

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

FORM 10-Q

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

For the quarterly period ended March 31, 2024

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

For the transition period from to

Commission File Number: 001-40457

PSQ Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware

86-2062844

(State or other jurisdiction of
incorporation or organization)

(IRS Employer
Identification No.)

250 S. Australian Avenue , Suite 1300
West Palm Beach , Florida

33401

(Address of principal executive offices)

(Zip Code)

(877) 776-2402

(Registrant's telephone number, including area code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.0001 per share	PSQH	New York Stock Exchange
Redeemable warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	PSQH.WS	New York Stock Exchange

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
 Smaller reporting company
 Emerging growth company

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

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

As of May 15, 2024, there were 28,177,917 shares of the registrant's Class A common stock, par value \$0.0001 per share, issued and outstanding and 3,213,678 shares of the registrant's Class C common stock, par value \$0.0001 per share, issued and outstanding.

TABLE OF CONTENTS

	Page
PART 1 - FINANCIAL INFORMATION	1
Item 1. Interim Condensed Consolidated Financial Statements:	1
Condensed Consolidated Balance Sheets as of March 31, 2024 (Unaudited) and December 31, 2023	1
Condensed Consolidated Statements of Operations for the three months ended March 31, 2024 and 2023 (Unaudited)	2
Condensed Consolidated Statements of Changes in Stockholders' Equity for the three months ended March 31, 2024 and 2023 (Unaudited)	3
Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2023 (Unaudited)	4

<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	29
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	46
Item 4. <u>Controls and Procedures</u>	46
PART II - OTHER INFORMATION	47
Item 1. <u>Legal Proceedings</u>	47
Item 1A. <u>Risk Factors</u>	47
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	47
Item 3. <u>Defaults Upon Senior Securities</u>	47
Item 4. <u>Mine Safety Disclosures</u>	47
Item 5. <u>Other Information</u>	48
Item 6. <u>Exhibits</u>	48

SIGNATURES	50
-------------------	----

PART I - FINANCIAL INFORMATION

ITEM 1. Interim Condensed Consolidated Financial Statements

PSQ HOLDINGS, INC. (dba PublicSquare) Condensed Consolidated Balance Sheets

	March 31, 2024 (Unaudited)	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 9,112,952	\$ 16,446,030
Restricted cash	233,899	-
Accounts receivable, net	365,608	204,879
Loans held for investment, net of allowance for credit losses of \$ 890,470 as of March 31, 2024	5,542,573	-
Interest receivable	426,042	-
Inventory	1,207,381	1,439,182
Prepaid expenses and other current assets	2,945,377	3,084,576
Total current assets	19,833,832	21,174,667
Loans held for investment, net of allowance for credit losses of \$ 183,111 as of March 31, 2024, non-current	1,139,745	-
Property and equipment, net	362,394	127,139
Intangible assets, net	15,758,698	3,557,029
Goodwill	10,930,978	-
Operating lease right-of-use assets	570,585	324,238
Deposits	37,902	63,546
Total assets	\$ 48,634,134	\$ 25,246,619
Liabilities and stockholders' equity		
Current liabilities		
Revolving line of credit	\$ 5,100,542	\$ -
Accounts payable	6,592,107	1,828,508
Accrued expenses	1,044,015	1,641,553
Deferred revenue	143,648	225,148
Operating lease liabilities, current portion	327,884	310,911
Total current liabilities	13,208,196	4,006,120
Convertible promissory notes	8,449,500	-
Warrant liabilities	7,898,500	10,130,000
Earn-out liabilities	540,000	660,000
Operating lease liabilities	244,818	16,457
Total liabilities	30,341,014	14,812,577
Commitments and contingencies (Note 16)		
Stockholders' equity		
Preferred stock, \$ 0.0001 par value; 50,000,000 authorized shares; no shares issued and outstanding as of March 31, 2024 and December 31, 2023	-	-
Class A Common stock, \$ 0.0001 par value; 500,000,000 authorized shares; 28,177,917 shares and 24,410,075 shares issued and outstanding as of March 31, 2024 and December 31, 2023 respectively	2,817	2,441
Class C Common stock, \$ 0.0001 par value; 40,000,000 authorized shares; 3,213,678 shares issued and outstanding as of March 31, 2024 and December 31, 2023	321	321
Additional paid in capital	93,079,952	72,644,419
Accumulated deficit	(74,789,970)	(62,213,139)
Total stockholders' equity	18,293,120	10,434,042
Total liabilities and stockholders' equity	\$ 48,634,134	\$ 25,246,619

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

Condensed Consolidated Statements of Operations (Unaudited)

	For the three months ended March 31,	
	2024	2023
Revenues, net	\$ 3,465,889	\$ 378,034
Costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	598,361	362,973
Cost of goods sold (exclusive of depreciation and amortization shown separately below)	1,391,408	-
General and administrative	10,262,878	4,091,850
Sales and marketing	4,682,638	666,057
Research and development	1,141,958	248,500
Depreciation and amortization	296,597	545,337
Total costs and expenses	18,373,840	5,914,717
Operating loss	(14,907,951)	(5,536,683)
Other income (expense):		
Other income	103,379	5,138
Change in fair value of convertible promissory notes	-	(1,147,905)
Change in fair value of earn-out liabilities	120,000	-
Change in fair value of warrant liabilities	2,231,500	-
Interest expense, net	(124,178)	(8,001)
Loss before income tax benefit (expense)	(12,577,250)	(6,687,451)
Income tax benefit (expense)	419	(189)
Net loss	\$ (12,576,831)	\$ (6,687,640)
Net loss per common share, basic and diluted	\$ (0.44)	\$ (0.40)
Weighted-average shares outstanding, basic and diluted	28,395,756	16,683,248

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

2

PSQ HOLDINGS, INC. (dba PublicSquare)
Condensed Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

	Preferred Stock		Class A Common Stock		Class C Common Stock		Additional Paid-In Capital	Subscription Receivable	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2023	-	\$ -	24,410,075	\$ 2,441	3,213,678	\$ 321	\$ 72,644,419	\$ -	\$ (62,213,139)	\$ 10,434,042
Issuance of common stock for Credova Merger	-	-	2,920,993	292	-	-	14,137,314	-	-	14,137,606
Issuance of shares for consulting arrangement	-	-	183,349	18	-	-	887,391	-	-	887,409
Share-based compensation	-	-	-	-	-	-	5,410,894	-	-	5,410,894
Issuance of shares for fully vested restricted stock units	-	-	663,500	66	-	-	(66)	-	-	-
Net loss	-	-	-	-	-	-	-	-	(12,576,831)	(12,576,831)
Balance at March 31, 2024	-	\$ -	28,177,917	\$ 2,817	3,213,678	\$ 321	\$ 93,079,952	\$ -	\$ (74,789,970)	\$ 18,293,120
	Preferred Stock		Class A Common Stock		Class C Common Stock		Additional Paid-In Capital	Subscription Receivable	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance at December 31, 2022	-	\$ -	771,155	\$ 771	-	\$ -	\$ 12,384,206	\$ (99,612)	\$ (8,883,952)	\$ 3,401,413
Retroactive application of Business Combination	-	-	11,034,852	410	3,213,678	321	(731)	-	-	-
Balance at December 31, 2022	-	\$ -	11,806,007	1,181	3,213,678	321	12,383,475	(99,612)	(8,883,952)	3,401,413
Issuance of common stock for cash	-	-	1,447,523	145	-	-	2,499,979	-	-	2,500,124
Receipt of subscription receivable	-	-	-	-	-	-	-	100,012	-	100,012
Issuance of common stock for asset acquisition	-	-	1,071,229	107	-	-	1,334,751	-	-	1,334,858
Net loss	-	-	-	-	-	-	-	-	(6,687,640)	(6,687,640)

Balance at March 31, 2023									
	\$	-	14,324,759	1,433	3,213,678	321	16,218,205	400	(15,571,592)

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

PSQ HOLDINGS, INC. (dba PublicSquare)
Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the three months ended March 31,	
	2024	2023
Cash Flows from Operating Activities		
Net loss	\$ (12,576,831)	\$ (6,687,640)
Adjustment to reconcile net loss to net cash used in operating activities:		
Change in fair value of convertible promissory notes	-	1,147,905
Change in fair value of warrant liabilities	(2,231,500)	-
Change in fair value of earn-out liabilities	(120,000)	-
Share based compensation	5,886,423	-
Provision for credit losses on loans held for investment	75,507	-
Origination of loans and leases for resale	(1,493,581)	-
Proceeds from sale of loans and leases for resale	1,576,585	-
Gain on sale of loans and leases	(83,004)	-
Depreciation and amortization	296,597	545,337
Non-cash operating lease expense	94,774	40,813
Interest income on loans held for investment	(426,042)	-
Changes in operating assets and liabilities:		
Accounts receivable	(160,729)	-
Prepaid expenses and other current assets	1,409,133	(116,137)
Inventory	231,801	-
Deposit	25,644	-
Accounts payable	1,333,428	1,462,977
Accrued expenses	(185,658)	623,014
Deferred revenue	(81,500)	2,506
Operating lease payments	(95,787)	(39,508)
Net cash used in operating activities	(6,524,740)	(3,020,733)
Cash flows from Investing Activities		
Software development costs	(769,641)	(734,404)
Principal paydowns on loans held for investment	984,888	-
Disbursements for loans held for investment	(715,036)	-
Acquisition of businesses, net of cash acquired	141,215	-
Purchase of intangible assets	-	(35,312)
Purchase of property and equipment	-	(13,726)
Net cash used in investing activities	(358,574)	(783,442)
Cash flows from Financing Activities		
Repayments on revolving line of credit	(215,865)	-
Proceeds from the issuance of common stock	-	2,600,125
Proceeds from issuance of convertible promissory notes	-	2,050,000
Net cash (used in) provided by financing activities	(215,865)	4,650,125
Net (decrease) increase in cash, cash equivalents and restricted cash	(7,099,179)	845,950
Cash, cash equivalents and restricted cash, beginning of period	16,446,030	2,330,405
Cash, cash equivalents and restricted cash, end of the period	\$ 9,346,851	\$ 3,176,355
Cash and cash equivalents	\$ 9,112,952	\$ 3,176,355
Restricted cash	233,899	-
Total cash, cash equivalents and restricted cash, end of period	\$ 9,346,851	\$ 3,176,355
Supplemental Non-Cash Investing and Financing Activity		
Accrued variable compensation settled with RSU grants	\$ 411,880	\$ -
Shares issued in connection with Credova Merger	\$ 14,137,606	\$ -
Note Exchange in connection with Credova Merger	\$ 8,449,500	\$ -
Brand intangible purchase for stock	\$ -	\$ 1,334,850

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

PSQ HOLDINGS, INC. (dba PublicSquare)
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PSQ Holdings, Inc. and its subsidiaries, (collectively "PublicSquare", "PSQ" or the "Company") is a holding company that strategically unites key products and services, forming the backbone of the parallel economy's ecosystem via its three core segments (further defined as "Marketplace", "Financial Technology", and "Brands"). The primary mission of the Marketplace segment is to help consumers 'shop their values' and put purpose behind their purchases. PublicSquare leverages data and insights from the Marketplace to assess its customers' needs and provide wholly-owned quality financial products and brands. PublicSquare's Financial Technology segment consists of a consumer financing company focusing on the outdoor sports and shooting industry. PublicSquare's Brand segment consists of a direct-to-consumer ("D2C") premium life-affirming baby products company, as well as business services.

EveryLife Asset Acquisition

In February 2023, the Company acquired the assets of EveryLife, Inc. ("EveryLife"). On July 13, 2023, the Company launched the brand and began generating revenue from sales of diapers and wipes from this operation. See Note 5 for further information.

Merger Agreement

On July 19, 2023, in accordance with the plan of arrangement to reorganize PSQ Holdings, Inc., the Company finalized a business combination (the "Business Combination") with Colombier Acquisition Corp. ("Colombier"). On closing, the common shares of PSQ Holdings Inc. were listed on the New York Stock Exchange and commenced trading under the symbol "NYSE:PSQH". See Note 4 for further information.

Credova Merger

On March 13, 2024, the Company entered into an agreement and plan of merger (the "Credova Merger Agreement") with Credova Holdings, Inc., a Delaware corporation ("Credova"), and Samuel L. Paul, in the capacity as the Seller Representative in accordance with the terms of the Credova Merger Agreement ("Credova Merger"). See Note 5 for further information.

The Company's operations are comprised of three operating segments which are Marketplace, Brands and Financial Technology a summary of which is below:

Marketplace

The PSQ platform (the "Platform") can be accessed through two primary means:

- *Mobile application* - Our mobile app is available for both iOS and Android-based devices.
- *Web* - Users can access our full platform at PublicSquare.com.

Brands

Our brand revenues have been derived primarily from our sale of products. EveryLife is a direct-to-consumer baby care company with a mission to provide premium products to every miraculous life. EveryLife is committed to its core values, ensuring product quality, and demonstrating generosity by donating diapers and wipes to moms in need. This commitment has quickly set EveryLife apart, elevating both its brand and products. Since its launch in July 2023, EveryLife has been delivering high-performing and price-accessible products that align with the values of our consumers.

Financial Technology

Credova assists consumers, lenders, and retailers in offering point-of-sale financing products. Credova has developed and maintains an internet-based proprietary retail finance platform and related application programming interfaces ("APIs") through which Credova, certain Federal Deposit Insurance Corporation ("FDIC") and National Credit Union Administration ("NCUA") insured financial institutions, other financial institutions authorized by Credova (each a "Financing Partner"), and merchants can dynamically offer certain financing products.

Credova's offerings fall into four main categories: (i) Merchant-originated products; (ii) Bank Partner-originated closed-end installment loans; (iii) Credova-originated loan products; and (iv) Zero-interest installment product ("Pay-in-4").

Note 2 - Liquidity

Historically, the Company's primary sources of liquidity have been funds from financing activities. The Company reported net losses of \$ 12.6 million and \$ 6.7 million for the three months ended March 31, 2024 and 2023, and had negative cash flows from operations of \$ 6.5 million and \$ 3.0 million for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, the Company had aggregate cash and cash equivalents, of \$ 9.1 million and net working capital of \$ 6.6 million.

On May 3, 2024, the Company received the \$ 10,000,000 proceeds from a 9.75 % private placement convertible note invested by a board member and his affiliates.

Additionally, the Company's Board of Directors and executive team have outlined a plan to improve the Company's cash position by gaining access to additional capital through various strategic initiatives. These initiatives may include reallocation of resources to more profitable segments of the business, completing a private placement equity raise, entering into a revolving line of credit agreement and refinement of inventory purchase timing which will reduce excess stock levels.

The Company believes that as a result of the Business Combination, convertible note proceeds, Credova Merger, resource reallocation initiatives, planned equity raises, inventory management and line of credit financing, along with its existing cash and cash equivalents, that the Company will be able to fund operations and capital needs for the next year from the date these condensed consolidated financial statements were available to be issued.

The Company's future capital requirements will depend on many factors including the Company's revenue growth rate, the timing and extent of spending to support further sales and marketing and research and development efforts. In order to finance these opportunities, the Company may need to raise additional financing. While there can be no assurances, the Company may need to pursue issuances of additional equity raises and debt rounds of financing. If additional financing is required from outside sources, the Company may not be able to raise it on terms acceptable to the Company or at all. If the Company is unable to raise additional capital when desired, the Company's business, results of operations and financial condition would be materially and adversely affected.

Note 3 - Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") for interim financial information. Accordingly, certain information and footnote disclosures normally included in consolidated financial statements in accordance with U.S. GAAP have been omitted. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2024 are not necessarily indicative of the results that may be expected for the year ending December 31, 2024.

All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet at December 31, 2023 has been derived from the audited consolidated financial statements at that date, but does not include all disclosures, including notes, required by U.S. GAAP for complete financial statements. The unaudited interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes included in the Company's Annual Report on Form 10-K for its year ended December 31, 2023.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts and disclosures of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Estimates are adjusted to reflect actual experience when necessary. Such estimates include, but are not limited to, revenue recognition, allowance for credit losses, fair values of net assets acquired, intangible assets, inventory valuation, estimates related to useful lives of long lived assets, estimation of contingencies, recoverability of deferred tax assets, the incremental borrowing rate applied to lease accounting, valuation of earn out liabilities and warrant liabilities, and estimation of income taxes. These estimates, judgments, and assumptions are reviewed periodically and the impact of any revisions are reflected in the consolidated financial statements in the period in which such revisions are made. Actual results could differ materially from those estimates, judgments, or assumptions, and such differences could be material to the Company's consolidated financial position and results of operations.

