertion of any such violation; (c) no Loan Party has received written notice of default or violation, nor is any Loan Party in default or violation, with respect to any judgment, order, writ, injunction, decree, demand or assessment issued by any court or any federal, state, local, municipal or other governmental agency, board, commission, bureau, instrumentality or department, domestic or foreign, relating to any aspect of any Loan Party's business, affairs, properties or assets; and (d) no Loan Party has received written notice of or been charged with, or is, to the Parent's or the Borrower's knowledge, under investigation with respect to, any violation in any material respect of any provision of any Applicable Law.

Section 3.17 Licenses and Permits. Each Loan Party has all federal, state, local and other licenses and permits required to be maintained in connection with and material to the Business Operations, and all such licenses and permits are valid and in full force and effect. Each Loan Party has complied with the requirements of such licenses and permits in all material respects, and has received no written notice of any pending or threatened proceedings for the suspension, termination, revocation or limitation thereof. No Loan Party is aware of any facts or conditions that could reasonably be expected to cause or permit any of such licenses or permits to be voided, revoked or withdrawn.

Section 3.18 Insurance. Schedule 3.18 of the Disclosure Schedule lists all insurance coverages maintained by each Loan Party on the Closing Date, including the names of insurers, policy limits and deductibles in summary fashion. No Loan Party has received written notice of cancellation or intent not to renew any of such policies, and there has not occurred, and no Loan Party is aware of any occurrence or the existence of any condition (other than general industry-wide conditions) such as could reasonably be expected to cause any of such insurers to cancel any of such insurance coverages, or could be reasonably likely to materially increase the premiums charged to any Loan Party for coverages consistent with the scope and amounts of coverages as in effect on the Closing Date.

Section 3.19 Environmental Laws.

(a) Each Loan Party has complied in all material respects with all Environmental Laws relating to its business and properties, and to the knowledge of the Parent and the Borrower there exist no Hazardous Substances, nor underground storage tanks at, on, under or about, any of the Real Properties the existence of which could reasonably be expected to have a Material Adverse Effect or result in liabilities in excess of $50,000 in the aggregate to any Loan Party.

(b) No Loan Party has received written notice of any pending or threatened litigation or administrative proceeding which in any instance (i) asserts or alleges any violation of applicable Environmental Laws on the part of any Loan Party, (ii) asserts or alleges that any Loan Party is required to clean up, remove or otherwise take remedial or other response action due to the disposal, depositing, discharge, leaking or other release of any Hazardous Substances, or (iii) asserts or alleges that any Loan Party is required to pay all or any portion of the costs of any past, present or future cleanup, removal or remedial or other response action or compensation for damage to persons or property which arises out of or is related to the disposal, depositing, discharge, leaking or other release of any Hazardous Substances by any Loan Party. To the Parent's and the Borrower's knowledge, no Loan Party is subject to any judgment, decree, order or citation related to or arising out of any Environmental Laws. To the Parent's and the Borrower's knowledge, no Loan Party has been named or listed as a potentially responsible party by any governmental body or agency in any matter arising under any Environmental Laws. No Loan Party is a participant in, nor does the Parent or the Borrower have knowledge of, any governmental investigation involving any of the Real Properties.

(c) No Loan Party nor, to the Parent's and the Borrower's knowledge, any other Person has caused or permitted any Hazardous Substances or other materials to be stored, deposited, treated, recycled or disposed of on, under or at any of the Real Properties which materials, if known to be present, could reasonably be expected to require or authorize cleanup, removal or other remedial action by any Loan Party under any applicable Environmental Laws.

Section 3.20 Sensitive Payments. No Loan Party has (a) made any contributions, payments or gifts to or for the private use of any governmental official, employee or agent where either the payment or the purpose of such contribution, payment or gift is illegal under the Applicable Laws of the United States or the jurisdiction in which made or any other applicable jurisdiction, (b) established or maintained any unrecorded fund or asset for any purpose or made any false or artificial entries on its books, (c) made any payments to any Person with the intention that any part of such payment was to be used for any purpose other than that described in the documents supporting the payment, or (d) engaged in any "trading with the enemy" or other transactions violating any rules or regulations of the Office of Foreign Assets Control or any similar Applicable Laws, rules or regulations.

Section 3.21 No Material Adverse Change. Since September 30, 2017, there has been no material adverse change in the business, operations, properties or condition (financial or otherwise) of any Loan Party.

Section 3.22 No Default. After giving effect to the Assignment Agreement, no Default or Event of Default has occurred and is continuing.

Section 3.23 Brokers. Except as set forth on Schedule 3.23 of the Disclosure Schedules, and except for fees payable to the Agent and the Lenders pursuant to the Loan Documents, no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Loan Documents, and no Loan Party, has or will have any obligation to any Person in respect of any finder's or brokerage fees in connection herewith or therewith.

Section 3.24 Full Disclosure. No statement of fact made in writing (other than the projections or any other forward-looking information and any information of a general economic or industry-specific nature) by or on behalf of any Loan Party or any Affiliate thereof in this Agreement or any other Loan Document, or in any information memorandum, business summary, agreement, certificate, schedule or other statement or report furnished by or on behalf of any Loan Party or Affiliate thereof to the Agent or any Lender pursuant to, or in connection with, this Agreement or any other Loan Document, when taken as a whole, contained, as of the date such statement of fact was furnished, any untrue statement of a material fact, or omitted to state, as of the date such statement of fact was furnished, any material fact necessary to make any statements contained herein or therein not misleading. All financial projections delivered by or on behalf of any Loan Party or Affiliate thereof to the Agent or any Lender pursuant to, or in connection with, this Agreement or any other Loan Document (i) were prepared by such Person in good faith, (ii) were prepared in accordance with assumptions which were reasonable at the time such projections were so delivered (and, if later, were also reasonable on the Closing Date) and (iii) reflect the Loan Parties' judgment based on circumstances at the time such projections were delivered of the most likely set of conditions and course of action for the projected period (it being understood that such projections are subject to uncertainties and contingencies, many of which are beyond the control of the Loan Parties, that actual results may vary from projected results and that such variances may be material).

IV. CONDITIONS OF MAKING THE TERM LOAN

The obligation of each Lender to make its Pro Rata Share of the Term Loan on the Closing Date is subject to the following conditions precedent, all of which must be satisfied in a manner acceptable to the Agent (and as applicable, pursuant to documentation which is in form and substance acceptable to the Agent):

Section 4.01 Representations and Warranties. The representations and warranties set forth in Article III hereof and in the other Loan Documents shall be true and correct on and as of the Closing Date both before and after giving effect to the transactions contemplated hereby (including the funding of the Term Loan).

Section 4.02 Loan Documents. Agent shall have received each of the following:

(a) this Agreement duly executed by Agent, each Lender, Borrower and Parent;

(b) the Notes, to the extent requested by a Lender, duly executed by Borrower;

(c) the Collateral Agreement and any and all other Security Documents required by the Agent at the Closing Date, in each case duly executed by the Loan Parties party thereto;

(d) the Agent Payments Letter duly executed by the Borrower and the Agent;

(e) the Management Fee Subordination Agreement duly executed by the Agent and the Sponsor;

(f) the Intercreditor Agreement duly executed by the Agent and the Revolving Lender;

(g) the Seller Debt Subordination Agreement duly executed by the Sellers, Sponsor and the Agent;

(h) the Sponsor Debt Subordination Agreement duly executed by the Sponsor and the Agent;

(i) the Intercompany Subordination Agreement duly executed by the Agent and the Loan Parties;

(j) the Loan Party Guaranty duly executed by each of the Loan Parties party thereto;

(k) the Sponsor Guaranty duly executed by the Sponsor;

(l) the Assignment Agreement duly executed by the Agent, the Existing Term Agent, the assigning lenders party thereto, the assignee lenders party thereto, Parent and Borrower;

(m) the Amendment and Restatement Agreement duly executed by the Agent, the lenders party thereto, Parent and Borrower;

(n) a certificate or certificates of insurance evidencing the insurance required by Section 5.01(c);

(o) a Borrowing Notice duly executed by the Borrower;

(p) a duly executed certificate of the Secretary or an Assistant Secretary of each Loan Party party to any Loan Document, certifying (i) the adoption of resolutions of the boards of directors (or other comparable body) of such Person authorizing and directing the execution and delivery of the Loan Documents to which such Person is a party and all further agreements, instruments, certificates and other documents to be delivered pursuant hereto and thereto to which such Person is a party; (ii) the names of the officers of each such Person who are authorized to execute and deliver the Loan Documents to which such Person is a party and all other agreements, instruments, certificates and other documents to be delivered pursuant hereto and thereto to which such Person is a party, together with the true signatures of such officers (it being understood and agreed that the Agent may conclusively rely on such certificate until the

Agent shall receive any further such certificate canceling or amending the prior certificate and submitting the signatures of the officers named in such further certificate) and (iii) copies of the Organic Documents (certified by the Secretary of State or other appropriate governmental official, as applicable, with respect to each certificate of incorporation or formation) of each such Person;

(q) a certificate of the Secretary of State or other appropriate governmental official of the jurisdiction of incorporation or formation, as applicable, of each Loan Party party to any Loan Document of each jurisdiction in which such Person is qualified to do business as a foreign corporation, dated reasonably prior to the Closing Date, stating that such Person is duly formed or qualified and in good standing in such jurisdiction; and

(r) such other agreements, instruments, documents, proxies and certificates (including satisfactory lien and judgment searches and payoff letters and release letters, if any, respecting the Loan Parties) as the Agent or its counsel may require, and including such other agreements instruments, documents and certificates listed on any closing checklist delivered to the Borrower by the Agent.

Section 4.03 Due Diligence/Approval. The Agent shall have completed its business (including background checks on Jon Isaac, Rodney Spriggs, Seth Bayless and Mark Szafranowski) and legal due diligence pertaining to the Loan Parties and the transactions contemplated hereby with results thereof satisfactory to the Agent in its sole discretion, and the Term Loan and this Agreement shall have been approved by the Agent's Investment Committee.

Section 4.04 Quality of Earnings Report. The Agent shall have received a third party accounting and tax due diligence report on the Loan Parties in form and substance satisfactory to the Agent.

Section 4.05 [Reserved].

Section 4.06 Legal Opinions. The Agent shall have received the favorable written opinions of Mann Conroy, LLC, Rice Reuther Sullivan & Carrol, LLP and Venable LLP, counsel for each Loan Party and the Sponsor, dated the Closing Date, with respect to the Loan Documents and the transactions contemplated thereby.

Section 4.07 Maximum Senior Leverage Ratio. After giving pro forma effect to the making of the Term Loan, the consummation of the transactions contemplated hereby and the payment of all Transaction Costs, the Senior Leverage Ratio for the twelve (12) month period ending March 31, 2018 shall not be greater than 2.66:1.00.

Section 4.08 Revolving Facility. As of the Closing Date, the Agent shall have received evidence that Total Utilization of the Revolving Commitments does not exceed $10,250,000 and that the total Revolving Commitments are equal to $12,000,000. Agent shall have received a fully executed or conformed copy of each Revolving Loan Document. Each Revolving Loan Document shall be in full force and effect and shall include terms and provisions reasonably satisfactory to Agent, including such amendments and modifications requested by Agent to permit the Term Loan, the Liens securing the Term Loan, this Agreement and the other Loan Documents.

Section 4.09 Sponsor Equity Contribution. Agent shall have received evidence that Parent shall have received an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Agent) in an amount not less than $4,000,000 (the "Sponsor Equity Contribution"). Parent shall have made an equity contribution to the Borrower in an amount equal to the Sponsor Equity Contribution.

Section 4.10 Seller Note; Sponsor Note. Agent shall have received all Seller Subordinated Note Documents and all Sponsor Subordinated Note Documents, in each case duly executed by the parties thereto in form and substance satisfactory to the Agent.

Section 4.11 Fees and Reimbursements. Borrower shall have paid all fees, costs and expenses due and payable under this Agreement and the other Loan Documents on the Closing Date.

Section 4.12 Further Matters. All legal matters, and the form and substance of all documents, incident to the transactions contemplated hereby shall be satisfactory to the Agent.

Section 4.13 No Default. No Default or Event of Default shall have occurred and be continuing or would result from the making of the Term Loan or the consummation of the transactions contemplated hereby.

Section 4.14 Pro Forma Financial Covenant Compliance. After giving pro forma effect to the making of the Term Loan and the consummation of the transactions contemplated hereby, the Borrower is in compliance on a pro forma basis with the covenants set forth in Section 6.18 recomputed for the most recently ended month for which information is available using the financial covenant levels for the first testing date set forth in Section 6.18.

V. AFFIRMATIVE COVENANTS

Each of the Parent and the Borrower hereby covenants and agrees that, from the Closing Date and until all Obligations (whether now existing or hereafter arising) have been paid in full and all lending commitments (if any) under each of the Loan Documents have been terminated, the Parent and the Borrower shall, and shall cause each of their respective Subsidiaries to:

Section 5.01 Corporate; Insurance; Material Contracts; Laws. Do or cause to be done all things necessary to at all times (a) preserve, renew and keep in full force and effect its corporate or other legal existence, and all rights, licenses, permits and franchises that are necessary to the conduct of the Business Operations, (b) maintain, preserve and protect all of its franchises and trade names, and preserve all of its property that is material to the conduct of the Business Operations, and keep the same in good repair, working order and condition (reasonable wear and tear excepted), and from time to time make, or cause to be made, all repairs, renewals, replacements, betterments and improvements thereto necessary so that the Business Operations carried on in connection therewith may be conducted at all times in the Ordinary Course of Business, (c) maintain insurance in amounts, on such terms and against such risks (including fire and other hazards insured against by extended coverage, and public liability insurance covering claims for personal injury, death or property damage, business interruption insurance, and key

person life insurance on the lives of Rodney Spriggs and Steve Wilcox with coverage in the amounts of $12,000,000 and $6,000,000, respectively) as are both maintained as of the Closing Date and as are customary for companies of similar size in the same or similar businesses and operating in the same or similar locations as well as all such other insurance as is required by the Agent in Agent's Discretion, each of which policies shall be issued by a financially sound and reputable insurer satisfactory to the Agent in Agent's Discretion, and shall name the Agent, for the benefit of the Agent and the other Secured Persons, as lender's loss payee and additional insured (as applicable) as its interest appears and, unless otherwise agreed to by Agent, provide for the Agent to receive written notice thereof at least thirty (30) days prior to any cancellation of the subject policy, and (d) comply in all material respects with all Material Contracts to which it is a party or by which its assets or properties are bound, all benefit plans which it maintains or is required to contribute to, and all Applicable Laws (including all applicable Environmental Laws and all Applicable Laws referred to in Sections 3.19 and 3.20), and all requirements of its insurers, whether now in effect or hereafter enacted, promulgated or issued. The Borrower shall provide to the Agent certificates from the applicable insurers evidencing all such required insurance promptly upon request.

a. Unless Borrower provides the Agent with a certificate of insurance or other evidence of the continuing insurance coverage required by this Agreement within five (5) Business Days of the Agent's written request, the Agent may purchase insurance of the type described in the preceding paragraph at Borrower's expense to protect the Agent's and each other Secured Person's interests. This insurance may, but need not, protect any Loan Party's interests. The coverage that the Agent purchases may, but need not, pay any claim that is made against any Loan Party in connection with their assets. Borrower may later cancel any insurance purchased by the Agent, but only after providing the Agent with evidence that Borrower has obtained the insurance coverage required by this Agreement. If the Agent purchases such insurance, as set forth above, Borrower shall be responsible for the costs of that insurance, including interest and any other charges that may be imposed with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance and the costs of the insurance may be added to the principal amount of the Term Loan owing hereunder.

