

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): September 26, 2022

JANONE INC.

(Exact name of Registrant as Specified in Its Charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

000-19621
(Commission File Number)

41-1454591
(IRS Employer
Identification No.)

325 E. Warm Springs Road, Suite 102
Las Vegas, Nevada
(Address of Principal Executive Offices)

89119
(Zip Code)

Registrant's Telephone Number, Including Area Code: 702 997-5968

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

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

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

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

ARCA Recycling, Inc. Refinancing Transaction

On September 26, 2022, ARCA Recycling, Inc., (the “Borrower”), an indirect, wholly-owned subsidiary of the registrant, JanOne Inc. (the “Company”), entered into a series of agreements (the “Agreements”) with Gulf Coast Bank and Trust Company (the “Lender”) to refinance its existing credit facility with Prestige Capital (the “Prior Lender”). The principal limit of the refinanced facility is \$7.0 million, and the borrowing base is the lesser of the principal limit or the sum of the following:

1. 85% of eligible receivables, plus
2. Lesser of 50% of eligible unbilled receivables or \$750,000, plus
3. Lesser of 50% of eligible Whirlpool only net inventory or \$1.0 million, plus
4. Lesser of 80% of eligible capital expenditures (“CAPEX”) or \$2.0 million, less
5. Reserve of \$400,000, less
6. Additional reserves as deemed necessary by the Lender

Advances under the new credit facility will bear interest at the prime rate, as published daily in the Wall Street Journal, plus 3.25%, but at no time will be less than 8.75%. The refinancing of the Borrower’s existing credit facility improves the availability and liquidity of funds and provides flexibility to borrow against expanded asset categories.

The facility matures on September 25, 2024; and, the facility is automatically extended by succeeding periods of the same duration, unless terminated earlier in accordance with its terms. If the agreement is terminated and the obligation is repaid before the current maturity date, for any reason, the Borrower shall be assessed an early termination fee. The early termination fee is determined by multiplying the minimum amount in effect at the time of termination by the number of calendar months between the termination date and the then-current maturity date. However, no early termination fee shall be assessed if the Borrower repays all obligations after the first anniversary of the agreement and before the then-current maturity date; and repays all obligations with funds borrowed from the Lender.

Advances under the new credit facility are secured by a pledge of substantially all of the assets of the Borrower. The Company is a guarantor of the facility.

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.

Forward-Looking Statements

This Current Report on Form 8-K hereto contain “forward-looking statements”, including statements regarding the proposed offering. Forward-looking statements can generally be identified by the use of words such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “project,” “potential,” “seek,” “should,” “think,” “will,” “would” and similar expressions, or they may use future dates. Forward-looking statements in this document include, without limitation, statements regarding the Company’s expectations as to the completion, timing and size of the proposed private offering, the anticipated use of proceeds therefrom. These forward-looking statements are subject to assumptions, risks and uncertainties that may change at any time, and readers are therefore cautioned that actual results could differ materially from those expressed in any forward-looking statements. Factors that could cause actual results to differ include, among other things: risks and uncertainties associated with market conditions and the satisfaction of customary closing conditions related to the proposed offering; and other risks and uncertainties discussed in the Company’s filings with the SEC, including the “Risk Factors” sections of the Company’s Annual Report on Form 10-K for the year ended September 30, 2021. The Company undertakes no obligation to update any forward-looking statements as a result of new information, future developments or otherwise, except as expressly required by law. All forward-looking statements in this document are qualified in their entirety by this cautionary statement.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number Description

10.92	<u>General Credit and Security Agreement, dated as of September 26, 2022, between Gulf Coast Bank and Trust Company and ARCA,</u>
10.93	<u>Guaranty to Gulf Coast Bank and Trust by JanOne Inc., dated as of September 21, 2022.</u>
10.94	<u>Debt Subordination Agreement by Isaac Capitol Group, dated as of September 21, 2022.</u>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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 hereunto duly authorized.

LIVE VENTURES INCORPORATED

By: /s/ Tony Isaac

Name: Tony Isaac

Title: Director and Chief Executive Officer

Dated: September 30, 2022

GENERAL CREDIT AND SECURITY AGREEMENT

.THIS AGREEMENT (the "Agreement"), dated as of September 26, 2022, between Gulf Coast Bank and Trust Company, a Louisiana corporation, having its mailing address and principal place of business at 8011 - 34th Avenue South, Suite 205, Bloomington, Minnesota 55425-1581 (herein called "Gulf Coast"), and ARCA Recycling, Inc., a California corporation, having the mailing address and principal place of business at 7301 Ohms Lane, Suite 320, Edina Minnesota 55439 (herein called "Borrower").

1. **Agreement.** This Agreement states the terms and conditions Under Which Borrower may obtain certain loans and/or other credit extensions from Gulf Coast,

2. **Certain Definitions.** For purposes of this Agreement the following terms Shall have the following meanings:

"Acceptable Distributions" shall mean, with respect to Borrower, cash distributions made to Borrower's shareholders during any period in which Borrower has made an effective S Corporation election, in an amount equal to the combined federal and state income tax liability of such shareholders arising from their respective allocable share of the earnings and profit of Borrower, with each shareholder's federal and State income tax liability, including any minimum tax liability, to be computed on the basis of the applicable marginal tax rate for Individuals under the Code and relevant state law as such applicable-marginal tax rates are reduced by deductions for state income taxes with respect to the Code and for federal income taxes with respect to the relevant state law.

"Acceptable Debtor(s)" means any Person who is or may become Obligated to borrow under, with respect to, or on account of a Receivable.

"Advance(s)" shall have the meaning provided in the paragraph entitled "Advances."

"Affiliate" shall include, with respect to any party, any Person which directly or indirectly controls, is controlled by, or is Under common control with such party and, in addition, in the case of Borrower, each officer, manager, director, governor, member or shareholder of Borrower, and each joint venturer and partner of Borrower.

(iv)

The lesser of: (a) Eighty Percent (80%) of the cost of Eligible Capex Equipment, or (b) Two Million Dollars (\$2,000,000) (the so called capex availability), provided that the amount of each item constituting capex availability, will be reduced by 1/48th on the first day of the subsequent calendar month following the day that such item becomes Eligible Capex Equipment, with such reduction as to each such item continuing in the same dollar amount on the first day of each subsequent calendar month; less

(v) Four Hundred Thousand Dollars (\$400,000) (reserve in lieu of personal guarantees), less

(vi) Any reserves Gulf Coast, in its sole discretion, deems necessary or appropriate; taking into account Borrower's and Borrower's Customer's financial condition and prospects, the nature and condition of the Borrower's assets, applicable contingencies and any other factor deemed material by Gulf Coast.

Notwithstanding the above, any of the percentages and/or dollar amounts described in this definition of Borrowing Base may be increased or de-creased, in any amount, which Gulf Coast, in its

sole and absolute discretion, deems appropriate. In addition, it should be noted that Gulf Coast reserves the right, in its sole discretion, to establish availability reserves for any reason, including but not limited to providing for liabilities for personal property and other taxes

"Business Day" shall mean a day on which the Federal Reserve Bank of Minneapolis is open for business.

"Co " shall mean the Internal Revenue Code, as amended from time to time.

"Borrowing Base" shall mean the lesser of the Maximum Principal Amount or the sum of:

(i) Eighty-Five percent (85%) of the net amount of Eligible Receivables; plus

(ii) The lesser of Fifty Percent (50%) of the net amount of Eligible Unbilled Receivables or (b) Seven Hundred Fifty Thousand Dollars \$750,000 (the so called unbilled receivables availability); plus

(iii) The lesser of (a) Fifty percent (50%) of the net amount of Eligible Inventory, or (b) One Million Dollars (\$1,000,000), or (c) or Fifty percent (50%) of the amount provided for in .subparagraph (i) above (on Eligible Receivables) (the so called inventory availability); plus

"Consolidated" shall, when used with reference to any financial information pertaining to (or when used -as a part of a)ly defined term .or statement pertaining to the financial condition of) any Person, mean the accounts of such Person and its subsidiaries, determined on a Consolidated basis, as determined as to principles of consolidation and, except as otherwise specifically required by the definition of such term or by such statement as to such accounts, in accordance with GAAP.

"Contingent Obligations," shall mean, with respect to any Person, all of such Person's liabilities and obligations which are contingent upon and will not mature unless and until the occurrence of some event or circumstance and Which are not included within the definition of Liabilities of such Person.

"Default" shall mean any event which, with the giving of notice or passage of time, or both, would constitute an Event of Default.

"Eligible Capex Equipment" shall mean the cost of that Equipment (i) purchased by Borrower hereafter, (ii) which Borrower owns, has physical possession of, and in which Gulf Coast holds a senior security interest, (iii) for which Borrower has provided to Gulf Coast a copy of the invoice related to its purchase, and (iv) as to which Gulf Coast, in its sole and absolute discretion, shall elect from time to time, in writing, to constitute Eligible Capex Equipment. Eligible Capex Equipment shall exclude so called soft costs of acquisition, transportation, installation, taxes and the like as determined by Gulf Coast.

"Eligible Inventory" shall mean the Borrower's inventory of Whirlpool brand appliances available for sale to customers, and which meets these specifications: (i) such Inventory is not comprised of opened goods, scratch and dent goods, damaged goods, goods in transit, consigned goods, and/or packaging materials; (ii) such inventory is owned by Borrower free of all tax liens and other liens, encumbrances and security interests (except Gulf Coast's security interest, subordinated security interests, or security or Security-Interest permitted under the paragraph entitled "Negative Covenants" or "Permitted Lien") and it is located at one of the locations listed in the section entitled "Location of Collateral;" (iii) such Inventory that if it is represented or covered by documents of title, Borrower is named as the owner of such Inventory on the documents of title; (iv) such Inventory that is in new and unused condition (except as Gulf Coast may otherwise consent in writing); (v) such Inventory is comprised of goods in amounts that are less than a one month's supply; (vi) such inventory is not considered by Gulf Coast to be obsolete according to the tests and standards determined, from time to time, by Gulf Coast, and (vii) such Inventory is not deemed unsatisfactory or otherwise ineligible by Gulf Coast. The value of Eligible Inventory shall be the lower of the cost or market value of the Eligible Inventory computed on an average cost basis in accordance with generally accepted accounting principles on the basis of the most recent inventory certificates delivered to Gulf Coast pursuant to the paragraph entitled "Affirmative Covenants."

"Eligible Receivables" shall mean the dollar value of such Receivables of Borrower, less any finance charges and/or any amount reserved for discounts, which meets all of the following specifications: (i) such Receivables arose from the full and complete performance of services by Borrower, or from a bona fide sale of goods, which have been delivered or shipped to the Account Debtor and for which Borrower has genuine invoices, shipping documents or receipts, which sale is not a consignment sale, a sale on approval, a guaranteed sale, a bonded receivable or retainage; (ii) such Receivable is payable within sixty (60) days of the invoice date and is not unpaid more than ninety (90) days past the date of invoice; provided, however, Gulf Coast may, in its sole discretion, upon request of Borrower, permit certain Receivables with payment terms providing for payment more than sixty (60) days past the invoice date, to be eligible upon terms and conditions to be determined by Gulf Coast in its discretion. An invoice may not

goods represented on that invoice; (iii) a Receivable such that not more than twenty percent (20%) of the aggregate receivables owing by the specific Account Debtor are more than ninety (90) days Past the date of invoice; (iv) such Receivable is owned by the Borrower free of all liens and encumbrances and security interests (except Gulf Coast's security interest and Permitted Liens); (v) such Receivable is enforceable against the Account Debtor and for the amount shown as owing in the statements furnished by Borrower to Gulf Coast, where no return, rejection or repossession has occurred, and the Receivable and the transaction out of which it arose comply with all applicable laws and regulations. Further, that the merchandise or services related to the Receivable have been fully accepted by the Account Debtor without dispute and are not subject to any setoff, credit allowance or adjustment, nor is it subject to any defenses or counterclaims; (vi) the Borrower does not hold any receivable from or other indebtedness of the Account Debtor owing such Receivable; (vii) the Account Debtor on such Receivable has its principal place of business in the United States of America or a province of Canada which has enacted a version of the Personal Property Security Act, or the receivable is secured by- either (a) a letter of credit in form satisfactory to Gulf Coast issued or confirmed by a United States of America bank satisfactory to Gulf Coast, or (b) foreign credit insurance in form and substance satisfactory to Gulf Coast and assigned to Gulf Coast on terms satisfactory to Gulf Coast; (viii) such Receivable does not represent a partial billing or a progress billing transaction with an Account Debtor; (ix) such Receivable is not due from an Affiliate or employee of Borrower; (x) such Receivable is not due from the government of the United States of America or any of its departments, agencies or instrumentalities, unless all money due or to become due under such contracts shall be assigned to Gulf Coast and proper notice of the assignment given under the Federal Assignment of Claims Act or other applicable laws or regulations; (xi) Gulf Coast is, and Continues to be satisfied with the creditworthiness of the Account Debtor on such Receivable in relation to the amount of credit extended and has not notified Borrower, orally or in writing, that the receivable or Account Debtor is unsatisfactory; (xii) when the aggregate amount of Receivables owed by a particular Account Debtor exceeds Twenty-Five percent (25%), or twenty percent (20%) for any particular Canadian Account Debtor, or when the aggregate amount of Receivables owed by all Canadian Account Debtors having their principal place of business in the Province of Quebec exceeds twenty percent (20%), of the aggregate amount of all receivables owed by all of Borrower's Account Debtors; then those Receivables which exceed such percentage limit shall be deemed not Eligible Receivables, provided, that upon request of the Borrower, Gulf Coast may, in its sole discretion, allow a greater concentration percentage with respect to certain Account Debtors; (xiii) Such Receivable is not from an Account Debtor that has a petition in bankruptcy or other application for relief under any insolvency law or the Account Debtor makes an assignment for the benefit of creditors, becomes insolvent, fails, suspends, or goes out of business (xiv) subsequent to the issuance of the Receivable, its payment terms have not been modified, restructured, or extended, and partial payment has not been received on the Receivable; (xv) such Receivable does not arise from the sale of samples; (xvi) such Receivables does not arise from deposit, reimbursement or sale of tooling; (xvii) payment of such Receivable is not expected to be made on a

be dated prior to performance of the service or delivery of the _ COD or CIA basis and is not expected to be made by credit

card; (xviii) such Receivable is not from the accrual or imposition of interest, finance charges, collections fees, attorney's fees or the like; (xix) for- Receivables which reflect the sale of goods just prior to shipment of such goods to the Account Debtor, such goods were physically located in the Borrower's principal offices and/or warehouse, or in the locations described in this Agreement as "Location of Collateral" or in any other location under the direction or control of Borrower, and; (xx) Gulf Coast has not notified Borrower, orally or in writing, that the account or Account Debtor is unsatisfactory in any respect.