Earnings (Loss) Per Share

The Company computes basic loss per share ("EPS") by dividing loss available to common stockholders by the weighted average number of common shares outstanding for the reporting period. All securities that meet the definition of a participating security, irrespective of whether the securities are convertible, nonconvertible, or potential common stock securities, shall be included in the computation of basic EPS using the two-class method. However, when the different classes of units have identical rights and privileges except voting rights, whereby they share equally in dividends and residual net assets on a per unit basis, the classes can be combined and presented as one class for EPS purposes. As such, the Company has combined the Class A and Class C Common stock for purposes of the EPS calculation.

Diluted loss per share is calculated by dividing net loss by the weighted average number of common shares and dilutive common stock equivalents outstanding. During the periods when there are anti-dilutive, common stock equivalents, these are not considered in the computation. As of March 31, 2024, the Company's restricted stock units ("RSUs") and Warrants were not considered in the computation as they are anti-dilutive. As of March 31, 2024, there were no anti-dilutive shares or common stock equivalents outstanding.

Revenue Recognition

[1] Marketplace Revenues

E-commerce revenues

The Platform features a single cart shopping experience where consumers can purchase a variety of products from multiple vendors in one transaction. The Company is not the seller of record in these transactions. The commissions revenue earned from these arrangements are recognized on a net basis, which equates to the commission and processing fees earned in exchange for the seller marketplace services. The commission and processing fees are recognized net of estimated refunds when the corresponding transaction is confirmed by the buyer and seller. The Company does not take title to inventory sold or assume risk of loss at any point in time during the transaction and is authorized to collect consideration from the buyer and remit net consideration to the seller to facilitate the processing of the confirmed purchase transaction. The Company currently records processing fees from its merchant service providers as a component of Cost of revenues on the condensed consolidated statement of operations.

Advertising services

The Company enters into advertising subscription arrangements with its customers. Revenue is recognized over-time as the ads are displayed over the subscription period. The Company is providing a service and the service is being consumed by the customer simultaneously over the period of service. In general, the Company reports advertising revenue on a gross basis, since the Company controls the advertising inventory before it is transferred to our customers. Our control is evidenced by our sole ability to monetize the advertising inventory before it is transferred to customers.

The Company also sells push notifications and email blasts and recognizes revenue at a point in time when delivered. Push notifications and email blasts are considered delivered when an ad is displayed to users. When a customer enters into an advertising subscription arrangement that includes push notifications and/or email blasts, the Company allocates a portion of the total consideration to the push notification and email blast performance obligations based on the residual approach.

[2] Brand Sales

Product sales

The Company generates revenue through the sale of diapers and wipes to consumers by way of the Company's Platform and EveryLife's website. Additionally, EveryLife provides discounted products to non-profit organizations and other strategic partners through bulk sales at wholesale prices. The Company considers customer orders to be the contracts with the customer. There is a single performance obligation, which is the Company's promise to

transfer its product to customers based on specific payment and shipping terms in the arrangement. The entire transaction price is allocated to this single performance obligation. Product revenue is recognized when a customer obtains control of the product, which occurs at shipment. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products.

The Company evaluated principal versus agent considerations to determine whether it is appropriate to record third-party logistics provider fees paid as an expense. These fees are recorded as shipping and handling expenses within cost of goods sold and are not recorded as a reduction of revenue because the Company owns and controls all the goods before they are transferred to the customer. The Company can, at any time, direct the third-party logistics provider to return the Company's inventories to any location specified by the Company. It is the Company's responsibility to process any returns made by customers directly to logistic providers and the Company retains the back-end inventory risk. Further, the Company is subject to credit risk (i.e., credit card chargebacks), establishes prices of its products, fulfills the goods to the customer and can limit quantities or stop selling the goods at any time.

Product Returns

Consistent with industry practice, the Company generally offers customers a limited right of return for products purchased. The Company reviews its receivables quarterly and records a reserve, if necessary. As of March 31, 2024 and December 31, 2023, the Company had \$ 0 recorded as an allowance for sales returns.

[3] Financial Technology Revenues

Financing Revenues

The Company principally generates financing revenue from four activities: revenue from sale of loan and lease contracts, revenue from interest earned on loans, and revenue from retailer discounts and origination fees paid by lending institutions (direct revenue) earned in connection with providing financing on consumer goods. Revenue from leases is recognized over time when the Company satisfies a performance obligation based on the agreed upon financing terms. Revenue from the Company's sales of loans and leases is recognized at a point in time when the Company satisfies a performance obligation by transferring control of the loans to a third party. Interest on loans and leases is calculated by the simple-interest method on daily balances of the principal amount outstanding. Revenue from retailer discounts is recognized at a point in time when the Company satisfies performance obligations by purchasing the contract from the merchant in connection with a merchant-originated consumer financing product. Origination fees from lenders are recognized at the time of loan origination.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of 90 days or less at the time of purchase to be cash equivalents. The carrying values of cash and cash equivalents approximate their fair values due to the short-term nature of these instruments. The Company maintains cash accounts with financial institutions. At times, balances in these accounts may exceed federally insured limits. No losses have been incurred to date on any deposits.

Restricted cash

The Company has two Deposit Account Control Agreements ("DACA") with lenders. With these agreements, the Company assigned the rights to a collateral account to the lenders. The DACA accounts are utilized to collect the consumer payments on loans and leases. Funds are then distributed in accordance with the loan security agreement. Funds cover payments for servicing, interest on revolving loans, and paying down revolving loans.

Loans held for Investment, net

Loans are unsecured and are stated at the amount of unpaid principal. Interest on loans is calculated by the simple-interest method on daily balances of the principal amount outstanding. Accrued interest on loans is discontinued when management believes that, after considering collection efforts and economic and business conditions, the collection of interest is doubtful. The Company's policy is to stop accruing interest when the loan becomes 120 days' delinquent.

All interest accrued but not collected for loans that are placed on nonaccrual status or subsequently charged-off is reversed against interest income which is included in revenues, net on the condensed consolidated statements of operations. Income is subsequently recognized on the cash basis until, in management's judgment, the borrower's ability to make periodic and future principal and interest payments are reasonably assured, in which case the loan is returned to accrual status. The Company classifies its loans as either current or past due. Amounts are considered past due if a scheduled payment is not paid on its due date. The Company does not modify the terms of its existing loans with customers.

Allowance for credit losses – Loans held for investment

The Company identifies its portfolio segments and measures the allowance for credit losses based on similar economic risk characteristics. The allowance for credit losses for each portfolio is determined based on the Company's current estimate of expected credit losses over the remaining contractual term, adjusted for expected prepayments when appropriate, and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, consumer payment trends, estimates of recoveries, current economic conditions, and reasonable and supportable forecasts. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective evaluation.

Business Combinations

The Company evaluates whether acquired net assets should be accounted for as a business combination or an asset acquisition by first applying a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If so, the transaction is accounted for as an asset acquisition. If not, the Company applies its judgement to determine whether the acquired net assets meets the definition of a business by considering if the set includes an acquired input, process, and the ability to create outputs.

The Company accounts for business combinations using the acquisition method when it has obtained control. The Company measures goodwill as the fair value of the consideration transferred including the fair value of any non-controlling interest recognized, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at their fair value as of the acquisition date. Transaction costs, other than those associated with the issuance of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration ("Earn-out liabilities") is measured at fair value at the acquisition date. For contingent consideration that does not meet all

the criteria for equity classification, such contingent consideration is required to be recorded at their initial fair value at the acquisition date, and on each balance sheet date thereafter. Changes in the estimated fair value of liability-classified contingent consideration are recognized on the condensed consolidated statements of operations in the period of change.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the transaction occurs, the Company reports provisional amounts. Provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date. These adjustments, or recognition of additional assets or liabilities, reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Inventory

Inventory consists of finished goods and is stated at lower of cost or net realizable value. Cost is measured by using an adjusted standard cost method which approximates FIFO (first in, first out). The net realizable value of the Company's inventory is estimated based on current and forecasted demand, and market conditions. The allowance for excess and obsolete inventory requires management to make assumptions and to apply judgment regarding a number of factors, including estimates applying past and projected sales performance to current inventory levels. As of March 31, 2024 and December 31, 2023, no reserve for inventory has been recorded.

Goodwill and acquired intangible assets

Goodwill in the Company's condensed consolidated financial statements resulted from the Credova Merger, while the acquired intangible assets recorded in the Company's condensed consolidated financial statements resulted from both the EveryLife asset acquisition and the Credova Merger.

Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized as it is estimated to have an indefinite life. As such, goodwill is subject to an annual impairment test.

The Company allocates goodwill to reporting units based on the expected benefit from the business combination. Reporting units are evaluated when changes in the Company's operating structure occur, and if necessary, goodwill is reassigned using a relative fair value allocation approach.

Accounting Standards Codification ("ASC") 350- *Intangibles-Goodwill and Other* requires goodwill to be tested for impairment at least annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The Company elects to perform an annual impairment test of goodwill as of December 31 of each year. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Acquired identifiable finite-lived intangible assets are amortized on a straight-line basis over the estimated useful life of the respective asset. Each period the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. Acquired indefinite-lived intangible assets are not amortized but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the intangible asset may be impaired.

Capitalized Software

The Company capitalizes costs related to the development of its internal software and certain projects for internal use in accordance with ASC 350. The Company capitalizes costs to develop its mobile application and website when preliminary development efforts are successfully completed, management has authorized and committed project funding, it is probable that the project will be completed, and the software will be used as intended. Costs incurred during the preliminary planning and evaluation stage of the project and during the post implementation operational stage, including maintenance, are expensed as incurred. Costs incurred for enhancements that are expected to result in additional functionality are capitalized and expensed over the estimated useful life of the upgrades on a per project basis. Amortization is computed on an individual product basis over the estimated economic life of the product using the straight-line method. Software development costs expensed and not capitalized, which are included in research and development expense in the accompanying condensed consolidated statements of operations, were approximately \$ 39,000 and \$ 80,600 for the three months ended March 31, 2024, and 2023, respectively.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including intangible assets, capitalized software and lease assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured first by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are impaired, an impairment loss would be recognized based on the excess of the carrying amount of the asset above the fair value of the asset. No impairment of the Company's long-lived assets were recorded during the three months ended March 31, 2024 and 2023.

Convertible Promissory Notes

The Company may enter into convertible promissory notes, some of which contain predominantly fixed rate conversion features, whereby the outstanding principal and accrued interest may be converted by the holder, into common shares at a fixed discount to the market price of the common stock at the time of conversion. In this case, the convertible promissory notes represent a financial instrument other than an outstanding share that embodies a conditional obligation that the issuer must or may settle by issuing a variable number of its equity shares. The Company records the convertible note liability at its fixed monetary amount by measuring and recording a premium, as applicable, on the convertible notes date with a charge to expense in accordance with ASC-480 – *Distinguishing Liabilities from Equity*.

Warrant Liabilities

The Company evaluates all of its financial instruments, including issued share purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to ASC 815-40, *Derivatives and Hedging* ("ASC 815-40"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. The

Company accounts for the Public Warrants (as defined in Note 11) and the Private Placement Warrants (collectively, with the Public Warrants, the "Warrants") in accordance with the guidance contained in ASC 815-40 under which the Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, the Company classifies the Warrants as liabilities at their fair value and adjusts the Warrants to fair value at each reporting period. This liability is subject to re-measurement at each reporting period until exercised, and any change in fair value is recognized in the condensed consolidated statements of operations. The Warrants for periods where no observable traded price was available are valued using a binomial lattice model. For the Public Warrants, quoted market price will be used as the fair value as of each relevant date.

Leases

The Company determines if an arrangement is a lease at inception. For leases where the Company is the lessee, right-of-use ("ROU") assets represent the Company's right to use the underlying asset for the term of the lease and the lease liabilities represent an obligation to make lease payments arising from the lease. The Company's lease agreement contains rent escalation provisions, which are considered in determining the ROU assets and lease liabilities. The Company begins recognizing rent expense when the lessor makes the underlying asset available for use by the Company. Lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the lease term. Lease renewal periods are considered on a lease-by-lease basis in determining the lease term. The interest rate the Company uses to determine the present value of future lease payments is the Company's incremental borrowing rate because the rate implicit in the Company's leases is not readily determinable. The incremental borrowing rate is a hypothetical rate for collateralized borrowings in economic environments where the leased asset is located based on credit rating factors. The ROU asset is determined based on the lease liability initially established and adjusted for any prepaid lease payments and any lease incentives received. The lease term to calculate the ROU asset and related lease liability includes options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. Certain leases contain variable costs, such as common area maintenance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the condensed consolidated statements of operations.

Operating leases are included in the ROU assets and lease liabilities on the condensed consolidated balance sheets. The Company has no finance leases.

Share Based Compensation

The Company recognizes an expense for share-based compensation awards based on the estimated fair value of the award on the date of grant. For certain awards, the Company has determined that the service inception date precedes the grant date as (a) the awards were authorized prior to establishing an accounting grant date, (b) the recipients began providing services prior to the grant date, and (c) there are performance conditions that, if not met by the accounting grant date, will result in the forfeiture of the awards. As the service inception date precedes the accounting grant date, the Company recognizes share-based compensation expense over the requisite service period based on the fair value at each reporting date.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset, or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. There is a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The Company classifies fair value balances based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 - Inputs based on unadjusted quoted market prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar instruments in markets that are not active or for which all significant inputs are observable or can be corroborated by observable market data.
- Level 3 - Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. The inputs are both unobservable for the asset and liability in the market and significant to the overall fair value measurement.

In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. The Company establishes the fair value of its assets and liabilities using the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a fair value hierarchy based on the inputs used to measure fair value. The recorded amounts of certain financial instruments, including money markets classified as cash equivalents, accounts receivable, loans held for investment at fixed interest rates, accounts payable, accrued expenses, debt at fixed interest rates, and other liabilities approximate fair value due to their relatively short maturities.

The Company's policy is to record transfers between levels, if any, as of the beginning of the fiscal year. For the three months ended March 31, 2024 and 2023 no transfers between levels have been recognized.

Segment Reporting

Operating segments are defined as components of an entity for which separate discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources and in assessing performance. The Company has determined that the Company has three reportable segments comprised of Marketplace, Brands and Financial Technology.

Concentration of Risks

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents, and accounts receivable. Cash balances may exceed the FDIC insurance limit of \$ 250,000 . The Company has not experienced any losses in such accounts.

For the three months ended March 31, 2024 and 2023, no customer accounted for 10 % or more of the Company's revenue.

As of March 31, 2024 and December 31, 2023, no customer accounted for 10 % or more of the Company's accounts receivable.

Recent Accounting Pronouncements

The Company has assessed the adoption impacts of recently issued accounting standards by the Financial Accounting Standards Board on the Company's condensed consolidated financial statements as well as material updates to previous assessments, if any, to the Company's annual audited consolidated financial statements and notes thereto included in our Form 10-K for the year ended December 31, 2023.

Note 4 - Recapitalization

On July 19, 2023, the Company consummated the Business Combination, pursuant to the terms of the Merger Agreement dated February 27, 2023 with Colombier.

At Closing, pursuant to the terms of the Merger Agreement and after giving effect to the redemptions of Class A Common Stock, par value \$ 0.0001 per share, of Colombier (the "Colombier Class A Common Stock") by public stockholders of Colombier:

- all options, convertible notes, warrants and other rights to subscribe for or purchase any capital stock of PSQ or securities convertible into or exchangeable for, or that otherwise conferred on the holder any right to acquire, any capital stock of PSQ which remained outstanding and had not been exercised or did not convert automatically into shares of PSQ Common Stock (as defined below) prior to the effective time of the Merger (the "Effective Time") were cancelled without consideration;
- each share of PSQ Common Stock, par value \$ 0.001 per share ("PSQ Common Stock"), including shares of PSQ Common Stock issued upon conversion of outstanding convertible notes of PSQ that automatically converted into shares of PSQ Common Stock immediately prior to the completion of the Merger, in each case other than shares of PSQ Common Stock held by the CEO, was automatically converted into the right to receive 19.476836 shares of Class A Common Stock, par value \$ 0.0001 per share, of the Company ("Class A Common Stock"); and
- each share of PSQ Common Stock held by the Chief Executive Officer ("CEO") was automatically converted into the right to receive 19.476836 shares of Class C Common Stock, par value \$ 0.0001 per share, of the Company ("Class C Common Stock" and, together with Class A Common Stock, "Company Common Stock").