Section 5.02 Taxes. File, pay and discharge, or cause to be paid and discharged, all federal, state and other material taxes, assessments and governmental charges or levies imposed upon any Loan Party or upon its income and profits or upon any of its property (real, personal or mixed) or upon any part thereof, before the same shall become in default or past-due, as well as all lawful claims for labor, materials, supplies and otherwise, which, if unpaid when due, could reasonably be expected to become a Lien or charge upon such property or any part thereof; provided, however, that no Loan Party shall be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as (a) the validity thereof shall be being diligently contested by the Loan Parties in good faith by appropriate proceedings which result in the stay of any enforcement thereof and the Loan Parties shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim so contested, and (b) payment with respect to any such tax, assessment, charge, levy or claim shall be made before any Person has the right to seize or sell any property of any Loan Party in satisfaction thereof.

Section 5.03 Notices of Certain Material Events. Give prompt (but in any case no later than three (3) Business Days after the occurrence of) written notice to the Agent and each Lender of (a) any proceedings instituted against any Loan Party in any federal, state or other court or before any commission or other regulatory body, whether federal, state or other, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect or could result in liabilities in excess of $100,000 in the aggregate, and of any adverse determination in any such proceeding, (b) the occurrence of any casualty to any Collateral with an aggregate value in excess of $100,000 (whether or not covered by insurance, the value of which being determined immediately prior to giving effect to such casualty), (c) any event that could reasonably be expected to result in any Material Adverse Effect, any Default or any Event of Default, (d) any actual or alleged breaches of any Material Contract (to the extent such breach was committed by a Loan Party or for which any Loan Party has obtained knowledge) or termination or threat in writing to terminate any Material Contract or any amendment to or modification of any Material Contract and (e) any change in any Loan Party's certified accountant or resignation, or decision not to stand for re-election, by any member of any Loan Party's board of directors (or other comparable body), or any other change in the composition of any Loan Party's board of directors (or other comparable body), and in each case the action that each Loan Party has taken, is taking, or proposes to take with respect thereto.

Section 5.04 Periodic Reports. Furnish to the Agent and each Lender:

(a) Within one hundred and five (105) calendar days after the end of each Fiscal Year, consolidated balance sheets, and consolidated and consolidating statements of income, statements of stockholders' equity, and statements of cash flows of the Parent and its Subsidiaries, together with footnotes and supporting schedules thereto, certified (as to the consolidated statements) by a nationally recognized independent certified public accounting firm selected by the Borrower and satisfactory to the Agent in the Agent's Discretion, showing the financial condition of the Parent and its Subsidiaries at the close of such Fiscal Year and the results of operations of the Loan Parties during such Fiscal Year;

(b) Within forty-five (45) calendar days after the end of each Fiscal Quarter, consolidated and consolidating unaudited balance sheets, statements of income and statements of cash flows of the Parent and its Subsidiaries, together with supporting schedules thereto, prepared by the Parent and certified by the Borrower's Chief Financial Officer, such balance sheets to be as of the close of such Fiscal Quarter and such statements of income and statements of cash flows to be for the period from the beginning of the then-current Fiscal Year to the end of such Fiscal Quarter, together with comparative statements of income and cash flows for the corresponding period in the immediately preceding Fiscal Year, in each case subject to the absence of footnotes and normal audit and year-end adjustments;

(c) Within thirty (30) calendar days after the end of each calendar month, consolidated and consolidating unaudited balance sheets, statements of income and statements of cash flows of the Parent and its Subsidiaries, together with supporting schedules thereto, prepared by the Parent and certified by the Borrower's Chief Financial Officer, such balance sheets to be as of the close of such calendar month and such statements of income and statements of cash flows to be for the period from the beginning of the then-current Fiscal Year to the end of such calendar month, together with comparative statements of income and cash flows for the corresponding period in the immediately preceding Fiscal Year, in each case subject to the absence of footnotes and normal audit and year-end adjustments;

(d) Concurrently with the delivery of each of the financial statements required by Sections 5.04(a), 5.04(b) and 5.04(c), (i) a Compliance Certificate (signed by the Chief Financial Officer of the Borrower), (w) certifying that such person has examined the provisions of this Agreement and the other Loan Documents and that no Default or Event of Default has occurred and is continuing, (x) when delivered in connection with the financial statements required by Sections 5.04(a) and 5.04(b), certifying to, and setting forth (in reasonable detail), the calculations supporting such statements in respect of Section 6.18, to the extent applicable, (y) certifying that such financial statements fairly present in all material respects the financial condition and results of operations of the Parent and its Subsidiaries as of the dates and periods covered by such financial statements and have been prepared in accordance with GAAP applied on a consistent basis, subject to, in the case of the financial statements delivered pursuant to Sections 5.04(b) and 5.04(c), changes resulting from audit and normal year-end adjustments and the absence of footnote disclosures, and (z) when delivered in connection with the financial statements required by Section 5.04(c), certifying to, and attaching, the monthly profit and loss statement for each retail location of the Loan Parties, and (ii) with respect to each such financial statements being delivered with respect to a period ending on the last day of a Fiscal Quarter, a management discussion and analysis, in form and detail reasonably acceptable to Agent, describing the performance of the Parent and its Subsidiaries for such periods;

(e) As soon as approved by the Borrower's board of directors (or other comparable body) (but in any event not later than 30 days following the beginning of each Fiscal Year), a budget and operating plan (on a month-by-month basis) for such Fiscal Year, in such detail as may be required by the Agent in Agent's Discretion, and promptly following the preparation thereof, any material updates to any of the foregoing from time to time prepared, if any;

(f) As and when distributed to each Loan Party's direct and indirect equityholders, copies of all proxy materials, reports and other information which each Loan Party provides to its equityholders; and as and when distributed to any other holders of Indebtedness of any Loan Party, copies of all reports, statements and other information provided to such holders;

(g) As soon as practical (but in no event more than two (2) Business Days from the receipt or delivery thereof), all default notices, acceleration notices, collateral reports or other material information, notices and/or reports delivered to or from the Revolving Lender relating to the Revolving Loan Documents or from the holder of any Subordinated Debt relating to such Subordinated Debt; ~~and~~

(h) No later than one (1) Business Day after each Liquidity Determination Date, a Liquidity Report calculated as of such Liquidity Determination Date;

(i) As and when distributed to the Revolving Lender, each borrowing base certificate delivered under the Revolving Loan Credit Agreement; provided, that the Borrower shall provide the Agent with a borrowing base certificate, calculated in accordance with the Revolving Loan Documents and signed by a financial officer of the Borrower, no less than once per calendar week;

(j) On the first (1st) Business Day of each calendar week, a weekly cash flow forecast for the 13-week period commencing on such date together with a variance analysis, in form and substance satisfactory to the Agent in Agent's Discretion;

(k) On the first (1st) Business Day of each calendar week, a store level sales data report for the prior calendar week, in the form delivered by the Borrower to the Agent prior to the Second Amendment Effective Date; and

(l) ~~(h)~~ Promptly, from time to time, such other information regarding any Loan Party's operations, assets, business, affairs and financial condition, as the Agent may request in Agent's Discretion.

Section 5.05 Books and Records; Inspection. Maintain centralized books and records regarding the Business Operations at the Borrower's principal place of business, and permit the Agent (accompanied by any Lender who is an Affiliate or Related Fund of Comvest, along with representatives of, advisors of, and other professionals retained by or on behalf of, the Agent or such Lender) to inspect (provided that Borrower shall only be required to reimburse Agent for up to one such inspection, for costs, fees and expenses actually incurred by Agent in connection therewith in an amount not to exceed $35,000 in the aggregate, in any Fiscal Year plus any additional inspections that are conducted during the existence of an Event of Default), at any time during normal business hours (or at any time during the existence of an Event of Default), upon at least three (3) Business Days' advance notice (provided that no such notice shall be required during the existence of an Event of Default), all of each Loan Party's various books, records, operations and properties, to make copies, abstracts and/or reproductions of such books and records, and to discuss the business, financials and affairs of the Loan Parties with the management, employees, customers, suppliers, accountants, representatives and advisors of the Loan Parties (provided that, if, and to the extent, such information, in the reasonable good faith judgment of such Loan Party is not appropriate to be discussed in the presence of the Agent or such Lender in order to avoid a conflict of interest with respect to a material matter or, upon and consistent with the advice of legal counsel to the Loan Parties, is necessary to preserve the attorney-client privilege with respect to any matter, then to the extent the disclosure of any information related to such issue would cause such a conflict of interest or would result in the loss of such attorney-client privilege, such information may be withheld by such Person), and to consult with and advise the officers and management of the Loan Parties with respect to such Loan Parties' business, finances and affairs, which consultation and advice the Loan Parties shall cause such officers and management to give due consideration, though such officers and management are not required to follow such advice.

Section 5.06 Accounting. Maintain a standard system of accounting in order to permit the preparation of financial statements in accordance with GAAP applied on a consistent basis.

Section 5.07 Environmental Response. In the event of any material discharge, spill, injection, escape, emission, disposal, leak or other Release of Hazardous Substances in amounts in violation of applicable Environmental Laws by any Loan Party on any Real Property owned or leased by any Loan Party, which is not authorized by a permit or other approval issued by the appropriate governmental agencies and which requires notification to or the filing of any

report with any federal, state or other governmental agency, the Parent and the Borrower shall, and shall cause each of its Subsidiaries to, promptly: (a) notify the Agent and each Lender; and (b) comply with the notice requirements of the Environmental Protection Agency and applicable governmental agencies, and take all steps necessary to promptly clean up such discharge, spill, injection, escape, emission, disposal, leak or other Release in accordance with all applicable Environmental Laws and the Federal National Contingency Plan, and, if required, receive a certification from all applicable state agencies or the Environmental Protection Agency, that such Real Property has been cleaned up to the satisfaction of such agency(ies).

Section 5.08 Management. Cause Rodney Spriggs to continue to be employed as, and to actively perform the duties of, the Chief Executive Officer of each Loan Party unless a successor is appointed within sixty (60) days after the termination of such individual's employment, and such successor is satisfactory to the Agent in Agent's Discretion.

Section 5.09 Use of Proceeds. Cause all proceeds of the Term Loan to be utilized solely in the manner and for the purposes set forth in Section 2.03.

Section 5.10 Future Subsidiaries. At any time and from time to time when any Loan Party proposes to form or acquire any Subsidiary subsequent to the Closing Date, the Borrower shall give written notice thereof to the Agent reasonably in advance of (and in no event less than thirty (30) days prior to) the formation or acquisition of such Subsidiary. Prior to, or concurrently with, the formation or acquisition of such Subsidiary, the Borrower shall provide the Agent with true and complete copies of the Organic Documents of such Subsidiary and a written notice stating, with respect to such Subsidiary, (a) its proper legal name, (b) its jurisdiction of incorporation or formation, (c) the jurisdictions (if any) in which it is qualified or is required to be qualified to do business as a foreign entity, (d) the number of shares of Capital Stock and (e) the record owners of such outstanding Capital Stock. The Borrower shall cause such new Subsidiary to, contemporaneously with the formation or acquisition of such new Subsidiary execute and deliver (i) a joinder to the Loan Party Guaranty as a guarantor thereunder (and/or such other guaranty of all of the Obligations required by the Agent) in form and substance satisfactory to the Agent in the Agent's Discretion, (ii) a joinder to the Collateral Agreement (and/or such other Security Documents required by the Agent) as a grantor thereunder (with completed perfection certificate) in form and substance satisfactory to the Agent in the Agent's Discretion, (iii) a joinder to the Intercompany Subordination Agreement as a Subordinated Creditor in form and substance satisfactory to the Agent in the Agent's Discretion, and (iv) other Security Documents and Loan Documents as required by Agent in the Agent's Discretion, all which must be in form and substance satisfactory to the Agent in the Agent's Discretion and to the extent required by the Agent must be accompanied by legal opinions and other documents in form and substance satisfactory to the Agent in the Agent's Discretion. Notwithstanding the foregoing, this Section 5.10 shall not limit any of the other provisions of this Agreement or of any other Loan Document that restrict the Loan Parties from forming or otherwise acquiring any Subsidiary.

Section 5.11 Further Assurances. Each of the Parent and the Borrower shall, and shall cause each Subsidiary, at their own cost and expense, to promptly and duly take, execute, acknowledge and deliver (or cause to be duly taken, executed, acknowledged and delivered) all such further acts, documents and assurances as may from time to time be necessary or as the Agent may from time to time in the Agent's Discretion require in order to (a) carry out the intent and purposes of the Loan Documents and the transactions contemplated thereby, (b) establish, create, preserve, protect and perfect a first priority Lien (subject only to Permitted Liens) in favor of the Agent, for the benefit of Agent and each other Secured Person, in all real and personal property (wherever located) from time to time owned by the Loan Parties and in all Capital Stock from time to time issued by the Borrower and each Subsidiary, and (c) cause the Parent and each Subsidiary to guarantee all of the Obligations, all pursuant to documentation that is in form and substance satisfactory to the Agent in the Agent's Discretion.

Section 5.12 [Reserved].

Section 5.13 Board Observation Rights. Cause Comvest (provided that, in the event that none of Comvest, its Affiliates and or Related Funds is a Lender, then the Lender with the then greatest Pro Rata Share of all of the Term Loan shall have the rights afforded to Comvest under this Section 5.13 and all references in this Section 5.13 to Comvest shall be deemed to be a reference to such Lender) to have the right to designate one representative, who shall: (a) receive prior notice (no later than such notice is given to the members of the board of directors (or other comparable body), the equityholders, and the committee members, as applicable) of all meetings (both regular and special) of the board of directors (or other comparable body) and of the equityholders of each Loan Party and each committee of any such board of directors (or other comparable body); (b) be entitled to attend (or, at the option of such representative, monitor by telephone) all such meetings; (c) receive all notices, information, reports and minutes of meetings, which are furnished (or made available) to the members of any such board of directors (or other comparable body) and/or committee and/or equityholders in their respective capacities as such at the same time and in the same manner as the same is furnished (or made available) to such members and equityholders; and (d) be entitled to participate in all discussions conducted at such meetings; provided, however, that if, and to the extent, an issue is to be discussed or otherwise arises at any meeting of the board of directors (or comparably body) of any Loan Party which, in the reasonable good faith judgment of such board of directors (or comparable body) is not appropriate to be discussed in the presence of such representative of Comvest in order to avoid a conflict of interest with respect to a material matter on the part of such non-voting observer or, upon and consistent with the advice of legal counsel to the Loan Parties, is necessary to preserve an attorney-client privilege with respect to any matter, then to the extent a discussion of such issue would cause such a conflict of interest or would result in the loss of such attorney-client privilege, such issue may be discussed without such representative of Comvest present, and such representative of Comvest may be excluded from distribution of applicable portions of related materials or related draft resolutions or consents. If any action is proposed to be taken by any such board of directors (or other comparable body), equityholders and/or committee by written consent in lieu of a meeting, the Parent and the Borrower shall give, or shall cause to be given, written notice thereof to such representative of Comvest, which notice shall describe in reasonable detail the nature and substance of such proposed action and shall be delivered not later than the date upon which any member of any such board of directors (or other comparable body), equityholders and/or

committee receives the same. The Parent and the Borrower shall furnish, or shall cause to be furnished, to such representative a copy of each such written consent not later than five (5) days after it has been signed by a sufficient number of signatories to make it effective. At least two times per Fiscal Year, Borrower shall hold a scheduled meeting of Borrower's executive officers to review Borrower's business and operations, and the rights of Comvest and each Lender, and the limitations thereon, set forth in this Section 5.13 with respect to meetings of Borrower's board of directors shall apply *mutatis mutandis* with respect to each such meeting of Borrower's executive officers.