"Eligible Unbilled Receivables" shall mean the dollar value of goods and service transactions entirely completed by Borrower, which have not yet been invoiced.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974 as the same may from time to time be amended, and the rules and regulations promulgated thereunder by any governmental agency or authority, as from time to time in effect.

"ERISA Affiliate" shall mean, with respect to any Person; any trade or business (whether or not incorporated) which is a member of a group of which such Person is a member and which is under common control within the meaning of Section 414 of the Code, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Event" shall mean: (a) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations); (b) the withdrawal of Borrower or any ERISA Affiliate from a Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (c) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA; (d) the institution of proceedings to terminate a Plan by the PBGC under Section 4042 of ERISA; or (e) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to-administer, any Plan.

"GAAP" shall mean generally accepted accounting principles consistently applied and maintained throughout the period indicated. Whenever any accounting term is used herein which is not Otherwise defined, it shall be interpreted in accordance with GAAP.

"Guarantor" shall mean any Person who enters into a Guaranty.

"Guaranty(ies)" shall mean those Guaranty agreements and all other agreements now existing or hereafter arising whereby a Person guarantees (in part or in full) the payment or performance of any of the Obligations.

"Liabilities" of any Person shall mean those items which, in accordance with GAAP, appear as liabilities on a balance sheet.

"Loan Document(s)" shall mean individually or collectively, as the case may be, this Agreement and any and all other documents executed, delivered, or referred to herein or therein, as "Originally Executed and as Amended, Modified or Supplemented from Time to Time."

"Material Adverse Occurrence" shall mean any occurrence of whatsoever nature (including, without limitation, any adverse determination in any litigation, arbitration or governmental investigation or proceeding) which Gulf Coast shall determine, in its sole discretion, could materially adversely affect the present or prospective financial condition or operations of Borrower or a Guarantor or impair the ability of Borrower or a Guarantor to perform its obligations under this Agreement or any other Loan Document.

"Maturity Date" shall mean August 1, 2024, provided, however, that the then current Maturity Date shall be extended by succeeding periods equal to the same duration as the initial term hereof, without notice to or action by either Borrower or Gulf Coast, provided further however, that such extension shall not occur if: (i) Gulf Coast has notified Borrower of an Event of Default that has occurred and is continuing, or (ii) this Agreement has previously terminated as provided in the paragraph entitled "Termination," or (iii) Borrower or Gulf Coast have notified the other of the intention not to renew at least sixty days prior to the then current Maturity Date and thereafter no extension shall occur.

"Maximum Principal Amount" shall mean, at any date, Seven Million Dollars (\$7,000,000) or such greater dollars as Gulf Coast, in its sole discretion, shall deem appropriate.

"Minimum Amount" applicable to each calendar month shall mean the sum of: (i) the Interest Rate in effect on the first Business Day of such calendar month multiplied by \$2,500,000, and that product divided by 12, then rounded downward to the nearest ten dollars.

"Misdirected Payment Fee" - fifteen percent (15%) of the amount of any payment or other cash collection which has been received by Borrower and not dispatched in kind and uncashed to Gulf Coast on the next banking day following the date of receipt by Borrower.

"Monthly Payment Date" shall mean the first day of each month.

"Multiemployer Plan" shall mean a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which Borrower is making or accruing an obligation to make contributions, or has within any of the preceding three plan years made or accrued an obligation to make contributions.

"Independent Public Accountants" shall mean any firm of independent public accountants which is acceptable to Gulf Coast.

"Participant" shall mean each Person who purchases 'from Gulf Coast a participation interest in the Obligations.

"PBGC" shall mean the Pension Benefit Guaranty Corporation or any successor board, authority, agency, officer or official of the United States administering the principal functions assigned on the date hereof to the Pension Benefit Guaranty Corporation under BRISA.

"Periodic Financial Report" shall mean Borrower's financial reports for various periods of time which may, from time to time, be delivered by Borrower or Borrower's parent company, JanOne, Inc., to Gulf Coast and which: (a) comport with the representations and warranties contained in the paragraph entitled "General Representations and Warranties," and (b) comprise the complete audited financial report for such period prepared and certified without qualification or explanatory language by Independent Public Accountants on a Consolidated and Consolidating basis for JanOne, Inc., including a schedule of Borrower's financial results, and any Consolidated Subsidiaries of Borrower; together with a copy of the management letter or memorandum, if any, delivered by such independent certified public accountant to JanOne, Inc. and the response by JanOne, Inc. thereto.

"Person" shall mean any natural person, corporation, limited liability company, firm, partnership, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" shall mean each employee benefit plan or other class of benefits covered by Title IV of ERISA, in either case whether now in existence or hereafter instituted, of Borrower or any of its Subsidiaries.

"Prime Rate" on any particular day shall mean the so called-Prime Rate as published in the Wall Street Journal on such day of, if such rate is not published on that particular day, then on the most recent prior day in which it was published. If the Prime Rate as regularly published in the Wall Street Journal becomes generally unavailable, Gulf Coast may thereafter designate a comparable substitute index rate upon notice to Borrower.

"Receivables" shall have the meaning provided in paragraph 3(b) of this Agreement.

"Reportable Event" shall have the meaning given to that term in Title IV of ERISA.

"Subordinated Debt" shall mean indebtedness of Borrower for borrowed money which is subordinated to the Obligations on terms satisfactory to Gulf Coast in its sole discretion.

"Subsidiary" of any Person shall mean any other entity, of which more than 50% of the outstanding ownership interests and/or capital stock is owned directly or indirectly by Such Person; by such Person and one or more Subsidiaries, or by one or more other Subsidiaries.

"Termination Date" shall mean the earliest of (i) the Maturity Date or (ii) the date upon which Gulf Coast's obligation to make Advances is terminated pursuant to the paragraph entitled "Default and Remedies," or (iii) the date

upon which the Obligations are declared to be due and payable (or automatically become due and payable) upon the occurrence of an Event of Default as provided in the paragraph entitled "Default and Remedies" or otherwise, or (iv) the date upon which this Agreement terminates as provided in the paragraph entitled "Termination."

"Withdrawal Liability" shall have the meaning given to that term in Title IV of ERISA.

3 Security. As security for, Borrower hereby grants to Gulf Coast a security interest in:

(a) All of Borrower's assets, goods and property, whether now existing or owned or hereafter arising or acquired; and,

(b) All of Borrower's Receivables whether now owned or hereafter acquired or arising, together with all customer lists, -original books and records, ledger and account cards, computer tapes, discs, printouts and records, whether now in existence or hereafter created. "Receivables" as used in this Agreement means and includes all of the following: all rights of Borrower to the payment of money, whether or not earned and howsoever evidenced or arising, and, all present and future "Accounts," accounts receivable, healthcare insurance receivables, credit card receivables, commercial tort claims, documents, letter of credit rights, "Chattel Paper," "Instruments," and rights to payment which are "General Intangibles" (as those terms are used in the Uniform Commercial Code as enacted in the State of Minnesota as amended from time to time (the "Commercial Code")), all security therefor and all of Borrower's rights as an unpaid seller of goods (including rescission, replevin, reclamation and stopping in transit). and (j) all of Borrower's rights to any goods represented by any of the foregoing including returned or repossessed goods; and,

(c) All of Borrower's Inventory (as defined in Article 9 of the Commercial Code), whether now owned or hereafter acquired and wherever located. All Goods (as defined in Article 9 of the Commercial Code) intended for sale or lease or to be furnished under contracts of service, all raw materials and work in process therefor, all finished goods thereof, all materials and supplies of every nature used or usable or consumed or consumable in connection with the manufacture, packing, shipping, advertising, selling, leasing or furnishing of such Goods, and all accessories thereto and all documents of title therefor evidencing the same; and,

(d) All of Borrower's Equipment (as defined in the Commercial Code), whether now owned or hereafter acquired and wherever located, all replacements and substitutions therefor and all accessions thereto, and specifically includes, without limitation, all present and future machinery, equipment, vehicles, manufacturing equipment, shop equipment, office and record keeping equipment, furniture, fixtures, parts, tools and all other Goods used

or' acquired for use by Borrower for any business or enterprise; and,

(e) All of Borrower's General Intangibles and Deposit Accounts (as defined in Article 9 of the Commercial Code), whether now owned or hereafter acquired, and, all present and future domestic and foreign patents, patent applications, trademarks, trademark applications, copyrights, software, trade names, trade secrets, patent and trademark licenses (whether Borrower is licensor or licensee), shop drawings, engineering drawings, blueprints, specifications, parts lists, manuals, operating instructions, customer and supplier lists, licenses, permits, franchises, payment intangibles, the right to use Borrower's corporate or organizational name and the goodwill of Borrower's business; and,

(f) All of Borrower's Investment Property (as defined in the Commercial Code), and, all stock and other securities evidencing ownership of any other organization, Company of entity as well as all amendments, extensions, renewals and replacements of the above, together with all certificates, other instruments, options, rights, interest, and other distributions, issued as an addition to; in substitution or in exchange for, or on account of, the same, all whether now existing or hereafter arising and whether now owned or hereafter acquired; and,

(g) All of Borrower's cash and non-cash products and proceeds of any and all of the foregoing; and all cash and non-cash products and proceeds of any other Collateral (as hereinafter defined), and, the proceeds of any insurance covering any of the Collateral, as well as all Deposit Accounts (as defined in the Commercial Code), money, cash, and the like; and,

(ii) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Loan Documents or any other agreement that Borrower or any Guarantor has with Gulf Coast; (iii) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; (iv) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Obligations as determined by Gulf Coast in its sole discretion; or (v) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Obligations or any other loan with Gulf Coast.

(b) In order to obtain an Advance, Borrower shall give written notice to Gulf Coast, by no later than 11:00 a.m. (Central Time in Minneapolis) on the Business Day the requested Advance is to be made. Borrower may request such Advance to be made by wire transfer or by ACH transfer. For requested wire transfers, subject to all of the other terms of this Agreement, Gulf Coast shall make such Advance by releasing available funds by 4:00 pm Central Time. It should be noted that there is no assurance that Gulf Coast's bank, nor the administrator of the wire transfer system, nor the receiving bank can assure that such Advance will be posted to Borrower's bank account on the same day. It is also noted that ACH transfers will be posted to Gulf Coast's records as a loan Advance on the day released to the ACH transfer system by Gulf Coast with the understanding that funds may not be received in Borrower's account until the next business day or later. Gulf Coast's customary fees for making any Advance will apply. At the request of Gulf Coast, Borrower shall confirm in writing any telephonic notice. The aggregate amount of all Advances set forth on the records of Gulf Coast shall be rebuttable presumptive evidence of the principal amount owing

.foregoing.

(h)

. All products and proceeds of the

- 5 .

and unpaid hereunder.

(c)The obligation of Gulf Coast to

All of Borrower's assets, goods and property, along with all of the above, together with all other assets and property of Borrower in or on which Gulf Coast is now or is hereafter granted a security. Interest, mortgage, lien or encumbrance pursuant to this Agreement or Otherwise, are referred to herein as "Collateral."

4. Advances.

(a) At the request of Borrower, and subject to the terms and conditions set forth in this Agreement, Gulf Coast will make loans (each such loan being herein sometimes called individually an "Advance" and collectively the "Advances") to Borrower from time to time on any Business Day during the period from the date hereof and ending on the Termination Date; provided, however, Gulf Coast shall have no obligation to make Advances or to disburse proceeds if: (i) after giving effect to such Advance, the aggregate unpaid principal amount of Advances outstanding would exceed the lesser of the Borrowing Base or the Maximum Principal Amount;

make Advances hereunder, if any, shall terminate On the Termination Date.

(d) If at any time the sum of the aggregate outstanding principal balance of the Advances exceeds the lesser of (i) the Maximum Principal Amount Or (ii) the Borrowing Base, then Borrower agrees to make, on demand, a principal repayment on the Advances in an amount equal to such excess together with accrued interest on the amount repaid to the date of repayment. Borrower agrees that, on the Termination Date, it will repay the entire outstanding principal balance of the Advances together with accrued interest thereon and all accrued fees without presentment or demand for payment, notice of dishonor, protest or notice of protest, all of which are hereby waived.

5. Interest. Borrower agrees to pay interest on the principal amount outstanding hereon as of the close of each day at a fluctuating rate per annum (computed on the basis of

actual number of days elapsed and a year of 360 days) which is at all times equal to Three and One-Quarter Percent (3.25%) in excess of the Prime Rate; each change in such fluctuating rate caused by a Change in the Prime Rate to occur simultaneously

describing Receivables created or acquired by Borrower (including confirmatory written assignments thereof), identifying those Receivables which are Eligible Receivables from those which are not, and

with the change

. in the Prime Rate ("Interest").

including, if Gulf Coast so: requests, a borrowing base

Notwithstanding the above, (i) in no event shall the interest rate used to calculate Interest in effect hereunder at any time be less than 8.75% per annum, (ii) the Interest accrued hereunder with respect for each calendar month shall not be less than the Minimum Amount regardless of the amount of loans, Advances or other credit extensions that actually may have been outstanding during the month, and (iii) Interest shall continue to accrue hereunder until all Obligations have been paid in full. Interest accrued through the last day of each month-Will be due and payable to Gulf Coast on the next Monthly Payment Date, commencing September 1, 2022. Interest shall also be payable on the Maturity Date or on after earlier Termination Date. Interest accrued after the Maturity Date of earlier Termination Date shall be payable on demand. Interest may be charged to Borrower's loan account as an Advance at Gulf Coast's option; whether or not Borrower then has the right to obtain an Advance pursuant to the terms of this Agreement.

Notwithstanding the foregoing, after an Event of Default, Interest shall accrue hereunder at a rate of 5% per annum in excess of the rate otherwise then in effect, which rate shall continue to vary based on further changes in the Prime Rate; provided, however, that after an Event of Default, (i) in no event shall the interest rate used to calculate Interest in effect hereunder at any time be less than 13.75% per annum; (ii) the Interest payable hereunder with respect to each calendar month shall not be less than the Minimum Amount regardless of the amount of loans, Advances or other credit extensions that actually may have been outstanding during the month, and (iii) Interest shall continue to accrue hereunder until all Obligations have been paid in full (The rate of interest in effect at any time, whether before or after an Event of Default shall be referred to collectively as the "Interest Rate.") The undersigned shall also pay a late fee equal to 10% of any payment hereunder that is more than 10 days past due.