14

In addition to the right of holders' of PSQ Common Stock immediately prior to the Effective Time (the "PSQ Stockholders") to receive Class A Common Stock or Class C Common Stock, as applicable, in the Merger, PSQ Stockholders and certain executive officers, employees and service providers of PSQ (the "Deemed Equity Holders" and, together with the PSQ Stockholders, the "Participating Equity Holders") will be entitled to receive up to 3,000,000 shares of Class A Common Stock (the "Earnout Shares") in the event certain trading price-based metrics are satisfied during the five (5)-year period commencing on the date of the Closing and ending on the fifth anniversary thereof (the "Earnout Period"), or, if earlier, upon the occurrence of a change of control transaction (as defined in the Merger Agreement) during the Earnout Period with an implied per share price that exceeds the relevant trading price-based metrics. Specifically, Earnout Shares will be earned if one or more of the three (3) triggering events described below occurs:

- in the event that, and upon the date during the Earnout Period on which, the volume-weighted average trading price of Class A Common Stock quoted on the New York Stock Exchange ("NYSE") (or such other exchange on which the shares of Class A Common Stock are then listed) for any twenty (20) trading days within any thirty (30) consecutive trading day period (the "Earnout Trading Price") is greater than or equal to \$ 12.50 , the Participating Equity Holders will be entitled to receive an aggregate of 1,000,000 Earnout Shares;
- in the event that, and upon the date during the Earnout Period on which, the Earnout Trading Price is greater than or equal to \$ 15.00 , the Participating Equity Holders will be entitled to receive an aggregate of 1,000,000 additional Earnout Shares; and
- in the event that, and upon the date during the Earnout Period on which, the Earnout Trading Price is greater than or equal to \$ 17.50 , the Participating Equity Holders will be entitled to receive an aggregate of 1,000,000 additional Earnout Shares.

Each share of the Company's Class C Common Stock entitles its holder, initially the CEO, to a number of votes per share (rounded up to the nearest whole number) equal to (a) the aggregate number of outstanding shares of Class A Common Stock entitled to vote on the applicable matter as of the applicable record date plus 100, divided by (b) the aggregate number of outstanding shares of Class C Common Stock (the "Per Share Class C Voting Power"). As of the Closing Date, as a result of his ownership of 100 % of the outstanding Class C Common Stock, the CEO has approximately 52.62 % of the voting power of the Company, and the result of most matters to be voted upon by the Company's stockholders will be controlled by the CEO, who can base his vote upon his best judgment and his fiduciary duties to PSQ stockholders. Each share of Class C Common Stock held by the CEO may be converted by the CEO at any time into one (1) share of Class A Common Stock.

PSQ has been determined to be the accounting acquirer based on evaluation of the following facts and circumstances:

- PSQ's existing stockholders will have the ability to control decisions regarding election and removal of directors and officers of the Company;
- PSQ is the larger entity in terms of substantive operations and employee base;
- PSQ will comprise the ongoing operations of the Company; and
- PSQ's existing senior management will be the senior management of the Company.

Accordingly, the Business Combination was accounted for as a reverse recapitalization in accordance with U.S. GAAP. Under this method of accounting, although Colombier acquired all the outstanding equity interests of PSQ in the Business Combination, Colombier was treated as the "acquired" company and PSQ was treated as the accounting acquirer for financial statement reporting purposes. Accordingly, the Business Combination was treated as the equivalent of PSQ issuing stock for the net assets of Colombier, accompanied by a recapitalization. The net assets of Colombier were stated at historical cost, with no goodwill or other intangible assets recorded. Operations prior to the Business Combination will be those of PSQ.

15

Transaction Proceeds

Upon closing of the Business Combination, the Company received gross proceeds of \$ 34.9 million from the Business Combination, offset by total transaction costs of \$ 16.8 million. The following table reconciles the elements of the Business Combination to the condensed consolidated statements of

cash flows and the condensed consolidated statement of changes in stockholders' equity:

Cash-trust and cash, net of redemptions	\$ 34,938,880
Less: transaction costs and advisory fees, paid	(16,834,686)
Net proceeds from the Business Combination	18,104,194
Less: public and private placement warrant liabilities	(8,816,500)
Less: earn-out liabilities	(2,400,000)
Add: amounts paid in advance	2,570,919
Add: Transaction costs in accounts payable and accrued expenses	2,967,393
Reverse recapitalization, net	\$ 12,426,006

The number of shares of Common Stock issued immediately following the consummation of the Business Combination were:

Colombier Class A common stock, outstanding prior to the Business Combination	17,250,000
Less: Redemption of Colombier Class A common stock	(13,827,349)
Class A common stock of Colombier	3,422,651
Colombier Class B common stock, outstanding prior to the Business Combination	4,312,500
Business Combination shares	7,735,151
PSQ Shares	21,522,825
Common Stock immediately after the Business Combination	29,257,976

The number of PSQ shares was determined as follows:

	PSQ Shares	PSQ Shares after conversion ratio
Class A Common Stock	940,044	18,309,147
Class C Common Stock	165,000	3,213,678
Total	1,105,044	21,522,825

Public and private placement warrants

The Public Warrants issued in Colombier's Initial Public Offering ("IPO") and 5,700,000 warrants issued in connection with private placement at the time of Colombier's IPO (the "Private Placement Warrants") remained outstanding and became warrants for the Company (see Note 11).

Redemption

Prior to the closing of the Business Combination, certain Colombier public shareholders exercised their right to redeem certain of their outstanding shares for cash, resulting in the redemption of 13,827,349 shares of Colombier Class A common stock for an aggregate payment of \$ 141,151,432 .

Note 5 - Acquisitions

Credova

On March 13, 2024, the Company entered into an agreement and plan of merger (the "Credova Merger Agreement") with Cello Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary ("Merger Sub") Credova Holdings, Inc., a Delaware corporation ("Credova"), and Samuel L. Paul, in the capacity as the Seller Representative in accordance with the terms of the Credova Merger Agreement (the "Credova Merger").

Pursuant to the Credova Merger Agreement, on March 13, 2024, the transactions which are the subject of the Credova Merger Agreement were consummated and Merger Sub merged with and into Credova (the "Merger"), with Credova surviving as a wholly-owned subsidiary of PSQ. In connection with the Merger, each share of Credova's equity was converted into the right to receive newly-issued shares of PSQ Class A common stock ("Class A Common Stock"), and was delivered to the Credova stockholders at the closing ("Credova Stockholders").

Credova Merger Consideration

As consideration for the Credova Merger, Credova stockholders received 2,920,993 newly-issued shares of Class A Common Stock (the "Consideration Shares"). A number of Consideration Shares equal to ten percent (10 %) of the Consideration Shares (the "Escrow Shares") was placed in an escrow account for indemnity claims made under the Credova Merger Agreement. Assuming they are not subject to indemnity claims, the Escrow Shares remaining in escrow upon the 12-month anniversary of the closing will be released and distributed pro rata to the former stockholders of Credova.

The acquisition of Credova was accounted for as a business combination using the acquisition method pursuant to FASB ASC Topic 805. As the acquirer for accounting purposes, the Company estimated the purchase price, assets acquired and liabilities assumed as of the acquisition date, with the excess of the purchase price over the fair value of net assets acquired recognized as goodwill.

The Company is in the process of finalizing the allocation of the purchase price. As a result, the fair value estimates assigned to intangible assets, goodwill and the related tax impacts of the acquisition, among other items, are preliminary and subject to change as additional information is received to complete the analysis, including final adjustments to loans held for investment, intangible assets, and certain net working capital accounts. The Company expects to finalize the valuation as soon as practicable, but no later than one year after the acquisition date. The preliminary purchase price allocation as of the acquisition date is presented as follows:

	March 13, 2024
Purchase consideration:	
Common Stock, at fair value	\$ 14,137,606
Assumption of notes payable	8,449,500
Cash paid	1,587,184
Total purchase consideration	\$ 24,174,290

Purchase price allocation:	
Cash	\$ 1,728,400
Loans held for investment	7,027,678
Fixed assets	243,879
Intangible assets	11,720,000
Prepaid expenses	1,269,933
Goodwill	10,930,978
Operating lease right of use asset	341,121
Accounts payable and other current liabilities	(3,430,171)
Lease liability	(341,121)
Revolving line of credit	(5,316,407)
Fair value of net assets acquired	\$ 24,174,290

The preliminary excess of purchase consideration over the fair value of net tangible and identifiable intangible assets acquired was recorded as goodwill and is primarily attributed to the synergies expected from expanded market opportunities when integrating the acquired developed technologies with the Company's offerings as well as acquiring an assembled workforce. The goodwill balance is not deductible for income tax purposes.

Acquisition-related costs of \$ 2.3 million associated with the Credova Merger were included in general and administrative expenses in the condensed consolidated statement of operations for the three months ended March 31, 2024.

Since the acquisition date, \$ 0.4 million of revenue and \$ 0.3 million of net loss have been included in the condensed consolidated statement of operations for the three months ended March 31, 2024.

The following table sets forth the preliminary components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition (in years):

	Fair value	Useful life
Trademarks and Tradenames	\$ 1,700,000	5
Internally developed software	3,600,000	3
Merchant relationships	5,900,000	5
State operating licenses	520,000	Indefinite
Total intangible assets	\$ 11,720,000	

The following unaudited supplemental pro forma combined financial information presents the Company's combined results of operations for the three months ended March 31, 2024 and 2023 as if the Credova Merger had occurred on January 1, 2023. The pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the Company's operating results that may have occurred had the Credova Merger been completed on January 1, 2023. In addition, the unaudited pro forma financial information does not give effect to any anticipated cost savings, operating efficiencies or other synergies that may be associated with the merger, or any estimated costs that have been or will be incurred by the Company to integrate the assets and operations of Credova.

	Three months ended March 31, 2024	Three months ended March 31, 2023
Revenue	\$ 6,379,454	\$ 4,016,956
Net loss	\$ (11,263,956)	\$ (10,698,352)

The unaudited pro forma financial information reflects pro forma adjustments to present the combined pro forma results of operations as if the acquisition had occurred on January 1, 2023 to give effect to certain events the Company believes to be directly attributable to the acquisition. These pro forma adjustments primarily include:

- (i) the elimination of Credova historical depreciation and amortization expense and the recognition of new depreciation and amortization expense;
- (ii) an adjustment to present acquisition-related transaction costs and other one-time costs directly attributable to the acquisition as if they were incurred in the earliest period presented; and
- (iii) the related income tax effects of the adjustments noted above, as applicable.

EveryLife

In February 2023, the Company acquired the assets of EveryLife, by way of a stock for stock exchange. Pursuant to that agreement, the Company acquired a brand name in exchange for 1,071,229 shares of the Company's common stock. Through the stock for stock exchange agreement, the Company acquired EveryLife's marketing related intangibles which consist of a brand name. On July 13, 2023, the Company launched the brand and began generating revenue from sales of diapers and wipes from this operation.

This acquisition was accounted for as an asset purchase. The cost of a group of assets acquired in an asset acquisition shall be allocated to the individual assets acquired or liabilities assumed based on their relative fair values and shall not give rise to goodwill.

The following table presents the acquisition date fair value of the asset acquired:

Assets acquired:	
Balance - January 1, 2023	\$ -
Issuance of common stock at fair value	1,334,850
Legal costs capitalized	42,611
Balance – December 31, 2023	\$ 1,377,461

Note 6 - Goodwill and Intangible Assets, Net

Goodwill as of March 31, 2024 was \$ 10,930,978 , which resulted from the Credova Merger (See Note 5) and is included in the Financial Technology segment.

The following table summarizes intangible assets, net:

	Useful Life	March 31, 2024	December 31, 2023
Capitalized software development costs	1 - 5 years	\$ 5,708,407	\$ 5,011,519
Trademark and tradenames	5 years	1,700,000	-
Internally developed software	3 years	3,600,000	-
Merchant relationships	5 years	5,900,000	-
State operating licenses	Indefinite	520,000	-
Purchased technology	1 - 15 years	247,489	247,489
Brand name	10 years	1,377,461	1,377,461
Total intangible assets		19,053,357	6,636,469
Less: Accumulated amortization		(3,294,659)	(3,079,440)
Total intangible assets, net		\$ 15,758,698	\$ 3,557,029

Amortization expenses were approximately \$ 287,000 and \$ 545,000 for the three months ended March 31, 2024 and 2023, respectively.

As of March 31, 2024, estimated future amortization expense is expected as follows:

Remainder of 2024	\$ 2,603,454
2025	3,469,343
2026	3,469,343
2027	2,513,198
2028	2,152,340
Thereafter	1,031,020
	\$ 15,238,698

Note 7 – Loans Held for Investment, Net

The Company classifies its loans as either current or past due. The following reflects the credit quality of the Company's loans held for investment, as delinquency status has been identified as the primary credit quality indicator, based on the recorded amount of the receivable in delinquent status.

The following reflects the credit quality of the Company's loans receivable as of March 31, 2024 :

	Past Due				Total
	Current	30-59 Days	60-89 days	> 90 days	
Loans receivable	\$ 7,508,486	\$ 115,436	\$ 82,104	\$ 49,873	\$ 7,755,899
Allowance for credit losses					(1,073,581)
Loans receivable, net					\$ 6,682,318

These loans have a variety of lending terms as well as original maturities ranging from six weeks to thirty-six months, with the large majority of the Company's loans having a term of approximately two years. The average remaining life of the Company's loans was approximately 12 months as of March 31, 2024. Given that the Company's loan portfolio focuses on unsecured installment loans, the Company evaluates the portfolio as a single homogeneous loan portfolio, and performs further analysis by product type as needed.

The Company closely monitors credit quality for its loans held for investment to manage and evaluate exposure to credit risk. Credit risk management begins with initial underwriting, where a consumer is assessed based on the Company's underwriting and credit policy. This includes Know Your Customer ("KYC") identification, traditional credit scoring models, various Fair Credit Reporting Act ("FCRA") permissible consumer credit and risk data. Credit quality is monitored subsequent to underwriting based on performance metrics that include, but are not limited to, delinquency and default metrics. The Company uses software that monitors credit quality of the respective portfolio and performs analysis on credit data.

The changes in allowance for credit losses on loans held for investment as of March 31, 2024 is as follows:

Balance at January 1, 2024				
Balance acquired from Credova Merger				\$ 1,130,515
Charge-offs				(93,894)
Provision for credit losses				36,960
Balance at March 31, 2024				\$ 1,073,581

Note 8 - Revolving Line of Credit

The Company assumed a \$ 10,000,000 revolving loan with a finance company through the Credova Merger (Note 5) which bears interest at a rate of 15 % and requires minimum monthly interest payments. The funding termination date is June 30, 2024.

The revolving loan will go into amortization period beginning July 1, 2024, in accordance with the Amended and Restated Loan Security Agreement. Monthly remittance remains in effect with a borrowing base calculation. During the amortization period, the Company will repay the aggregate outstanding advances until such aggregate outstanding advances do not exceed the borrowing base, and then one-hundred percent (100 %) of the remaining collections until the aggregate outstanding advances have been reduced to zero.

The revolving line of credit maturity date is subsequent to the revolving period, that is the earlier of: (a) nine (9) months following the funding termination date (June 30, 2024) and (b) the remittance date on which the aggregate outstanding advances are \$ 1,000,000 or below.

Certain assets at Credova are assigned as collateral. The total amount that can be borrowed under the loan is reduced to the amount of the borrowing base if that amount is lower. The borrowing base is based upon a percentage of eligible receivables which are valued as the outstanding principal amount, less adjustments for loans held for investment that are more than thirty-one days but no more than sixty days past due. For calculating the borrowing base, receivables more than sixty days past due are excluded.

As of March 31, 2024, the outstanding advances under this revolving loan totaled \$ 5,100,542 .

Note 9 - Convertible Promissory Notes

On March 13, 2024, the Company entered into a note purchase agreement for a 9.75 % private placement convertible note for \$ 10,000,000 invested by a board member and his affiliates. Terms for the note were priced based on notes exchanged as part of the Credova Merger. The Company's stockholders have approved the issuance of the underlying shares as part of the annual stockholder meeting in April 2024 and the funds were received May 3, 2024.

Promissory Note Exchange

Prior to the execution of the Credova Merger Agreement, Credova, PSQ and certain holders of outstanding subordinated notes ("Subdebt Notes") issued by Credova (the "Participating Noteholders") entered into a Note Exchange Agreement (the "Note Exchange Agreement") pursuant to which, immediately prior to the Closing, the Participating Noteholders delivered their Subdebt Notes of Credova for cancellation, in exchange for newly-issued replacement notes issued by PSQ, convertible into shares of Class A Common Stock (the "Replacement Notes"). The Replacement Notes have 9.75 % simple interest per annum and 10 year maturity dates.

Pursuant to the terms of the Replacement Notes, at any time after the Closing, Participating Noteholders may elect to convert their Replacement Notes into a number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the outstanding principal amount of the Replacement Note to be converted plus accrued and unpaid interest by (y) 4.63641 , subject to adjustment for stock splits and other similar transactions (the "Conversion Price"). At any time, the Company may call the Replacement Notes for a cash amount equal to accrued interest plus (i) between the Closing and the first anniversary of the Closing, 120 % of the then outstanding principal amount, (ii) between the first anniversary and the second anniversary of the Closing, 105 % of the then outstanding principal amount and (iii) after the second anniversary of the Closing, the then outstanding principal amount of the Replacement Note. Further, the Replacement Notes permit the Company, in its discretion, to require conversion of the Replacement Notes into shares of Class A Common Stock if the daily volume-weighted average trading price of the Company Class A Common Stock exceeds 140 % of the Conversion Price on each of at least ten consecutive trading days during the twenty trading day period prior to notice of such required conversion. The Company determined the embedded derivatives did not require bifurcation.