Section 5.14 Post-Closing Deliveries.

In consideration for Agent and Lenders agreeing to fund the Term Loan hereunder even though the following items required as conditions precedent under Section 4.02 were not satisfied on the Closing Date, the Loan Parties shall deliver, or cause to be delivered, to Agent, or otherwise complete to Agent's satisfaction in its sole discretion, the following items within the time periods designated below (unless such time periods are extended by Agent in its sole discretion pursuant to its written consent):

(a) Within 30 days of the Closing Date, loss payable and additional insured endorsements evidencing the insurance required by Section 5.01(c).

Section 5.15 Seller Subordinated Debt Contributions. Cause Sponsor to make each Seller Subordinated Debt Contribution to the Parent for so long as any Seller Subordinated Debt is outstanding, for application in accordance with the Seller Debt Subordination Agreement; provided, that if the Senior Leverage Ratio is less than 2.25:1.00 as of the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.04(b) , the Sponsor shall not be required to make, and the Loan Parties shall not be required to cause the Sponsor to make, any Seller Subordinated Debt Contribution to the Parent until such time as the Senior Leverage Ratio is greater than or equal to 2.25:1.00 as of the last day of any subsequent Fiscal Quarter. Notwithstanding the foregoing, the Sponsor shall not be required to make a Seller Subordinated Debt Contribution on the first (1st) Business Day following June 30, 2020.

Section 5.16 Specified 2020 Equity Contributions. On or prior to April 22, 2020, the Borrower shall have received, directly or indirectly, an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Agent) from the Sponsor in cash in an amount not less than $1,000,000 (the "First 2020 Equity Contribution"). Subject to the terms and conditions set forth in the Sponsor Guaranty, the Borrower shall have received, directly or indirectly, an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Agent) from the Sponsor in cash on such date, and in such amount, as determined by the Sponsor and Agent, acting reasonably (the "Second 2020 Equity Contribution" and, together with the First 2020 Equity Contribution, the "Specified 2020 Equity Contributions").

VI. NEGATIVE COVENANTS

Each of the Parent and the Borrower hereby covenants and agrees that, until all Obligations (whether now existing or hereafter arising) have been paid in full and all lending commitments (if any) under each of the Loan Documents have been terminated, neither the Parent nor the Borrower shall, and neither the Parent nor the Borrower shall permit any Subsidiary to, directly or indirectly:

Section 6.01 Indebtedness. Incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any Indebtedness, other than:

(a) the Obligations;

(b) Revolving Loans in an aggregate principal amount at any time outstanding not to exceed $12,000,000 solely to the extent the Revolving Loans are subject to the Intercreditor Agreement;

(c) Indebtedness existing on the date of this Agreement and described on Schedule 3.01 of the Disclosure Schedule;

(d) Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring any fixed asset (including through Capitalized Leases), in an aggregate principal amount at any time outstanding not greater than $100,000;

(e) intercompany Indebtedness resulting from inter-company loans solely between (i) the Borrower and any Wholly-Owned Domestic Subsidiary Guarantor and (ii) Wholly-Owned Domestic Subsidiary Guarantors, in each case to the extent such Indebtedness is permitted by, and is subject to, the Intercompany Subordination Agreement;

(f) Guarantees to the extent permitted pursuant to Section 6.03;

(g) Seller Subordinated Debt in an aggregate principal amount at any time outstanding not to exceed $10,000,000 solely to the extent the Seller Subordinated Debt is subject to the Seller Debt Subordination Agreement;

(h) unsecured Indebtedness arising in connection with the endorsement of instruments or other payment items for deposit or incurred in respect of netting services, overdraft protection, and other like services, in each case, incurred in the Ordinary Course of Business;

(i) Indebtedness incurred in the Ordinary Course of Business under performance, surety, statutory or appeal bonds;

(j) Indebtedness owed to any Person providing property, casualty, liability or other insurance to any Loan Party, so long as the amount of such Indebtedness is not in excess of the amount of the unpaid cost of, and shall be incurred only to defer the cost of, such insurance for the year in which such Indebtedness is incurred and such Indebtedness is outstanding only during such year;

(k) Indebtedness incurred in the Ordinary Course of Business in respect of credit cards, credit card processing services, debit cards, stored value cards, commercial cards (including so-called "purchase cards", "procurement cards" or "p-cards"), or cash management or related services in an aggregate amount not to exceed $250,000 at any time outstanding and provided that all amounts outstanding in respect of such credit cards, credit card processing services, debit cards, stored value cards, commercial cards, or cash management or related services are paid in full on a monthly basis;

(l) Indebtedness comprising Investments permitted under Section 6.06;

(m) accrual of interest, accretion or amortization of original issue discount, or the payment of interest in kind, in each case, on Indebtedness that otherwise constitutes Indebtedness permitted under this Section 6.01;

(n) obligations (contingent or otherwise) existing or arising under Swap Contracts in an amount not to exceed $250,000 in the aggregate at any time outstanding; provided, that (i) such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with fluctuations in interest rates or foreign exchange rates and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(o) Sponsor Subordinated Debt in an aggregate principal amount at any time outstanding not to exceed $470,000 solely to the extent the Sponsor Subordinated Debt is subject to the Sponsor Debt Subordination Agreement; and

(p) unsecured Indebtedness, of a type not described above, not to exceed $250,000 in the aggregate at any time outstanding.

Section 6.02 Liens. Create, incur, assume or suffer to exist any Lien or other encumbrance of any nature whatsoever on any of its assets, now or hereafter owned, other than:

(a) Liens in favor of the Agent (for the benefit of the Agent and the other Secured Persons) securing the Obligations;

(b) Liens in favor of the Revolving Lender on Collateral securing the obligations of the Borrower under the Revolving Loan Documents solely to the extent such Liens are subject to the Intercreditor Agreement;

(c) Liens existing on the date of this Agreement and described on Schedule 6.02 of the Disclosure Schedule;

(d) any Lien on any asset securing Indebtedness permitted under Section 6.01(d), provided, that such Lien attaches only to the assets financed by such Indebtedness, and such Lien attaches concurrently with or within ninety (90) days after the acquisition thereof;

(e) subject to Section 5.02, Liens securing the payment of taxes which are either not yet due or the validity of which is being diligently contested by the Loan Parties, as applicable, in good faith by appropriate proceedings which result in the stay of any enforcement thereof and the Loan Parties shall have set aside on their books adequate reserves with respect to any such tax so contested, and payment with respect to any such tax shall be made before any Person has the right to seize or sell any property of any Loan Party in satisfaction thereof;

(f) Liens arising in the Ordinary Course of Business that are imposed by Applicable Law (as opposed to by Contract) (i) in favor of carriers, warehousemen, landlords, mechanics and materialmen and (ii) in connection with worker's compensation, unemployment compensation and other types of social security (excluding Liens arising under ERISA or the Code) or in connection with surety bonds, bids, performance bonds and similar obligations, in all cases described in this paragraph (f) for sums not overdue and not involving any deposits or advances or borrowed money or the deferred purchase price of property or services and, in each case, for which the Loan Parties maintain adequate reserves;

(g) easements, rights of way, restrictions, minor defects or irregularities in title and other similar Liens not interfering in any material respect with the ordinary conduct of the business of any Loan Party;

(h) any interest or title of a lessor or sublessor under any lease permitted by this Agreement;

(i) Liens arising from precautionary uniform commercial code financing statements filed under any lease permitted by this Agreement solely covering such leased items;

(j) licenses, sublicenses, leases or subleases granted to third parties in the Ordinary Course of Business not interfering with the business of any Loan Party;

(k) Liens in favor of collecting banks arising under Section 4-210 of the UCC;

(l) Liens (including the right of setoff) in favor of a bank or other depository institution arising as a matter of Applicable Law encumbering deposits;

(m) judgment Liens arising solely as a result of the existence of judgments, orders, or awards that do not constitute an Event of Default under Section 7.01(i);

(n) Liens granted to Northpark Mall/Joplin, LLC pursuant to the Northpark Lease; and

(o) Liens granted in the Ordinary Course of Business on the unearned portion of insurance premiums securing the financing of insurance premiums to the extent the financing is permitted under Section 6.01(j).

Section 6.03 Guarantees. Guarantee, endorse or otherwise in any manner become or be responsible for obligations of any other Person, except (a) endorsements of negotiable instruments for collection in the Ordinary Course of Business, (b) Guarantees of the Obligations, (c) guarantees by any Loan Party of obligations of the Borrower or of a Wholly-Owned Domestic Subsidiary Guarantor and (d) Guarantees of the Revolving Loans.

Section 6.04 Sales of Assets. Sell, lease, transfer, encumber or otherwise dispose of any of any Loan Party's properties, assets, rights, licenses or franchises other than (a) sales of inventory in the Ordinary Course of Business, (b) disposition of surplus or obsolete personal properties (other than shares of Capital Stock of any Subsidiary) in the Ordinary Course of Business with a fair market value not to exceed $200,000 in the aggregate in any Fiscal Year, (c) other sales of assets (other than shares of Capital Stock of any Subsidiary) for fair value so long as all of the following conditions are met: (i) the aggregate market value of such assets sold in any single transaction or series of related transactions does not exceed $150,000 and the aggregate market value of assets sold in any Fiscal Year does not exceed $200,000, (ii) not less than 75% of the sales price is paid in cash, and (iii) no Default or Event of Default then exists or would result therefrom, or (d) as otherwise expressly permitted by Section 6.07.

Section 6.05 Sale-Leaseback. Enter into any arrangement, directly or indirectly, with any Person whereby any Loan Party shall sell or transfer any property (real, personal or mixed) used or useful in the Business Operations, whether now owned or hereafter acquired, and thereafter rent or lease such property.

Section 6.06 Investments

. Make any Investment, except:

(a) Investments (i) made by the Borrower in Wholly-Owned Domestic Subsidiary Guarantors; (ii) made by one Wholly-Owned Domestic Subsidiary Guarantor in another Wholly-Owned Domestic Subsidiary Guarantor, and (iii) constituting capital contributions from the Parent to the Borrower;

(b) advances to employees of any Loan Party for normal business expenses not to exceed at any time outstanding $25,000 in the aggregate;

(c) Investments in securities of Account Debtors received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such Account Debtors;

(d) Investments in cash and Cash Equivalents;

(e) Investments in negotiable instruments deposited or to be deposited for collection in the Ordinary Course of Business;

(f) advances made in connection with the purchase of goods or services in the Ordinary Course of Business;

(g) guarantees permitted under Section 6.03;

(h) Investments resulting from entering into any Swap Contract permitted under Section 6.01;

(i) deposits of cash made in the Ordinary Course of Business to secure performance of operating leases; and

(j) so long as no Event of Default has occurred and is continuing or would result therefrom, any other Investments in an aggregate amount not to exceed $150,000 during the term of this Agreement.

Section 6.07 Consolidations; Mergers; Acquisitions; Etc. Dissolve or liquidate, or consolidate or merge with or into, sell all or substantially all of the assets of any Loan Party to, or acquire all or substantially all, or any material portion, of the securities, assets or properties of, any other Person, except for, upon no less than thirty (30) days' prior written notice to the Agent (and so long as prior to the date of consummating any such transaction, the Loan Parties have complied with all items required under Section 5.11 by the Agent with respect thereto): (a) consolidations of a Wholly-Owned Domestic Subsidiary Guarantor with another Wholly-Owned Domestic Subsidiary Guarantor; (b) mergers of a Wholly-Owned Domestic Subsidiary Guarantor into the Borrower (with the Borrower being the surviving entity) or into another Wholly-Owned Domestic Subsidiary Guarantor; or (c) sales made by a Wholly-Owned Domestic Subsidiary Guarantor to the Borrower or to another Wholly-Owned Domestic Subsidiary Guarantor, in each case for fair value.

Section 6.08 Dividends and Redemptions. Directly or indirectly declare or pay any dividends, or make any distribution of cash or property, or both, to any Person in respect of any of the shares of the Capital Stock of any Loan Party, or directly or indirectly redeem, purchase or otherwise acquire for consideration any securities or shares of the Capital Stock of any Loan Party; provided, that this Section 6.08 shall not be deemed to prohibit:

(a) the payment of dividends or distributions by any Subsidiary to the Borrower or any Wholly-Owned Domestic Subsidiary Guarantor; ~~and~~

(b) distributions by the Borrower to the Parent and to its other equity holders for tax purposes in order for Parent (or its owners if Parent is a partnership or disregarded entity for federal income tax purposes) and such other equity holders to pay their federal and state income tax due solely from the taxable income of the Company allocable to Parent (or its owners) and such other equity holders; provided, that for the period beginning on the Closing Date and ending on the thirty-six (36) month anniversary thereof, the amount of such distributions shall not exceed five percent (5%) of the Net Income of the Loan Parties (which, for the avoidance of doubt, shall not include the Net Income of the Sponsor Affiliates) for the twelve (12)-month period ending on the last day of the most recent Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.04(b); provided further , that no such distributions shall be made with respect to a taxable period until the aggregate amount of losses allocable to the Parent and such other equity holders from prior periods have been fully recovered by allocations from the Borrower of taxable income ~~.~~; and

(c) solely to the extent such dividend or distribution is made from the proceeds of the Specified 2020 Equity Contribution, dividends or distributions by the Borrower to the Parent, and from the Parent to the Sponsor, in an amount not to exceed $500,000 in the aggregate so long as (1) for each of the three (3) calendar months prior to such date, the Business Operations are cash flow positive as determined by the Agent in Agent's Discretion, (2) all deferred rent liabilities have been paid to the applicable landlord(s), (3) both before and after giving pro forma effect to the making of such dividend or distribution, (x) the Senior Leverage Ratio for the twelve (12) month period ending on the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 5.04(b) is less than 1.75:1.00, (y) the Borrower is in compliance with Section 6.18 and (z) no Default or Event of Default has occurred and is continuing, (4) the Borrower has delivered a certificate to the

Agent, duly executed by the Borrower's Chief Executive Officer, evidencing satisfaction of the conditions set forth in the foregoing clauses (1) – (3) (such certificate to include such calculations and other information related thereto and shall be in form and substance satisfactory to the Agent in Agent's Discretion) and (5) for the period beginning on the Second Amendment Effective Date until the date of such dividend or distribution, exclusive of any mandatory prepayments or repayments otherwise required under this Agreement, including under Section 2.01(b), the Borrower has repaid the Term Loans in an amount equal to $2,350,000.

Section 6.09 Compensation; Management Fees.

(a) Directly or indirectly pay any cash compensation to any executive officers of any Loan Party (which, for the avoidance of doubt, shall not include any store managers) except (i) in accordance with the employment agreements between such Loan Party and such executive officers as in effect on the Closing Date, copies of which have been provided to the Agent prior to the Closing Date, or (ii) reasonable compensation for services (including bonus compensation) actually rendered by such persons to such Loan Party which have been approved by the board of directors (or other comparable body) of such Loan Party and, if and to the extent such payments to (x) any single person would exceed $75,000, or (y) all such persons would exceed $200,000, in each case, during any Fiscal Year, have been disclosed in writing to the Agent prior to the making of any such payments.