6, Set-Off; etc. Upon the occurrence of a Default or an Event of Default, Gulf Coast is hereby authorized at any time and from time to time, without notice to Borrower (any such notice being expressly waived by Borrower), to withdraw and/or set off any and all deposits (general or special, time or demand, provisional or final) held by Gulf Coast, any Participant, or any other bank, institution or person for credit on the Obligations, irrespective of whether Borrower shall have made any requests under this Agreement. Gulf Coast is expressly authorized to make any such withdrawal by any reasonable means, including under the Automated Clearing House ("ACH"), the preparation of a check or draft, or any other funds transfer system or procedure, and Borrower expressly agrees that it will not object to any such withdrawal, nor attempt to reverse, cancel, rescind, impede, prevent or recover any such withdrawal and Borrower hereby expressly waives any such rights it may have to do so.

7. Reports and Collections.

(a) Borrower agrees to furnish to Gulf Coast, at least weekly (but more frequently if requested by Gulf Coast in writing), schedules

certificate. (in form and substance as required by Gulf

Coast), copies of some or all invoices to Account Debtors and other obligors (all herein referred to as

"Customers"), and copies of shipping or delivery receipts for goods sold, but if Borrower fails to deliver any of the above, the right of Gulf Coast as a secured party will not be impaired. At any time after the occurrence of an Event of Default, Gulf Coast may notify Customers at any time that Receivables have been assigned to Gulf Coast and collect them directly in Gulf Coast's own name but unless and until Gulf Coast does so or gives Borrower other instructions, Borrower shall make collection for Gulf Coast at Borrower's sole cost and expense. Borrower shall advise Gulf Coast promptly of any goods which are returned by Customers or otherwise recovered involving an amount in excess of \$5,000 and, unless instructed to deliver such goods to Gulf Coast, Borrower shall resell them for Gulf Coast and assign or deliver to Gulf Coast the resulting Receivables or other proceeds. Borrower shall also advise Gulf Coast promptly of all disputes and claims by Customers involving an amount in excess of \$5,000 and settle or adjust them at no expense to Gulf Coast. At any time after the occurrence and during the continuance of an Event of Default, Gulf Coast may at all times settle or adjust such disputes and claims directly with the Customers for amounts and upon terms which Gulf Coast considers advisable. If Gulf Coast so directs at any time after an Event of Default, no discount, credit or allowance shall be granted by Borrower to any Customer and no return of goods shall be accepted by Borrower without Gulf Coast's written consent.

(b) From time to time, at Gulf Coast's request, Borrower agrees to furnish to Gulf Coast Inventory certifications in accordance with the paragraph entitled "Affirmative Covenants" and a physical listing of all Inventory, wherever located, specifying which portions are Eligible Inventory and Which are not, at least once per calendar month or, in either case, as more frequently requested by Gulf Coast:

(c) All full and partial customer payments and any other cash collections from whatever source whatsoever, whether or not arising from the sale, collection or other disposition of Collateral (whether or not in the ordinary course of business), including but not limited to the collection of accounts receivable and the proceeds of the sale of goods inventory or services, shall immediately be delivered by Borrower to Gulf Coast *in their original form* (except for endorsement where necessary) and *uncashed* (in the case of checks or other documents.) Borrower shall direct all customers, credit card processors and other remitters of payments to mail payments to Gulf Coast's post office box or other

lockbox or to direct electronic funds to Gulf Coast's bank account directly (e.g. ACH transfers, wire transfers, etc.) Within 90 days of the date hereof, at least ninety percent (90%) of the aggregate dollars paid to or on: behalf of Borrower shall be received in Gulf Coast's post office box, lockbox, or bank account directly from the payors. Until such payments are so delivered to Gulf Coast (or Gulf Coast's account or lockbox), such payments which come into possession of Borrower shall be deemed to be held in trust by Borrower for and as Gulf Coast's property. The accrual and/or payment of a Misdirected Payment Fee shall not alter the obligation, or remedy the failure, to immediately deliver all such remittances and payments to Gulf Coast. AU cash collections received by Gulf Coast will be credited to Borrower's loan account (subject to final collection thereof) after three Business Days, or longer as required by Gulf Coast's bank to fully and finally collect the funds represented by checks or Other instruments. Collections received by Gulf Coast after 11:00 am Central Time in Minneapolis will be deemed--received on the next Business Day.

Commercial Code and other public records, on verifications of accounts and on notices to Customers; (c) take or bring, in the name of Gulf Coast or Borrower, all steps, actions, suits or proceedings deemed by Gulf Co.as necessary or desirable to effect collection of or Other realization upon the accounts and other Collateral; (d)to notify the post office authorities to change the_ address for delivery of Borrower.s mail to an address designated by Gulf Coast; (e) to receive, open and dispose of all mail addressed to Borrower; (f) to send requests for verification of accounts to - Customers; (g) to obtain information from 8.Ily bank, creditor, taxing authority, customer or other Person regarding Borrower's relationship, account, history etc.; (h) to execute and file Internal Revenue Service form 8821 and other forms or documents which provides Gulf Coast access to or notice of Borrower's tax obligati<;mS with the IRS or other tax related authorities; (i) to sign lien waivers and either releases or satisfactions of claims or rights_ by Borrower in exchange for payment or, other consideration which Gulf Coast in its sole .discretion believes is appropriate under the circumstances; (j) to directly verify and/or confirm the existence, authenticity, accuracy or terms of any Receivable and/or of any payment on any Receivable (both in Gulf Coast's _own name or in Borrower's name) without previously notifying Borrower of its intention to do so and Borrower grants its consent to Gulf Coast for Gulf Coast's

warrants that:

8.

Warranty as to Collateral. Borrower

(a)all Receivables listed. in or reported

employees and agents to represent themselves as employees or agents of Borrower for these purposes; and (k) to do all things necessary to carry out this Agreement; provided however, that

on Borrower's schedules will, When Borrower delivers the schedules to Gulf Coast, be bona fide existing obligations created by the sale and actual delivery of goods or the rendition of services to Customers in the ordinary course of business, not subject to return, evaluation or other condition, and- which Borrower then owns- free of any security interest except for the security interest in favor of Gulf Coast created by this Agreement and Permitted Liens, and which are then unconditionally owing to Borrower without defense, offset, recoupment or counterclaim; and that all shipping or delivery receipts, invoice copies and Other documents furnished to Gulf Coast in connection therewith will be genuine; and

(b)all Inventory and Equipment is and shall be owned by Borrower, free of any security interest except, for the security interest of Gulf Coast created by this Agreement and Permitted Liens.

Gulf Coast's rights to and security interest in the Collateral will not be impaired by the ineligibility of any such Collateral for Advances and will continue to be effective until all Obligations

the powers specified in clauses (c) and (d) above may be exercised only after the occurrence of an Event of Default. Borrower ratifies and approves all acts of the attorney. Neither Gulf Coast nor the attorney will be liable for any acts of commission or omission nor for any error in judgment or mistake of fact or law. This power, being coupled with an interest, is irrevocable so long as any Receivable in which Gulf Coast has a security interest or any Obligation remains unpaid. Borrower waives presentment and protest of all instruments and notice thereof; notice of default and dishonor and all other notices to which Borrower may otherwise be entitled.

AS10. Location of Collateral. Borrower warrants that its chief executive office is at the address stated in the opening paragraph of this Agreement and that, unless indicated otherwise here; its books and records concerning Receivables are located at the same address. Unless indicated otherwise here, Borrower's Inventory, Equipment and other goods are located at the same address its principal place of business:

[Location of collateral]

Receivable Records:

have been fully satisfied. . .

9. Power of Attorney. Borrower authorizes and appoints Gulf Coast, or any of Gulf Coast's officers, employees or agents whom Gulf Coast may from time to time designate, in Borrower's name and as Borrower's attorney with power to: (a) to endorse Borrower's name on any checks, notes, acceptances, drafts or other forms of payment or security that may come into Gulf Coast's possession; (b) to sign Borrower's name on any invoice Or. bill of lading relating to any Receivables, on drafts against Customers, on schedules and confirmatory assignments of Receivables, on notices of assignment, financing statements and amendments under the

Inventory and Equipment: 15058 Shoemaker Avenue Santa Fe Springs, CA 90670

8500 Carbide Court, Suite A Sacramento, CA 95828

863 East Levin
Tulare, CA 93274

7401.Morton Avenue, Suite B Newark, CA 94560

20 Liberty Way
Franklin, MA 02038

1300 Penn Avenue, Suite 300
Pittsburgh, PA 15222

3665 Richmond Street
Philadelphia, PA .19134

Borrower shall immediately notify Gulf Coast if any additional locations for Collateral are established subsequent to the date hereof. Borrower shall not change the location Of its chief executive office, the Place-where it keeps its books and records, or the location of any Collateral (except for sales of Inventory in the ordinary course of business) until Borrower has obtained the written consent of Gulf Coast and all necessary filings have been made and other actions taken to continue the perfection of Gulf Coast's security interest in such new location. Gulf Coast's security interest attaches to all the Collateral wherever located, and the failure of Borrower to inform Gulf Coast of the location of any item or items of Collateral shall not impair Gulf Coast's security interest therein.

II. Ownership and Protection of Collateral. Borrower warrants, represents and covenants to Gulf Coast that the Collateral is now -and, so long as Borrower is obligated to Gulf Coast; will be owned by Borrower free and clear of all security interests except for the security interest in favor of Gulf Coast created by this Agreement and Permitted Liens, and that said Collateral, including the Receivables and proceeds resulting from the collection, Sale or other disposition thereof, will remain free and clear of any and all security interests except for the security interest in favor of Gulf Coast created by this Agreement and Permitted Liens. Borrower will not sell, lease or otherwise dispose of any of the Collateral, or attempt to do so (except for sales of) Inventory in the ordinary course of business and sales of obsolete, and worn equipment not in excess of \$25,000 in the aggregate in any calendar year) without the prior written consent of Gulf Coast, unless the proceeds of any such sale are promptly paid to Gulf Coast uncashed and in its original form for application on Borrower's Obligations. After the occurrence of a Default or an Event of Default; Gulf Coast will at all times have the right to take physical possession of any Inventory and Equipment constituting Collateral and to maintain such possession on Borrower's premises or to remove the same or any part thereof to such other places as Gulf Coast may wish. If Gulf Coast exercises Gulf Coast's right to take possession of such Collateral, Borrower shall on Gulf Coast's demand, assemble the same and make it available to Gulf Coast at a place reasonably convenient to Gulf Coast. Borrower shall at all times keep the Equipment constituting Collateral in good condition and repair. All expenses of protecting, storing, warehousing, insuring, handling and shipping of the Collateral, all costs of keeping the Collateral free of any security interests prohibited by this Agreement and of removing the same if they should arise, and any and all excise, property, sales and use taxes imposed by any state; federal Or local authority on any of the Collateral or in respect of the sale thereof, shall be borne and paid by Borrower and if Borrower fails to promptly pay any thereof when due, Gulf Coast may, at its option, but shall not be required to, pay the same and charge Borrower's loan account therefor. Borrower agrees to renew all insurance required by

this Paragraph or the paragraph entitled "Insurance" at least 30 days prior to its expiration. Borrower agrees that, with respect to any Inventory maintained in a public warehouse, (i) Borrower will ensure that any warehouse receipts issued are not in a negotiable form, (ii) Borrower will, upon request from Gulf Coast, deliver all warehouse receipts to Gulf Coast, and (iii) Borrower will cause the public warehouseman to execute a warehouseman lien waiver and warehouseman agreement in form and substance satisfactory to Gulf Coast in its sole discretion, appropriately completed and duly executed.

1. Perfection of Security Interest. Borrower agrees to execute all instruments, or documents and take such other action, including delivery, as may be required to create, evidence, perfect and maintain Gulf Coast's security interest in the Collateral and Borrower shall not in any manner do any act or omit to do any act, which would in any manner impair or invalidate Gulf Coast's security interest in the Collateral or the perfection thereof. In the event that a Uniform Commercial Code financing statement has been filed by Gulf Coast prior to the date hereof, naming as a debtor any: Borrower(s) hereunder, such filing(s) shall be deemed to have been authorized by such Borrower(s) as of the date of filing, and each Borrower hereby fully, completely, and retroactively authorizes and ratifies such filing(s).

2. Insurance. Borrower shall maintain insurance coverage on any Collateral other than Receivables with such companies, against such hazards, and in such amounts as may from time to time be acceptable to Gulf Coast and shall deliver such Policies or copies thereof to Gulf Coast with satisfactory Gulf Coast's loss payable endorsements naming Gulf Coast. Each policy of insurance shall contain a clause requiring the insurer to give not less than 30 days prior written notice to Gulf Coast in the event of any anticipated cancellation of the policy for any reason and a clause that the interest of Gulf Coast shall not be impaired or invalidated by any act or neglect of Borrower nor by the occupation of the premises wherein such Collateral is located for purposes more hazardous than are permitted by said policy. Borrower Will maintain, with financially sound and reputable insurers, insurance with respect to its properties and business against such casualties and contingencies of such types (which may include, without limitation, public and product liability, larceny, embezzlement, or other criminal misappropriation insurance) and in such amounts as may from time to time be required by Gulf Coast.

3. Borrower's Account. Gulf Coast may charge to Borrower's loan account at any time the amounts of all Obligations (and interest, if any, thereon), including (without limitation) loans, Advances, debts, liabilities, obligations acquired by purchase, assignment or participation and all other obligations, whenever arising, whether absolute or contingent and whether due or to become due; also the amount of all costs and expenses and all attorneys' fees and legal expenses incurred in connection with efforts made to enforce payment of such Obligations, or to obtain payment of any Receivables, or the foreclosure of any Collateral or in the prosecution of defense of any actions or proceedings relating in any way to this Agreement (including but not limited to bankruptcy or insolvency proceedings) whether or not suit is commenced, including reasonable attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or

judgment;- and :also the amounts of all unpaid taxes and the like, owing by Borrower to any governmental authority or required to be deposited. by Borrower, which Gulf Coast pays or deposits for Borrower's account. All sums at any time outstanding to

organizations which may be a joint borrower or Guarantor hereunder or which are listed here:
[Corporate stock owned]

Borrower's credit On Gulf Coast's books and all of Borrower's _ property at an)' time in Gulf Coast's possession or upon or in _ which Gulf Coast has a security interest, may be held by Gulf

Coast as security for all Obligations.. Subject to the foregoing,

Gulf Coast, at Borrower's request, will remit to Borrower any net balance outstanding to Borrower's credit on Gulf Coast's books. Gulf Coast will account to Borrower monthly and each monthly accounting will be fully binding on Borrower, unless, within thirty days thereafter, Borrower gives Gulf Coast specific written notice of exceptions. All debit balances in Borrower's loan account will bear interest as provided in the paragraph entitled "Interest" of this Agreement. If Gulf Coast so requests at any time, Borrower will immediately execute and deliver to Gulf Coast a promissory note in negotiable form payable to Gulf Coast's order in a principal amount equal to the amount of the debit balance in Borrower's loan account, with interest as provided in the paragraph entitled "Interest." In any event, Borrower covenants to pay all Advances, debts, accounts and interest when due.