Credova Subdebt Notes not exchanged for Replacement Notes at Closing were cancelled following payment in full in cash.

As of March 31, 2024, the convertible promissory notes payable was \$ 8,449,500 .

Convertible Promissory Notes

In March 2023, the Company issued convertible promissory notes (the "Note" or "Notes") in the total amount of \$ 2,050,000 that accrue interest at the rate of 5 % per annum until converted or paid in full upon maturity being December 31, 2024.

20

As described in Note 1, on July 19, 2023, the Company consummated the Business Combination and became a publicly-traded company at which time the balance under each Note converted automatically into shares of PSQ Common Stock at a conversion price per share based upon an implied \$ 100 million fully diluted pre-money valuation, excluding the Notes.

The Notes are required to be recorded at their initial fair value on the date of issuance under ASC 480-10-25-14, and each balance sheet date thereafter. Changes in the estimated fair value of the Notes are recognized as non-cash gains or losses in the condensed consolidated statements of operations.

The change in the fair value of the Notes measured with Level 3 inputs for the three months ended March 31, 2023 are summarized as follows:

	Convertible Promissory Notes
Fair value as of January 1, 2023	\$ -
Principal balance of convertible notes issued	2,050,000
Change in valuation inputs or other assumptions	1,147,905
Fair value as of March 31, 2023	\$ 3,197,905

The following table provides quantitative information regarding Level 3 fair value measurements inputs at their measurement dates:

Exercise price	\$ -
Risk-Free Rate	4.06%
Maturity (in years)	2.0
Volatility	75%

Note 10 - Leases

Since inception, the Company has entered into four leases for office suites in California and Florida, two were short-term and two leases were long-term and expire in 2024 and 2025. Termination of the any lease is prohibited unless there is a violation under the lease agreement. The California lease has escalating payments from \$ 15,538 per month to \$ 16,004 per month, while the Florida lease has payments of \$ 16,457 per month for the term of the lease. In determining the length of the lease term, the Company determined there was no embedded extension option. At lease commencement date, the Company estimated the lease liability and the right-of-use assets at present value using the Company's estimated incremental borrowing rate of 10.5 %.

In conjunction with the Credova Merger, the Company acquired a lease agreement for its corporate office in Montana which had a commencement date of May 2022 and contains annual rent increases through April 2027. There is no purchase option or transfer of title of the leased premises at the end of the lease. The Company is responsible for all expenses, maintenance and taxes on the leased premises during the lease term. The Company has the option to renew the lease for an additional five-year period at prevailing rental rates at that time. In determining the length of the lease term, the Company

did not include the optional renewal as on commencement date that renewal was not probable. At acquisition date, the Company estimated the lease liability and the right-of-use assets at present value using the Company's estimated incremental borrowing rate of 9.75 %.

Rent expense under the operating leases included in the results of operations, inclusive of common area maintenance charges, utilities, and real estate taxes, was approximately \$ 114,000 and \$ 50,000 for the three months ended March 31, 2024 and 2023, respectively.

The following amounts were recorded in the Company's condensed consolidated balance sheets relating to its operating lease and other supplemental information:

	March 31, 2024	December 31, 2023
ROU assets	\$ 570,585	\$ 324,238
Lease liabilities:		
Current lease liabilities	\$ 327,884	\$ 310,911
Non-current lease liabilities	244,818	16,457
Total lease liabilities	\$ 572,702	\$ 327,368
Other supplemental information:		
Weighted average remaining lease term	2.2 years	1 year
Weighted average discount rate	10.0%	10.50%

21

The following table presents the lease payments relating to the Company's operating leases:

Fiscal Year	March 31, 2024
Remainder of 2024	\$ 322,078
2025	144,273
2026	131,196
2027	44,112
Total lease payments	641,659
Less: imputed interest	(68,957)
Present value of operating lease liabilities	\$ 572,702

Note 11 - Warrant Liabilities

As part of Colombier's IPO, Colombier issued warrants to third-party investors where each whole warrant entitles the holder to purchase one share of the Company's common stock at an exercise price of \$ 11.50 per share (the "Public Warrants"). Simultaneously with the closing of the IPO, Colombier completed the private sale of warrants where each warrant allows the holder to purchase one share of the Company's common stock at \$ 11.50 per share. As of March 31, 2024 and December 31, 2023, there were 5,750,000 Public Warrants and 5,700,000 Private Placement warrants outstanding.

These warrants expire on the fifth anniversary of the Business Combination or earlier upon redemption or liquidation and are exercisable commencing 30 days after the Business Combination, provided that the Company has an effective registration statement under the Securities Act covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their warrants on a cashless basis under the circumstances specified in the warrant agreement) and registered, qualified or exempt from registration under the securities, or blue sky, laws of the state of residence of the holder.

Once the warrants become exercisable, the Company may redeem the outstanding warrants:

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

22

The Public Warrants and Private Placement Warrants are recognized as derivative liabilities in accordance with ASC 815. Accordingly, the Company recognized the warrant instruments as liabilities at fair value as of the Closing Date, with an offsetting entry to additional paid-in capital and adjusts the carrying value of the instruments to fair value through other income (expense) on the condensed consolidated statement of operations at each reporting period until they are exercised. As of March 31, 2024 and December 31, 2023, the fair value of the Public Warrants and Private Placement Warrants liabilities are presented within warrant liabilities on the condensed consolidated balance sheet.

Note 12 - Related Parties

On March 13, 2024, the Company entered into a note purchase agreement for a 9.75 % private placement convertible note for \$ 10,000,000 invested by a board member and his affiliates. Terms for the note were priced based on notes exchanged as part of the Credova Merger. The Company's stockholders have approved the issuance of the underlying shares as part of the annual stockholder meeting in April 2024 and the funds were received May 3, 2024.

On August 25, 2023, the Company and its former Chief Operating Officer ("Former COO") entered into a separation and release of claims agreement (the "Separation Agreement") providing for the Former COO's departure from his position to pursue other business opportunities. The effective date of the Former COO's departure was August 25, 2023 (the "Separation Date"). Pursuant to the Separation Agreement, the Former COO is entitled to receive

continued payment of his 2023 annual base salary for a period of 12 months, subject to his compliance with the Separation Agreement, including a release of claims in favor of the Company, certain restrictive covenants described below and the forfeiture to the Company by the Former COO of 1,704,223 shares of the Company's Class A common stock. In addition, the Separation Agreement provides that the Former COO will not be granted further equity of the Company, including restricted stock units or earnout compensation; however, the Former COO remains eligible to receive certain earnout compensation as a former shareholder of PublicSq. Inc. Subject to eligibility, the Separation Agreement provides for continued payment by the Company of the Company's share of COBRA premiums for the Former COO's health benefit coverage for a period of up to 12 months following the Separation Date. The Separation Agreement also provides for, among other things, non-disclosure and non-solicitation obligations applicable to the Former COO and mutual non-disparagement obligations.

In August 2023, the Company signed a one-year strategic consulting agreement with a consulting company that is controlled by a board member. The consulting company was engaged by the Company to provide strategic advice and assistance to the Company in connection with capital markets strategy, acquisition strategy, investor relations strategy, and other strategic matters for a fixed fee of \$ 80,000 per month plus expenses. As of January 1, 2024, the monthly amount was amended from \$ 80,000 to \$ 60,000 a month. As of March 31, 2024, the Company has incurred and paid \$ 540,000 relating to this agreement. In December 2023 the Company entered into a letter agreement (the "Letter Agreement") with the same consulting company to engage the consulting company as an advisor to the Company in connection with the Credova Merger. The term of the Letter Agreement was the earlier of twelve (12) months from the date of the agreement or the consummation of the Credova Merger, which occurred on March 13, 2024. As consideration, the consulting company received \$ 150,000 paid at the closing of the Credova Merger and 183,349 Class A Common Stock, for a value of \$ 887,809 , in the Company with respect to the Credova Merger. In April 2024, the Company entered into second letter agreement (the "Second Letter Agreement") (see Note 17).

In June 2023, the Company signed a consulting agreement with a board member to provide advisory services to EveryLife. In exchange the board member receives \$ 10,000 per month and 40,000 RSUs that vest at the completion of the consulting agreement (the "C6 — EveryLife Consulting Agreement"). On November 29, 2023, the Company entered into a new consulting agreement (the "November 2023 C6 Consulting Agreement") with the same board member, through his consulting company, C6 Creative Consulting, Inc. In connection with the execution of the November 2023 C6 Consulting Agreement, the C6 — EveryLife Consulting Agreement was terminated. Pursuant to the November 2023 C6 Consulting Agreement, the board member receives \$ 30,000 per month and was granted 120,000 RSUs, subject to approval by the Company's board, in connection with consulting services provided to the Company, including in regard to outreach, marketing and growth initiatives for the Company and EveryLife. Pursuant to the consulting agreement, 30,000 RSUs vested on January 31, 2024, 60,000 RSUs were to vest on May 3, 2024, and 30,000 RSUs will vest on November 1, 2024. On February 27, 2024, the November 2023 C6 Consulting Agreement was amended to reduce the monthly fee from \$ 30,000 to \$ 15,000 , and to remove the RSU grant of the 60,000 RSUs set to vest on May 3, 2024. As of March 31, 2024, the Company has incurred and paid \$ 281,086 relating to this agreement.

Note 13 - Share Based Compensation

On July 25, 2023, the Board of Directors of the Company approved the PSQ Holdings, Inc. 2023 Stock Incentive Plan as well as the 2023 Employee Stock Purchase Plan, whereby it may grant to certain employees, consultants and advisors an award, such as (a) incentive stock options, (b) non-qualified stock options, (c) restricted stock and (d) RSUs, of the Company.

2023 Stock incentive plan

Awards may be made under the Plan for up to such number of shares of Class A Common Stock of the Company as is equal to the sum of:

(A) a number of shares of Class A Common Stock equal to fifteen percent (15 %) of the outstanding shares of all classes of Company Common Stock, determined immediately following the closing of the Merger Agreement.

(B) an annual increase to be added on the first day of each fiscal year, commencing on January 1, 2024 and continuing for each fiscal year until, and including, January 1, 2033, equal to the lesser of (i) 5 % of the outstanding shares of all classes of Company Common Stock on such date and (ii) the number of shares of Class A Common Stock determined by the Board.

2023 Employee Stock Purchase plan

The purpose of this plan is to provide eligible employees opportunities to purchase shares of the Company's Class A Common Stock. For this purpose, the Board approved 600,000 shares of Class A Common Stock, plus an annual increase to be added on the first day of each fiscal year, commencing on January 1, 2024 and continuing for each fiscal year until, and including, January 1, 2033, equal to the least of (i) 425,000 shares of Class A Common Stock, (ii) 1 % of the outstanding shares of all classes of Company common stock, \$ 0.0001 par value per share, on such date and (iii) a number of shares of Class A Common Stock determined by the Board.

Restricted Stock Units

There were no RSUs granted during the three months ended March 31, 2023. During the three months ended March 31, 2024, the Company issued RSU's under the 2023 Stock Incentive Plan to employees, advisors, and board of directors. Each RSU entitles the recipient to one share of our common stock upon vesting. The Company measures the fair value of RSUs using the stock price on the date of grant.

Share-based compensation expense for RSUs is recorded ratably over their vesting period.

A summary of the activity with respect to, and status of, RSUs during the three-month period ended March 31, 2024 is presented below:

	Number of RSUs	Weighted Average Grant Date Value
Unvested as of January 1, 2024	1,655,542	\$ 9.61
Granted	2,276,710	8.10
Forfeited	(108,000)	10.12
Vested	(638,629)	6.91
Unvested as of March 31, 2024	3,185,623	\$ 8.93

As of March 31, 2024 and December 31, 2023 there were 4,673,705 and 2,354,989 RSUs outstanding, respectively.

As of March 31, 2024, unrecognized compensation cost related to the grant of RSUs was approximately \$ 22.5 million. Unvested outstanding RSUs as of March 31, 2024 had a weighted average remaining vesting period of 2.59 years.

Share based compensation relating to earn-out

In accordance with ASC 718, these are awards granted with a market condition. The effect of this market condition was reflected in the grant-date fair value of an award. The fair value of the earnout shares was estimated using a Monte Carlo simulation utilizing assumptions related to the contractual term of the instruments, estimated volatility of the price of the Common Stock and current interest rates. Below are the key assumptions used in valuing the earnout shares:

	As of 7/19/2023
PSQH Stock Price	\$ 9.08
Volatility	40.0%
Risk free rate of return	4.6%
Expected term (in years)	4.8 years

As of March 31, 2024, the Company recorded \$ 914,063 of share-based compensation expense, related to the earnout shares. As of March 31, 2024, unrecognized compensation cost related to the earnout shares was approximately \$ 14,960,000 .

During the three months ended March 31, 2024, the Company recorded the following share-based compensation expense, related to RSUs, earnout shares and Credova Merger:

	For the three March 31, 2024
Cost of sales	\$ 23,974
General and administrative expenses	2,638,132
Research and development	321,115
Sales and marketing	2,015,793
Transaction costs incurred in connection with Credova Merger	887,409
	\$ 5,886,423

Note 14 - Fair Value Measurements

The Company accounts for certain assets and liabilities at fair value and classify these assets and liabilities within the fair value hierarchy (Level 1, Level 2, or Level 3).

Assets and liabilities subject to fair value measurements are as follows:

	As of March 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents - Money market	\$ 4,706,965	\$ -	\$ -	\$ 4,706,965
Liabilities				
Warrant liabilities - Public Warrants	\$ 3,737,500	\$ -	\$ -	\$ 3,737,500
Warrant liabilities - Private placement warrants ⁽¹⁾	-	-	4,161,000	4,161,000
Earnout liabilities ⁽²⁾	-	-	540,000	540,000
Total liabilities	\$ 3,737,500	\$ -	\$ 4,701,000	\$ 8,438,500

	As of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and cash equivalents - Money market	\$ 10,301,371	\$ -	\$ -	\$ 10,301,371
Liabilities				
Warrant liabilities - Public Warrants	\$ 4,715,000	\$ -	\$ -	\$ 4,715,000
Warrant liabilities - Private placement warrants ⁽¹⁾	-	-	5,415,000	5,415,000
Earnout liabilities ⁽²⁾	-	-	660,000	660,000
Total liabilities	\$ 4,715,000	\$ -	\$ 6,075,000	\$ 10,790,000

(1) Public Warrants and Private Placement Warrants were estimated using a Black-Scholes option pricing model utilizing assumptions related to the contractual term of the instruments, estimated volatility of the price of the Common Stock and current interest rates.

(2) The fair value of the earn-out liabilities was estimated using Monte Carlo simulation utilizing assumptions related to the contractual term of the instruments, estimated volatility of the price of the Common Stock and current interest rates.

The following table presents the changes in fair value of the private placements warrants:

	For the three months ended March 31, 2024
Liability at January 1, 2024	\$ 5,415,000
Change in fair value	(1,254,000)

The following table presents the changes in fair value of the earn-out liabilities:

	For the three months ended March 31, 2024
Liability at January 1, 2024	\$ 660,000
Change in fair value	(120,000)
Balance as of March 31, 2024	<u><u>\$ 540,000</u></u>

Note 15 - Segments

The Company routinely evaluates whether its operating and reportable segments continue to reflect the way the CODM evaluates the business. The determination is based on: (1) how the Company's CODM evaluates the performance of the business, including resource allocation decisions, and (2) whether discrete financial information for each operating segment is available. The Company considers the chief executive officer to be its CODM.

As of March 31, 2024, the Company's operating and reportable segments include:

- **Marketplace:** PSQ has created a marketplace platform to access consumers that are drawn to patriotic values. The Company generates revenue from advertising and e-commerce transaction revenues.
- **Brands:** Our wholly owned brand is EveryLife, Inc., which generates revenue from online and wholesale sales of diapers and wipes.
- **Financial Technology:** Our wholly owned subsidiary is Credova Holdings, Inc., which generates revenue primarily through four activities: revenue from sale of loan contracts, revenue from interest earned on loans and leases, revenue from retailer discounts and origination fees paid by lending institutions (direct revenue) earned in connection with providing financing on consumer goods.

The CODM measures and evaluates the Company's performance based on segment gross revenue, segment gross profit margin and segment operating income, before interest, taxes, depreciation, and amortization ("EBITDA"). Adjusted EBITDA is defined as earnings (loss) from operations less depreciation and amortization, share based compensation and transaction costs. Earnings (loss) from operations excludes interest, interest expense, (gain) loss on sale of equipment, change in fair value of financial instruments and other expenses. The Company believes that Adjusted EBITDA is an appropriate measure for evaluating the operating performance of the Company's business segments because it is the primary measure used by the Company's chief operating decision maker to evaluate the performance of and allocate resources to the Company's businesses.