(b) Directly or indirectly pay any management fees to any Affiliate of any Loan Party or any Sponsor Affiliate except the Management Fee in accordance with the terms of the Management Fee Subordination Agreement.

Section 6.10 Change of Business. Directly or indirectly engage in a business other than the Business Operations as now being conducted or as currently proposed to be conducted, or any business reasonably related thereto. The Parent shall not (i) engage in any business activities other than serving as a passive holding company for the Borrower, (ii) have any material assets other than the outstanding Capital Stock issued by the Borrower, (iii) have any Subsidiaries other than the Borrower or (iv) have any material liabilities other than the Obligations or guarantees permitted under Section 6.03.

Section 6.11 Receivables. Sell or assign in any way any Accounts, other accounts receivable, promissory notes or trade acceptances held by any Loan Party with or without recourse, except for collections (including endorsements) in the Ordinary Course of Business.

Section 6.12 Certain Amendments; Jurisdiction of Formation; Principal Place of Business. Agree, consent, permit or otherwise undertake to (a) amend or otherwise modify any of the terms or provisions of any Loan Party's Organic Documents, the Seller Subordinated Note Documents or the Sponsor Subordinated Note Documents except for such amendments or other modifications required by Applicable Law or which are not adverse to the interests of the Agent or any Lender and which, in each instance, are fully disclosed in writing to the Agent no less than five (5) Business Days prior to being effectuated, (b) without the prior written consent of Agent, change its jurisdiction of organization, incorporation or formation, or (c) without the prior written consent of Agent, move its chief executive office or principal place of business (other than within the same state).

Section 6.13 Affiliate Transactions. Enter into any Contract or transaction with any Affiliate of any Loan Party or any Sponsor Affiliate except (a) as disclosed in Schedule 6.13 of the Disclosure Schedule, (b) for intercompany transactions among the Loan Parties expressly permitted by this Agreement, or (c) in the Ordinary Course of Business on terms and conditions no less favorable to any Loan Party than those which could be obtained in an arms' length transaction with an unaffiliated third party and which are fully disclosed in writing to the Agent no less than five (5) Business Days prior to being consummated.

Section 6.14 Restrictive Agreements . Directly or indirectly (i) enter into or assume any agreement (other than the Loan Documents, the Revolving Loan Documents and other than Capitalized Leases and purchase money debt documents which contain prohibitions only upon the property leased or purchased thereunder) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired or (ii) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (other than pursuant to the Loan Documents or the Revolving Loan Documents) on the ability of any such Person to pay or make any dividends or distributions to its equityholders, to pay any Indebtedness owed by such Person, to make loans or advances or to transfer any of its property or assets.

Section 6.15 Fiscal Year. Change its Fiscal Year.

Section 6.16 Subordinated Debt. Prepay, redeem or purchase any Subordinated Debt, or make any payment on any Subordinated Debt, in each case in violation of the applicable subordination or intercreditor agreement, or the subordination terms set forth in such Subordinated Debt.

Section 6.17 Subsidiaries. Establish or acquire any Foreign Subsidiary after the Closing Date.

Section 6.18 Financial Covenants.

(a) Maximum Capital Expenditures.

(i) At all times the Senior Leverage Ratio is greater than or equal to 2.00:1.00, permit the aggregate amount of Capital Expenditures for the Loan Parties on a consolidated basis for any period set forth below to exceed the amount set forth below for such period:

Fiscal Year	Maximum Capital Expenditures
2018 and each Fiscal Year thereafter	$1,000,000

b.

(ii) At all times the Senior Leverage Ratio is less than 2.00:1.00, permit the aggregate amount of Capital Expenditures for the Loan Parties on a consolidated basis for any period set forth below to exceed the amount set forth below for such period:

Fiscal Year	Maximum Capital Expenditures
2018 and 2019	$1,500,000
2020	$2,000,000
2021	$1,750,000
2022 and each Fiscal Year thereafter	$1,500,000

(b) Minimum EBITDA . ~~At all times that the Senior Leverage Ratio is greater than or equal to 1.50:1.00~~Beginning with the Fiscal Quarter ending September 30, 2020 , permit EBITDA for the twelve (12) month period ending on the last day of any Fiscal Quarter to be less than ~~$11,500,000~~an amount resulting from the Covenant Reset Determination. If a Covenant Reset Determination is not made by September 15, 2020, the Borrower shall be in default of this Section 6.18(b).

(c) Maximum Senior Leverage Ratio . ~~Permit~~Beginning with the Fiscal Quarter ending September 30, 2020, permit the Senior Leverage Ratio for the twelve (12) month period ending on the last day of any Fiscal Quarter to be greater than ~~the~~a ratio ~~set forth below for such date:~~resulting from the Covenant Reset Determination. If a Covenant Reset Determination is not made by September 15, 2020, the Borrower shall be in default of this Section 6.18(c).

~~Fiscal Quarter Ending~~	~~Senior Leverage Ratio~~
~~June 30, 2018 and September 30, 2018~~	~~2.85:1.00~~
~~December 31, 2018~~	~~2.65:1.00~~
~~March 31, 2019~~	~~2.60:1.00~~
~~June 30, 2019~~	~~2.40:1.00~~
~~September 30, 2019~~	~~2.40:1.00~~
~~December 31, 2019~~	~~2.40:1.00~~
~~March 31, 2020~~	~~2.20:1.00~~
~~June 30, 2020~~	~~2.10:1.00~~
~~September 30, 2020~~	~~2.05:1.00~~
~~December 31, 2020~~	~~1.85:1.00~~
~~March 31, 2021~~	~~1.60:1.00~~
~~June 30, 2021 and each Fiscal Quarter thereafter~~	~~1.55:1.00~~

(d) Minimum Fixed Charge Coverage Ratio. ~~Permit~~Beginning with the Fiscal Quarter ending September 30, 2020, permit the Fixed Charge Coverage Ratio for the twelve (12) month period ending on the last day of any Fiscal Quarter to be less ~~than the ratio set forth below for such date:~~a resulting from the Covenant Reset Determination. If a Covenant Reset Determination is not made by September 15, 2020, the Borrower shall be in default of this Section 6.18(d).

~~Fiscal Quarter Ending~~	~~Fixed Charge Coverage Ratio~~
~~June 30, 2018, September 30, 2018 and December 31, 2018~~	~~1.30:1.00~~
~~March 31, 2019~~	~~1.10:1.00~~
~~June 30, 2019, September 30, 2019 and December 31, 2019~~	~~1.30:1.00~~
~~March 31, 2020 and each Fiscal Quarter thereafter~~	~~1.40:1.00~~

(e) Maximum Same Store Sales Decline . ~~At all times that the Senior Leverage Ratio is greater than or equal to 1.50:1.00~~Beginning with the Fiscal Quarter ending September 30, 2020 , permit the Same Store Sales Percentage ~~to be less than or equal to negative five and one-half percent -5.50%~~ as of the last day of any Fiscal Quarter to be less than or equal to an amount resulting from the Covenant Reset Determination. If a Covenant Reset Determination is not made by September 15, 2020, the Borrower shall be in default of this Section 6.18(e).

(f) Maximum New Store Openings . ~~Establish more than five (5) new retail locations of~~On and after the Second Amendment Effective Date, the Loan Parties ~~in any consecutive twelve (12)-month period; provided~~ , ~~that no Loan Party may~~shall not be permitted to establish any new retail location ~~if, at the time such location is established, the Borrower is not in compliance on a pro forma basis with the covenants set forth in this Section 6.18 (recomputed as of the most recently ended Fiscal Quarter for which financial statements have been provided pursuant to Section 5.04(b)).~~without the consent of the Agent, acting in Agent's Discretion.

(g) Equity Cure.

(i) In the event the Loan Parties would otherwise default in any payment of principal, interest, fees or other amount payable under this Agreement or any other Loan Document (each, a "Payment Default Amount") when the same shall be due and payable, any cash equity contribution to Borrower (funded with a capital contribution to Parent or proceeds of Capital Stock issued by Parent having terms acceptable to the Agent in the Agent's Discretion and in any case, not constituting Disqualified Capital Stock) on or prior to the due date for such payment will, at the irrevocable election of the Parent, be permitted solely for the purposes of making such payment (any such equity contribution, a "Payment Default Equity Contribution"), provided, that (A) notice of Parent's irrevocable election to make a Payment Default Equity Contribution shall be delivered to Agent no later than the day on which such Payment Default Equity Contribution is made, (B) the amount of any Payment Default Equity Contribution will be no greater than the applicable Payment Default Amount, and (C) the gross proceeds of each Payment Default Equity Contribution shall be paid to the Agent to be applied to the applicable Payment Default Amount.

(ii) In the event the Loan Parties fail to comply with the financial covenants set forth in Section 6.18(b), (c) or (d) as of the last day of any Fiscal Quarter, as applicable, any cash equity contribution to Borrower (funded with a capital contribution to Parent or proceeds of Capital Stock issued by Parent having terms acceptable to the Agent in the Agent's Discretion and in any case, not constituting Disqualified Capital Stock) after the last day of such Fiscal Quarter, and on or prior to the day that is ten (10) Business Days after the day on which financial statements are required to be delivered for that Fiscal Quarter, will, at the irrevocable election of the Parent, be included in the calculation of EBITDA solely for the purposes of determining compliance with such covenants at the end of Fiscal Quarter, and for not more than three (3) subsequent periods that includes such Fiscal Quarter (any such equity contribution so included in the calculation of EBITDA, a "Covenant Default Equity Contribution"; each Payment Default Equity Contribution and Covenant Default Equity Contribution is referred to herein as a "Specified Equity Contribution"); provided, that (A) notice of Parent's irrevocable election to make a Covenant Default Equity Contribution shall be delivered to Agent no later than the day

on which financial statements are required to be delivered for the applicable Fiscal Quarter, (B) the amount of any Covenant Default Equity Contribution will be no greater than the amount required to cause the Loan Parties to be in compliance with such covenants, (C) all Covenant Default Equity Contributions will be disregarded for purposes of the calculation of EBITDA for all other purposes, including calculating basket levels, pricing and other items governed by reference to EBITDA, (E) the gross proceeds of all Covenant Default Equity Contributions shall be paid to the Agent to be applied as a mandatory prepayment (including the Make-Whole Amount or Prepayment Premium applicable thereto) of the Term Loan and applied under Section 2.05 hereof when funded and (F) the amount of the Term Loan prepaid with the proceeds of Covenant Default Equity Contributions shall be deemed outstanding for purposes of determining compliance with such covenants for the current Fiscal Quarter and the next three Fiscal Quarters thereafter.

(iii) Notwithstanding anything to the contrary herein, Specified Equity Contributions shall not be made (A) more than twice during the term of this Agreement, (B) in two consecutive Fiscal Quarters, (C) more than once during any four consecutive Fiscal Quarter period or (D) in any single Fiscal Quarter in an amount greater than $2,000,000.

(h) Minimum Liquidity. On and after the Second Amendment Effective Date, the Loan Parties shall not permit Liquidity at any time to be less than $1,000,000.

VII. DEFAULTS

Section 7.01 Events of Default. Each of the following events is herein, sometimes referred to as an "Event of Default":

(a) if any representation, warranty or other statement or disclosure made herein or in any other Loan Document, or in any certificate, financial statement, instrument or other statement furnished by or on behalf of any Loan Party in connection with this Agreement, any other Loan Document or with respect to the Term Loan and/or any other Obligations shall be false, inaccurate or misleading in any material respect (without duplication of any existing materiality qualifiers) when made or when deemed made;

(b) any default in the payment by any Loan Party of any (i) principal payable under this Agreement or any other Loan Document when the same shall be due and payable, whether at the due date thereof or at a date required for prepayment or by acceleration or otherwise, or (ii) interest, fees or other amount (other than principal) payable under this Agreement or any other Loan Document when the same shall be due and payable, whether at the due date thereof or at a date required for prepayment or by acceleration or otherwise, and in the case of clause (ii) above, the continuance of any such non-payment (in whole or in part) for a period of three (3) Business Days;

(c) any default by any Loan Party in the due observance or performance of any covenant, condition or agreement contained in Section 5.01(c), 5.03, 5.04, 5.05, 5.08, 5.09, 5.10, 5.13, 5.14, 5.16 or in any Section of Article VI hereof;

(d) any default by any Loan Party in the due observance or performance of any covenant, condition or agreement contained in Section 5.15, and the continuance of such default unremedied for a period of three (3) Business Days;

(e) any default by any Loan Party in the due observance or performance of any covenant, condition or agreement contained in any provision of this Agreement or any other Loan Document and not addressed in Section 7.01(a), (b), (c) or (d), and the continuance of such default unremedied for a period of twenty (20) days after the earlier of (i) the date upon which any Loan Party obtains knowledge of such default and (ii) the date upon which any Loan Party receives written notice of such default from Agent; provided, that such twenty (20) day grace period shall not be available for any default that is not reasonably capable of being cured within such period or for any intentional default;

(f) (x) any default with respect to any Indebtedness (other than the Obligations) of any Loan Party that has an outstanding aggregate balance in an amount in excess of $200,000 if (i) such default shall consist of the failure to pay all or any portion of such Indebtedness when due, whether by acceleration or otherwise, or (ii) the effect of such default is to permit the holder, with or without notice or lapse of time or both, to accelerate the maturity of all or any portion of any such Indebtedness or to cause all or any portion of such Indebtedness to become due prior to the stated maturity thereof or (y) the occurrence of any "Event of Default" (as defined in the Revolving Loan Credit Agreement);

(g) any Loan Party shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar Applicable Law or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any action to authorize any of the foregoing;

(h) an involuntary case or other proceeding shall be commenced against any Loan Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar Applicable Law or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of sixty (60) days; or an order for relief shall be entered against any Loan Party under any bankruptcy, insolvency or other similar Applicable Law as now or hereafter in effect;

(i) one or more judgments, orders, decrees or arbitration awards for the payment of money aggregating in excess of $200,000 shall be rendered against any one or more of the Loan Parties and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders or (ii) there shall be any period of thirty (30) days during which a stay of enforcement of any such judgments, or orders, decrees or awards, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(j) the occurrence of any levy upon or seizure or attachment of, or any uninsured loss of or damage to, any property of any Loan Party having an aggregate fair value or repair cost (as the case may be) in excess of $200,000 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;

(k) if any Lien purported to be created by any Security Document shall cease to be a valid perfected first priority Lien (subject only to any priority accorded by Applicable Law to Permitted Liens or pursuant to the Intercreditor Agreement) on the assets or properties covered thereby, or any Loan Party shall assert in writing that any Lien purported to be created by any Security Document is not a valid perfected first priority lien (subject only to any priority accorded by Applicable Law to Permitted Liens or pursuant to the Intercreditor Agreement) on the assets or properties purported to be covered thereby;

(l) if any of the Loan Documents shall cease to be in full force and effect (other than as a result of the discharge thereof in accordance with the terms thereof) or if any Loan Party or any of its Affiliates or any Sponsor Affiliate seeks to revoke all or any portion of any Loan Document to which it is a party;

(m) (i) any subordination or intercreditor provision in favor of Agent or any Lender in any document or instrument governing Subordinated Debt, including the Seller Subordinated Note Documents and Sponsor Subordinated Note Documents, (ii) any subordination or intercreditor provision in favor of Agent or any Lender in any subordination or intercreditor agreement that relates to any Subordinated Debt, (iii) any subordination or intercreditor provision in any guaranty by any Loan Party of any Subordinated Debt or (iv) any provision of the Intercreditor Agreement, Seller Debt Subordination Agreement or Sponsor Debt Subordination Agreement, shall, in each case, cease to be in full force and effect, or any Person (including the holder of any applicable Subordinated Debt or the Revolving Lender) shall contest in any manner the validity, binding nature or enforceability of any such provision or shall be in breach of any such provision;

(n) if any Loan Party or any of its officers, directors or members of senior management shall be indicted for, convicted of or plead nolo contendere to any criminal offense constituting a felony;

(o) the occurrence of a Change of Control;

(p) (i) the institution of any steps by any Person to terminate a pension plan subject to Title IV of ERISA if as a result of such termination any Loan Party could reasonably be expected to make a contribution to such pension plan or could incur a liability or obligation to such pension plan, in excess of $200,000; (ii) a contribution failure occurs with respect to any such pension plan sufficient to give rise to a Lien under Section 303(k) of ERISA or Section 430(k) of the Code or under any other Applicable Law on the assets of any Loan Party; (iii) there shall occur any withdrawal or partial withdrawal from a multiemployer plan (as defined in Section 4001(a)(3) of ERISA) and the withdrawal liability to such multiemployer plan that could reasonably be expected to be imposed on any Loan Party is in excess of $200,000; (iv) any plan to which any Loan Party contributes that is intended to be qualified under Section 401 of the Code is determined by a governmental authority not to be so qualified; or (v) an excise tax or penalty in excess of $200,000 is imposed under Chapter 43 of the Code or under any other Applicable Law on any Loan Party; or

(q) any Loan Party (i) ceases substantially all, or any material portion, of its normal business operations for a period in excess of ten (10) consecutive days, or (ii) suffers any material disruption, interruption or discontinuance of a material portion of its normal business operations for a period in excess of ten (10) consecutive days, in each case, determined in Agent's Discretion.