4. Participations. If any Person shall acquire a participation in Advances made to Borrower hereunder, Borrower hereby grants to Gulf Coast as well as any such Person holding a participation, and Gulf Coast and Such Person shall have and are hereby given a continuing security interest in any money, securities and other property of Borrower in the custody or possession of such Participant, including the right of set-off as fully as if such Participant had lent directly to Borrower the amount of such participation. Borrower hereby grants to Gulf Coast its continuing authority and consent to release any and all financial and other information related to Borrower's financial condition, performance, its business, operations or any other matter whatsoever to any of Borrower's creditors (both secured and unsecured), to any participant, or to any other Person for their consideration of a possible participation in Advances by that Person.

16. General Representations and Warranties. To induce Gulf Coast to make Advances hereunder, Borrower makes the following representations and warranties, all of which shall survive the initial Advance:

(a) Borrower is a corporation duly organized, existing, and in good standing under the laws of the State of California, has the power to own its property and to carry on its business as now conducted, and is duly qualified to do business in all states in which the nature of its business requires such qualification. During the past five years, Borrower has done business solely under its name(s) listed above as "Borrower" as well as the following names:
(Old names, trade names and dba names)

Borrower does not own any capital stock of any corporation, nor membership interests in any limited liability company or other entity, except for
(b)

The execution, and delivery of this Agreement and the other Loan Documents and the performance by Borrower of its obligations hereunder and thereunder do not and will not conflict with any provision of law, or of the charter or bylaws of Borrower, or of any agreement binding upon Borrower.

(c) The execution and delivery of this Agreement and the other Loan Documents have been duly authorized by all necessary action by directors/governors and shareholders/members of Borrower; and this Agreement and the other Loan Documents have in fact been duly executed and delivered by Borrower and constitute its lawful and binding obligations, legally enforceable against it in accordance with their respective terms.

(d) Unless listed here with a detailed description attached,
[Lawsuit case names]

there is no action, suit or proceeding at law or equity, or before or by any federal, -state, local or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, pending or, to the knowledge of Borrower, -threatened against Borrower or any Guarantor or the property of S:orrower or any- Guarantor which, if determined adversely, -Would be a Material Adverse Occurrence and neither Borrower or any Guarantor is in default with respect to, any final judgment, writ, injunction, decree, rule or regulation of any court or federal, state, local or other governmental department, commission, board, bureau,- agency or instrumentality, domestic or foreign, where the effect of such default would be a Material Adverse Occurrence,

(e) The authorization, execution and delivery of this Agreement, and the payment of the loans and interest hereon, is not, and will not be, subject to the jurisdiction, approval or consent of any federal, state or local regulatory body or administrative agency.

(f) All of the Collateral of Borrower are free and clear of security interests except for

(i) equipment lease on specific equipment (and not in equipment generally) which are disclosed on a Uniform Commercial Code search in the state where Borrower is incorporated or organized or where equipment is located as disclosed above under "Location of Collateral;" and (ii) Permitted Liens.

(g) Borrower has filed all federal, state and local tax returns which, to the knowledge of Borrower, are required to be filed, and Borrower has paid all taxes and assessments which are due. Borrower has made all required withholding deposits. Borrower does not have knowledge of any objections.

which would materially affect the information contained therein; (iv) no Plan which is subject to Part 3 of Subtitle B of Title I of ERISA or Section 412 of the Code has incurred an accumulated funding deficiency, as that term is defined in Section 302 of ERISA or Section 412 of the Code (whether or not

local taxing authorities for subsequent years which would be a-Material Adverse :occurrence, other than the California Department of Tax and Fee Administration tax assessment. described in paragraph 16 (d).

(h)Borrower has furnished to Gulf coast various personal and organizational financial statements. All such statements were prepared in accordance with GAAP and present fairly the financial condition of Borrower and other person and/or entity for which. each statement relates. There has been no material. adverse change in the condition of Borrower and the other person and/or entity relating to Such statements, financial or otherwise, since the date of the most recent of such financial statements.

(i)The value of the assets and properties of Borrower at a fair valuation and at their then Present fair salable value is and, after giving effect to any pending Advance and the application of the amount advanced, will be materially greater than its total liabilities, including Contingent Obligations, and Borrower has (and has no reason to believe that it will not have) capital sufficient to pay its liabilities, including Contingent Obligations, as they become due.

G) Borrower is in compliance with all requirements of law relating to pollution control and environmental regulations in the respective jurisdictions where Borrower is presently doing business or conducting operations.

(k)All amounts obtained pursuant to Advances :will be used for Borrower's working capital purposes.

(l)Except for the trademarks, patents, copyrights and franchise rights listed here, Borrower is

not the owner of any patent, trademark, copyright or franchise rights.
[Trademarks, patents, copyrights and franchise rights]

required premiums which have become due and payable, all of which have been paid) has been incurred with respect to any Plan, and there has not been any Reportable Event which presents a material risk of termination of any Plan by the PBGC; and (vi) Borrower has not engaged in transaction which would subject it to tax, penalty or liability for prohibited transactions imposed by ERISA or the Code. Borrower does not contribute to any Multiemployer Plan.

a(n) No part of any Advance shall be used at any time by Borrower, to Purchase or carry margin stock (within the meaning of Regulation U promulgated by the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any margin stock. Borrower is not engaged principally or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying any such margin stock. No part of the proceeds of any Advance will be used by Borrower for any purpose which violates, or which is inconsistent with, any regulations promulgated by the Board of Governors of the Federal Reserve System.

(o) Borrower is not an "investment company," or an "affiliated person" of, or a "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. The making of the Advances, the application of the proceeds and repayment thereof by Borrower, and the performance of the transactions contemplated by this Agreement will not violate any provision of said Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

(p) Unless a full description of each class of stock and the names and relative amounts of the owners thereof is attached to this Agreement, Borrower has a single class of stock and the owner is as follows:

(111) ERISA

(i) Each Plan in compliance in all material respects with all applicable provisions of ERISA and the Code;

Percent of outstanding Shares

100%

(ii) the aggregate present value of all accrued vested benefits under all Plans (calculated on the basis of the actuarial assumptions specified in the most recent actuarial valuation for such Plans) did not exceed as of the date of the most recent actuarial valuation for such Plans the fair market value of the assets of such Plans allocable to such benefits; (iii) Borrower is not aware of any information since the date of such valuations

Borrower has not: (i) issued any unregistered securities in violation of the registration requirements of Section 5 of the Securities Act of 1933, as amended, or any other law; or (ii) violated any rule, regulation or requirement under the Securities Act of 1933, as amended, or "the Securities Exchange Act of 1934, as amended, in either case where the effect of such violation would be a Material Adverse Occurrence.

No proceeds of the Advances will be used to acquire any security in any transaction which is subject to Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended.

(q) Except for Contingent Obligations listed here, Borrower does not have any Contingent Obligations,
[Contingent Obligations: List here and attach details]

California Department of Tax and Fee Administration (CDTFA) sales tax assessment of approximately \$4.1 million, plus applicable interest of \$500,000, for the sales tax years 2011, 2012, and 2013

(r) All information, reports, statements, Periodic Financial Reports and the like (collectively, "Information") which has been or in the future is furnished by or on behalf of Borrower to Gulf Coast is and/or will be true and accurate in every material respect and no such Information does or will contain any material misstatement of fact or omit to state a material fact or any other fact necessary to make the statements contained therein, not misleading.

(s) Each representation and warranty shall be deemed to be restated and reaffirmed to Gulf Coast 1) and as of the date of each Advance under this Agreement except that any reference to the financial statements referred to in the paragraph entitled "General Representations and Warranties" shall be deemed to refer to the financial statements then most recently delivered to Gulf Coast pursuant to the paragraph entitled; "Affirmative Covenants."

directs attention in writing, together with a reconciliation of any variances between the information provided on such balance sheet and the information for that day previously delivered to Gulf Coast pursuant to the paragraph entitled "Affirmative Covenants;"

(iii) Within 10 days after the end of each month, each of the following prepared and true and accurate as of the end of such month:

- An aging of accounts receivable aged on the invoice date,
- An aging of accounts payable,
- Copies of all bank statements, and

All of the following, each certified as true and accurate by an officer of

Borrower:

- A certification and detailed schedule of Receivables which details those accounts receivable which are not considered Eligible Receivables hereunder;
- A reconciliation of accounts receivable and loan balance; and
- A Certification and detailed schedule of payroll related taxes accrued and paid.
- A detailed, item by item listing of all Inventory listed by part/item number, description, quantity, cost and extended value;

-A detailed Inventory usage report as specified by Gulf Coast; and A certification of Eligible

that it will: **17.**

1.

- 1 I -

Affirmative Covenants. Borrower agrees

a.. Furnish to Gulf Coast ,in form

- 1 I -

Inventory which details that Inventory which is not considered Eligible inventory hereunder;

satisfactory to Gulf Coast the following, all of which will conform to GAAP and all of which shall comport with the representations and Warranties contained in the paragraph entitled General Representations and Warranties:

i. Within 120 days after the end of each of Borrower's fiscal years, its periodic Financial Report for such fiscal year. If Borrower shall fail to supply the report within such time limit, Gulf Coast shall have the right (but not the duty) to employ certified public accountants acceptable to Gulf Coast to prepare such report at Borrower's expense;

ii. Within 40 days after the end of each month, a balance Sheet for such month and an income statement for such month as well as fiscal year to date, certified as correct by Borrower's chief executive officer or its most senior financial officer (e.g.: chief financial officer, controller etc...) but subject to adjustments as to inventories or Other items to which an officer of Borrower

(iv)

If and when filed by Borrower,

Form 10-Q quarterly reports, Form 10-K annual reports, and Form 8-K current reports,

Any other filings made by Borrower with the SEC;

Copies of Borrower's federal income tax returns; and any amendments thereto, filed with the Internal Revenue Service

Copies of Borrower's applicable state tax returns, and any amendments thereto) filed with the respective state tax authorities, and

Any information that is provided by Borrower to its shareholders/members generally; and

(v) From time to time, at Gulf Coast's request, any and all other material report, information, financial projections; and/or other figures or reports reasonably required by Gulf Coast.

(vi) If Borrower does not timely deliver the financial statements or

all laws,

(f)

- 13 -

Comply in all material respects with acts, rules, regulations and orders of any

- 14 -

other information described in this subparagraph (a), in addition to the occurrence of an Event of Default, Borrower shall pay to Gulf Coast a late reporting fee in an amount equal to fifty dollars (\$50) per document per day for each business day that the request contained in the Affirmative Covenants subparagraphs 17 (a) (ii), 17 (a) (iii), 17 (a).(iv) and 17 (a) (v) are past due, and certain changes in the Borrowing Base take effect as discussed under the paragraph entitled Default and Remedies;

b. Permit Gulf Coast (including its Participants, successors, assigns and their respective representatives) access to and the right to examine and make copies of, the books, records, financial

legislative, administrative or judicial body or official applicable for Borrower's business operation or Collateral, or any part thereof provided, however, that Borrower may contest any such law, act, rule, regulation Or order in good faith by appropriate proceedings so long as (i) Borrower first notifies Gulf Coast of such contest, and (ii-) such contest does not, in Gulf Coast's sole discretion, adversely affect Gulf Coast's right or priority in the Collateral or impair Borrower's ability to pay the Obligations when due;

(g) Loan Administration Fee. Pay Gulf Coast for the period commencing on the date of this Agreement and continuing through the date of full payment of all Obligations, a reasonable administration fee (herein called the "Loan Administration Fee"), which shall be equal to the sum

of \$5,000 per calendar quarter (or any partial quarter),

Borrower at all reasonable times; and permit Gulf Coast and its representatives to discuss Borrower's financial matters with officers, employees and agents of Borrower and with its Independent Public Accountant. Further, permit Gulf Coast access to all of its properties and do all other things necessary to permit Gulf Coast to conduct exams (at Gulf Coast's discretion) of all of the Collateral and all of Borrower's other property (including, but not limited to inventory, equipment, physical premises etc.), books and records and will instruct all of its officers, staff, employees and agents to provide full and prompt Cooperation in locating and providing all information,

commencing as of the date hereof and pro-rated for the balance of the Current calendar quarter, plus all out-of-pocket expenses incurred by Gulf Coast in conducting examinations including travel related expenses. The Loan Administration Fee shall be non-refundable, shall be deemed earned when it becomes payable, and shall be payable to Gulf Coast as of the date hereof (for the balance of the current calendar quarter), and thereafter on October 1, 2022 and on the first day of each subsequent 3 month period/quarter. The existence or payment of the Loan: Administration Fee, Line Maintenance Fee, or any other fee or charge, shall in no way" alter or diminish the, obligation to pay interest,

direction,

Requests. Borrower further irrevocably authorizes its Independent Public Accountant to disclose whatever information requested by Gulf Coast as well as to fully and without reservation participate in any discussions requested by Gulf Coast, and Borrower holds harmless such Independent Public Accountant and Gulf Coast for participating in such discussions;

c. Pay when due all taxes, assessments, and either liabilities against it or its properties except those which are being contested in good faith at a time for which an adequate reserve has been established; Borrower shall make all withholding payments when due; Borrower shall promptly provide Gulf Coast with evidence of payment by Borrower's shareholders/members of estimated income taxes;

d. Promptly notify Gulf Coast in writing of any Substantial change in present management or present business, of its intention to enter into a new business or industry, or of its intention to wind down, liquidate or close substantially all of its business;

e. Pay when due all amounts necessary to fund in accordance with its terms any Plan;

any other fees or charges imposed under this agreement or any other agreement between Gulf Coast and Borrower or any Guarantor;

(h) Line Maintenance Fee. Pay Gulf Coast for the Period commencing on the date of this Agreement and continuing through the Termination Date, a non refundable line maintenance fee (the "Line Maintenance Fee") of one percent (1 %) of the Maximum Principal Amount (less the \$25,000 survey fee which has already been paid and which is Credited against the first year's Line Maintenance Fee). Such Line Maintenance Fee shall be due and payable to Gulf Coast in advance on the date of this Agreement and again in each successive calendar year on each subsequent anniversary of the date of this Agreement until all Obligations owing hereunder are repaid in full. The Line Maintenance Fee shall be non-refundable and shall be deemed earned when it becomes payable;

(i) Promptly notify Gulf Coast in writing of (x) any litigation which (i) involves an amount in dispute in excess of \$10,000 (ii) relates to the matters which are the subject of this Agreement, or (iii) if determined adversely to Borrower would be a Material Adverse Occurrence; and (y) any adverse development in any litigation described in clause (x.);

U) Promptly notify Gulf Coast of any Default or Event of Default;

(k) **Landlord or Mortgage Waiver Agreement.** Within 90 days of the date hereof, Borrower shall deliver to Gulf Coast a duly authorized and fully executed Landlord Waiver Agreement or Mortgagee Agreement, in form and substance satisfactory to Gulf Coast, with regard to the following properties:

15058 Shoemaker Avenue

Agreement; (ii) indebtedness, not exceeding \$350,000 at any one time in the aggregate outstanding, which was incurred to acquire fixed assets, but only to the extent that such fixed asset acquisition is permitted by this paragraph_ entitle(J "Negative Covenants;" or (iii) borrowings, if any, which are existing on the date of this Agreement, which exceed \$25,000 and. which are listed here:

Name of Creditor Amount Owed

Total

8500 Carbide Court, Suite A Sacramento, CA 95828

863 East Levin:
Tulare, CA 93274

7401 Morton Avenue, Suite B Newark, CA 94560.

20 Liberty Way
Franklin, MA 02038

1300 Penn Avenue, Suite 300
Pittsburgh, PA 15222

3665 Richmond Street
Philadelphia, PA 19134

If Borrower fails to achieve any of these covenants, in addition to the occurrence of an Event of Default, certain changes to the Borrowing Base may take effect as discussed under the paragraph entitled Default and Remedies.