Segment performance, as defined by the Company, is not necessarily comparable to other similarly titled captions of other companies.

The following tables set forth the Company's revenues, net and adjusted EBITDA for the three months ended March 31, 2024 and 2023:

	For the three months ended March 31,	
	2024	2023
Revenues, net:		
Marketplace		
Advertising and e-commerce sales	\$ 945,471	\$ 378,034
Brands		
Product sales	2,350,510	-
Returns and discounts	(207,101)	-
Total Brands revenues, net	<u>2,143,409</u>	<u>-</u>
Financial Technology		
Direct revenue	154,607	-
Interest income on loans and leases	139,398	-
Loan and lease contracts sold, net	83,004	-
Total Financial Technology revenues, net	<u>377,009</u>	<u>-</u>
Total revenues, net	<u>\$ 3,465,889</u>	<u>\$ 378,034</u>

	March 31, 2024				March 31, 2023	
	Marketplace	Brands	Financial Technology	Total	Marketplace	Total
Revenues, net	\$ 945,471	\$ 2,143,409	\$ 377,009	\$ 3,465,889	\$ 378,034	\$ 378,034
Segment cost of revenue	(507,615)	-	(90,746)	(598,361)	(362,973)	(362,973)
Segment cost of goods sold	\$ -	\$ (1,391,408)	\$ -	\$ (1,391,408)	\$ -	\$ -
Segment Gross Profit	\$ 437,856	\$ 752,001	\$ 286,263	\$ 1,476,120	\$ 15,061	\$ 15,061
Segment Gross Profit Margin %	46%	35%	76%	43%	4%	4%
Adjusted EBITDA	\$ (6,827,402)	\$ (362,613)	\$ (128,731)	\$ (7,318,746)	\$ (4,991,346)	\$ (4,991,346)
Depreciation and amortization	\$ 143,563	\$ 35,245	\$ 117,789	\$ 296,597	\$ 545,337	\$ 545,337

	For the three months ended March 31,	
	2024	2023

Adjusted EBITDA:

Marketplace adjusted EBITDA	\$ (6,827,402)	\$ (4,991,346)
Brands adjusted EBITDA	(362,613)	-
Financial Technology adjusted EBITDA	(128,731)	-
Total adjusted EBITDA	(7,318,746)	(4,991,346)
Transaction costs incurred in connection with acquisitions	(2,293,594)	-
Share-based compensation (exclusive of what is included in transaction costs above)	(4,999,014)	-
Depreciation and amortization	(296,597)	(545,337)
Other income, net	103,379	5,138
Change in fair value of warrant liabilities	2,231,500	-
Change in fair value of earnout liabilities	120,000	-
Change in fair value of convertible notes	-	(1,147,905)
Income tax benefit (expense)	419	(189)
Interest expense, net	(124,178)	(8,001)
Net loss	\$ (12,576,831)	\$ (6,687,640)

No asset information has been disclosed as the CODM does not regularly review asset information by reportable segment.

Note 16 - Commitments and Contingencies

Advertising Commitment

In October 2023, the Company entered into a one-year advertising agreement with a media group for the purpose of promoting the Company and its services on a national platform. In connection with this agreement, the Company has committed to pay \$ 1,000,000 in six equal installments of \$ 166,667 .

As of March 31, 2024, the Company has completed one of the six installments, for total amount paid of \$ 166,667 .

Other Legal Matters

From time to time in the ordinary course of business, the Company may be subject to various claims, charges, and litigation. At March 31, 2024 and December 31, 2023, the Company did not have any pending claims, charges or litigation that were expected to have a material adverse impact on its financial position, results of operations or cash flows.

Note 17 - Subsequent Events

The Company has evaluated and recognized or disclosed subsequent events, as appropriate, from the condensed consolidated balance sheet date through the date the condensed consolidated financial statements were available to be issued.

In April 2024, the Company entered into a second letter agreement with the same strategic consulting company to engage the consulting company as an advisor to the Company in connection with potential acquisitions (see Note 12). The term of the Letter Agreement was the earlier of twelve (12) months from the date of the agreement or the consummation of an acquisition. As consideration, the consulting company will receive 1.5 % of the total consideration paid for an acquisition.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes hereto included in Part I, Item 1 of this quarterly report on Form 10-Q and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2024. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified below, and those discussed in "Item 1A. Risk Factors" of our Annual Report on Form 10-K for the year ended December 31, 2023, in "Item 1A. Risk Factors" in Part II of this Quarterly Report on Form 10-Q and in any subsequent filing we make with the SEC.

Unless the context otherwise requires, references in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" to "PSQ," "we," "us," "our," and the "Company" are intended to refer to (i) following the Business Combination, the business and operations of PSQ Holdings, Inc. and its consolidated subsidiaries, and (ii) prior to the Business Combination, Private PSQ (the predecessor entity in existence prior to the consummation of the Business Combination) and its consolidated subsidiaries.

Cautionary Note Regarding Forward-Looking Statements

This report, including, without limitation, statements under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations," includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act. These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, the future financial performance of the company, our growth plans and opportunities, our financial performance, our ability to raise additional funds, and any other statements that are not statements of current or historical facts.

The forward-looking statements contained in this report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in our registration statement on Form S-1 (File No. 333-273830), which are incorporated by reference herein. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable law. These risks and others described under "Risk Factors" may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or

may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this report. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods.

Overview

PublicSquare is a holding company that strategically unites key products and services, forming the backbone of the parallel economy's ecosystem via its three core segments (further defined as "Marketplace", "Financial Technology", and "Brands"). The primary mission of the Marketplace segment is to help consumers 'shop their values' and put purpose behind their purchases. PublicSquare leverages data and insights from the Marketplace to assess its customers' needs and provide wholly-owned quality financial products and brands. PublicSquare's Financial Technology segment consists of a consumer financing company focusing on the outdoor sports and shooting industry. PublicSquare's Brands segment consists of direct-to-consumer ("D2C") consists of a premium life-affirming baby products company, as well as business services.

We incorporated PSQ Holdings, Inc. in February of 2021, began development of our digital platform (mobile app and website) in May 2021 and launched our initial product regionally in San Diego County, California in October 2021 on iOS, Android and on our website. After 10 months of testing in various markets and courting member feedback, we launched the PSQ platform (the "Platform") nationwide on July 4, 2022.

On February 23, 2023, we completed a stock-for-stock transaction to purchase 100% of the outstanding shares of EveryLife, Inc. ("EveryLife"), a Delaware corporation, in exchange for 1,071,229 shares of common stock, par value \$0.001 per share, of Private PSQ ("Private PSQ Common Stock").

On July 19, 2023, in accordance with the plan of arrangement to reorganize PSQ Holdings, Inc., the Company finalized a business combination (the "Business Combination") with Colombier Acquisition Corp. ("Colombier"). On closing, the common shares of PSQ Holdings Inc. were listed on the New York Stock Exchange and commenced trading under the symbol "NYSE:PSQH".

On March 13, 2024, the Company entered into an agreement and plan of merger (the "Credova Merger Agreement") with Cello Merger Sub, Inc., a Delaware corporation and our wholly-owned subsidiary ("Merger Sub" and, together with PSQ, the "Buyer Parties"), Credova Holdings, Inc., a Delaware corporation ("Credova"), and Samuel L. Paul, in the capacity as the Seller Representative in accordance with the terms of the Credova Merger Agreement ("Credova Merger").

The mailing address of PSQ's principal executive office is 250 S. Australian Avenue, Suite 1300, West Palm Beach, Florida 33401.

Recent Developments

On March 13, 2024, we entered into a note purchase agreement for a 9.75% private placement convertible note for \$10,000,000 invested by a board member and his affiliates. Terms for the note were priced based on notes exchanged as part of the Credova transaction. Our stockholders have approved the issuance of the underlying shares as part of our annual stockholder meeting in April 2024 and the funds were received May 3, 2024.

Credova Merger Agreement

On March 13, 2024, the Company entered into the Credova Merger Agreement with Buyer Parties, Credova, and the Seller Representative in accordance with the terms of the Credova Merger Agreement.

Credova assists consumers, lenders, and retailers in offering point-of-sale financing products. Credova has developed and maintains an internet-based proprietary retail finance platform and related application programming interfaces ("APIs") through which Credova, certain Federal Deposit Insurance Corporation ("FDIC") and National Credit Union Administration ("NCUA") insured financial institutions, and other financial institutions authorized by Credova (each a "Financing Partner"), and merchants can dynamically offer certain financing products (collectively, the "Services").

Pursuant to the Credova Merger Agreement, on March 13, 2024, the transactions which are the subject of the Credova Merger Agreement were consummated (the "Closing") and Merger Sub merged with and into Credova (the "Credova Merger"), with Credova surviving as a wholly-owned subsidiary of PSQ. In connection with the Credova Merger, each share of Credova was converted into the right to receive newly-issued shares of our Class A common stock ("Class A Common Stock"), delivered to the Credova stockholders at the Closing ("Credova Stockholders").

As consideration for the Credova Merger, Credova stockholders received 2,920,993 newly-issued shares of Class A Common Stock (the "Consideration Shares"). A number of Consideration Shares equal to ten percent (10%) of the Consideration Shares (the "Escrow Shares") was placed in an escrow account for indemnity claims made under the Credova Merger Agreement. Assuming they are not subject to indemnity claims, the Escrow Shares remaining in escrow upon the 12-month anniversary of the Closing will be released and distributed pro rata to the former stockholders of Credova.

The acquisition of Credova was accounted for as a business combination using the acquisition method pursuant to FASB ASC Topic 805. As the acquirer for accounting purposes, the Company had estimated the purchase price, assets acquired and liabilities assumed as of the acquisition date, with the excess of the purchase price over the fair value of net assets acquired recognized as goodwill. The Company is in the process of finalizing the allocation of the purchase price. As a result, the fair value estimates assigned to intangible asset, goodwill and the related tax impacts of the acquisition, among other items, are preliminary and subject to change as additional information is received to complete the analysis, including final adjustments to net working capital. The Company expects to finalize the valuation as soon as practicable, but no later than one year after the acquisition date.

Promissory Note Exchange

Prior to the execution of the Credova Merger Agreement, Credova, PSQ and certain holders of outstanding subordinated notes ("Subdebt Notes") issued by Credova (the "Participating Noteholders") entered into a Note Exchange Agreement (the "Note Exchange Agreement") pursuant to which, immediately prior to the Closing, the Participating Noteholders delivered their Subdebt Notes of Credova for cancellation, in exchange for newly-issued replacement notes issued by PSQ, convertible into shares of Class A Common Stock (the "Replacement Notes"). The Replacement Notes have 9.75% simple interest per annum and ten-year maturity dates.

Pursuant to the terms of the Replacement Notes, at any time after the Closing, Participating Noteholders may elect to convert their Replacement Notes into a number of shares of Class A Common Stock equal to the quotient obtained by dividing (x) the outstanding principal amount of the

Replacement Note to be converted plus accrued and unpaid interest by (y) 4.63641, subject to adjustment for stock splits and other similar transactions (the "Conversion Price"). At any time, the Company may call the Replacement Notes for a cash amount equal to accrued interest plus (i) between the Closing and the first anniversary of the Closing, 120% of the then outstanding principal amount, (ii) between the first anniversary and the second anniversary of the Closing, 105% of the then outstanding principal amount and (iii) after the second anniversary of the Closing, the then outstanding principal amount of the Replacement Note. Further, the Replacement Notes permit the Company, in its discretion, to require conversion of the Replacement Notes into shares of Class A Common Stock if the daily volume-weighted average trading price of the Company Class A Common Stock exceeds 140% of the Conversion Price on each of at least ten consecutive trading days during the twenty trading day period prior to notice of such required conversion.

Key Business Metrics and Selected Financial Data

We use the following key metrics and non-GAAP measures to evaluate our performance, identify trends affecting our business, and make strategic decisions:

- Segment Revenue (see discussion below in "Results of Operations");
- Adjusted EBITDA (see "Non-GAAP Financial Measures" for a discussion of Adjusted EBITDA and a reconciliation of net loss, the most directly comparable financial measure calculated and presented in accordance with GAAP, to Adjusted EBITDA);
- Monthly Active Users ("MAUs"); and
- Gross Merchandise Volume ("GMV").

For MAU and GMV, these metrics are based on internal company data, assumptions, and estimates and are used in managing our business. We believe that these figures are reasonable estimates, and we actively take measures to improve their accuracy, such as eliminating known fictitious or duplicate accounts. There are, however, inherent challenges in gathering accurate data across large online and mobile populations.

Adjusted EBITDA

We define adjusted EBITDA, a non-GAAP financial measure, as earnings (loss) before interest expense, income tax expense (benefit), depreciation and amortization, as adjusted to exclude change in fair value of our financial instruments, other income (expense), net, transaction expenses and share-based compensation expense. See "Non-GAAP Financial Measures" for a reconciliation of GAAP net loss to adjusted EBITDA.

MAU

We use MAUs as a measure of platform engagement to help us understand the volume of users engaged with our platform on a monthly basis. MAUs represent the total web and mobile app users for each month, which allows us to measure our total user base calculated from data provided by Google, a third-party analytics provider. Google defines "active users" as the "number of distinct users who visited your website or application." We have used the Google analytics systems since we first began publicly reporting MAU statistics, and the resulting data have not been independently verified. For the three months ended March 31, 2024 and 2023, average MAUs was 222,333 and 53,667, respectively, a year-over-year growth of 314%.

GMV

In addition to revenue, net loss, adjusted EBITDA, and other results under U.S. GAAP, the following table sets forth key operating metrics we use to evaluate our Financial Technology segment. The information below represents proforma information as if the Credova Merger closed on January 1, 2023:

	Three Months Ended March 31,		
	2024	2023	% Change
Gross merchandise volume ("GMV")	\$ 16,893,281	\$ 11,619,930	45.4%

We measure GMV to assess the volume of transactions that take place on our platform. We define GMV as the total dollar amount of all transactions on the Platform during the applicable period, net of refunds. GMV does not represent revenue earned by us; however, it is an indicator of the success of our merchants and the strength of our platform.

For the three months ended March 31, 2024, GMV was \$16.9 million which represented an increase of approximately 45% as compared to the same period in 2023. Overall, the increase in GMV was primarily driven by the expansion of our active merchant base and increases in active consumers. The increase in GMV for the three months ended March 31, 2024 also reflected increased consumer demand for our bank originated products.

For the three months ended March 31, 2024, our top five merchants and platform partners represented approximately 40% of total GMV, as compared to 55% for the three months ended March 31, 2023. GMV attributable to our largest merchant during both the three months ended March 31, 2024 represented 15% of total GMV, compared to 17% for the same period in 2023.

Components of Results of Operations

During the three months ended March 31, 2024 and 2023, our net loss was \$12.6 million and \$6.7 million, respectively. Our net loss increased, largely due to the \$2.2 million decrease in fair value of the warrant liabilities, as well as \$2.3 million related to transaction costs incurred relating to the acquisition and \$5.0 million of share-based compensation incurred (less amounts included in transaction costs). Our expenses will likely increase in the future as we develop and launch new offerings and platform features, expand in existing and new markets, increase our sales and marketing efforts and continue to invest in our platform, as well as a result of our becoming a public company. We have not been profitable since inception. As of March 31, 2024, our accumulated deficit was \$74.8 million. Since inception, we have financed our operations primarily through equity raises and operating activities.

Revenues, net

We generate revenues from our three segments: Marketplace, Brands and Financial Technology; a summary of each is described below.

Marketplace

Our advertising revenues are derived from short-term, typically multi-month fixed price contracts for advertising subscription arrangements. Revenues from subscription contracts are recognized using the "over-time" method of revenue recognition. Accordingly, we recognize revenues over-time as the advertisements are displayed over the subscription period and the service is being consumed by the business member simultaneously over the period of service. Over-time revenue recognition is based on an input measure of progress. Each advertisement has a contractual revenue value and an estimated cost. The over-time revenue is recognized over the contract term as the Company performs on its performance obligation.

Additionally, we recognize advertising revenue from push notifications and email blasts at the point of delivery. Push notifications and email blasts are considered delivered when an advertisement is displayed to users.

E-commerce revenue is generated from the Platform. The Platform features a single cart shopping experience where consumers can purchase a variety of products from multiple vendors in one transaction. The Company is not the seller of record in these transactions. The commissions revenue earned from these arrangements are recognized at the point of sale on a net basis, which equates to the commission and processing fees earned in exchange for the seller marketplace services.

In the future, in addition to greater levels of advertising revenue expected as a result of the growth of our marketplace, we also expect to realize increased amounts of business-to-business ("B2B") revenue and e-commerce transactional revenue as we expand our business operations into those areas.

Brands

Our brand revenues have been derived primarily from our sale of products.