Section 7.02 Remedies. If any Event of Default shall have occurred and be continuing, Agent may, and at the written request of the Required Lenders shall, with or without notice, (i) declare all or any portion of the Obligations, including all or any portion of any Loan and all Prepayment Premiums (if any) payable in connection with a repayment or prepayment of all or any portion of the Term Loan, to be forthwith due and payable, all without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by Borrower and each other Loan Party; and (ii) exercise any rights and remedies provided to Agent under any Loan Document and/or at law or equity, including all remedies provided under the UCC; provided, however, that upon the occurrence of an Event of Default specified in specified in Section 7.01(g) or 7.01(h), all of the Obligations, including all Prepayment Premiums (if any) payable in connection with a repayment or prepayment being made or being required to be made of all or any portion of the Term Loan, shall become immediately due and payable, each without declaration, notice or demand by any Person. No delay or omission on Agent's or any Lender's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

Section 7.03 Waivers by Loan Parties. Except as otherwise provided for in this Agreement or by Applicable Law, each of Parent and Borrower (on behalf of each Loan Party) waives: (a) presentment, demand and protest and notice of presentment, dishonor, notice of intent to accelerate, notice of acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by the Agent or any Lender on which any Loan Party may in any way be liable, and hereby ratifies and confirms whatever the Agent or any Lender may do in this regard, (b) all rights to notice and a hearing prior to the Agent or any Lender taking possession or control of, or to the Agent's or any Lender's replevy, attachment or levy upon, the Collateral or any bond or security which might be required by any court prior to allowing the Agent or any Lender to exercise any of its remedies and (c) the benefit of all valuation, appraisal, marshalling and exemption laws.

VIII. PARTICIPATING LENDERS ASSIGNMENTS.

Section 8.01 Participations. Anything in this Agreement or any other Loan Document to the contrary notwithstanding, any Lender may, at any time and from time to time, without in any manner affecting or impairing the validity of any Obligations, sell to one or more Persons participating interests in its Term Loan and/or other interests hereunder and/or under any other Loan Document (any such Person, a "Participant") with the prior written consent of the Agent. In the event of a sale by a Lender of a participating interest to a Participant, (a) such Lender's obligations hereunder and under the other Loan Documents shall remain unchanged for all purposes, (b) the Borrower, the Agent and such Lender shall continue to deal solely and directly with each other in connection with such Lender's rights and obligations hereunder and under the other Loan Documents and (c) all amounts payable by the Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to the Agent on behalf of such Lender or to such Lender, as applicable. The Borrower agrees that if amounts outstanding under this Agreement or any other Loan Document are due and payable (as a result of acceleration or otherwise), each Participant along with each Affiliate of each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement and the other Loan Documents to the same extent as if the

amount of its participating interest were owing directly to it as a Lender under this Agreement; provided, that such right of set-off shall not be exercised without the prior written consent of the Agent and shall be subject to the obligation of each Participant and Affiliate thereof to share with Agent and the Lenders its share thereof. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.06 and 2.07 as if it were a Lender. Notwithstanding the granting of any such participating interests: (i) the Borrower and the Agent shall look solely to the Lender that sold such participation interest for all purposes of this Agreement, the Loan Documents and the transactions contemplated hereby, (ii) the Borrower and the Agent shall at all times have the right to rely upon any waivers or consents signed by such Lender as being binding upon all of the Participants of such Lender, and (iii) all communications in respect of this Agreement and such transactions with such Lender need not involve any Participant of such Lender. Each Lender granting a participation hereunder shall maintain, as a non-fiduciary agent of the Borrower, a register (a "Participant Register") as to the participations granted and transferred under this Section containing the same information specified in Section 8.02 on the Register as if each Participant were a Lender. No participation shall be effective for any purpose under the Loan Documents unless and until recorded in a Participant Register by the applicable Lender. The requirement for a Participant Register set forth in this Section 8.01 shall be construed so that the Term Loan and/or other interests hereunder are at all times maintained in "registered form" within the meaning of Treasury Regulation Section 1.871-14(c). No Participant shall have any direct or indirect voting rights hereunder except with respect to any event described in Section 11.01 expressly requiring the unanimous vote of all Lenders or, as applicable, all directly affected Lenders.

Section 8.02 Assignment. Anything in this Agreement or any other Loan Document to the contrary notwithstanding any Lender may, at any time and from time to time, without in any manner affecting or impairing the validity of any Obligations, assign all or any its portion of the Term Loan (along with the related rights and interests) to any Person (an "Assignee Lender"), with the prior written consent of the Agent (provided such consent of Agent shall not be (x) unreasonably withheld, delayed or conditioned or (y) required with respect to any assignment by a Lender to a Lender or an Affiliate or Related Fund of a Lender, in each case so long as no such Person is a Defaulting Lender. Except as the Agent may otherwise agree, any such assignment (other than any assignment by a Lender to a Lender or an Affiliate or Related Fund of a Lender) shall be in a minimum aggregate amount equal to $1,000,000 of the Term Loan or, if less, all of the remaining Term Loan of such assigning Lender. No such assignment shall be effective unless and until the Agent shall have received and accepted an effective Assignment and Acceptance executed, delivered and fully completed by the applicable parties thereto (including the Agent) and a processing fee of $5,000 to be paid to the Agent by the Lender to whom such interest is assigned (unless such processing fee is waived by the Agent; and provided that no such processing fee shall be required with respect to an assignment by a Lender to its Affiliates or Related Funds). Any attempted assignment not made in accordance with this Section 8.02 shall be null and void. From and after the date on which the conditions described above have been met, (i) such Assignee Lender shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned to such Assignee Lender pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, shall be released from its rights (other than its indemnification rights) and obligations hereunder.

Upon the request of the Assignee Lender (and, as applicable, the assigning Lender) pursuant to an effective Assignment and Acceptance, the Borrower shall execute and deliver to the Agent for delivery to the Assignee Lender (and, as applicable, the assigning Lender) a Note in the principal amount of the Assignee Lender's Term Loan (and, as applicable, a Note in the principal amount of the Term Loan retained by the assigning Lender). Each such Note shall be dated the effective date of such assignment. Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to the Borrower any prior Note held by it. Without limiting the foregoing, in no event, without the prior written consent of Agent, which consent of Agent may or may not be given (and which if given, such consent may be conditioned on any matter required by Agent) in the sole and absolute discretion of Agent, may any Lender transfer and assign all or any interests in its Term Loan and/or other interests hereunder and/or under any other Loan Document to (x) any Sponsor Affiliate, any Loan Party or any Affiliate of any Loan Party, or (y) any holder of Subordinated Debt (or Indebtedness owing by a Loan Party which is secured by a Lien that is either senior or subordinated to any of the Liens of Agent securing the Obligations) or any Affiliate of any such holder. Agent, acting solely for this purpose as a non-fiduciary agent of Borrower, shall maintain at one of its offices in the United States a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of each Lender, and principal amount and stated interest of the Term Loan owing to, such Lender pursuant to the terms hereof. Subject to receipt of any required tax forms reasonably required by Agent, Agent shall record the applicable transfers, assignments and assumptions in the Register. The entries in such Register shall be conclusive, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary, and no assignment shall be effective for any purpose under the Loan Documents unless and until recorded in the Register. Such Register shall be available for inspection by Borrower and any Lender (solely as to such Lender), at any reasonable time upon reasonable prior notice to Agent. The requirement for the Register set forth in this Section 8.02 shall be construed so that the Term Loan and/or other interests hereunder are at all times maintained in "register form" within the meaning of Treasury Regulation Section 1.871-14(c). Notwithstanding anything to the contrary herein, if no Event of Default under Section 7.01(b), (g) or (h) has occurred and is continuing, neither Agent nor any Lender may assign all or any of its rights or obligations under this Agreement to any Competitor.

Section 8.03 Pledges/Security. Notwithstanding any provision of this Agreement or any other Loan Document to the contrary, the Agent and each Lender may at any time pledge or grant a security interest in all or any portion of its rights under this Agreement and the other Loan Documents to secure obligations of the Agent or such Lender, including any pledge or grant to secure obligations to a Federal Reserve Bank; provided, that notwithstanding the foregoing no such Person to whom such pledge or grant is made in favor of shall be permitted to be a Lender hereunder without the prior written consent of the Agent.

IX. MISCELLANEOUS

Section 9.01 Survival. This Agreement and all covenants, agreements, representations and warranties made by the Loan Parties herein and in the certificates delivered pursuant hereto, shall survive the making by the Agent or any Lender of the Term Loan and the execution and delivery to Agent and the Lenders of this Agreement, and shall continue in full

force and effect for until all of the Obligations have been paid in full and all Loan Documents have been terminated. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party; and all covenants, promises and agreements in this Agreement contained, by or on behalf of the Parent and the Borrower shall inure to the benefit of the successors and permitted assigns of the Agent and the Lenders.

Section 9.02 Indemnification / Expenses.

(a) Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify the Agent, each Lender and each Participant and their respective managers, directors, officers, employees, attorneys and agents against (each, an "Indemnified Person"), and shall hold each Indemnified Person harmless from, any and all losses, claims, taxes (other than an Excluded Tax) damages and liabilities and related reasonable (provided such "reasonable" qualifier shall not apply with respect to costs and expenses of Agent incurred during the existence of an Event of Default) expenses, including reasonable counsel fees and expenses, incurred by any Indemnified Person arising out of, in any way connected with, or as a result of: (a) the use of any of the proceeds of the Term Loan; (b) this Agreement or any other Loan Document; (c) the transactions contemplated by this Agreement or any other Loan Document; (d) the ownership and operation of any Loan Party's assets, including all Real Properties and improvements or any Contract or the performance by any Loan Party of its obligations under any Contract; (e) any finder's fee, brokerage commission or other such obligation payable or alleged to be payable in respect of the transactions contemplated by this Agreement or any other Loan Document which arises or is alleged to arise from any agreement, action or conduct of any Loan Party, or any of its Affiliates or any Sponsor Affiliate; and/or (f) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not the Agent, any Lender, any Participant or any of their respective directors, officers, managers, employees, attorneys or agents are a party thereto; provided that such indemnity provided to any such Person shall not apply to any such losses, claims, damages, liabilities or related expenses to the extent arising solely from the willful misconduct or gross negligence of any Indemnified Person as determined by a final, non-appealable judgment of a court of competent jurisdiction. All amounts due under this Section 9.02 shall be payable on written demand therefor.

(b) The Borrower hereby agrees to promptly pay (i) all reasonable costs and expenses (provided such "reasonable" qualifier shall not apply with respect to costs and expenses incurred by the Lender during the existence of an Event of Default) of the Agent (including the reasonable fees, costs and expenses of legal counsel to, and appraisers, accountants, consultants and other professionals and advisors retained by or on behalf of the Agent) incurred in connection with: (A) all loan proposals and commitments pertaining to the transactions contemplated hereby (whether or not such transactions are consummated), (B) the examination, review, due diligence investigation, documentation, negotiation, and closing of the transactions contemplated by the Loan Documents (whether or not such transactions are consummated), (C) the creation, perfection and maintenance of Liens pursuant to the Loan Documents, (D) the performance by the Agent of its rights and remedies under the Loan Documents, (E) the administration of the Loan Documents, (F) the preparation, execution, syndication, delivery and administration of this Agreement and the other Loan Documents, including with respect to any amendments, modifications, consents and waivers to and/or under

any and all Loan Documents (whether or not such amendments, modifications, consents or waivers are consummated), (G) any periodic public record searches conducted by or at the request of Agent (including title investigations and public records searches), pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons) and any periodic management background checks, (H) protecting, storing, insuring, handling, maintaining, auditing, examining, valuing or selling any Collateral, (I) exercising board observation rights and/or inspection rights (subject to the limitations set forth in Section 5.05), (J) any litigation, dispute, suit or proceeding relating to any Loan Document, and (K) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Loan Documents (it being agreed that such costs and expenses may include the costs and expenses of workout consultants, investment bankers, financial consultants, appraisers, valuation firms and other professionals and advisors retained by or on behalf of the Agent), (ii) without limitation of the preceding clause (i) all reasonable costs and expenses of Agent (or any of its Affiliates) in connection with the Agent's (or such Affiliate's) reservation of funds in anticipation of the funding of the Term Loan to be made hereunder and (iii) all reasonable and out of pocket costs and attorney fees (limited to one counsel for all Lenders other than the Agent) of each Lender incurred during the existence of an Event of Default in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Loan Documents. Any fees, costs and expenses owing by the Borrower or other Loan Party hereunder shall be due and payable within five (5) Business Days after written demand therefor.

(c) The foregoing indemnity and cost and expense reimbursements shall remain operative and in full force and effect regardless of the expiration or any termination of this Agreement, the consummation of the transactions contemplated by this Agreement, the repayment of the Term Loan, the invalidity or unenforceability of any term or provision of any Loan Document, any investigation made by or on behalf of the Lender, and the content or accuracy of any representation or warranty made by any Loan Party in any Loan Document.

Section 9.03 GOVERNING LAW. THIS AGREEMENT, ALONG WITH ALL OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED OTHERWISE IN SUCH OTHER LOAN DOCUMENT) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED THEREIN WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW). FURTHER, THE LAW OF THE STATE OF NEW YORK SHALL APPLY TO ALL DISPUTES OR CONTROVERSIES ARISING OUT OF OR CONNECTED TO OR WITH THIS AGREEMENT AND ALL SUCH OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED OTHERWISE IN SUCH OTHER LOAN DOCUMENT) WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES (EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW).