18. Negative Covenants. Borrower agrees that; without Gulf Coast's written consent, it will not:

(a) Expend or contract to expend an aggregate in excess of \$350,000 for fixed assets in any fiscal year, whether by way of purchase, lease or otherwise, and whether payable currently or in the future. Fixed assets include all assets considered "fixed assets" according to GAAP as well as software, equipment, and leasehold improvements;

(b) Purchase or redeem any shares of Borrower's capital stock; or declare or pay any dividends (other than dividends payable in capital stock); or make any distribution to stockholders or members of any assets of Borrower; provided, however, that so long as no Default or Event of Default exists or would result from such distributions, Borrower may make Acceptable Distributions to be used by Borrower's shareholders or members solely to make required income tax payments;

(C) Incur or permit to exist any indebtedness, secured or unsecured, for money borrowed, except: (i) borrowings under this

(d) Create or permit to exist any Security interest on any assets now owned or hereafter acquired except: (i) those created in Gulf Coast's favor and held by Gulf Coast; (ii) liens of current taxes not delinquent or taxes which are being contested in good faith for which an adequate reserve has been established; (iii) purchase-money security interests securing indebtedness permitted by this paragraph entitled "Negative Covenants"; provided, however, that such security interest, extends only to the fixed assets acquired with the proceeds of such indebtedness; and (iv) security interests disclosed above, securing only debt outstanding on the date of this Agreement and which is described above;

(e) Effect any recapitalization; or be a party to any merger or consolidation; or sell, transfer, convey or lease 3.11 or any substantial part of its property; or sell or assign (except to Gulf Coast), with or without recourse, any Receivables or General Intangibles;

(f) Enter into a new business or purchase or otherwise acquire any business enterprise or any substantial assets of any person or entity; or make any loans to any person or entity; or purchase any shares of stock of, or similar interest in, or make any capital contribution to or investment in, any entity;

(g) Become a guarantor or surety or pledge its credit or its assets on any undertaking of another; except for the Contingent Obligations shown above.;

(h) In any fiscal year, pay excessive or unreasonable salaries, bonuses, fees, commissions, fringe benefits or other forms of compensation (such salaries, bonuses, fees, commissions, fringe benefits or other forms of compensation being "Compensation") to any of its officers or directors or any Guarantor.

(i) In any fiscal year, distribute cash for management fees or intercompany accounts (excluding expense reimbursements that are the Borrower's share and are expensed) to JanOne, Inc. or affiliates exceeding the lesser of: (i) \$1,800,000 or (ii)

65% of the sum of Borrower's net income plus management fee\$;

(j)Take any action which is itself, or Causes, a Default or' Event of Default, or permit any Default or Event of Default to occur, under the terms of any Loan Document, note, loan agreement, lease (for real or personal property), mortgage, contract for deed, security . agreement, or any other contractual obligation binding upon Borrower;

(k)Make any substantial change in present ownership, management or present business, enter-into a new business or industry, or take actions to wind down, liquidate or close substantially all of its business;

(l)Enter into any agreement providing for the leasing by Borrower of property which has been or is to be sold -or transferred by Borrower to the lessor thereof, or which is substantially similar in purpose to the property so sold or transferred;

(m)Change its terms of trade with respect to the due date of any Receivable;

(n)Change its name, move or change its state of incorporation or organization, or change or move the location of its chief executive office;

(o)(i) Permit or suffer any Plan maintained for employees of Borrower or any commonly controlled entity to engage _ in any_ transaction which results in a liability Of Borrower under Section 409 or 502(i) of ERISA or Section 4975 of the Code; (ii) permit or suffer any such Plan to incur any "accumulated funding deficiency" (within the meaning of Section 302 of BRISA and Section 412 of the Code); _whether or not. waived; (iii) terminate, or suffer to be terminated, any Plan covered by Title IV of ERISA maintained by Borrower Or any commonly controlled entity or permit or suffer to exist a condition under .which .PBGC may terminate any such Plan; or

(iv) permit to exist the occurrence of any. Reportable Event (as defined in Title IV of ERISA) which .represents termination by the PBGC of any Plan;

(p)Enter into any transaction with any Affiliate **Of** Borrower upon terms and conditions less favorable to Borrower than the terms and conditions which would apply in a similar transaction with an unrelated third party;

(q). Enter into any agreement containing any provision which would be violated or breached by Borrower Under any Loan Document or by the performance by Borrower of its obligations under any Loan Document;

(r)Amend or modify the provisions of any Subordinated Debt;

(s)

Withdraw, revoke or amend any IRS form 882 I or other form or document which provides Gulf Coast" access to or notice of Borrower's tax obligations with the IRS or other tax related authorities or otherwise interfere with Gulf Coast's ability to obtain Borrower tax related-information from such authorities;

(t)Withdraw, void or interfere with Gulf Coast's notification of or instruction to Borrower's customers and Account Debtors to make payments directly to Gulf Coast as permitted under this Agreement or Otherwise by law; or;

(u)Maintain any Inventory at a warehouse which issues negotiable warehouse receipts with respect to such inventory.

19. Availability of Collateral. Gulf Coast may from time to time, for its convenience, segregate or apportion the Collateral for purposes of determining the amounts and maximum amounts of Advances which may be made hereunder. Nevertheless, Gulf Coast's security interest in all such Collateral, and any other collateral rights, interests and properties which may now or hereafter be available to Gulf Coast, shall secure and may be applied to the payment of any and all loans, Advances and other Obligations secured by Gulf Coast's security interest, in any order or manner of application and without regard to the method by which Gulf Coast determines to make Advances hereunder.

20. Default and Remedies. It shall be an "Event of Default" under this Agreement if:

(a) Borrower fails to make any payment required under this Agreement or any present or future supplements hereto or under any other agreement between Borrower and Gulf Coast when due; or

(b)Borrower fails to perform or observe any covenant, condition or agreement contained in this Agreement or in any other Loan Document or a default or event of default occurs under any other Loan Document; or

(c): Any warranty, representation or statement made or furnished to Gulf Coast by or on behalf of Borrower or any Guarantor proves to have been false, incorrect or misleading in a material respect when made; or

(d)A proceeding seeking an order for relief under the Bankruptcy Code is commenced by or against Borrower or any Guarantor, provided however, that if such a proceeding is commenced against Borrower or any Guarantor on an involuntary basis, then only if such action is not dismissed within 60 days of first being filed; or

(e)Borrower or any Guarantor becomes insolvent or generally fails to pay, or admit in writing - its or his inability to pay its or his debts as they become due; or

f. Borrower or any Guarantor applies for, consents to, or acquiesces in, the appointment of a trustee, receiver or other custodian for it or him or for any of its or his property, or makes a general assignment for the benefit of creditors; or; in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for Borrower or for Guarantor or for a substantial part of Borrower's or any Guarantor's property; or

g. Any other reorganization, debt arrangement; or other case, or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding is commenced in respect of Borrower or any Guarantor provided however, that if such a proceeding is commenced against any Guarantor on an involuntary basis, then only if such action is not dismissed within 60 days of first being filed; or

h. Borrower or any Guarantor takes any action to authorize, or in furtherance of, any of the events described in the foregoing clauses (d) through (g); or

i. All or a substantial part of the assets of Borrower or any Guarantor are sold, leased, or otherwise disposed of (whether in one transaction or in a series of transactions) to one or more Persons;

j. Any judgments, writs or warrants of attachment, executions or similar process (not covered by Insurance) in the aggregate amount that exceeds \$10,000 is issued or levied against Borrower, any Guarantor or any of its or his assets and is not released, vacated or fully bonded prior to any sale and in any event within five days after its issue or levy; or

(k) The issuance or levy of any garnishment, summons, writ of attachment, writ, warrant, attachment, action for eviction or unlawful detainer, tax lien or tax levy, execution or other process against Borrower or any Guarantor, or against any property of Borrower or any Guarantor; or

(l) The attachment of any tax lien to any property of Borrower or any Guarantor which is other than for taxes or assessments not yet due and payable; or

(m) Any Guarantor dies or attempts to revoke his or its guaranty; or

(n) A Material Adverse Occurrence takes place; or

(o) Gulf Coast, in good faith, generally deems itself insecure.

Upon the occurrence of any Event of Default described in subparagraphs (d), (e), (f), (g), (h) or (i) above, all Obligations shall be and become immediately due and payable without any

declaration, notice, presentment, protest, demand or dishonor of any kind (all of which are hereby waived by Borrower) and Borrowers ability to obtain any additional credit extensions or Advances under this Agreement shall be immediately and automatically terminated. Upon the occurrence of any other Event. of Default, Gulf Coast; without notice to Borrower, may terminate Borrower's ability to obtain any additional credit extensions or Advances under this Agreement and may declare all or any portion of the Obligations to be due and payable, without notice; presentment, protest or demand or dishonor of any kind (all of which are hereby waived), whereupon the full unpaid amount of the Obligations which shall be so declared due and payable shall be and become immediately due and payable. Both before and after the occurrence of an Event of Default, Gulf Coast shall have all the rights- and remedies of a secured party under the Commercial Code and may require Borrower to assemble the Collateral and make it available to Gulf Coast at a place designated by Gulf Coast, and Gulf Coast shall have the right to take immediate possession of the Collateral and may enter any of the premises of Borrower or wherever the Collateral is located with or without process of law and to keep and store the same on said premises until sold (and if said premises be the property of Borrower, Borrower agrees not to charge Gulf Coast or a purchaser from Gulf Coast for storage thereof for a period of at least 90 days.) Upon the occurrence of an Event of Default, Gulf Coast, without further demand, at any time or times, may sell and deliver any or all of the Collateral at public or private sale, for cash upon credit or otherwise, at such prices and upon such terms as Gulf Coast deems advisable, at its sole discretion: Any requirement under the Commercial Code or other applicable law of reasonable notice will be met if such notice is mailed to Borrower at its address set forth in the opening paragraph of this Agreement at least ten days before the date Of sale. Gulf Coast may be the purchaser at any such sale, if it is public. The proceeds of sale will be applied first to all expenses of retaking, holding, prep1 rring for sale, selling and the like, including attorneys' fees and legal expenses (whether or not suit is commenced) including, without limitation, reasonable attorneys' fees and legal expenses incurred in connection with any appear of a lower court's order or judgment, and second to the payment (in whatever order Gulf Coast elects) of all other obligations chargeable to Borrower's loan account hereunder. Subject to the provisions of the Commercial Code, Gulf Coast will return any excess to Borrower and Borrower shall remain liable to Gulf Coast for any deficiency. Borrower agrees to give Gulf Coast immediate notice of the existence of any Default or ' Event of Default.

Without limiting the rights of Gulf Coast described above, should Borrower fail to timely deliver the financial statements or other reports or information described in Subparagraph (a) of the paragraph entitled Affirmative Covenants, then upon each such Event of Default, the definition Of "Borrowing Base-" shall be modified such that the provisions of subparagraph (iii)(a) and (iii)(b) shall each be reduced by Two Percent (2%) of the percentages and dollars otherwise then in effect. This reduction may occur numerous times until no availability on Inventory exists. Upon Gulf Coast's receipt of the financial statements or other reports or information, Gulf Coast may reinstate some or all of the reductions; but reserves the right-not to do so at its sole discretion. Whether: or not the events listed above in this subparagraph occur and whether or not Gulf Coast takes the actions specified above, Gulf Coast shall at no time be deemed

to have elected its remedies and hereby reserves all of its rights for remedy and other rights contained in this Agreement and Gulf Coast reserves the right to take any or all other actions or remedies available to it in such event.

Without limiting the rights of Gulf Coast described above, should Borrower fail to provide the landlord lien waivers as provided in the subparagraph entitled "Landlord or Mortgage Waiver Agreement" then, as of the first day of each and every subsequent month that occurs after the failure to provide such agreements, the definition of "Borrowing Base" shall be modified such that the provisions of subparagraph (iii)(a) and (iii)(b) shall each be reduced by Two Percent (2%) of the percentage of the dollar amount of the Borrowing Base otherwise then in effect. This reduction may occur numerous times until no availability on Inventory exists. Upon Gulf Coast's receipt of the mortgagee consent, Gulf Coast may reinstate some or all of the reductions, but reserves the right not to do so at its sole discretion. Whether or not the events of default listed above in this subparagraph occur and whether or not Gulf Coast takes the actions specified above, Gulf Coast shall at no time be deemed to have elected its remedies and hereby reserves all of its rights for remedy and other rights contained in this Agreement and Gulf Coast reserves the right to take any or all other actions or remedies available to it in such event.