In July 2023, the Company launched the EveryLife business and began to generate revenue through the sale of diapers and wipes to consumers by way of the EveryLife's website. In November 2023, EveryLife's products became available for purchase on the Platform. The Company considers customer orders to be the contracts with the customer. There is a single performance obligation, which is the Company's promise to transfer the Company's product to customers based on specific payment and shipping terms in the arrangement.

Financial Technology

The Company principally generates financing revenue from four activities: revenue from sale of loan and lease contracts, revenue from interest earned on loans, and revenue from retailer discounts and origination fees paid by lending institutions (direct revenue) earned in connection with providing financing on consumer goods. Revenue from the Company's sales of loan and lease contracts is recognized at a point in time when the Company satisfies a performance obligation by transferring control of the leases to a third party. Revenue from loans and leases is recognized over time when the Company satisfies a performance obligation based on the agreed upon financing terms. Interest on loans is calculated by the simple-interest method on daily balances of the principal amount outstanding. Revenue from retailer discounts is recognized at a point in time when the Company satisfies performance obligations by purchasing the contract from the merchant in connection with a merchant-originated consumer financing product. Origination fees from lenders are recognized at time of loan origination.

For a description of our revenue recognition policies, see Note 3, Summary of Significant Accounting Policies, in our condensed consolidated financial statements.

Cost of Revenue (exclusive of depreciation and amortization)

Cost of revenue (exclusive of depreciation and amortization) consists of the direct costs incurred in building and running the Platform, as well as underwriting and servicing fees related to our Financial Technology segment.

Cost of Goods Sold (exclusive of depreciation and amortization)

Cost of goods sold (exclusive of depreciation and amortization) includes the purchase price of merchandise sold to customers, inbound and outbound shipping and handling costs, freight and duties, shipping and packaging supplies and warehouse fulfillment costs incurred.

Operating Expenses

Operating expenses primarily include general and administrative, sales and marketing, research and development, and depreciation and amortization. The most significant component of our operating expenses is personnel-related costs such as salaries, benefits, share-based and variable compensation. We expect our personnel-related costs as a percentage of total costs to decrease over time.

We expect to continue to invest substantial resources to support our growth. We anticipate that each of the following categories of operating expenses, will increase in absolute dollar amounts and decrease as a percentage of revenue for the foreseeable future.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel-related expenses for our finance, legal, human resources and administrative personnel, as well as the costs of information technology, professional services, insurance, travel, and other administrative expenses. We expect to invest in our corporate organization and incur additional expenses associated with transitioning to, and operating as, a public company, including increased legal, audit, tax and accounting costs, investor relations costs, higher insurance premiums and compliance costs. As a result, we expect that general and administrative expenses will increase in absolute dollars in future periods but decline as a percentage of total revenue over time. Our inability to scale our expenses could negatively impact profitability.

Sales and Marketing Expenses

Sales and marketing expenses consist primarily of salaries, employee benefits, consultant fees, commissions, and direct marketing costs related to the promotion of PSQ's platforms/solutions and certain costs related to the acquisition of both consumer and business members on the Platform. As a result, we expect that sales expenses will increase in absolute dollars in future periods as we increase marketing activities, grow our operations, and continue to build our brand awareness, but decline as a percentage of total revenue over time. Our inability to scale our expenses could negatively impact profitability.

Research and Development Expenses

Research and development expenses consist primarily of salaries, employee benefits and consultant fees related to our development activities to originate, develop, and enhance the Platform. We expect research and development expenses to remain fairly consistent in the near term due to reallocation of our engineering and product resources to more profitable segments, such as PSQ Payments.

Depreciation and Amortization Expense

Depreciation and amortization expense consists primarily of amortization of capitalized software development costs.

Non-Operating Income and Other Items

Other Income, Net

Other income, net primarily relates to dividend income earned on the money market account for the three months ended March 31, 2024, and Employee Retention Tax Credit ("ERTC") and the Research and Development Tax Credit ("R&D Tax Credit") for the three months ended March 31, 2023.

Change in fair value of convertible promissory notes

Changes in the fair value of the convertible promissory notes are recorded in the condensed consolidated statement of operations. The convertible promissory notes represent a financial instrument other than an outstanding share that embodies a conditional obligation that the issuer must or may settle by issuing a variable number of its equity shares. We record the convertible promissory notes liability at its fixed monetary amount by measuring and recording a premium, as applicable, on the convertible promissory notes' issuance date with a charge to expense. The convertible promissory notes were converted to equity at the close of the Business Combination.

Change in fair value of earn-out liabilities

Changes in the fair value of earnout liabilities are recorded in the condensed consolidated statement of operations. The earn-out liabilities represent a financial instrument other than an outstanding share that embodies a conditional obligation that the issuer must or may settle by issuing a variable number of its equity shares. We record the earnout liability at its fair value at each reporting period.

Change in fair value of warrant liabilities

Changes in the fair value of warrant liabilities are recorded in the condensed consolidated statement of operations. The warrant liabilities represent a financial instrument other than an outstanding share that embodies a conditional obligation that the issuer must or may settle by issuing a variable number of its equity shares. We record the warrant liabilities at its fair value at each reporting period.

Interest Expense, net

Interest expense incurred consists of interest accrued on revolving line of credit and convertible promissory notes issued.

Income Tax Expense

We are subject to income taxes in the United States, but due to our net operating loss ("NOL") position, we have recognized a minimal provision or benefit in recent years. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided when it is more likely than not that the deferred tax assets will not be realized. We have established a full valuation allowance to offset our U.S. net deferred tax assets due to the uncertainty of realizing future tax benefits from our NOL carryforwards and other deferred tax assets.

Results of Operations

The results of operations presented below should be reviewed in conjunction with the unaudited condensed consolidated financial statements for the three months ended March 31, 2024 found elsewhere in this document.

The following table sets forth our condensed consolidated statement of operations for the three ended March 31, 2024 and 2023, and the dollar and percentage change between the two periods:

	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023	Variance, \$	Variance, %
Revenues, net	3,465,889	378,034	3,087,855	817%
Costs and expenses:				
Cost of revenue (exclusive of depreciation and amortization expense shown below)	598,361	362,973	235,388	65%
Cost of goods sold (exclusive of depreciation and amortization expense shown below)	1,391,408	-	1,391,408	NM
General and administrative	10,262,878	4,091,850	6,171,028	151%
Sales and marketing	4,682,638	666,057	4,016,581	603%
Research and development	1,141,958	248,500	893,458	360%
Depreciation and amortization	296,597	545,337	(248,740)	(46)%
Total costs and expenses	18,373,840	5,914,717	12,459,123	211%
Operating loss	(14,907,951)	(5,536,683)	(9,371,268)	169%
Other income (expense):				
Other income, net	103,379	5,138	98,241	1912%
Change in fair value of convertible promissory notes	-	(1,147,905)	1,147,905	(100)%

Change in fair value of earn-out liabilities	120,000	-	120,000	NM
Change in fair value of warrant liabilities	2,231,500	-	2,231,500	NM
Interest expense, net	(124,178)	(8,001)	(116,177)	1452%
Loss before income taxes	(12,577,250)	(6,687,451)	(5,889,799)	88%
Income tax benefit (expense)	419	(189)	608	(322)%
Net loss	\$ (12,576,831)	\$ (6,687,640)	(5,889,191)	88%

NM* - Percentage change not meaningful.

36

Revenues, net

	For the three months ended March 31,		Variance, \$	Variance, %
	2024	2023		
Revenues, net:				
Marketplace				
Advertising and e-commerce sales	\$ 945,471	\$ 378,034	\$ 567,437	150%
Brands				
Product sales	2,350,510	-	2,350,510	NM
Returns and discounts	(207,101)	-	(207,101)	NM
Total Brand revenues, net	2,143,409	-	2,143,409	NM
Financial Technology				
Direct revenue	154,607	-	154,607	NM
Interest income on loans	139,398	-	139,398	NM
Loan and lease contracts sold, net	83,004	-	83,004	NM
Total Financial Technology revenues, net	377,009	-	377,009	NM
Total revenues, net	\$ 3,465,889	\$ 378,034	\$ 3,087,855	817%

Revenues, net increased by \$3.1 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was driven by addition of product sales of \$2.4 million partially offset by returns and discounts of \$0.2 million, as well as an increase in the business member base and introduction of new advertising features on our platform, which resulted in an increase of advertising revenues of \$0.6 million. Additionally, the Credova Merger accounted for an additional \$0.4 million revenue for the three months ended March 31, 2024.

Cost of revenue (exclusive of depreciation and amortization)

Cost of revenue (exclusive of depreciation and amortization) increased by \$0.2 million, or 65%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was mainly due to an increase in personnel expenses of \$0.2 million.

37

Cost of goods sold (exclusive of depreciation and amortization)

Cost of goods sold (exclusive of depreciation and amortization) increased by \$1.4 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was mainly due to the sale of products of \$1.4 million.

General and Administrative Expense

General and administrative expense increased by \$6.2 million, or 151%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to a \$3.7 million increase in staffing-related costs, \$2.3 million in transaction related costs, and \$0.2 million increase in other administrative expenses, which include accounting, legal, and other administrative services.

Sales and Marketing Expense

Sales and marketing expense increased by \$4.0 million, or 603%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to a \$4.0 million increase in other marketing and public relation activities.

Research and Development Expense

Research and development expense increased by \$0.9 million or 360%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to an increase in staffing-related costs in our product and engineering teams, as well as costs related to computer software, hardware, and other administrative expenses.

Depreciation and amortization

Depreciation and amortization expense decreased \$0.2 million, or 46%, for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The decrease was primarily related to the completion of amortization of version 1.0 of the Platform and the amortization of version 2.0 of the Platform is being amortized over a longer useful life.

Other Income, net

Other income, net changed by \$0.1 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023, due to dividend income earned on the money market accounts.

Interest Expense, net

Interest expense, net increased by \$0.1 million for the three months ended March 31, 2024 compared to the three months ended March 31, 2023. The increase was due to the interest payable in relation to the convertible promissory notes recorded as of December 31, 2023.

Income Tax Benefit (Expense)

Income tax benefit (expense) increased by an insignificant amount for the three months ended March 31, 2024 compared to the three months ended March 31, 2023.

Liquidity and Capital Resources

Historically, we have financed operations primarily through cash generated from equity raises, other financing activities and operating activities. Our primary short-term requirements for liquidity and capital are to fund general working capital and capital expenditures. Our principal long-term working capital uses include increasing our advertising and marketing exposure, expanding our internal engineering and product teams, developing and launching D2C products, and developing and rolling out e-commerce capabilities.

In connection with the expected launch of our first D2C branded products, we intend to fund initial inventory requirements with cash on hand. Longer term, our expected liquidity and capital requirements will likely consist of research and development needed to identify additional D2C opportunities. We do not currently anticipate that growth and expansion into new areas, such as D2C consumer products, will require us to make significant capital investments in our business, as we plan to employ an "asset light" business model and rely on third party manufacturers and other outsourced third party relationships as we build this part of our business.

As of March 31, 2024, our cash and cash equivalents balance was \$9.1 million and net working capital of \$6.6 million. Cash and cash equivalents consist of interest-bearing deposit accounts managed by third-party financial institutions, and highly liquid investments with maturities of three months or less.

On May 3, 2024, the Company received the \$10,000,000 proceeds from a 9.75% private placement convertible note invested by a board member and his affiliates.

Additionally, our Board of Directors and executive team have also outlined a strategic plan to improve the cash position by gaining access to additional capital. These initiatives may include reallocation of resources to more profitable segments of the business, completing a private placement equity raise, entering into a revolving line of credit agreement and refinement of inventory purchase timing which will reduce excess stock levels.

The Company believes that as a result of the Business Combination, convertible note proceeds, the Credova Merger, strategic resource allocation initiatives, planned equity raises, inventory management and line of credit financing, along with its existing cash and cash equivalents, that the Company will be able to fund operations and capital needs for the next year from the date these condensed consolidated financial statements were available to be issued.

Our future capital requirements will depend on many factors, including our revenue growth rate, the timing and extent of spending by us to support further sales and marketing and research and development efforts, the degree to which we are successful in launching new business initiatives such as our contemplated e-commerce and D2C business initiatives and the cost associated with these initiatives, and the growth of our business generally. In order to finance these opportunities and associated costs, it is possible that we will need to raise additional financing if the proceeds realized by us from the Credova Merger are insufficient to support our business needs. While we believe that the proceeds realized by us through the Merger will be sufficient to meet our currently contemplated business needs, we cannot assure you that this will be the case. If additional financing is required by us from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital on acceptable terms when needed, our business, results of operations and financial condition would be materially and adversely affected.

Comparison of the Three Months Ended March 31, 2024 and 2023

The following table shows our cash flows provided by (used in) operating activities, investing activities and financing activities for the stated periods:

	For the three months ended March 31,		
	2024	2023	Variance
Net cash used in operating activities	\$ (6,524,740)	\$ (3,020,733)	(3,504,007)
Net cash used in investing activities	(358,574)	(783,442)	424,868
Net cash (used in) provided by financing activities	(215,865)	4,650,125	(4,865,990)

Net Cash Used in Operating Activities

Net cash used in operating activities for the three months ended March 31, 2024 was \$6.5 million compared to \$3.0 million used in operating activities during the three months ended March 31, 2023. The increase in cash used in operating activities was due to an overall increase in operating expenses, resulting in an increased net loss of \$5.9 million. This was offset with an increase in non-cash expenses for share based compensation of \$5.9 million. Also offsetting this was an increase in cash provided by operating assets and liabilities of \$0.5 million.

Net Cash Used in Investing Activities

Net cash used in investing activities for the three months ended March 31, 2024 was \$0.4 million, a decrease of \$0.4 million from cash used in investing activities of \$0.8 million for the three months ended March 31, 2023. The decrease was primarily due to \$0.3 million of net loan activity as well as \$0.1 million of cash received from acquisitions.

Net Cash (Used in) Provided by Financing Activities

Net cash used in financing activities for the three months ended March 31, 2024 was \$0.2 million as compared to \$4.7 million provided by financing activities for the three months ended March 31, 2023. Cash provided by financing activities for the months ended March 31, 2023 primarily relate to

proceeds from the issuance of common stock of \$2.6 million and proceeds from the issuance of convertible promissory notes of \$2.1 million. No such activities occurred during the three months ended March 31, 2024.

Non-GAAP Financial Measures

The non-GAAP financial measures below have not been calculated in accordance with GAAP and should be considered in addition to results prepared in accordance with GAAP and should not be considered as a substitute for, or superior to, GAAP results. In addition, Adjusted EBITDA should not be construed as indicators of our operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that they fail to address. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Therefore, its use can make it difficult to compare our current results with our results from other reporting periods and with the results of other companies.

Our management uses these non-GAAP financial measures, in conjunction with GAAP financial measures, as an integral part of managing our business and to, among other things: (i) monitor and evaluate the performance of our business operations and financial performance; (ii) facilitate internal comparisons of the historical operating performance of our business operations; (iii) facilitate external comparisons of the results of our overall business to the historical operating performance of other companies that may have different capital structures and debt levels; (iv) review and assess the operating performance of our management team; (v) analyze and evaluate financial and strategic planning decisions regarding future operating investments; and (vi) plan for and prepare future annual operating budgets and determine appropriate levels of operating investments.

Adjusted EBITDA

We define adjusted EBITDA, a non-GAAP financial measure, as net earnings (loss) before interest and other expenses, net, income tax expense, depreciation and amortization, as adjusted to exclude change in fair value of our financial instruments, other income (expense), net, transaction expenses and share-based compensation expense. We utilize adjusted EBITDA as an internal performance measure in the management of our operations because we believe the exclusion of these non-cash and non-recurring charges allow for a more relevant comparison of our results of operations to other companies in our industry. Adjusted EBITDA should not be viewed as a substitute for net loss calculated in accordance with GAAP, and other companies may define adjusted EBITDA differently.

The following table provides a reconciliation of net loss to adjusted EBITDA to net loss for the periods presented:

	For the three months ended March 31,	
	2024	2023
Net loss	\$ (12,576,831)	\$ (6,687,640)
Excluding:		
Interest expense, net	124,178	8,001
Income tax (benefit) expense	(419)	189
Change in fair value of convertible notes	-	1,147,905
Change in fair value of earn-out liabilities	(120,000)	-
Change in fair value of warrant liabilities	(2,231,500)	-
Other income, net	(103,379)	(5,138)
Depreciation and amortization	296,597	545,337
Share-based compensation (exclusive of what is shown below in transaction costs)	4,999,014	-
Transaction costs incurred in connection with acquisition	2,293,594	-
Adjusted EBITDA	\$ (7,318,746)	\$ (4,991,346)

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies and Significant Management Estimates

We prepare our consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements also requires we make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, balance sheet, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving our management's judgments and estimates. Critical accounting policies and estimates are those that we consider the most important to the portrayal of our balance sheet and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect the amounts reported in those consolidated financial statements and accompanying notes. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates. Our significant accounting policies are described in Note 3 to our Unaudited Condensed Consolidated Financial Statements for the three-month period ended March 31, 2024 included elsewhere in this report. Our critical accounting policies are described below.