Section 9.04 Nonliability of Lenders. The relationship between Borrower on the one hand and Lenders and Agent on the other hand shall be solely that of borrower and lender. Neither Agent nor any Lender shall have any fiduciary responsibility to Borrower or any other Loan Party. Neither Agent nor any Lender undertakes any responsibility to Borrower or any other Loan Party review or inform Borrower or any other Loan Party of any matter in

connection with any phase of Borrower's or any other Loan Party's business or operations. Execution of this Agreement by Borrower constitutes a full, complete and irrevocable release of any and all claims which Borrower or any other Loan Party may have at law or in equity in respect of all prior discussions and understandings, oral or written, relating to the subject matter of this Agreement and the other Loan Documents.

Section 9.05 Reservation of Remedies. Neither any failure nor any delay on the part of the Agent or any Lender in exercising any right, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or future exercise, or the exercise of any other right, power or privilege.

Section 9.06 Notices. All notices, requests, demands and other communications under or in respect of this Agreement or any transactions hereunder shall be in writing (which may include facsimile communication) and shall be personally delivered or mailed (by prepaid registered or certified mail, return receipt requested), sent by prepaid recognized overnight courier service, or by facsimile transmission to the applicable party at its address or facsimile number indicated below.

If to Agent or Comvest:

Comvest Capital IV, L.P.
525 Okeechobee Boulevard, Suite 1050
West Palm Beach, Florida 33401
Attention: Jason Gelberd and Vintage Stock Account Manager
Facsimile: (561) 727-2100

with a copy to:

Alston & Bird LLP
2828 N. Harwood, Suite 1800
Dallas, Texas 75201
Attention: Kate K. Moseley
Facsimile: (214) 922-3874

If to any other Lender, as provided on its signature page to this Agreement or in the applicable Assignment Acceptance

If to the Parent or the Borrower:

Vintage Stock, Inc.
325 E. Warm Springs Road, #102
Las Vegas, Nevada 89119
Attention: Virland Johnson
Facsimile: (702) 997-1576

with a copy (which shall not constitute notice) to:

Live Ventures Incorporated
325 E. Warm Springs Road, #102
Las Vegas, Nevada 89119
Attention: Michael Stein
Facsimile: (702) 997-5968

and

Venable LLP
750 E. Pratt Street, Suite 900
Baltimore, Maryland 21202
Attention: Anthony J. Rosso and W. Bryan Rakes
Facsimile: (410) 244-7742

or, as to each party, at such other address or facsimile number as shall be designated by such party in a written notice to the other party delivered as aforesaid. All such notices, requests, demands and other communications shall be deemed given (a) when personally delivered, (b) when received after being deposited in the mails with postage prepaid (by registered or certified mail, return receipt requested), (c) one (1) Business Day after being timely delivered to the overnight courier service, if prepaid and sent overnight delivery, addressed as aforesaid and with all charges prepaid or billed to the account of the sender, or (d) when sent by facsimile transmission to a facsimile number designated by such addressee and the sender receives a confirmation of transmission from the sending facsimile machine.

Section 9.07 Nature of Rights and Remedies; No Waivers. All obligations of the Loan Parties and rights and remedies of the Agent and Lenders expressed herein or in any other Loan Document shall be in addition to and not in limitation of those provided by Applicable Law. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law. No failure to exercise and no delay in exercising, on the part of the Agent or any Lender, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No reference in any Loan Document to the "continuing" nature of any Event of Default or that an Event of Default "remains in existence" (or any similar references) shall be construed as establishing or otherwise indicating that any Loan Party has the right to cure any such Event of Default, but is rather presented merely for convenience should such Event of Default be waived in accordance with Article XI (which the parties hereto understand and agree would require a written waiver from the Agent and the applicable Lenders as provided in Article XI expressly waiving such Event of Default). For the sake of clarity, once an Event of Default shall have occurred, no Loan Party shall have a right to cure such Event of Default and no such Event of Default shall be deemed cured and/or cease to exist and/or cease to be continuing unless and until such Event of Default is waived in writing in accordance with Article XI of this Agreement.

Section 9.08 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parent, the Borrower, the Agent and the Lenders and their respective successors and permitted assigns, except that neither the Parent nor the Borrower shall assign any of its rights or obligations hereunder without the prior written consent of each Lender.

Section 9.09 CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL ANY LEGAL ACTION, SUIT OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (UNLESS EXPRESSLY PROVIDED OTHERWISE IN SUCH OTHER LOAN DOCUMENT) SHALL BE BROUGHT EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK IN THE COUNTY OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, IN AGENT'S SOLE DISCRETION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND, AND EACH PARTY HERETO, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY CONSENTS TO THE JURISDICTION OF THE AFOREMENTIONED COURTS. EACH PARTY HERETO HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, OR BASED ON UPON 28 U.S.C. § 1404, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING AND ADJUDICATION OF ANY SUCH ACTION, SUIT OR PROCEEDING IN ANY OF THE AFOREMENTIONED COURTS AND AGREES TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY THE COURT. EACH PARTY HERETO EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT OR, ANY OTHER LOAN DOCUMENT, OR UNDER ANY AMENDMENT, WAIVER, INSTRUMENT, DOCUMENT OR OTHER AGREEMENT DELIVERED OR WHICH IN THE FUTURE MAY BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY FINANCING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE OTHER TRANSACTION DOCUMENTS, AND AGREES THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

Section 9.10 Certain Waivers. Each of the Parent and the Borrower, on behalf of themselves and each of the other Loan Parties, hereby waives any claims for special, consequential or punitive damages in any way arising out of or relating to this Agreement, any of the other Loan Documents, any of the transactions contemplated hereby or thereby, or any breach hereof or thereof.

Section 9.11 Severability. If any provision of this Agreement or any other Loan Document is held invalid or unenforceable, either in its entirety or by virtue of its scope or application to given circumstances, such provision shall thereupon be deemed modified only to the extent necessary to render same valid, or not applicable to given circumstances, or excised from this Agreement or such other Loan Document, as the situation may require, and this Agreement and the other Loan Documents shall be construed and enforced as if such provision had been included herein as so modified in scope or application, or had not been included herein or therein, as the case may be.

Section 9.12 Captions. The Article and Section headings in this Agreement are included herein for convenience of reference only, and shall not affect the construction or interpretation of any provision of this Agreement.

Section 9.13 Sole and Entire Agreement. This Agreement, the other Loan Documents, and the other agreements, instruments, certificates and documents referred to or described herein and therein constitute the sole and entire agreement and understanding between the parties hereto as to the subject matter hereof, and supersede all prior discussions, letters of intent, commitment letters, proposal letters, other agreements and understandings of every kind and nature between the parties as to such subject matter. Borrower acknowledges that it has been advised by counsel in connection with the execution of this Agreement and the other Loan Documents and is not relying upon oral representations or statements inconsistent with the terms and provisions of this Agreement or any other Loan Document.

Section 9.14 Confidentiality. Agent and each Lender agree not to disclose Confidential Information, to any Person without the prior consent of the Borrower; provided, however, that nothing herein contained shall limit any disclosure of the tax structure of the transactions contemplated hereby, or the disclosure of any information (a) to the extent required by Applicable Law, statute, rule, regulation or judicial process or in connection with the exercise of any right or remedy under any Loan Document, or as may be required in connection with the examination, audit or similar investigation of or by the Agent, any Lender or any of their respective Affiliates, (b) to examiners, auditors, accountants or any regulatory authority, (c) to the officers, partners, managers, directors, employees, agents and advisors (including independent auditors, lawyers and counsel) of the Agent or any Lender or any of their respective Affiliates so long as such Person is made aware of the confidential nature of such Confidential Information and instructed to keep such information confidential, (d) in connection with any litigation or dispute which relates to this Agreement or any other Loan Document to which the Agent or any Lender is a party or is otherwise subject, (e) to a subsidiary or Affiliate of Agent or any Lender, (f) to any Assignee Lender or Participant (or prospective Assignee Lender or Participant) of Agent or any Lender which agrees to be bound by this Section 9.14 and (g) to any lender or other funding source of the Agent or any Lender (each reference to Agent and/or a Lender in the foregoing clauses shall be deemed to include (i) the actual and prospective Assignee Lenders and Participants referred to in clause (f) above and the lenders and other funding sources referred to in clause (g) above, as applicable for purposes of this Section 9.14), and provided further, that in no event shall the Agent or any Lender be obligated or required to return any materials furnished by or on behalf of the Borrower or any other Loan Party. Any Person required to maintain the confidentiality of Confidential Information as provided in this Section 9.14 shall be considered to have complied with the obligation to do so if such Person has

exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord its own confidential information (but not less than a reasonable degree of care). The obligations of the Agent and each Lender under this Section 9.14 shall supersede and replace the obligations of the Agent and each Lender under any confidentiality letter or provision in respect of this financing or any other financing previously signed and delivered by the Agent and/or any Lender to the Borrower or any of its Affiliates or any Sponsor Affiliates.

Section 9.15 Marshaling. Neither the Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations.

Section 9.16 No Strict Construction. The parties hereto and to the other Loan Documents have participated jointly in the negotiation and drafting of this Agreement and each of the other Loan Documents. In the event an ambiguity or question of intent or interpretation arises, this Agreement and each of the other Loan Documents shall be construed as if drafted jointly by the parties hereto and thereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any other Loan Document.

Section 9.17 USA PATRIOT Act Notification . The Agent and each Lender hereby notifies the Loan Parties that pursuant to the requirements of the USA PATRIOT Act, it may be required to obtain, verify and record certain information and documentation that identifies such Person, which information may include the name and address of each such Person and such other information that will allow the Agent or such Lender to identify such Persons in accordance with the USA PATRIOT Act.

Section 9.18 Tax Treatment . The parties hereto intend and agree that the Term Loan shall be treated as indebtedness for U.S. federal and state income tax purposes, and that the Term Loan has original issue discount ("OID") for the purposes of the Code (and similar state law). Information as to the issue price, yield to maturity, amount of OID, and issue date may be obtained by contacting Mark Szafranowski, Chief Financial Officer of the Borrower. Furthermore, the parties agree and intend that for purposes of applying Sections 1271 through 1275 of the Code and the related Treasury Regulations and provisions of state and local income tax laws, the potential for contingent payments set forth herein as of the issue date shall be treated as "remote" or "incidental" contingencies with the meaning of Treasury Regulation Section 1.1275-2(h). Each of the parties hereto agrees not to take a position inconsistent with this Section 9.18 for federal, state, or local income tax purposes (including the filing of any information return, such as an IRS Form 1099), unless there is a determination within the meaning of Section 1313 of the Code to the contrary.

Section 9.19 Counterparts; Fax/Email Signatures. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same agreement. This Agreement may be executed by signatures delivered by facsimile or electronic mail, each of which shall be fully binding on the signing party.

X. AGENT.

Section 10.01 Appointment; Authorization. Each Lender hereby irrevocably appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

Section 10.02 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care. Without limiting the generality of the powers of the Agent, as set forth above, the Agent is hereby authorized to act as collateral agent for each Lender pursuant to each of the Loan Documents. In such capacity, the Agent has the right to exercise all rights and remedies available under the Loan Documents, the UCC and other applicable law, as directed by the Required Lenders, which rights and remedies shall include, in the event of a foreclosure by the Agent on any portion of the Collateral, whether pursuant to a public or private sale, the right of the Agent, as agent for all Lenders, to be, or form an acquisition entity to be, the purchaser of any or all of such Collateral at any such sale. The Agent, as agent for all Lenders, shall be entitled at any such sale to offset any of the Obligations against the purchase price payable by the Agent (or such acquisition entity) at such sale or to otherwise consent to a reduction of the Obligations as consideration to the applicable Loan Party in connection with such sale. The Agent shall have the authority to take such other actions as it may deem necessary or desirable, and as may be approved by Required Lenders, to consummate a sale of the type described in the immediately preceding sentences. The Agent shall have the authority to accept non-cash consideration in connection with the sale or other disposition of the Collateral, whether the purchaser is the Agent, an entity formed by the Agent as described above or any other Person. Without limiting the generality of the powers of the Agent, as set forth above, in the context of any bankruptcy or other insolvency proceeding involving any Loan Party, the Agent is hereby authorized to, at the direction of Required Lenders: (i) file proofs of claim and other documents on behalf of the Lenders, (ii) object or consent to the use of cash collateral, (iii) object or consent to any proposed debtor-in-possession financing, whether provided by one or more of the Lenders or any other Person and whether secured by Liens with priority over the Liens securing the Obligations or otherwise, (iv) object or consent to any sale of Collateral, including sales for non-cash consideration in satisfaction of a portion of the Obligations, as may be agreed to by Required Lenders on behalf of all Lenders, (v) to be, or form an acquisition entity to be, the purchaser of any or all of such Collateral at any such sale under clause (iv) and to offset any of the Obligations against the purchase price payable by the Agent (or such acquisition entity) at such sale or to otherwise consent to a reduction of the Obligations as consideration to the applicable Loan Party in connection with such sale, and (vi) seek, object or consent to any Loan Party's provision of adequate protection of the interests of the Agent and/or the Lenders in the Collateral.

Section 10.03 Limited Liability. None of the Agent or any of its directors, officers, attorneys, employees or agents shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except to the extent resulting solely from willful misconduct or gross negligence of such Person as determined by a final, non-appealable judgment of a court of competent jurisdiction), or (b) be responsible in any manner to any Lender for any recital, statement, representation or warranty made by any Loan Party or Affiliate of any Loan Party or any Sponsor Affiliate, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document (or the creation, perfection or priority of any Lien or security interest therein), or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or Affiliate of any Loan Party or any Sponsor Affiliate.

Section 10.04 Reliance. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex, electronic mail or telephone message, statement or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document (a) unless it shall first receive such advice or concurrence of Required Lenders (or all Lenders, or such other Lenders, if expressly required hereunder) as it deems appropriate and, if it so requests, confirmation from Lenders of their obligation to indemnify the Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action, (b) if such action would, in the opinion of Agent, be contrary to Applicable Law or the terms of this Agreement or any other Loan Document, (c) if such action would, in the opinion of Agent, expose Agent to liabilities, or (d) if Agent shall not first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of Required Lenders (or all Lenders, or such other Lenders, if expressly required hereunder) and such request and any action taken or failure to act pursuant thereto shall be binding upon each Lender. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent's acting or refraining from acting hereunder or under any other Loan Document in accordance with the instructions of Required Lenders (or all Lenders, or such other Lenders, if expressly required hereunder).

Section 10.05 Notice of Default; Dissemination of Information. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Default, unless the Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Event of Default or Default and expressly stating that such

notice is a "notice of default". The Agent will endeavor to notify the Lenders of its receipt of any such notice; provided that the Agent shall not have any liability whatsoever for failing to deliver any such notice. The Agent shall take such action with respect to such Event of Default or Default as may be reasonably requested by Required Lenders in accordance with Section 7.02; provided, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Default as it shall deem advisable in its sole discretion. Agent and Lenders acknowledge that Borrower, the Loan Parties and certain other Persons are required to provide certain financial statements and other financial information and reports to Agent and/or Lenders in accordance with the Loan Documents and agree that Agent shall not have any duty to provide the same to Lenders.

Section 10.06 Credit Decision. Each Lender acknowledges that the Agent has not made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Borrower and the other Loan Parties, shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender represents to the Agent that it has, independently and without reliance upon the Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Agent, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of any Loan Party which may come into the possession of the Agent.