21. Conditions Precedent to Initial Advance. The obligation of Gulf Coast to make the initial Advance is subject to the condition precedent that Gulf Coast shall have received on or before the date of the initial Advance copies of all of the following, unless waived by Gulf Coast:

(a) The Guaranties; in form and substance satisfactory to GULF COAST in its sole and absolute discretion, appropriately completed and duly executed by each Guarantor;

(b) A certificate by the Secretary or any Assistant Secretary of Borrower certifying as to:

(i) attached resolutions of Borrower's Board of Directors authorizing or ratifying the execution, delivery, and performance of the Loan Documents to which Borrower is a party and any other documents provided for by (his Agreement, (ii) the names of the officers of Borrower authorized to sign the Loan Documents together with a sample of the true signature of such officers, and (iii) attached bylaws of Borrower;

(c) Evidence of insurance for all insurance required by the Loan Documents;

(d) An employee certificate, in form and substance satisfactory to Gulf Coast

(e) Such landlord lien waivers and mortgagee consents as Gulf Coast, in its sole discretion, may require, in form and substance satisfactory to Gulf Coast in its sole discretion, appropriately completed and duly executed;

(f) For each location in which inventory or equipment is located in a public warehouse, executed warehouseman lien waivers and warehouseman agreements in form and substance

satisfactory to Gulf Coast in its sole discretion, appropriately completed and duly executed;

(g) Such other approvals, opinions or documents as Gulf Coast may require.

22. Conditions Precedent to AU Advances. Gulf Coast may consider not making any Advance (including the initial Advance) unless each of the following are correct and/or satisfied (unless waived in writing by Gulf Coast):

(a) The representations and warranties of Borrower set forth in this Agreement are true and correct on the date of the Advance (and after giving effect to the Advance then being made);

(b) No Default, no Event of Default and no Material Adverse Occurrence shall then have occurred and be continuing on the date of the Advance or result from the making of the Advance; and

(c) No litigation, arbitration or governmental investigation or proceeding shall be pending or, to the knowledge of Borrower or any Guarantor, threatened against Borrower or any Guarantor or affecting its business or operations or its ability to perform its obligations hereunder which, if adversely determined to Borrower or any Guarantor, would constitute a Material Adverse Occurrence.

23. Termination. Subject to the automatic termination of Borrower's ability to obtain additional Advances or credit extensions under this Agreement upon the occurrence of certain Events of Default, and further subject to Gulf Coast's right to terminate Borrower's ability to obtain additional credit extensions and Advances under this Agreement upon the occurrence of other Events of Default, the term of this Agreement shall end on the Termination Date provided, however, that Borrower may terminate this Agreement at any earlier time upon sixty days prior written notice.

In the event of the termination of this Agreement and repayment of all of the Obligations at any time prior to the then current Maturity Date, for any reason, including but not limited to: (a) termination by Gulf Coast after the occurrence of an Event of Default, (b) sale of Collateral by Gulf Coast, Borrower or any third party, (c) sale of Collateral in any Insolvency Proceeding, restructure, reorganization, compromise, or repayment of the Obligations by the confirmation of a plan of reorganization or any other plan of compromise, restructure, arrangement, or repayment in any Insolvency Proceeding, (d) the use of new or replacement financing or capital to repay the Obligations, or (e) the contraction, winddown or cessation of business by Borrower, then; in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to Gulf Coast or profits lost by Gulf Coast as a result of such early termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of Gulf Coast, Borrower shall pay an "Early Termination Fee" to Gulf Coast as follows. The Early Termination Fee will be equal to the product arrived at by multiplying the Minimum Amount Which is in effect as of the Termination Date, times the number of calendar months (whole

and fractional) measured from the Termination Date to and including the then current Maturity Date, It should be noted however, that no Early Termination Fee shall be owed if:

(i) Borrower terminates this Agreement and repays all Obligations after the first anniversary date of this agreement and prior to the then current Maturity Date; and,

(ii) repays all Obligations completely from funds borrowed from Associated Bank (and not from any other source of funds). On the Termination Date, all Obligations shall become immediately due and payable without further notice or demand. Gulf Coast's rights with respect to outstanding Obligations owing on or prior to the Termination Date will not be affected by termination and all of said rights including (without limitation) Gulf Coast's security interest in the Collateral existing on such Termination Date or acquired by Borrower thereafter, and the requirements of this Agreement that Borrower furnish schedules and confirmatory assignments of Receivables and Inventory and turn over to Gulf Coast all full and partial payments thereof shall continue to be operative until all such Obligations have been duly satisfied.

24.- **Grant of License to Use Patents and Trademarks Collateral.** For the purpose of enabling Gulf Coast to exercise rights and remedies under this Agreement, Borrower hereby grants to Gulf Coast an irrevocable, non exclusive license (exercisable without payment of royalty or other compensation to Borrower) to use, license or sublicense any patent or trademark now owned or hereafter acquired, by Borrower and wherever he may be located; and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer and automatic machinery software and programs used for the compilation or printout thereof.

25. **Letter of Credit Provision.** Borrower may request that Gulf Coast issue certain letters of credit and/or guarantee or assure the payment of letters of credit issued by others, from time to time. At its sole and absolute discretion, with or without notice, Gulf Coast reserves the right to issue or not issue letters of credit, and/or guarantee or assure payment of letters of credit issued by others on behalf of any Borrower, in amounts and/or terms which it may determine. Should this occur, it is Gulf Coast's intention to reserve availability amounts under the Borrowing Base to provide for its potential liability thereunder, and Gulf Coast reserves the right to increase or decrease such reserve amount in its sole discretion.

If Gulf Coast issues letters of credit, Gulf Coast, in its sole discretion, may waive any and all discrepancies which Gulf Coast may or may not know of or which appear or occur in the documents presented by the beneficiary in drawing on any letter of credit, including, but not limited to, the form, timing, completeness, accuracy, or even the complete absence of the documents submitted. Further, Borrower holds Gulf Coast harmless for honoring any payment request on any letter of credit even though Gulf Coast knows or may suspect any circumstances which may make the request or right to payment invalid, excusable, or otherwise not legitimate.

If Gulf Coast guarantees or assures the payment of letters of credit issued by others, Gulf Coast, at its sole discretion, may make payment on such guarantee or assurance, even if there may be discrepancies related to such letter of credit, guarantee

or assurance which Gulf Coast may or may not know of or which appear -or occur- in the documents presented by the beneficiary or the third party in drawing on any letter of credit, guarantee or assurance, including, but not limited to, the form, timing, completeness; accuracy, even the complete absence of the document submitted, and, even if any Borrower or Guarantor demands that Gulf Coast not make _such payment. Further, such payment may be made by Gulf Coast even after an Event of Default may have occurred hereunder and may be made even if Gulf Coast is otherwise refusing to make Advances hereunder by the terms of this Agreement, all without affecting the rights of Gulf Coast to exercise its remedies hereunder. Further, Borrower holds Gulf Coast harmless for honoring any payment request on any letter of credit, or guarantee or assurance thereof even though Gulf Coast knows or may suspect circumstances which may make the request or right to payment invalid, excusable; or otherwise not legitimate and Borrower hereby indemnifies Gulf Coast for all of its damages, costs and expenses related to any issuance of or guaranty Or assurance of any letter of credit for the benefit of Borrower.

Any draws or payments on any letter of credit or guarantee or assurance thereof, shall be deemed an Advance under this Agreement and such amounts shall immediately begin accruing interest hereunder.

26. Miscellaneous.

(a) The performance or observance of my affirmative or negative Covenant or Other provision of this Agreement and any supplement hereto may be waived by Gulf Coast in a writing signed by Gulf Coast but not otherwise. No delay on the part of Gulf Coast in the exercise of any remedy, power or right shall operate as a waiver thereof, nor shall any single or partial exercise of any remedy, power, or right preclude other or further exercise thereof or the exercise of any other remedy, power or right. Each of the rights and remedies of Gulf Coast under this Agreement will be cumulative and not exclusive of any other right or remedy which Gulf Coast may have hereunder or as allowed by law.

(b) Any notice, demand or consent authorized by this Agreement to be given to Borrower shall be deemed to be given when personally delivered to or actually received by Borrower, or three days after being deposited in the U.S. mail, certified, return receipt requested, postage prepaid, or one business day after delivery to Federal Express or other overnight courier service (specifying next day delivery and requiring a signature upon receipt thereof), and except for personal delivery to or actual receipt by Borrower, in each other case addressed to Borrower at its address shown in the opening paragraph of this Agreement, or at such other address as Borrower may, by written notice received by Gulf Coast, designate as Borrower's address for purposes of notice hereunder.

Any notice to be given to Gulf Coast shall be in writing (on paper and not by email), and shall be deemed to be given three business days after being deposited in the U.S. mail, certified, return receipt requested, postage prepaid, or one business day after

physical delivery to and receipt by Federal Express or other overnight courier (specifying next business day and requiring a signature upon receipt thereof), in each case addressed to Gulf Coast's Legal Department at its address shown in the opening paragraph of this Agreement, or at such other address as Gulf Coast

based on the cost agreed to by Borrower from time to time. Gulf Coast is authorized to deduct any such expenses from any amount due Borrower and/or to add such expenses to Borrower's loan account hereunder. Further, in recognition of Borrower's obligations to pay such fees and expenses, notwithstanding payment

notice received by Borrower,

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designate as Gulf Coast's address for purposes of notice hereunder; provided, however, that any notice to

Gulf Coast which contains a request for an Advance as discussed above shall not be deemed given until actually received. When this agreement provides that Borrower "furnish" an item or document to Gulf Coast, that item or document must actually be received by Gulf Coast.

(c) This Agreement, including exhibits and schedules and other agreements referred to herein, is the entire agreement between the parties, supersedes and rescinds all prior agreements relating to the subject matter herein, cannot be changed, terminated or amended orally, and shall be deemed effective as of the date it is accepted by Gulf Coast.

(d) Borrower agrees to pay and will reimburse Gulf Coast on demand for all expenses incurred by Gulf Coast arising out of the origination of, or arising during the administration of loans contemplated by this Agreement including without limitation travel expenses, appraisal and collateral verification and confirmation procedures: (including fees to appraisers for appraising collateral), filing; recording; title insurance; search and due diligence fees, as well as attorneys' fees and legal expenses, including costs of in-house counsel (whether or not suit is commenced), whether incurred in the negotiation and preparation of this Agreement in the operation of Cash management, delivery/courier or other services including Gulf Coast's then current Charges for the operation of a lockbox and wire transfer of advance fees, in the protection and perfection of Gulf Coast's security interest in the Collateral in the enforcement of any of the provisions of this Agreement or of Gulf Coast's rights and remedies hereunder and against the Collateral, in the defense of any claim or claims made or threatened against Gulf Coast arising out of this transaction, or otherwise -including, without limitation, in each instance, all reasonable attorneys' fees and legal expenses incurred in connection with any appeal of a lower court's order or judgment. Borrower acknowledges that, at Gulf Coast's discretion, certain expenses may be charged to Borrower at Gulf Coast's then current rate for such services to its customers generally or alternatively, at its actual cost -including overhead charges. Borrower also acknowledges that Gulf Coast may, from time to time, retain appraisers or other professionals to value fixed assets and other property of Borrower and the actual cost of such valuation shall be reimbursed to Gulf Coast by Borrower at the Gulf Coast's actual cost. Gulf Coast may also, impose other miscellaneous charges for additional products or services provided to Borrower

required to execute, file, or authorize the filing of any terminations releases or satisfactions of any of the liens, security interests, financing statements, mortgages or other filings or encumbrances unless and until Borrower and all Guarantors have executed and delivered to Gulf Coast a general release of liability of Gulf Coast in a form satisfactory to Gulf Coast. Borrower acknowledges that pursuant to Gulf Coast's policies, any liens, security interests, financing statements, mortgages or other filings or encumbrances may be terminated, released and/or satisfied only in a clear and unambiguous written document executed by an executive officer of Gulf Coast.

Borrower acknowledges that Gulf Coast has certain responsibilities in connection with the making of Advances and, the administration of this Agreement. Consequently, Borrower hereby indemnifies, exonerates and holds Gulf Coast, and its officers,

directors, employees and agents (the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, liabilities and damages, and expenses in connection therewith including, without limitation, reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to:

(i) any transaction financed or to be financed - in whole or in part directly- or indirectly - with proceeds of any Advance, or

(ii) the execution, delivery, performance or enforcement of this Agreement or any document executed pursuant hereto by any of the Indemnified Parties, except for any such Indemnified Liabilities arising on account of any Indemnified Party's willful misconduct.

If and to the extent that the foregoing undertaking may be unenforceable for any reason, Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. The provisions of this Paragraph shall survive termination of this Agreement.

(e) This Agreement is made under and shall be governed by and interpreted in accordance with the internal laws of the state of Minnesota, except to the extent that the perfection of the security interest hereunder, or the enforcement of any remedies hereunder with respect to any particular Collateral, shall be governed by the laws of a jurisdiction other

than the State of Minnesota. Captions herein are for convenience only and shall not be deemed part of this Agreement.

(f) Borrower hereby releases, exculpates, and holds harmless Gulf Coast, its officers, directors, employees, agents, and designees, from any liability arising from any acts under this Agreement or in furtherance thereof whether of omission or commission, and whether based upon any error of judgment or mistake of law or fact, except for willful misconduct. In no event will Gulf Coast have any liability to Borrower for lost profits, incidental, punitive, special or consequential damages, or any other damages of any kind or nature.

(g) This Agreement shall be binding

Borrower. agrees that, if it brings any action or proceeding arising out of or relating to this Agreement, it shall bring such action or proceeding in the District Court of Hennepin County, Minnesota.

THE PARTIES WAIVE ANY RIGHT *TO* TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING *TO* THIS AGREEMENT,

The provisions of this Agreement are severable, and in any action or proceeding involving any State law, or any State or Federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if any of the Obligations would otherwise be held or determined to be void, invalid, or unenforceable on account of the grant of a security interest hereunder to secure Borrower's Contingent

Successors, assigns, heirs, and personal representatives and shall inure to the benefit of Borrower, Gulf Coast and the successors and assigns of Gulf Coast, except that Borrower may not assign or transfer its rights hereunder Without the prior written consent of Gulf Coast, and any assignment or transfer in violation of this provision shall be null and void. In, Connection with the actual or prospective sale by Gulf Coast of

of this Agreement to the contrary, the amount of such liability shall, without any further action by Borrower, Gulf Coast or any other person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding. In the event a court of competent jurisdiction determines that Interest Rate and/or any other rate of interest which may be Calculated hereunder

any interest or participation in the: Obligations,

or otherwise

effective hereunder after including any

- 56 -

Borrower authorizes Gulf Coast to furnish any information in its possession, however acquired, concerning Borrower or any of its Affiliates to any person or entity.