Revenue Recognition

[1] Marketplace Revenues

E-commerce revenues

The Platform features a single cart shopping experience where consumers can purchase a variety of products from multiple vendors in one

transaction. The Company is not the seller of record in these transactions. The commissions revenue earned from these arrangements are recognized on a net basis, which equates to the commission and processing fees earned in exchange for the seller marketplace services. The commission and processing fees are recognized net of estimated refunds when the corresponding transaction is confirmed by the buyer and seller. The Company does not take title to inventory sold or assume risk of loss at any point in time during the transaction and is authorized to collect consideration from the buyer and remit net consideration to the seller to facilitate the processing of the confirmed purchase transaction. The Company currently records processing fees from its merchant service providers as a component of Cost of sales - services on the condensed consolidated statement of operations.

Advertising services

The Company enters into advertising subscription arrangements with its customers. Revenue is recognized over-time as the ads are displayed over the subscription period. The Company is providing a service and the service is being consumed by the customer simultaneously over the period of service. In general, the Company reports advertising revenue on a gross basis, since the Company controls the advertising inventory before it is transferred to our customers. Our control is evidenced by our sole ability to monetize the advertising inventory before it is transferred to customers.

The Company also sells push notifications and email blasts and recognizes revenue at a point in time when delivered. Push notifications and email blasts are considered delivered when an ad is displayed to users. When a customer enters into an advertising subscription arrangement that includes push notifications and/or email blasts, the Company allocates a portion of the total consideration to the push notification and email blast performance obligations based on the residual approach.

[2] Brand Sales

Product sales

The Company generates revenue through the sale of diapers and wipes to consumers by way of the Company's Platform and EveryLife's website. Additionally, EveryLife provides discounted products to non-profit organizations through bulk sales. The Company considers customer orders to be the contracts with the customer. There is a single performance obligation, which is the Company's promise to transfer its product to customers based on specific payment and shipping terms in the arrangement. The entire transaction price is allocated to this single performance obligation. Product revenue is recognized when a customer obtains control of the product, which occurs at shipment. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products.

The Company evaluated principal versus agent considerations to determine whether it is appropriate to record third-party logistics provider fees paid as an expense. These fees are recorded as shipping and handling expenses within cost of goods sold and are not recorded as a reduction of revenue because the Company owns and controls all the goods before they are transferred to the customer. The Company can, at any time, direct the third-party logistics provider to return the Company's inventories to any location specified by the Company. It is the Company's responsibility to process any returns made by customers directly to logistic providers and the Company retains the back-end inventory risk. Further, the Company is subject to credit risk (i.e., credit card chargebacks), establishes prices of its products, fulfills the goods to the customer and can limit quantities or stop selling the goods at any time.

Product Returns

Consistent with industry practice, the Company generally offers customers a limited right of return for products purchased. The Company reviews its receivables quarterly and records a reserve, if necessary.

[3] Financial Technology

Financing Revenues

The Company principally generates revenue from four activities: revenue from sale of loan and lease contracts, revenue from interest earned on loans, and revenue from retailer discounts and origination fees paid by lending institutions (direct revenue) earned in connection with providing financing on consumer goods. Revenue from the Company's sales of loans and leases is recognized at a point in time when the Company satisfies a performance obligation by transferring control of the loans and leases to a third party. Interest on loans is calculated by the simple-interest method on daily balances of the principal amount outstanding. Revenue from retailer discounts is recognized at a point in time when the Company satisfies performance obligations by purchasing the contract from the merchant in connection with a merchant-originated consumer financing product. Origination fees from lenders are recognized at time of loan origination.

Loan Held for Investment, Net

Loans are unsecured and are stated at the amount of unpaid principal. Interest on loans is calculated by the simple-interest method on daily balances of the principal amount outstanding. Accrued interest on loans is discontinued when management believes that, after considering collection efforts and economic and business conditions, the collection of interest is doubtful. The Company's policy is to stop accruing interest when the loan becomes 120 days' delinquent.

All interest accrued but not collected for loans that are placed on nonaccrual status or subsequently charged-off is reversed against interest income. Income is subsequently recognized on the cash basis until, in management's judgment, the borrower's ability to make periodic principal and interest payments returns and future payments are reasonably assured, in which case the loan is returned to accrual status. The Company classifies its loans as either current or past due. Amounts are considered past due if a scheduled payment is not paid on its due date. The Company does not modify the terms of its existing loans with customers.

Allowance for Credit Losses – Loans Held for Investment

The Company identifies its portfolio segments and measures the allowance for credit losses based on similar economic risk characteristics. The allowance for credit losses for each portfolio is determined based on our current estimate of expected credit losses over the remaining contractual term, adjusted for expected prepayments when appropriate, and incorporates evaluations of known and inherent risks in our portfolio, historical credit losses, consumer payment trends, estimates of recoveries, current economic conditions, and reasonable and supportable forecasts. Loans that do not share risk characteristics are evaluated on an individual basis. Loans evaluated individually are not included in the collective evaluation.

Goodwill and Acquired Intangible Assets

Goodwill and acquired intangible assets recorded in the Company's financial statements result from both business combinations. Goodwill represents the excess of the purchase price in a business combination over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Goodwill is not amortized as it is estimated to have an indefinite life. As such, goodwill is subject to an annual impairment test.

The Company allocates goodwill to reporting units based on the expected benefit from the business combination. Reporting units are evaluated when changes in the Company's operating structure occur, and if necessary, goodwill is reassigned using a relative fair value allocation approach. The Company operates in one operating segment, and this segment is the only reporting unit.

ASC 350, Intangibles-Goodwill and Other ("ASC 350") requires goodwill to be tested for impairment at least annually or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The Company elects to perform an annual impairment test of goodwill as of December 31 of each year. The accounting guidance gives the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment considers events and circumstances that might indicate that a reporting unit's fair value is less than its carrying amount. If it is determined, as a result of the qualitative assessment, that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative test is performed.

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Acquired identifiable finite-lived intangible assets are amortized on a straight-line basis over the estimated useful life of the respective asset. Each period the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization. Acquired indefinite-lived intangible assets are not amortized but are tested for impairment at least annually or more frequently if events or changes in circumstances indicate that the intangible asset may be impaired.

Capitalized Software

The Company capitalizes costs related to the development of its internal accounting software and certain projects for internal use in accordance with ASC 350 - *Intangibles - Goodwill and Other*. The Company capitalizes costs to develop its mobile application and website when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed, and the software will be used as intended. Costs incurred during the preliminary planning and evaluation stage of the project and during the post implementation operational stage, including maintenance, are expensed as incurred. Costs incurred for enhancements that are expected to result in additional functionality are capitalized and expensed over the estimated useful life of the upgrades on a per project basis. Amortization is computed on an individual product basis over the estimated economic life of the product using the straight-line method.

Warrant Liabilities

The Company does not use derivative instruments to hedge exposures to cash flow, market, or foreign currency risks. The Company evaluates all of its financial instruments, including issued share purchase warrants, to determine if such instruments are derivatives or contain features that qualify as embedded derivatives, pursuant to Financial Accounting Standards Board's ("FASB") Accounting Standards Codification Topic, ASC 815-40, *Derivatives and Hedging* ("ASC 815-40"). The classification of derivative instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. The Company accounts for the Public Warrants (as defined in Note 11) and the Private Placement Warrants (collectively, with the Public Warrants, the "Warrants") in accordance with the guidance contained in ASC 815-40 under which the Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, the Company classifies the Warrants as liabilities at their fair value and adjusts the Warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until exercised, and any change in fair value is recognized in the condensed consolidated statements of operations. The Warrants for periods where no observable traded price was available are valued using a binomial lattice model. For periods subsequent to the detachment of the Public Warrants from the Units, the Public Warrant quoted market price will be used as the fair value as of each relevant date.

Share Based Compensation

The Company recognizes an expense for share-based compensation awards based on the estimated fair value of the award on the date of grant.

The Company accounts for share-based compensation under the provisions of ASC Topic 718. As noted above, ASC Topic 718 requires that share-based payment transactions with employees and non-employees, in certain cases, be recognized in the condensed consolidated financial statements based on their fair value.

Income Taxes

We use the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized by applying the statutory tax rates in effect in the years in which the differences between the financial reporting and tax filing bases of existing assets and liabilities are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

We utilize a two-step approach to recognizing and measuring uncertain income tax positions (tax contingencies). The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. We make estimates, assumptions and judgments to determine its provision for income taxes and also for deferred tax assets and liabilities and any valuation allowances recorded against deferred tax assets. Actual future operating results and the underlying amount and type of income could differ materially from our estimates, assumptions and judgments thereby impacting its financial position and results of operations.

Business Combinations

The Company evaluates whether acquired net assets should be accounted for as a business combination or an asset acquisition by first applying a screen test to determine whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If so, the transaction is accounted for as an asset acquisition. If not, the Company applies its judgement to determine whether the acquired net assets meets the definition of a business by considering if the set includes an acquired input, process, and the ability to create outputs.

The Company accounts for business combinations using the acquisition method when it has obtained control. The Company measures goodwill as the fair value of the consideration transferred including the fair value of any non-controlling interest recognized, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at their fair value as of the acquisition date. Transaction costs, other than those associated with the issuance of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration ("Earn-out liabilities") is measured at fair value at the acquisition date. For contingent consideration that do not meet all the criteria for equity classification, such contingent consideration are required to be recorded at their initial fair value at the acquisition date, and on each balance sheet date thereafter. Changes in the estimated fair value of liability-classified contingent consideration are recognized on the consolidated statements of operations in the period of change.

When the initial accounting for a business combination has not been finalized by the end of the reporting period in which the transaction occurs, the Company reports provisional amounts. Provisional amounts are adjusted during the measurement period, which does not exceed one year from the acquisition date. These adjustments, or recognition of additional assets or liabilities, reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Emerging Growth Company Status

In April 2012, the JOBS Act was enacted. Section 107(b) of the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. Thus, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to take advantage of the extended transition period to comply with new or revised accounting standards and to adopt certain of the reduced disclosure requirements available to emerging growth companies. As a result of the accounting standards election, we will not be subject to the same implementation timing for new or revised accounting standards as other public companies that are not emerging growth companies which may make comparison of our financials to those of other public companies more difficult.

Implications of being a Smaller Reporting Company

Additionally, PSQ is a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. PSQ will remain a smaller reporting company until the last day of the fiscal year in which (i) the market value of common stock held by non-affiliates exceeds \$250 million as of the end of that year's second fiscal quarter (if PSQ's annual revenues exceeded \$100 million during such completed fiscal year), or (ii) The market value of common stock held by non-affiliates equals or exceeds \$700 million as of the end of that year's second fiscal quarter (if PSQ's annual revenues did not exceed \$100 million during such completed fiscal year). To the extent PSQ takes advantage of such reduced disclosure obligations, it may also make comparison of its financial statements with other public companies difficult or impossible.

Recent Accounting Pronouncements

See Note 3, Summary of Significant Accounting Policies in Part I, Item 1 of this quarterly report on Form 10-Q and in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 14, 2024.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

45

Item 3. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by this Item.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective, due solely to the material weakness in our internal control over financial reporting, including controls surrounding the preparation of the unaudited condensed consolidated statement of cash flows. As a result, we performed additional analysis as deemed necessary to ensure that our financial statements were prepared in accordance with GAAP. Accordingly, management believes that the financial statements included in this Quarterly Report on Form 10-Q present fairly in all material respects our financial position, results of operations and cash flows for the period presented.

Management intends to implement remediation steps to improve our disclosure controls and procedures and our internal control over financial reporting. Specifically, we intend to expand and improve our review process for complex transactions. We plan to further improve this process by enhancing access to accounting literature, identification of third-party professionals with whom to consult regarding complex accounting applications, and consideration of additional staff with the requisite experience and training to supplement existing accounting professionals.

Changes in Internal Control Over Financial Reporting

Except as noted above, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the period from January 1, 2024 through March 31, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

46

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

We are not party to any material legal proceedings. From time to time, we may be involved in legal proceedings or subject to claims incident to the ordinary course of business. The outcome of litigation is inherently uncertain, and there can be no assurances that favorable outcomes will be obtained. In addition, regardless of the outcome, such proceedings or claims can have an adverse impact on us, which may be material because of defense and settlement costs, diversion of resources and other factors.

Item 1A. Risk Factors.

The risks described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023 could materially and adversely affect our business, financial condition, results of operations, cash flows, future prospects, and the trading price of our Class A Common Stock. The risks and uncertainties described therein are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial may also become important factors that adversely affect our business.

You should carefully read and consider such risks, together with all of the other information in our Annual Report on Form 10-K for the year ended December 31, 2023, in this Quarterly Report on Form 10-Q (including the disclosures in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in our condensed consolidated financial statements and related notes), and in the other documents that we file with the SEC.

There have been no material changes from the risk factors previously disclosed under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(a) During the quarter ended March 31, 2024, there were no unregistered sales of our securities that were not reported in a Current Report on Form 8-K.

(b) Not applicable.

(c) None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not Applicable.

Item 5. Other Information.

None

Item 6. Exhibits.

The following exhibits are filed as part of, or incorporated by reference into, this Form 10-Q.

Exhibit	Description
2.1†	Agreement and Plan of Merger, dated as of February 27, 2023, by and among Colombier Acquisition Corp., PSQ Holdings, Inc., Colombier-Liberty Acquisition, Inc., and Colombier Sponsor LLC in its capacity as Purchaser Representative thereunder (incorporated herein by reference to Annex A to the Proxy Statement/Prospectus filed on June 30, 2023).
3.1	Restated Certificate of Incorporation of PSQ Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on July 25, 2023)
3.2	Amended and Restated Bylaws of PSQ Holdings, Inc. (incorporated herein by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on July 25, 2023)
4.1	Warrant Agreement, dated June 8, 2021, between Colombier and Continental Stock Transfer & Trust Company, as Warrant Agent (incorporated herein by reference to Exhibit 4.1 to Colombier's Current Report on Form 8-K filed on June 11, 2021).
10.1	Form of Non-Competition and Non-Solicitation Agreement, dated as of March 13, 2024, by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.5 to our Current Report on Form 8-K filed on March 14, 2024).
10.2	Form of Lock-Up Agreement, dated as of March 13, 2024, by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.2 to our Current Report on Form 8-K filed on March 14, 2024).
10.3	Form of Noteholder Lock-Up Agreement, dated as of March 13, 2024, by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.3 to our Current Report on Form 8-K filed on March 14, 2024).
10.4	Form of Employee Lock-Up Agreement, dated as of March 13, 2024, by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.4 to our Current Report on Form 8-K filed on March 14, 2024).
10.5	Form of Note Exchange Agreement, dated as of March 13, 2024, by and between Credova Holdings, Inc., PSQ Holdings, Inc. and the party thereto (incorporated herein by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on March 14, 2024).
10.6	Form of Registration Rights Agreement, dated as of March 13, 2024 by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.6 to our Current Report on Form 8-K filed on March 14, 2024).
10.7	Form of Note Purchase Agreement, dated as of March 13, 2024 by and between PSQ Holdings, Inc. and each investor named on the signature page thereto (incorporated herein by reference to Exhibit 10.7 to our Current Report on Form 8-K filed on March 14, 2024).
10.8	Form of Private Placement Registration Rights Agreement, dated as of March 13, 2024 by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.8 to our Current Report on Form 8-K filed on March 14, 2024).