Section 10.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, each Lender shall indemnify (based on such Lender's Pro Rata Share) the Agent and its managers, directors, officers, employees, attorneys and agents against (to the extent not reimbursed by or on behalf of Borrower and without limiting the obligation of the Borrower to do so), and shall hold the Agent and such other Persons harmless from, any and all losses, claims, taxes (other than an Excluded Tax) damages and liabilities and related reasonable expenses (provided such "reasonable" qualifier shall not apply with respect to costs and expenses of Agent incurred during the existence of an Event of Default), including counsel fees and expenses, incurred by the Agent or any such other Person arising out of, in any way connected with, or as a result of: (a) the use of any of the proceeds of the Term Loan; (b) this Agreement or any other Loan Document, (c) the transactions contemplated by this Agreement or any other Loan Document, (d) the ownership and operation of any Loan Party's assets, including all Real Properties and improvements or any Contract or the performance by any Loan Party of its obligations under any Contract; (e) any finder's fee, brokerage commission or other such obligation payable or alleged to be payable in respect of the transactions contemplated by this

Agreement or any other Loan Document which arises or is alleged to arise from any agreement, action or conduct of any Loan Party or any of its Affiliates or Sponsor Affiliates, and/or (f) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not the Agent, or any of its directors, officers, managers, employees, attorneys or agents are a party thereto; provided that such indemnity provided to any such Person shall not apply to any such losses, claims, damages, liabilities or related expenses to the extent arising solely from the willful misconduct or gross negligence of such Person as determined by a final, non-appealable judgment of a court of competent jurisdiction. All amounts due under this Section 10.07 shall be payable on written demand therefor. Without limitation of the foregoing, each Lender shall reimburse the Agent upon demand for its Pro Rata Share of any Agent Advances and of any costs or out-of-pocket expenses (including legal costs and expenses) incurred by the 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 rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section 10.07 shall survive repayment of the Term Loan, cancellation of the Notes, any foreclosure under, or modification, release or discharge of, the Collateral Agreement or any or all of the Loan Documents, termination of this Agreement and the resignation or replacement of the Agent.

Section 10.08 Agent Individually. Comvest and its Affiliates and Related Funds may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with any Loan Party and any Affiliate of any Loan Party or any Sponsor Affiliate as though Comvest were not the Agent hereunder and without notice to or consent of any Lender. Each Lender acknowledges that, pursuant to such activities, Comvest or its Affiliates or its Related Funds may receive information regarding Loan Parties or their Affiliates (including information that may be subject to confidentiality obligations in favor of any such Loan Party or such Affiliate) or Sponsor Affiliates and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to their Term Loan (if any), Comvest and its Affiliates and Related Funds shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though Comvest were not the Agent, and the terms "Lender" and "Lenders" include Comvest and its Affiliates and Related Funds, to the extent applicable, in their individual capacities.

Section 10.09 Successor Agent. The Agent may resign as the Agent at any time upon 30 days' prior notice to the Lenders (unless such notice is waived by Required Lenders). If the Agent resigns under this Agreement, Required Lenders shall, appoint from among the Lenders a successor "Agent" for the Lenders. If no successor "Agent" is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Lenders, a successor "Agent". Upon the acceptance of its appointment as successor "Agent" hereunder, such successor "Agent" shall succeed to all the rights, powers and duties of the retiring the Agent and the term "Agent" shall mean such successor "Agent", and the retiring Agent's appointment, powers and duties as the Agent shall be terminated. After any retiring Agent's resignation hereunder as the Agent, the provisions of this Article X and Section 9.02 shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement. If no successor "Agent" has accepted appointment as the

Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Agent hereunder until such time, if any, as Required Lenders appoint a successor "Agent" as provided for above.

Section 10.10 Collateral and Guarantee Matters. The Lenders consent and irrevocably authorize the Agent, at its option and in its discretion, (a) to release any Lien granted to or held by the Agent under the Collateral Agreement and/or any other collateral document (i) when all outstanding monetary Obligations owing with respect to the Term Loan have been paid in full (it being understood and agreed to that Agent shall be under no obligation to account for any outstanding monetary Obligations owing to any Lender that have not been reported to Agent in writing by such Lender and Agent may assume that no such non-reported monetary Obligations owing to such Lender exist for purposes of this clause (i)); (ii) constituting property sold or to be sold or disposed of as part of or in connection with any sale or other disposition permitted under this Agreement (including by consent, waiver or amendment and it being agreed and understood that the Agent may conclusively rely without further inquiry on a certificate of an officer of the Borrower as to the sale or other disposition of property being made in compliance with this Agreement); or (iii) subject to Section 11.01, if approved, authorized or ratified in writing by Required Lenders; (b) notwithstanding Section 11.01(b)(1) to release any party from its guaranty under the Collateral Agreement (i) when all outstanding monetary Obligations owing with respect to the Term Loan have been paid in full (it being understood and agreed to that Agent shall be under no obligation to account for any outstanding monetary Obligations owing to any Lender that have not been reported to Agent in writing by such Lender and Agent may assume that no such non-reported monetary Obligations owing to such Lender exist for purposes of this clause (i)), or (ii) if such party was sold or is to be sold or disposed of as part of or in connection with any disposition permitted hereunder (including by consent, waiver or amendment and it being agreed and understood that the Agent may conclusively rely without further inquiry on a certificate of an officer of the Borrower as to the sale or other disposition being made in compliance with this Agreement); or (c) to subordinate its interest in any Collateral to any holder of a purchase money (or its equivalent) Lien on such Collateral which is permitted by hereunder (it being understood that the Agent may conclusively rely on a certificate from the Borrower in determining whether the Indebtedness secured by any such Lien is permitted hereunder). Upon request by the Agent at any time, the Lenders will confirm in writing the Agent's authority to release, or subordinate its interest in, particular types or items of Collateral pursuant to this Section 10.10.

Section 10.11 Agent Advances. The Agent may from time to time make such disbursements and advances ("Agent Advances") which the Agent, in its sole discretion, deems necessary or desirable to preserve, protect, prepare for sale or lease or dispose of the Collateral or any portion thereof, to enhance the likelihood or maximize the amount of repayment by the Borrower of the Term Loan and other Obligations or to pay any other amount chargeable to the Borrower pursuant to the terms of this Agreement, including costs, fees and expenses. The Agent Advances shall be repayable on demand, shall be secured by the Collateral, shall bear interest at a rate per annum equal to the rate then applicable to the Term Loan and shall constitute Obligations hereunder. The Agent shall notify each Lender and the Borrower in writing of each such Agent Advance, which notice shall include a description of the purpose of such Agent Advance. Without limitation to its obligations pursuant to Section 10.07, each

Lender agrees that it shall promptly (but not later than three (3) Business Days) make available to the Agent, upon the Agent's demand, in U.S. dollars in immediately available funds, the amount equal to such Lender's Pro Rata Share of each such Agent Advance and thereafter the portion of such Agent Advance so reimbursed by each Lender shall be added to the principal balance of the Term Loan owed by the Borrower to each such Lender. If such funds are not made available to the Agent by such Lender by the end of such three (3) Business Day period, the Agent shall be entitled to recover such funds on demand from such Lender, together with interest thereon for each day from the date such payment was due until the date such amount is paid to the Agent, at the Federal Funds Rate for three (3) Business Days and thereafter at the Reference Rate.

Section 10.12 Revolving Facility; Subordinated Debt. Each Lender hereby irrevocably appoints, designates and authorizes the Agent to enter into the Intercreditor Agreement, Seller Debt Subordination Agreement, Sponsor Debt Subordination Agreement, Management Fee Subordination Agreement, and any other subordination or intercreditor agreement pertaining to the Revolving Loan Documents or any other Subordinated Debt, on its behalf and to take such action on its behalf under the provisions of any such agreement. Each Lender further agrees to be bound by the terms and conditions of the Intercreditor Agreement, Seller Debt Subordination Agreement, Sponsor Debt Subordination Agreement, Management Fee Subordination Agreement and any other subordination or intercreditor agreement pertaining to the Revolving Loan Documents or any other Subordinated Debt. Each Lender hereby authorizes the Agent to issue blockages notices in connection with the Revolving Loan Documents or any Subordinated Debt.

Section 10.13 Actions in Concert. Each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement, the Notes or any other Loan Document (including exercising any rights of setoff) without first obtaining the prior written consent of the Agent, it being the intent of the Lenders that any such action to protect or enforce rights under this Agreement, the Notes and the other Loan Documents shall be taken in concert and at the direction or with the consent of the Agent.

Section 10.14 Competitors. Notwithstanding anything contained in this Agreement or any other Loan Document to the contrary, Agent and the Lenders shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Competitors; provided, that each of Agent and each Lender shall be responsible for, and shall not be excused from any liability for, any assignment by Agent or such Lender of any of its rights or obligations hereunder to any Person which such assigning party has actual knowledge is either GameStop Corp. or Trans World Entertainment Corp. Without limiting the generality of the foregoing, neither the Agent nor any Lender shall (x) be obligated to ascertain, monitor or inquire as to whether any other Lender or Participant or prospective Lender or Participant is a Competitor or (y) have any liability with respect to or arising out of any assignment or participation of the Term Loan, or disclosure of confidential information, by any other Person to any Competitor.

XI. Waiver; Amendments.

Section 11.01 General Terms. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or any of the other Loan Documents (other than the Agent Payments Letter) shall in any event be effective unless the same shall be in writing and signed by (i) the Borrower (with respect to Loan Documents to which the Borrower is a party), (ii) the Agent, and (iii) the Lenders having aggregate Pro Rata Shares of not less than the aggregate Pro Rata Shares expressly designated herein with respect thereto or, in the absence of such express designation herein, by Required Lenders (or by Agent at the direction of such Lenders or Required Lenders), and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that:

(a) no such amendment, modification, waiver or consent shall, unless in writing and signed by all of the Lenders directly affected thereby, in addition to Agent and Required Lenders and the Borrower, do any of the following: (1) increase any of the Term Loan Commitments (provided, that only the Lenders participating in any such increase of the Term Loan Commitments shall be considered directly affected by such increase), (2) extend the date scheduled for payment (as opposed to any mandatory prepayment or the rescission of an election to accelerate) of any principal of or interest on the Term Loan or any fees or other amounts payable hereunder or under the other Loan Documents, or (3) reduce the principal amount of the Term Loan, the amount or rate of interest thereon (provided, that Required Lenders may rescind an imposition of default interest pursuant to Section 2.02), or any fees or other amounts payable hereunder or under the other Loan Documents; and

(b) no such amendment, modification, waiver or consent shall, unless in writing and signed by all of the Lenders in addition to Agent and the Borrower (with respect to Loan Documents to which the Borrower is a party), do any of the following: (1) release any Loan Party from its guaranty of the Obligations under the Loan Party Guaranty or all or substantially all of the Collateral granted under the Security Documents, except (i) as otherwise specifically provided in this Agreement or the other Loan Documents, (ii) to the extent such release from such guaranty is in connection with a sale or other disposition of the equity of such Loan Party (so long as a result thereof such Loan Party is no longer required to guaranty the Obligations) permitted under this Agreement (including by consent, waiver or amendment of this Agreement), or (iii) to the extent such release of Collateral is in connection with a sale or other disposition of such Collateral (so long as a result thereof such Collateral is no longer required to secure the Obligations) permitted under this Agreement (including by consent, waiver or amendment of this Agreement), (2) change the definition of Required Lenders, (3) change any provision of this Article XI, (4) amend the provisions of Section 2.05, or (5) reduce the aggregate Pro Rata Shares required to effect any amendment, modification, waiver or consent under the Loan Documents.

Notwithstanding the provisions of this Article XI to the contrary, any amendment, modification, waiver or consent to cure any ambiguity, omission, defect or inconsistency in any Loan Document shall only require the signature of Agent and Borrower.

Section 11.02 Agency Provisions. No amendment, modification, waiver or consent shall, unless in writing and signed by the Agent, as applicable, in addition to the Borrower and Required Lenders (or all the Lenders directly affected thereby or all of the Lenders, as the case may be in accordance with the provisions above), affect the rights, privileges, duties or obligations of Agent (including under the provisions of Article X) under this Agreement or any other Loan Document.

Section 11.03 Defaulting Lenders. Notwithstanding any provision to the contrary set forth in this Agreement, it is agreed and understood as follows with respect to Defaulting Lenders:

(a) Defaulting Lenders (and their respective Pro Rata Shares of the Term Loan) shall be excluded from the determination of Required Lenders, and shall not have voting rights with respect to any matters requiring the approval of Required Lenders; and

(b) no Defaulting Lender shall be considered a "Lender" for purposes of the proviso to the definition of the term "Required Lenders".

Section 11.04 Replacement of Lenders. If any Lender (other than Agent) does not consent to any matter requiring its consent under Sections 11.01(a) or 11.01(b), when Required Lenders have otherwise consented to such matter or any Lender is a Defaulting Lender and the circumstances causing such status have not been cured or waived to the satisfaction of the Agent, then the Borrower or the Agent may within 90 days thereafter designate another Person acceptable to the Agent in its sole discretion (such other Person being called a "Replacement Lender") to purchase the Term Loan of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of the Term Loan payable to such Lender plus any accrued but unpaid interest on such Term Loan and all accrued but unpaid fees owed to such Lender and any other amounts payable to such Lender under this Agreement, and to assume the obligations of such Lender hereunder, all in compliance with Section 8.02. Upon such purchase and assumption (pursuant to an Assignment and Acceptance), such Lender shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Lender prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Borrower hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

Section 11.05 EFFECT OF AMENDMENT AND RESTATEMENT . UPON THE CLOSING DATE: (A) ALL TERMS AND CONDITIONS OF THE EXISTING AGREEMENT AND ANY OTHER LOAN DOCUMENTS EXECUTED AND DELIVERED PURSUANT THERETO, AS AMENDED BY THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BEING EXECUTED AND DELIVERED IN CONNECTION HEREWITH, SHALL BE AND REMAIN IN FULL FORCE AND EFFECT, AS SO AMENDED, AND SHALL CONSTITUTE AND CONTINUE TO BE THE LEGAL, VALID, BINDING AND ENFORCEABLE OBLIGATIONS OF EACH LOAN PARTY AND OF THE AGENT AND LENDERS; (B) THE TERMS AND CONDITIONS OF THE EXISTING AGREEMENT SHALL BE AMENDED AS SET FORTH HEREIN AND, AS SO AMENDED, THE EXISTING AGREEMENT SHALL BE RESTATED IN ITS ENTIRETY, BUT SHALL BE