(h) Borrower hereby irrevocably consents and submits to the personal jurisdiction of any Minnesota state court- or federal court over any action or proceeding arising out of or relating to the Agreement, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding shall be venued (at the sole option of Gulf Coast) in either the District Court of Dakota or Hennepin County, Minnesota, or the United States District Court, District of Minnesota, or any other court of competent jurisdiction which Gulf Coast, at its sole option, may deem appropriate. Borrower hereby irrevocably waives, to the fullest extent it may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. Borrower irrevocably consents to the service of copies of the summons and complaint and any other process which may be served in any such action or proceeding by the mailing by, United States certified mail, return receipt requested, of copies of such process to Borrower's address stated in the preamble hereto. Borrower agrees that judgment final by appeal, or expiration of time to appeal without an appeal being taken, in any such action or proceeding shall be conclusive and may be enforced in any other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Paragraph shall affect the right of Gulf Coast to serve legal process in any other manner permitted by law or affect the right of Gulf Coast to bring any action or proceeding against Borrower or its property in the courts of any other jurisdiction.

interest, fees or charges, violates any usury laws or any other law, then, any such interest rate and/or other interest, fees or charges shall be accordingly and retroactively adjusted or modified to comply with the highest rate allowed under applicable law. In the event that a court of competent jurisdiction determines that the Early Termination Fee exceeds the amount permitted by law, then, the Early Termination Fee shall be retroactively adjusted or modified to comply with the highest such charge allowed by applicable law. Further, if any provision or application of any provision of this Agreement other than the Interest Rate or Early Termination Fee (including but not limited to any provision relating to the calculation of interest) is held unlawful or unenforceable in any respect (including but not limited to any usury or similar law), such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed, as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

(i) Borrower also irrevocably consents to and authorizes all of its banks and/or financial institutions to provide Gulf Coast with all written, verbal and other information in its possession that relates to its entire relationship with Borrower including but not limited to information relating to accounts, certificates, balances and activity, loans, leases and the like, including any detail information relating to the above,

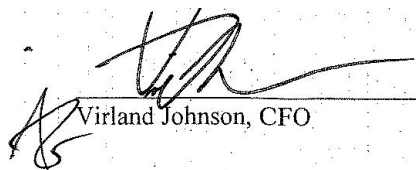
G) Upon Gulf Coast's request, Borrower shall furnish whatever information Gulf Coast deems necessary to comply with the USA Patriot Act (Title 111 of Pub. L. 107-56) (the "Act".)

Pursuant to the Act, Gulf Coast (including any Participants) may be required to obtain, verify and record information that identifies Borrower. Such information may include Borrower's name and address as well as other information that will allow Gulf Coast to identify Borrower in accordance with the Act.

(k) The undersigned waives notice of acceptance hereof.

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

GULF COAST BANK AND COMPANYARCA RECYCLING, INC.


Virland Johnson, CFO

GUARANTY BY CORPORATION

Dated: September 21, 2022

JANONE INC.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce Gulf Coast Bank and Trust Company, a Louisiana corporation (herein, with its participants, **successors and assigns, called "Gulf Coast," at its option, at any time or from time to time to make loans, buy accounts receivable, buy or finance purchase orders, or extend other accommodations to or for the account of ARCA Recycling, Inc., a California corporation (herein called "Borrower")**) or to engage in any other transactions with Borrower, the undersigned hereby absolutely and unconditionally guarantees to Gulf Coast the full and prompt payment when due, whether at maturity or earlier by reason of acceleration, demand or otherwise, of any and all present and future debts, liabilities and obligations owed by Borrower to Gulf Coast; and the undersigned acknowledges and agrees with Gulf Coast that:

1. The debts, liabilities and obligations guaranteed hereby (collectively the "Indebtedness") shall **include, but shall not be limited to, debts, liabilities and obligations arising out of loans, credit facilities, factoring arrangements, credit transactions, financial accommodations, discounts, purchases of property or other transactions with Borrower or for Borrower's account or out of any other transaction or event, owed to Gulf Coast or to others by reason of participations granted to, interests acquired by, created for, or sold to them by Gulf Coast, in each case whether now existing or hereafter arising, whether arising directly in a transaction or event involving Gulf Coast or acquired by Gulf Coast from another by purchase or assignment or as collateral security, whether owed by Borrower as drawer, maker, endorser, accommodation party, guarantor, principal, surety or as a member of any partnership, syndicate, association or group or in any other capacity, whether absolute or contingent, direct or indirect) primary or secondary, sole, joint, several or joint and several, secured or unsecured, due or not due, contractual, tortious, or statutory**, liquidated or unliquidated, arising by agreement or imposed by law or otherwise.

2. The undersigned represents and warrants to Gulf Coast that (i) the undersigned is a corporation duly organized and existing in good standing and has full power and authority to make and deliver this Guaranty; (ii) the execution, delivery and performance of this Guaranty by the undersigned have been duly authorized by all necessary action of its directors and shareholders and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of incorporation or by-laws or any agreement presently binding on it; (iii) this Guaranty has been duly executed and delivered by the authorized officers of the undersigned and constitutes its lawful, binding and legally enforceable obligation (subject to the United States Bankruptcy Code and other similar laws generally affecting the enforcement of creditors' rights); and (iv) the authorization, execution, delivery and performance of this Guaranty do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.

3. No act or thing, except full payment and discharge of all Indebtedness, shall in any way exonerate the undersigned or modify, reduce, limit or release the liability of the undersigned hereunder. This is an absolute, unconditional and continuing guaranty of payment of the Indebtedness and shall continue to be in force and be binding upon the undersigned and is irrevocable. The dissolution, adjudication of bankruptcy or incapacity of the undersigned shall not be effective to revoke this Guaranty.

4. The undersigned represents and warrants to Gulf Coast that the undersigned has or have a direct and **substantial economic interest in Borrower and expects to derive substantial benefits therefrom and from any loans, credit transactions, financial accommodations, discounts) purchases of property and other transactions** and events resulting in the creation of Indebtedness guaranteed hereby, and that this Guaranty is given for a business purpose. Gulf Coast may rely conclusively on a continuing warranty, hereby made, that the undersigned continues to be benefited by this Guaranty and Gulf Coast shall have no duty to inquire into or confirm the receipt of any such benefits, and this Guaranty shall be effective and enforceable by Gulf Coast without regard to the receipt, nature or value of any such benefits.

5.If the undersigned shall be dissolved, or shall initiate or have initiated against the undersigned any act, process or proceeding under any bankruptcy, insolvency or reorganization law or otherwise for the modification or adjustment of the rights of creditors, then Gulf Coast shall have the right to declare immediately due and payable, and the undersigned will forthwith pay to Gulf Coast, the full amount of all unmatured Indebtedness then outstanding, together with Indebtedness which is then due and payable.

6.The undersigned shall be liable for all Indebtedness, without any limitation as to amount, plus **accrued interest thereon and all attorneys fees, collection costs and enforcement expenses referable thereto**. Indebtedness may be created and continued in any amount without affecting or impairing the liability of the undersigned hereunder.

7.The undersigned hereby waives and releases any claim, right, or remedy which the undersigned may **now have or hereafter acquire against Borrower that arises hereunder and/or which arises under any other** guaranty of or promise to pay the Indebtedness by the undersigned or any other guarantor. The waiver and **release contained herein includes, without limitation, the waiver of any claim, remedy or right of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim, right** or remedy of Gulf Coast against Borrower or any security, collateral, account or purchase order contract which Gulf Coast now has or hereafter acquires or purchases, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise.

8.Upon request, the undersigned agrees to execute and deliver a subordination agreement in form and substance satisfactory to Gulf Coast whereby the undersigned subordinates to all present and future debts of Borrower to Gulf Coast.

9.The undersigned will pay or reimburse Gulf Coast for all costs and expenses (including reasonable attorneys' fees and legal expenses) incurred by Gulf Coast in endeavoring to collect any Indebtedness or in enforcing this Guaranty.

10.Gulf Coast shall not be obligated by reason of its acceptance of this Guaranty to engage in any **transactions with or for Borrower. W11ether or not any existing relationship between the undersigned and Borrower has been changed or ended and whether or not this Guaranty has been revoked, Gulf Coast may enter into transactions resulting in the creation or continuance of Indebtedness and may otherwise agree, consent to, or suffer the creation or continuance of any Indebtedness, without any consent or approval by the undersigned and without any prior or subsequent notice to the undersigned.** The liability of the undersigned shall not be affected or impaired by any of the following acts or things (which Gulf Coast is expressly **authorized to do, omit or suffer from time to time, without consent or approval by or notice to the undersigned**): (i) any acceptance of collateral security, guarantors, accommodation parties or sureties for any or all Indebtedness; (ii) one or more extensions or renewals of Indebtedness (whether or not for longer **than the original period**) or **any modification of the interest rates, maturities or other contractual terms** applicable to any Indebtedness; (iii) any waiver or indulgence granted to Borrower, any delay or lack of **diligence in the enforcement of Indebtedness, or any failure to institute proceedings, file a claim, give any** required notices or otherwise protect any Indebtedness; (iv) any full or partial release of, compromise or **settlement with, or agreement not to sue, Borrower or any other guarantor or other person liable in respect of** any Indebtedness; (v) any release, surrender, cancellation or other discharge of any evidence of Indebtedness or the acceptance of any instrument in renewal or substitution therefor; (vi) any failure to obtain collateral security (including rights of recoupment and/or setoff) for Indebtedness, or see to the proper or sufficient creation and perfection thereof, or to establish the priority thereof, or to preserve, protect, insure, care for, **exercise or enforce any collateral security; or any modification, alteration, substitution, exchange, surrender, cancellation, termination, release or other change, impairment, limitation, loss or discharge of any collateral security;** (vii) any collection, sale, lease or disposition of, or any other foreclosure or enforcement of or realization on, any collateral security; (viii) any assignment, pledge or other transfer of any Indebtedness or any evidence thereof; (ix) any manner, order or method of application of any payments or credits upon

Indebtedness. The undersigned waives any and all defenses and discharges available to a surety, guarantor, or accommodation co-obligor.

11. The undersigned waives any and all defenses, claims, recoupments, setoffs and discharges of Borrower, or any other obligor, pertaining to Indebtedness, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, the undersigned will not assert, plead or enforce against Gulf Coast any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, antideficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to Borrower or any other person liable in respect of any **Indebtedness, or any recoupment or setoff available against Gulf Coast to Borrower or any such other person, whether or not on account of a related transaction, and the undersigned expressly agrees that the undersigned shall be and remain liable for any deficiency remaining after foreclosure of any mortgage or security interest securing Indebtedness, whether or not the liability of Borrower or any other obligor for such deficiency is discharged pursuant to statute or judicial decision. The liability of the undersigned shall not be affected or impaired by any voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar event or proceeding affecting, Borrower or any of its assets. The undersigned will not assert, plead or enforce against Gulf Coast any claim, defense, recoupment or setoff available to the undersigned against Borrower.**

12. The undersigned waives presentment, demand for payment, notice of dishonor or nonpayment, and protest of any instrument evidencing indebtedness. Gulf Coast shall not be required first to resort for **Payment of the Indebtedness to Borrower or other persons, or their properties, or first to enforce, realize upon or exhaust any collateral security for Indebtedness, before enforcing this Guaranty.**

13. If any payment applied by Gulf Coast to Indebtedness is thereafter set aside, recovered, rescinded or required to be returned for any reason (including, without limitation, the bankruptcy, insolvency or reorganization of Borrower or any other obligor), the Indebtedness to which such payment was applied shall for the purposes of this Guaranty be deemed to have continued in existence, notwithstanding such application, and this Guaranty shall be enforceable as to such Indebtedness as fully as if such application had never been made.

14. The liability of the undersigned under this Guaranty is in addition to and shall be cumulative with all other liabilities of the undersigned to Gulf Coast as guarantor, surety, endorser, accommodation co-obligor or otherwise of any **Indebtedness or obligation of Borrower, without any limitation as to amount**, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

15. The provisions of this Guaranty are severable, and in any action or proceeding involving any State corporate law, or any State or Federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of the Borrower hereunder would otherwise be held or **determined to be void, invalid, or unenforceable on account of the grant of a security interest hereunder to secure Borrower's contingent obligations, then, notwithstanding any other provision of this Guaranty to the contrary, the amount of such liability shall, without any further action by Borrower, Lender or any other person, be automatically limited and reduced to the highest amount which is valid and enforceable as determined in such action or proceeding.**

16. This Guaranty shall be effective upon delivery to Gulf Coast, without further act, condition or acceptance by Gulf Coast, shall be binding upon the undersigned and the successors and assigns of the undersigned and shall inure to the benefit of Gulf Coast and its participants, successors and assigns. Any invalidity or unenforceability of any provision or application of this Guaranty shall not affect other lawful **provisions and application hereof, and to this end the provisions of this Guaranty are declared to be severable.** This Guaranty may not be waived, modified, amended, terminated, released or otherwise

changed except by a writing signed by the undersigned and Gulf Coast. This Guaranty shall be governed by the law of the State of Minnesota. The undersigned consents to the personal jurisdiction of the state and federal courts located in the State of Minnesota in connection with any action or controversy related in any way to this Guaranty, waives any argument that venue in such forums is not Convenient, and agrees that any litigation initiated by the undersigned against Gulf Coast relating in any way to this Guaranty shall be venued (at Gulf Coast's sole option) in either the District Court of Dakota or Hennepin County, Minnesota or the United States District Court, District of Minnesota, The undersigned waives notice of Gulf Coast's acceptance hereof. This Guaranty is dated as of the date indicated at the top.

IN WITNESS WHEREOF, this Guaranty has been duly executed by the undersigned as of the dated .indicated above.

JANONE!NC.

Tony Isaac, CEO

Guarantor's state of organization: Nevada Guarantor's principal office is located at:

325 East Warn1 Springs Road, Suite 102
Las Vegas, NV 89119

SPECTRUM

COMMERCIAL SERVICES

DEBT SUBORDINATION AGREEMENT

This Agreement is entered into as of the 21st day of September, 2022 by the undersigned Creditor for the benefit of Gulf Coast Bank and Trust Company, a Louisiana limited liability company (the "Lender").

WHEREAS, BANK has made or expects to make loans to, or extend credit to, ARCA Recycling, Inc., a California corporation, having the mailing address and principal place of business at 730 I Ohms Lane, Suite 320, Edina Minnesota 55439 (herein called "Borrower"), and whereas Borrower is now or hereafter may be indebted to Lender on account of loans or the other extensions of credit or financial accommodations from Lender to Borrower, or to any other person under the guaranty or endorsement of Borrower.

Creditor has made or may make loans or grant other financial accommodations to B01 Tower.

As a condition to making any loan or extension of credit to Borrower, Lender has required that Creditor subordinate the payment of Creditor's loans and other financial accommodations to the payment of any and all indebtedness of Borrower to Lender. Assisting Borrower in obtaining credit accommodations from Lender and subordination pursuant to the terms of this Agreement are in Creditor's best interest.

ACCORDINGLY, in consideration of the loans and other financial accommodations that have been made and may hereafter be made by Lender for the benefit of Borrower, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Creditor hereby agrees as follows:

I. Definitions. As used herein, the following terms have the meanings set forth below:

"Borrower Default" means a Default or Event of Default as defined in any agreement or instrument evidencing, governing, or issued in connection with the Lender Indebtedness, including, but not limited to, the Assignment of Accounts and Security Agreement or the General Credit and Security Agreement by and between Borrower and Lender, or any default under or breach of any such agreement or instrument.

"Lender Indebtedness" means each and every debt, liability and obligation of every type and description which Borrower may now or at any time hereafter owe to Lender, whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several, all interest thereon, all renewals, extensions and modifications thereof any notes issued in whole or partial substitution therefore, including, but not limited to, obligations outstanding under that General Credit and Security Agreement between Lender and Borrower, as it may hereafter be amended, extended or restated (the "Credit Agreement").

"Subordinated Indebtedness" means each and every debt, liability and obligation of every type and description (including but not limited to interest accrued thereon) which Borrower may now or at any time hereafter owe to Creditor, whether such debts, liabilities or obligations now exist or are hereafter created or incurred, and whether they may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several. The "Subordinated Indebtedness Documents" mean those documents and agreements related, directly or indirectly, to the Subordinated Indebtedness, as they may hereafter be amended or restated.

2. Subordination. The payment of all of the Subordinated Indebtedness is hereby expressly subordinated to the extent and in the manner hereinafter set forth to the payment in full of the Lender Indebtedness; and regardless of any priority otherwise available to Creditor by law or by agreement, Lender shall hold a

superior security interest in all of Borrower's property and assets, whether tangible or intangible (the "Collateral"), and any security interest claimed therein (including any proceeds thereof) by Creditor shall be and remain fully subordinate for all purposes to the security interest of Lender therein for all purposes whatsoever. Creditor will not exercise collection rights as to any Collateral, will not take possession of, collect, sell or dispose of any Collateral, will not claim recoupment, setoff, or any defense or counterclaim against any Collateral, will not notify or contact Borrower's account debtors, and will not exercise or enforce any other right or remedy of any kind which may be available to Creditor before or after default, without Lender's prior written consent. Creditor waives any rights it has or may have to require Lender to marshal any or all Collateral. Creditor acknowledges that Lender makes no representation or warranty concerning the Collateral or the validity, perfection or (except as to the subordination effected hereby) priority of any security interest therein; nor shall Lender have any duty to preserve, protect, care for, insure, take possession of, collect, dispose of or otherwise realize upon any Collateral.

3. Payments. Until all of the Lender Indebtedness has been paid in full, Creditor shall not, without Lender's prior written consent, demand, receive or accept any payment (whether of principal, interest or otherwise) from Borrower in respect of the Subordinated Indebtedness, or exercise any right of or permit any setoff in respect of the Subordinated Indebtedness **except that Creditor may accept: (a) scheduled, non accelerated payments (but not prepayments) of principal and interest required to be paid under the Subordinated Indebtedness, so long as: (i) such payments do not exceed \$25,000 principal plus interest per month, (ii) no Borrower Default has occurred and is continuing or will occur as a result of or immediately following any such payment, and (iii) Lender has not demanded immediate or future payment on SPECTRUM's claim; and, (b) payments of salaries and bonuses to Creditor to the extent that the payment thereof does not cause a Borrower Default to occur.**

4. Receipt of Prohibited Payments. If Creditor receives any payment on the Subordinated Indebtedness that Creditor is not entitled to receive under the provisions of this Agreement, Creditor will hold the amount so received in trust for Lender and will forthwith turn over such payment to Lender in the form received (except for the endorsement of Creditor where necessary) for application to then-existing Lender Indebtedness (whether or not due), in such manner of application as Lender may deem appropriate. In the event that Creditor shall exercise any right of setoff which Creditor is not permitted to exercise under the provisions of this Agreement, Creditor will promptly pay over to Lender, in immediately available funds, an amount equal to the amount of the claims or obligations offset. If Creditor fails to make any endorsement required under this Agreement, Lender, or any of its officers or employees or agents on behalf of Lender, is hereby irrevocably appointed as the attorney-in-fact (which appointment is coupled with an interest) for Creditor to make such endorsement in Creditor's name.

5. Action on Subordinated Debt. Creditor will not commence any action or proceeding against Borrower to recover all or any part of the Subordinated Indebtedness, or join with any creditor (unless Lender shall so join) in bringing any proceeding against Borrower under any bankruptcy, reorganization, readjustment of debt, arrangement of debt receivership, liquidation or insolvency law or statute of the federal or any state government, or take possession of, sell, or dispose of any Collateral, or exercise or enforce any right or remedy available to Creditor with respect to any such Collateral, unless and until the Lender Indebtedness has been paid in full. Creditor will not contest the validity or perfection of Lender's security interest in any of the Collateral.

6. Foreclosure of Collateral. Notwithstanding any security interest now held or hereafter acquired by Creditor, Lender may take possession of, sell, dispose of, and otherwise deal with all or any part of the Collateral, and may enforce any right or remedy available to it with respect to Lender's Indebtedness and/or the Collateral, all without notice to or consent of Creditor except as specifically required by applicable law. Lender shall have no duty to preserve, protect, care for, insure, take possession of, collect, dispose of, or otherwise realize upon any of the Collateral, and in no event shall Lender be deemed Creditor's agent with respect to the Collateral. All proceeds received by Lender with respect to any Collateral may be applied,

first, to pay or reimburse Lender for all costs and expenses (including reasonable attorneys' fees) incurred by Lender in connection with the collection of such proceeds, and, second, to any indebtedness secured by Lender's security interest in that Collateral in any order that it may choose.

7. Bankruptcy and Insolvency. In the event of any receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization or arrangement with creditors, whether or not pursuant to bankruptcy law, the sale of all or substantially all of the assets of Borrower, dissolution, liquidation or any other marshaling of the assets or liabilities of Borrower, Creditor will file all claims, proofs of claim or other instruments of similar character necessary to enforce the obligation of Borrower in respect of the Subordinated Indebtedness and will hold in trust for Lender and promptly pay over to Lender in the form received (except for the endorsement of Creditor where necessary) for application to the then-existing Lender indebtedness, any and all moneys, dividends or other property or assets received in any such proceedings on account of the Subordinated Indebtedness, unless and until the Lender Indebtedness has been paid in full. If Creditor shall fail to take any such action, Lender, as attorney-in-fact for Creditor, may take such action on Creditor's behalf. Creditor hereby irrevocably appoints Lender, or any of its officers or employees on behalf of Lender, as the attorney-in-fact for Creditor (which appointment is coupled with an interest) with the power but not the duty to demand, sue for, collect and receive any and all such moneys, dividends or other assets and give acquittance therefor and to file any claim, proof of claim or other instrument of similar character, to vote claims comprising Subordinated indebtedness to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension and to take such other action in Lender's own name or in the name of Creditor as Lender may deem necessary or advisable for the enforcement of the agreements contained herein; and Creditor will execute and deliver to Lender such other and further powers-of-attorney or instruments as Lender may request in order to accomplish the foregoing.

8. Restrictive Legend: Transfer of Subordinated Indebtedness. Creditor will cause all notes, bonds, debentures or other instruments evidencing the Subordinated Indebtedness or any part thereof to contain a specific statement thereon to the effect that the indebtedness thereby evidenced is subject to the provisions of this Agreement, and Creditor will mark its books conspicuously to evidence the subordination effected hereby. Creditor further warrants that any purchaser or transferee of, or successor to, all or any portion of the Subordinated Indebtedness will be given written notice of the terms of this agreement prior to the time of purchase, transfer or succession and that such purchaser, transferee or successor will be in all respects subject to and bound by this agreement. At the request of Lender, Creditor shall deposit with Lender all of the notes, bonds, debentures or other instruments evidencing the Subordinated Indebtedness, which notes, bonds, debentures or other instruments may be held by Lender so long as any of the Lender Indebtedness remains outstanding. Without the prior written consent of Lender, Creditor will not assign, transfer or pledge to any other person any of the Subordinated Indebtedness or agree to a discharge or forgiveness of the same so long as there remains outstanding any of the Lender Indebtedness.

9. Continuing Effect. This Agreement shall constitute a continuing agreement of subordination, and Lender may, without notice to or consent by Creditor, modify any terms of the Lender Indebtedness in reliance upon this Agreement. Without limiting the generality of the foregoing, Lender may, at any time and from time to time, either before or after receipt of any such notice of revocation, without the consent of or notice to Creditor and without incurring responsibility to Creditor or impairing or releasing any of Lender's rights or any of Creditor's obligations hereunder:

(a) change the interest rate or change the amount of payment or extend the time for payment or renew or otherwise alter the terms of any of the Lender Indebtedness or any instrument evidencing the same in any manner;

(b) make loans or extend other financial accommodations to Borrower in any amount and at any time or from time to time, and you may otherwise create, or agree, consent to or suffer the creation of

indebtedness secured by a security interest in any property of Borrower without notice to or consent by Creditor and without affecting the terms of this agreement.

(c) sell, exchange, release or otherwise deal with any property at any time securing payment of the Lender Indebtedness or any part thereof;

(d) release anyone liable in any manner for the payment or collection of the Lender Indebtedness or any part thereof;

(e) exercise or refrain from exercising any right against Borrower or any other person (including Creditor);
and

(f) apply any sums received by Lender, by whomsoever paid and however realized, to the Lender Indebtedness in such manner as Lender shall deem appropriate.

10. No Commitment. None of the provisions of this Agreement shall be deemed or construed to constitute or imply any commitment or obligation on the part of Lender to make any future loans or other extensions of credit or financial accommodations to Borrower.

Notice. All notices and other communications hereunder shall be in writing and shall be (i) personally delivered, or (ii) transmitted by certified mail, postage prepaid, return receipt requested:

If to Lender:

Gulf Coast Bank and Trust Company Attention: Legal Department
8011 - 34th Avenue South, Suite 205 Bloomington, MN 55425

If to Creditor:

Isaac Capital Group, LLC Attention: Jon Isaac
325 E Warm Springs Road, Suite 102 Las Vegas, NV 89119

or at such other address as may hereafter be designated in writing by that party. All such notices or other communications shall be deemed to have been given on (i) the date received if delivered personally, or (ii) the date of posting if delivered by mail.

12. Conflict in Agreements. If the subordination provisions of any instrument evidencing Subordinated Indebtedness conflict with the terms of this Agreement, the terms of this Agreement shall govern the relationship between Lender and Creditor.

13. No Waiver. No waiver shall be deemed to be made by Lender of any of its rights hereunder unless the same shall be in writing signed on behalf of Lender, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall in no way impair the rights of Lender or the obligations of Creditor to Lender in any other respect at any time.

14. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial. This Agreement shall be governed by and construed in accordance with the substantive laws (other than conflict laws) of the State of Minnesota in connection with any controversy related to this Agreement, waives any argument that venue in any such forum is not convenient, and agrees that any litigation initiated by either of them in connection with this Agreement shall be venued in either the District Court of Hennepin County, Minnesota, or the

A notary public or other officer completing this certificate verifies **only** the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

United States District Court, District of Minnesota, Fourth Division, The parties waive any right to trial by jury in any action or proceeding based on or pertaining to this Agreement.

15. **Binding Effect: Acceptance.** This Agreement shall be deemed incorporated into the Subordinated Indebtedness Documents and shall be deemed an amendment thereto. This Agreement shall be binding upon Creditor and Creditor's heirs, legal representatives, successors and assigns and shall inure to the benefit of Lender and its participants, successors and assigns irrespective of whether this or any similar agreement is executed by Creditor or any other creditor of Borrower. Notice of acceptance by Lender of this Agreement or of reliance by Lender upon this Agreement is hereby waived by Creditor. Except as otherwise provided for in this Agreement, the priority or parity of the rights and claims of Lender and Creditor as general creditors of Borrower (rather than as secured parties) shall not be affected or impaired by this Agreement. Any party hereto may file notice of this agreement in the UCC records of any jurisdiction.

16. **Miscellaneous.** The paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Should Lender find it necessary to retain counsel to enforce its rights against Creditor hereunder, Lender shall recover its attorneys' fees and expenses from the undersigned. An executed counterpart of an original signature page, or a copy or scan of an executed original, which is delivered physically or by fax, facsimile, or email, shall be effective as delivery of an originally executed counterpart.

IN WITNESS WHEREOF, Creditor has executed this Agreement as of the date and year first above-written.

NOTARY PUBLIC
SAN DIEGO COUNTY
Commission No. 2334611

ZHANNA ARABADZHI

ARV PUBLIC - CALIFORNIA

Commission Expires October 1, 2024 Jon Isaac t and Chief Executive Officer

California

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) ss.
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On this 21 day of September, 2022 before me, a Notary Public within and for said county, personally appeared Jon Isaac who being by me duly sworn did say that he is the President and Chief Executive Officer of Isaac Capital Group, LLC and that the foregoing instrument was signed on behalf of the organization by authority of its Board of Directors and that he acknowledged said instrument to be the free act and deed of said organization.

Notary Seal:

Acknowledgment by Borrower

The undersigned, being the Borrower referred to in the foregoing Agreement, hereby (i) acknowledges receipt of a copy thereof, (ii) agrees to all of the terms and provisions thereof, (iii) agrees to and with Lender that it shall make no payment on the Subordinated Indebtedness that Creditor would not be entitled to receive under the provisions of the Agreement, (iv) agrees that any such payment made which is not permitted by the terms of this Agreement will constitute a Borrower Default under the Lender Indebtedness, (v) agrees to the release by Lender and/or Creditor to any other party hereto of any information regarding Borrower's operations, financial performance, the existence of a Borrower Default under the Credit Agreement, and any and all other information including but not limited to SPECTRUM's lending availability, and, (vi) releases and holds Lender and Creditor harmless from any claims, actions, damages, or liabilities arising from the provisions of this Agreement.