AMENDED ONLY WITH RESPECT TO THE RIGHTS, DUTIES AND OBLIGATIONS AMONG EACH LOAN PARTY, THE LENDERS AND THE AGENT ACCRUING FROM AND AFTER THE DATE HEREOF; (C) THIS AGREEMENT SHALL NOT IN ANY WAY RELEASE OR IMPAIR THE RIGHTS, DUTIES, OBLIGATIONS OR LIENS CREATED PURSUANT TO THE EXISTING AGREEMENT OR ANY OTHER LOAN DOCUMENTS, EXCEPT AS EXPRESSLY MODIFIED HEREBY OR BY ANY DOCUMENTS, INSTRUMENTS AND AGREEMENTS EXECUTED AND DELIVERED IN CONNECTION HEREWITH, AND ALL OF SUCH RIGHTS, DUTIES, OBLIGATIONS AND LIENS ARE ASSUMED, RATIFIED AND AFFIRMED BY EACH LOAN PARTY; (D) ALL INDEMNIFICATION OBLIGATIONS OF THE LOAN PARTIES UNDER THE EXISTING AGREEMENT AND ANY OTHER LOAN DOCUMENTS SHALL SURVIVE THE EXECUTION AND DELIVERY OF THIS AGREEMENT AND SHALL CONTINUE IN FULL FORCE AND EFFECT FOR THE BENEFIT OF AGENT, THE LENDERS AND ANY OTHER PERSON INDEMNIFIED UNDER THE EXISTING AGREEMENT OR ANY OTHER LOAN DOCUMENTS AT ANY TIME PRIOR TO THE DATE HEREOF; (E) THE AMENDMENT AND RESTATEMENT CONTAINED HEREIN SHALL NOT, IN ANY MANNER, BE CONSTRUED TO CONSTITUTE PAYMENT OF, OR IMPAIR, LIMIT, CANCEL OR EXTINGUISH, OR CONSTITUTE A NOVATION IN RESPECT OF, THE OBLIGATIONS AND OTHER OBLIGATIONS AND LIABILITIES OF ANY LOAN PARTY EVIDENCED BY OR ARISING UNDER THE EXISTING AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE LIENS AND SECURITY INTERESTS SECURING SUCH OBLIGATIONS AND OTHER OBLIGATIONS AND LIABILITIES GRANTED BY THE LOAN PARTIES IN THE EXISTING AGREEMENT AND THE OTHER LOAN DOCUMENTS, WHICH LIKEWISE SHALL NOT IN ANY MANNER BE IMPAIRED, LIMITED, TERMINATED, WAIVED OR RELEASED; (F) THE EXECUTION, DELIVERY AND EFFECTIVENESS OF THIS AGREEMENT SHALL NOT OPERATE AS A WAIVER OF ANY RIGHT, POWER OR REMEDY OF AGENT OR THE LENDERS UNDER THE EXISTING AGREEMENT, NOR CONSTITUTE A WAIVER OF ANY COVENANT, AGREEMENT OR OBLIGATION UNDER THE EXISTING AGREEMENT, IN EACH CASE AS IN EFFECT IMMEDIATELY PRIOR TO THE EFFECTIVENESS OF THIS AGREEMENT; AND (G) ANY AND ALL REFERENCES IN THE LOAN DOCUMENTS TO THE EXISTING AGREEMENT SHALL, WITHOUT FURTHER ACTION OF THE PARTIES, BE DEEMED A REFERENCE TO THE EXISTING AGREEMENT, AS AMENDED AND RESTATED BY THIS AGREEMENT, AND AS THIS AGREEMENT SHALL BE FURTHER AMENDED, AMENDED AND RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME HEREAFTER. SUBJECT TO THE FOREGOING, THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE ENTIRE AGREEMENT OF THE LOAN PARTIES, AGENT AND THE LENDERS WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF, AND THERE ARE NO PROMISES, UNDERTAKINGS, REPRESENTATIONS OR WARRANTIES BY THE AGENT OR ANY LENDER RELATIVE TO THE SUBJECT MATTER HEREOF NOT EXPRESSLY SET FORTH OR REFERRED TO HEREIN OR IN THE OTHER LOAN DOCUMENTS.

[The remainder of this page is intentionally blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized officer as of the day and year first written above.

[signature pages removed]

~~**COMVEST CAPITAL IV, L.P.,**~~
~~as Agent and a Lender~~
~~By: ComVest Capital IV Partners, L.P., its General Partner~~
~~By: ComVest Capital IV Partners UGP, LLC, its General Partner~~

~~By:~~
~~Name:~~
~~Title:~~

~~**COMVEST CAPITAL IV (LUXEMBOURG) MASTER FUND, SCSP,**~~
~~as a Lender~~

~~By: Comvest Capital Advisors, LLC, as investment manager~~

~~By:~~
~~Name:~~
~~Title:~~

~~Address for Notices:~~
~~c/o Comvest Capital IV, L.P.~~
~~525 Okeechobee Boulevard, Suite 1050~~
~~West Palm Beach, Florida 33401~~
~~Attention: Jason Gelberd and Vintage Stock Account Manager~~
~~Facsimile: (561) 727-2100~~

~~**VINTAGE STOCK, INC.,**~~
~~as Borrower~~

~~By:~~
~~Name:~~
~~Title:~~

~~Acknowledged and Agreed:~~

~~**VINTAGE STOCK AFFILIATED HOLDINGS LLC,**~~
~~as Parent~~

~~By:~~
~~Name:~~
~~Title:~~

[Link-to-previous setting changed from off in original to on in modified.]

SCHEDULE C-1

COMMITMENTS AND PRO RATA SHARES

Lender	Term Loan Commitment	Pro Rata Share
Comvest Capital IV, L.P.	$21,163,200	88.18%
Comvest Capital IV (Luxembourg) Master Fund, SCSp	$2,836,800	11.82%
TOTALS	$24,000,000	100%

Summary report: Litera® Change-Pro for Word 10.7.0.7 Document comparison done on 4/10/2020 7:18:38 AM	
Style name: Jeff's	
Intelligent Table Comparison: Active	
Original DMS: iw://IWDMSATL/LEGAL02/39709302/1	
Modified DMS: iw://IWDMSATL/LEGAL02/39709302/6	
Changes:	
Add	194
~~Delete~~	205
~~Move From~~	0
Move To	0
Table Insert	0
~~Table Delete~~	3
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	402

Exhibit 10.5

WAIVER AND AGREEMENT REGARDING AVAILABILITY RESERVES

THIS WAIVER AND AGREEMENT REGARDING AVAILABILITY RESERVES (this " Agreement") is entered into as of April 10, 2020, by and among Texas Capital Bank, National Association ("Lender"), and Vintage Stock, Inc. ("Borrower").

RECITALS

A. WHEREAS, Lender and Borrower have previously entered into that certain Loan Agreement dated November 3, 2016 (as has been and may be further amended, modified and supplemented from time to time, the "Loan Agreement"), pursuant to which the Lender has made certain financial accommodations available to the Borrower.

B. WHEREAS, Borrower and Vintage Stock Affiliated Holdings, LLC (collectively with Borrower, the " Term Loan Parties") have previously entered into that certain Amended and Restated Credit Agreement dated June 7, 2018 (as may be further amended, modified and supplemented from time to time, the "Credit Agreement"), pursuant to which Comvest Capital IV, L.P., acts in the capacity administrative agent for the lenders party to the Credit Agreement (in such capacity, "Term Agent").

C. WHEREAS, the following Events of Default have occurred under the Loan Agreement: (1) Borrower has failed to maintain the required Fixed Charge Coverage Ratio for one or more months ending on or before March 31, 2020 as required by Section 5.16 of the Loan Agreement (individually or collectively, the "Financial Covenant Default"); (2) a material change has been made in the character of Borrower's business in violation of Section 5.06 of the Loan Agreement as a result of closures of a substantial number of Borrower's stores; and (3) Borrower has discontinued its usual business by closing a substantial number of Borrower's stores, which constitutes an Event of Default under Section 6.01(g) of the Loan Agreement (the Events of Default under clauses (2) and (3) preceding are the "COVID-19 Related Events of Default", and together with the Financial Covenant Default are collectively, the "Cumulative Defaults").

D. WHEREAS, the "Specified Events of Default", as defined in that certain Limited Waiver and Second Amendment to Amended and Restated Credit Agreement, Second Amendment to Amended and Restated Management Fee Subordination Agreement and First Amendment to Limited Guaranty dated on or about the date hereof (the "Limited Waiver") among Term Agent, Term Loan Parties, and the other persons party thereto, have occurred and are continuing.

E. WHEREAS, under the Limited Waiver, the Term Agent and Lenders (as defined in the Limited Waiver) (collectively, the " Comvest Parties") have agreed to waive the Specified Events of Default.

F. WHEREAS, the Specified Events of Default constitute Events of Default under the Loan Agreement.

G. WHEREAS, the Borrower has requested that the Lender waive the Cumulative Defaults and the Specified Events of Default.

H. WHEREAS, the parties hereto are entering into this Agreement with the understanding and agreement that, except as specifically provided herein, none of Lender's rights or remedies as set forth in the Loan Agreement is being modified by the terms of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the premises and mutual agreements herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement.

2. Waiver of Financial Covenant. Subject to the satisfaction of the conditions precedent set forth in Section8 below, Lender hereby waives the Financial Covenant Default.

3. Conditional Waiver of COVID-19 Related Events of Default. Subject to the satisfaction of the conditions precedent set forth in Section 8 below, Lender hereby waives the COVID-19 Related Events of Default, provided, that if the Loan Parties have not commenced ordinary course business operations on or prior to July 31, 2020, as determined by Lender in Lender's Discretion, the foregoing conditional waiver shall be immediately revoked, and the COVID-19 Related Events of Default shall be continuing retroactive to the date the first COVID-19 Related Event of Default occurred. For purposes hereof, "Lender's Discretion" shall mean the Lender's determination made in the exercise of commercially reasonable (from the perspective of a secured lender) credit or business judgment.

4. Prospective Waiver of Fixed Charge Coverage Ratio. Subject to the satisfaction of the conditions precedent set forth in Section 8 below, Lender hereby waives any testing of the Fixed Charge Coverage Ratio through the June 30, 2020 testing date.

5. Waiver of Specified Events of Default. Subject to the satisfaction of the conditions precedent set forth in Section 8 below, Lender hereby waives, to the extent the Specified Events of Default constitute Events of Default under the Loan Agreement after giving effect to the waiver received by the Borrower from the Comvest Parties, the Specified Events of Default, provided, however, to the extent that the Limited Waiver constitutes a conditional waiver of such defaults, this waiver shall be conditional and shall be revoked on the same terms and conditions as in the Limited Waiver.

6. Acknowledgment. Borrower acknowledges and agrees that the foregoing waivers pursuant to Sections 2-5 relate solely to the Cumulative Defaults and the Specified Events of Default and that this Agreement shall not relieve or release the Borrower in any way from any of its respective duties, obligations, covenants or agreements under the Loan Agreement and the other loan documents or from the consequences of any other Event of Default that may now exist or hereafter arise.

7. Availability Reserves. Lender hereby agrees that it will not implement Availability Reserves, provided, however, that Lender's agreement in this Section 7 shall automatically terminate upon the earliest of (a) May 31, 2020, (b) April 22, 2020, unless an equity contribution (in the form of cash common equity or preferred stock on terms and conditions reasonably satisfactory to Lender) has then been made to Borrower after the date hereof in cash in an amount not less than $1,000,000, (c) the date any Default or Event of Default (other than those hereby waived) occurs, or (d) the date Borrower fails to comply with any provision of the Limited Waiver, the Amended Credit Agreement (as defined in the Limited Waiver), or any other Loan Document (as defined in the Amended Credit Agreement).

8. Conditions Precedent to Effectiveness. The effectiveness of this Agreement is subject to the prior or concurrent consummation of the following conditions:

(a) Other than with respect to the Cumulative Defaults and the Specified Events of Default, the representations and warranties contained herein and in the Loan Agreement must be true and correct;

(b) Lender shall have received a copy of this Agreement executed by the Borrower;

(c) Lender shall have received a copy of fully executed Limited Waiver in form and substance reasonably satisfactory to the Lender; and

(d) The Borrower shall have paid all of the Lender's reasonable and documented out-of-pocket expenses and, to extent required under the Loan Agreement, all other fees required to be paid in connection with this Agreement.

9. Representations and Warranties. Borrower represents, warrants and covenants that the execution, delivery and performance of this Agreement, and the transactions contemplated hereunder, are all within the Borrower's powers, have been duly authorized and do not and will not: (i) contravene the terms of the

Borrower's organization documents ; (ii) conflict with or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under any order, injunction, writ or decree of any governmental authority or any arbitral award to which the Borrower or its property is subject; or (iii) violate any Laws.

10. Release. BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT IT HAS NO DEFENSE, COUNTERCLAIM, OFFSET, CROSS COMPLAINT, CLAIM OR DEMAND OF ANY KIND OR NATURE WHATSOEVER THAT CAN BE ASSERTED TO REDUCE OR ELIMINATE ALL OR ANY PART OF ITS LIABILITY TO REPAY THE OBLIGATIONS OR TO SEEK AFFIRMATIVE RELIEF OR DAMAGES OF ANY KIND OR NATURE FROM LENDER. BORROWER HEREBY VOLUNTARILY AND KNOWINGLY RELEASES AND FOREVER DISCHARGES THE LENDER AND EACH OF ITS RESPECTIVE PREDECESSORS, AGENTS, EMPLOYEES, AFFILIATES, SUCCESSORS AND ASSIGNS (COLLECTIVELY, THE " RELEASED PARTIES") FROM ALL POSSIBLE CLAIMS, DEMANDS, ACTIONS, CAUSES OF ACTION, DAMAGES, COSTS, EXPENSES AND LIABILITIES WHATSOEVER, WHETHER KNOWN OR UNKNOWN, ANTICIPATED OR UNANTICIPATED, SUSPECTED OR UNSUSPECTED, FIXED, CONTINGENT OR CONDITIONAL, OR AT LAW OR IN EQUITY, IN ANY CASE ORIGINATING IN WHOLE OR IN PART ON OR BEFORE THE DATE THIS AGREEMENT IS EXECUTED THAT BORROWER MAY NOW OR HEREAFTER HAVE AGAINST THE RELEASED PARTIES, IF ANY, IRRESPECTIVE OF WHETHER ANY SUCH CLAIMS ARISE OUT OF CONTRACT, TORT, VIOLATION OF LAW OR REGULATIONS, OR OTHERWISE, AND THAT ARISE FROM ANY OF THE LOANS, THE EXERCISE OF ANY RIGHTS AND REMEDIES UNDER THE AGREEMENT OR ANY OF THE OTHER SECURITY INSTRUMENTS, AND/OR THE NEGOTIATION FOR AND EXECUTION OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY CONTRACTING FOR, CHARGING, TAKING, RESERVING, COLLECTING OR RECEIVING INTEREST IN EXCESS OF THE HIGHEST LAWFUL RATE APPLICABLE.

11. Continuing Effect. Except as expressly set forth in Sections 2-7 of this Agreement, nothing in this Agreement shall constitute a modification or alteration of the terms, conditions or covenants of the Loan Agreement, or a waiver of any other terms or provisions thereof, and the Loan Agreement shall remain unchanged and shall continue in full force and effect.

12. Governing Law . This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas.

13. Counterparts. This Agreement may be executed in any number of and by different parties hereto on separate counterparts, all of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any signature delivered by a party by facsimile or other similar method of electronic transmission shall be deemed to be an original signature hereto.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized and delivered as of the date first above written.

LENDER:

TEXAS CAPITAL BANK, NATIONAL ASSOCIATION

By: /s/ Terri Sandridge
Name: Terri Sandridge
Title: Vice President, Corporate Banking-ABL

BORROWER:

VINTAGE STOCK, INC.

By: /s/ Rodney Spriggs
Name: Rodney Spriggs
Title: CEO and President

Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jon Isaac, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A for the quarterly period ended December 31, 2019 of Live Ventures Incorporated (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jon Isaac

Jon Isaac
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2020

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Virland A. Johnson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q/A for the quarterly period ended December 31, 2019 of Live Ventures Incorporated (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ *Virland A. Johnson*

Virland A. Johnson
Chief Financial Officer
(Principal Financial Officer)

Dated: August 14, 2020

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q/A for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon Isaac, the President and Chief Executive Officer of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jon Isaac
Jon Isaac
President and Chief Executive Officer
(Principal Executive Officer)

Dated: August 14, 2020

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of the Company or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q/A for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Virland A. Johnson, the Chief Financial Officer (Principal Financial Officer) of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ *Virland A. Johnson*
Virland A. Johnson
Chief Financial Officer
(Principal Financial Officer)

Dated: August 14, 2020

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of the Company or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.