10.9	Form of Note Purchaser Lock-Up Agreement, dated as of March 13, 2024, by and between PSQ Holdings, Inc. and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.9 to our Current Report on Form 8-K filed on March 14, 2024).
10.10	Stockholder Support Agreement, dated as of March 13, 2024 by and among Michael Seifert and each person named on the signature page thereto (incorporated herein by reference to Exhibit 10.10 to our Current Report on Form 8-K filed on March 14, 2024).
10.11#	Employment Agreement, between PSQ Holdings, Inc. and Andrew Weisbecker, effective as of July 19, 2023 (incorporated herein by reference to Exhibit 10.26 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.12#	Employment Agreement, between PSQ Holdings, Inc. and James M. Giudice, effective as of March 13, 2024 (incorporated herein by reference to Exhibit 10.27 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.13#	Employment Agreement, between PSQ Holdings, Inc. and Michael Hebert, effective as of July 19, 2023 (incorporated herein by reference to Exhibit 10.28 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.14#	Employment Agreement, between Credova Financial, LLC and Dusty Wunderlich, effective as of March 13, 2024 (incorporated herein by reference to Exhibit 10.31 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.15#	Employment Agreement, between PSQ Holdings, Inc. and Brian Billingsley, effective as of March 15, 2024 (incorporated herein by reference to Exhibit 10.29 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.16#	Offer Letter, between PSQ Holdings, Inc. and Caroline Carralero, effective as of October 4, 2023 (incorporated herein by reference to Exhibit 10.30 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.17#	Offer Letter, between EveryLife, Inc. and Sarah Gabel Seifert, effective as of October 4, 2023 (incorporated herein by reference to Exhibit 10.32 to our Post-Effective Amendment No. 1 to Registration Statement on Form S-1 filed on May 3, 2024).
10.18*	Amendment to Consulting Agreement, between PSQ Holdings, Inc. and C6 Creative Consulting, Inc., dated February 27, 2024.
10.19*	Amended and Restated Loan and Security Agreement, dated November 11, 2021, between Credova SPV I, LLC and PFM Credit Recovery Fund I, LLC.
10.20*	Amendment No. 1 to Amended and Restated Loan and Security Agreement, dated January 3, 2022, among Credova SPV I, LLC and PFM Credit Recovery Fund I, LLC.
10.21*	Amendment No. 2 to Amended and Restated Loan and Security Agreement, dated April 18, 2022, among Credova SPV I, LLC and PFM Credit Recovery Fund I, LLC.
10.22*	Amendment No. 3 to Amended and Restated Loan and Security Agreement, dated July 22, 2022, among Credova SPV I, LLC and PFM Credit Recovery Fund I, LLC.
10.23*	Amendment No. 4 to Amended and Restated Loan and Security Agreement, dated May 31, 2023, among Credova SPV I, LLC, PFM Credit Recovery Fund I, LLC and OHPC LP.
31.1*	Certification of Chief Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2**	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (Embedded within the Inline XBRL document and included in Exhibit).

* Filed herewith.

** Furnished herewith.

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

† Schedules and similar attachments to this Exhibit have been omitted pursuant to Item 601(a)(5) of Registration S-K. The Company hereby agrees to furnish a copy of any omitted schedules to the SEC upon request.

SIGNATURES

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

PSQ Holdings, Inc.

Date: May 15, 2024

/s/ Michael Seifert

Name: Michael Seifert
Title: President and Chief Executive Officer
(Principal Executive Officer)

Date: May 15, 2024

/s/ Bradley Searle

Name: Bradley Searle
Title: Chief Financial Officer
(Principal Financial and Accounting Officer)



February 27, 2024

VIA EMAIL ONLY TO: na@nickayers.com

Mr. Nick Ayers
Partner
C6 Creative Consulting, Inc.
3290 Northside Parkway, Suite 675
Atlanta, GA 30327

Reference: Consulting Agreement

Amendment to Agreement

This contract amendment (the "Amendment") is made between PSQ Holdings, Inc., a Delaware corporation, (the "Company") and C6 Creative Consulting, Inc., a Georgia corporation, through its employee, Nick Ayers ("C6," or "you"). This amendment is to the Agreement originally dated November 14th, 2023.

The contract is amended as follows:

Section 3(a) of the Original Agreement is amended to reduce the monthly fixed fee of \$30,000 to \$15,000.

Section 3(b) of the Original Agreement is amended to remove the RSU grant of 60,000 RSUs set to vest on May 3, 2024.

Section 3(b) is effective immediately, and 3(a) will be effective April 1, 2024.

These changes are the only changes to the original contract. The entire remainder of the original contract remains in full force. This amendment shall be effective once signed by both parties.

This amendment shall be signed by the following:

PSQ HOLDINGS, INC.:

By: /s/ Michael Seifert
Title: CEO & President at PSQ Holdings Inc.
Dated: 2/27/2024

C6 Creative Consulting, Inc.:

By: /s/ Nick Ayers
Title: Managing Partner
Dated: 2/27/2024

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

between

CREDOVA SPV I, LLC
as the Borrower,

and

PFM CREDIT RECOVERY FUND I, LLC
as the Lender

Dated as of November 11, 2021

TABLE OF CONTENTS

	ARTICLE I	
	DEFINITIONS	
Section 1.1.	Definitions	2
Section 1.2.	Usage of Terms	13
	ARTICLE II	
	THE ADVANCES	
Section 2.1.	Advances	13
Section 2.2.	The Note	14
Section 2.3.	Interest	14
Section 2.4.	Note Principal Balance	15
Section 2.5.	Payments Generally.	15
Section 2.6.	Procedure for Borrowing; Funding of Advances	15
Section 2.7.	Parent Contribution Amount	16
	ARTICLE III	
	CONDITIONS TO ADVANCES	
Section 3.1.	Conditions to Effectiveness of this Agreement	16
Section 3.2.	Conditions Precedent to Each Advance	17
Section 3.3.	Receivables Related Deliveries	19
Section 3.4.	Examination of Receivable Files	19
	ARTICLE IV	
	APPLICATION OF PROCEEDS	
Section 4.1.	Servicer and Servicing Agreement	19
Section 4.2.	Collections	19
Section 4.3.	Application of Proceeds	20
Section 4.4.	Prepayments.	20
Section 4.5.	Additional Amounts	21
	ARTICLE V	
	BORROWER REPRESENTATIONS AND WARRANTIES	
Section 5.1.	Organization and Standing	23
Section 5.2.	Power and Authority	23
Section 5.3.	Binding Obligations	23
Section 5.4.	Compliance With Other Instruments	24

Section 5.5.	Litigation	24
Section 5.6.	Financial Statements	24
Section 5.7.	Real Estate	24
Section 5.8.	ERISA	24
Section 5.9.	No Material Adverse Contracts, Etc	25
Section 5.10.	Consents by Authority	25
Section 5.11.	No Finder's or Broker's Fees	25
Section 5.12.	Securities Laws	25
Section 5.13.	Disclosure	25
Section 5.14.	No Material Business	26
Section 5.15.	U.S. Person	26
Section 5.16.	Margin Stock	26
Section 5.17.	Liens and Encumbrances; Sufficiency of Assets	26
Section 5.18.	Location of Place of Business; Legal Name; Deposit Accounts	26
Section 5.19.	Investments and Indebtedness	26
Section 5.20.	Capabilities	26
Section 5.21.	[Reserved].	26
Section 5.22.	Taxes	26
Section 5.23.	Solvency	27
Section 5.24.	Licenses	27
Section 5.25.	Dealings with Obligors	27

ARTICLE VI COVENANTS

Section 6.1.	Use of Proceeds	27
Section 6.2.	[Reserved].	27
Section 6.3.	Business and Existence	27
Section 6.4.	Indebtedness and Expenses	27
Section 6.5.	Payment of Taxes and Assessments	28
Section 6.6.	Notice of Event of Default	28
Section 6.7.	Financial Statements; Additional Information; Further Assurances	28
Section 6.8.	Right of Inspection/Right of Audit.	29
Section 6.9.	Liens	29
Section 6.10.	Maintenance of Security Interest	29

Section 6.11.	No Transfer of Servicing Rights	30
Section 6.12.	Notification of Litigation, Liens, Material Events	30
Section 6.13.	Consolidation, Merger, Sale of Assets	30
Section 6.14.	Other Agreements	30
Section 6.15.	Advances, Investments	30
Section 6.16.	Distributions	30
Section 6.17.	Approvals and Licenses	30
Section 6.18.	Purchase of Assets	30
Section 6.19.	Maintenance of Books and Records; Change in Accounting Policies	30
Section 6.20.	Underwriting Guidelines	31
Section 6.21.	Fraudulent Activities; Violations of Law	31
Section 6.22.	Separate Identity of Borrower	31
Section 6.23.	Maintenance of Property; Insurance	33
Section 6.24.	Investment Company	33
Section 6.25.	Transactions with Affiliates	33
Section 6.26.	Cooperate in Legal Proceedings	33
Section 6.27.	Plan Assets; ERISA	33
Section 6.28.	Deposit Accounts	34
Section 6.29.	Creation and Perfection of Security Interest	34
Section 6.30.	Delivery of Notice; Consent	34

ARTICLE VII COLLATERAL

Section 7.1.	Security Interest in Collateral	34
Section 7.2.	Lien Perfection	35
Section 7.3.	Location of Collateral	35
Section 7.4.	Protection of Collateral	35
Section 7.5.	Administration of Collateral	35
Section 7.6.	Disputes and Claims Regarding the Collateral; Commercial Tort Claims	35
Section 7.7.	Release of Lien Upon Repurchase of Receivables	35

ARTICLE VIII DEFAULT; TRIGGER EVENT

Section 8.1.	Events of Default	36
Section 8.2.	Effect of Event of Default	37

ARTICLE IX
MISCELLANEOUS

Section 9.1.	Attorney Costs and Expenses	39
Section 9.2.	Indemnification by Borrower	40
Section 9.3.	Notices	40
Section 9.4.	Survival of Representations and Warranties	41
Section 9.5.	Relationship Between Parties	41
Section 9.6.	Confidentiality	41
Section 9.7.	Termination	42
Section 9.8.	Amendments and Waivers	42
Section 9.9.	Successors and Assigns; Subsequent Lender	43
Section 9.10.	Replacement Note	43
Section 9.11.	Right of First Refusal; Additional Series	44
Section 9.12.	Sale of Receivables	44
Section 9.13.	Governing Law	44
Section 9.14.	Submission to Jurisdiction	44
Section 9.15.	Waiver of Jury Trial	45
Section 9.16.	Enforceability of Agreement	45
Section 9.17.	Titles	45
Section 9.18.	Entire Agreement	45
Section 9.19.	Counterparts	45
Section 9.20.	Interest Rate Limitation	45
Section 9.21.	Power of Attorney	45

EXHIBITS AND SCHEDULES

Exhibits

Exhibit A	-	Form of Note
Exhibit B	-	Receivables Representations & Warranties
Exhibit C	-	Policies and Procedures
Exhibit D	-	Form of Notice of Borrowing
Exhibit E	-	Form of Borrowing Base Certificate
Exhibit F	-	Computer Tape Information
Exhibit G	-	Receivable Files Information
Exhibit H	-	Form of Remittance Report

Schedules

Schedule 5.18	-	Locations, Legal Names and Deposit Accounts
---------------	---	---

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This **AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (this “Agreement”) is made as of November 11, 2021, between **CREDOVA SPV I, LLC**, a Delaware limited liability company having an office at 515 W. Aspen Street, Suite 204, Bozeman, MT 59715, as the borrower (“Borrower”), and **PFM CREDIT RECOVERY FUND I, LLC**, a Delaware limited liability company having an office at 1120 Boston Post Road, Darien, Connecticut 06820, as the lender (“Lender”).

RECITALS

WHEREAS, Borrower entered into that certain Master Receivables Purchase and Sale Agreement, dated as of December 7, 2018 by and between Credova Holdings, LLC, a Delaware limited liability company (“Parent”), and Borrower (the “Purchase Agreement”), pursuant to which Borrower, as purchaser (“Purchaser”), has purchased and will purchase from Parent, as seller (“Seller”), from time to time, the indebtedness or obligations owing by obligors (a) with respect to certain retail installment sales contracts secured by consumer goods and household animals (the “Goods”) which are listed on the related Receivable Schedule (collectively the “RISC Receivables” and each a “RISC Receivable”); and (b) with respect to certain consumer installment loan contracts which are listed on the related CL Receivable Schedule (collectively the “CL Receivables” and each a “CL Receivable” and together with the RISC Receivables, the “Receivables”);

WHEREAS, Borrower and Lender are parties to that certain Loan and Security Agreement, dated as of December 7, 2018 (as amended from time to time, the “Prior Loan Agreement”), which provides for a revolving credit facility in the maximum aggregate principal amount of \$12,000,000;

WHEREAS, Borrower and Lender desire to amend and restate the terms, representations, covenants and agreements of the Prior Loan Agreement in this Amended and Restated Loan Agreement as hereinafter set forth;

WHEREAS, Lender is willing to do so on the terms and conditions set forth herein; and

WHEREAS, on the Effective Date (as hereafter defined), the parties hereto agree that the Prior Loan Agreement is hereby amended, restated and replaced in its entirety with this Agreement.

NOW, THEREFORE, in consideration of the premises and agreements contained herein, Borrower and Lender (sometimes singularly referred to as a "Party" and collectively referred to as "Parties") hereby agree as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. Definitions. The following terms shall have the following meanings:

"Account Bank" means Wells Fargo Bank, National Association, with respect to the Collection Account, and its respective successors and assigns.

"Accounts" has the meaning it is given under the UCC.

"Additional Amounts" has the meaning set forth in Section 4.5.

"Adjusted Unpaid Principal Balance" means, with respect to a Receivable and as of any date of determination, an amount equal to (a) the Unpaid Principal Balance of such Receivable, minus (b) the amount of any fees and/or points deducted from the initial proceeds remitted to the Obligor on such Receivable and the amount of any discount received by Parent in connection with the Receivables.

"Advance" and **"Advances"** have the meanings specified in Section 2.1.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the other Person, whether through ownership of voting securities, by contract or otherwise.

"Aggregate Outstanding Advances" means on any date, an amount equal to the sum of (i) the aggregate Advances minus (ii) the amounts previously applied to the repayment of such Advances pursuant to Section 4.3.

"Agreement" has the meaning specified in the preamble hereto.

"Amendment Fee" means an amount equal to the product of 1.0% and the difference between \$5,000,000 and the Borrowing Base with respect to Receivables sold to Borrower from Credova SPV II, LLC on December 9, 2021.

"Amortization Period" means the period commencing on the earlier of (a) the Funding Termination Date and (b) the date on which an Event of Default occurs, and ending on the Maturity Date.

"APR" means, with respect to a Receivable, the annual percentage rate of finance charges or service charges stated in the related Contract.

"Authorized Officers" means the Principals.

"Backup Servicer" has the meaning set forth in the Servicing Agreement.

"Backup Servicing Agreement" has the meaning set forth in the Servicing Agreement.

"Backup Servicer Fee" has the meaning set forth in the Servicing Agreement.

"Bankruptcy Code" means Title 11 of the United States Code (11 U.S.C. § 101 et seq.) as now or hereafter in effect, or any successor statute.

"Borrower" has the meaning specified in the preamble hereto.

"Borrowing" has the meaning specified in Section 2.6(a).

"Borrowing Base" means, as of any date of determination, an amount equal to the lesser of (i) the difference between (a) the Unpaid Principal Balance of the Eligible Receivables and (b) \$500,000, and (ii) an amount equal to the sum of (a) eighty-five percent (85%) of the aggregate Adjusted Unpaid Principal Balance of Eligible RISC Receivables (other than Prime RISC Receivables) that are less than thirty-one (31) days past due, (b) ninety percent (90%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Prime RISC Receivables and CL Receivables that are less than thirty-one (31) days past due and (c) thirty-seven and one-half percent (37.50%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Receivables that are more than thirty (30) days, but no more than sixty (60) days, past due. No Write-Off, Liquidated Receivable or Receivable that is more than sixty (60) days past due shall be included as an "Eligible Receivable" for purposes of calculating the Borrowing Base.

"Borrowing Base Availability Amount" means, as of any Funding Date, an amount equal to the greater of (i) zero and (ii) the Borrowing Base as of such date minus an amount equal to the Aggregate Outstanding Advances as of such date.

"Borrowing Base Certificate" has the meaning specified in Section 3.2(b)(ii).

"Borrowing Base Deficiency" means as of any date, the excess, if any, of the Aggregate Outstanding Advances over the Borrowing Base.

"Business Day" means any day other than a Saturday, Sunday or any other day on which banks are required or authorized to be closed in New York, New York.

"Change in Law" means (a) the adoption of any Law after the date of this Agreement, (b) any change in any Law or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by Lender with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"CL Receivable" has the meaning specified in the recitals hereto.

"Closing Date" means December 7, 2018.

Closing Fee" means a closing fee already paid on the Closing Date.

Code" means the Internal Revenue Code of 1986, as amended from time to time.

Collateral" has the meaning specified in Section 7.1.

Collateral Receipt" has the meaning specified in the Servicing Agreement.

Collection Account" means that certain account to be established and maintained at the Account Bank, as well as such other accounts in the name of Borrower and held and controlled by Lender into which all Collections and other amounts relating to the Receivables shall be deposited. All investment income on and transaction expenses associated with the Collection Account shall be reported for tax purposes as income and expense of Borrower.

Collections" means, with respect to any Receivable, all cash collections and other cash proceeds of or arising out of or relating to such Receivable, including, without limitation, (a) Scheduled Payments and unscheduled Payments, (b) Prepayments, (c) Late Fees and any other fees and/or amounts due pursuant to the installment loan contracts, (d) Guaranty Amounts, (e) Insurance Proceeds, (f) Liquidation Proceeds or Recoveries, (g) all other cash proceeds of Related Security with respect to such Receivable, (h) any related Administrative Purchase Payment, and (i) Repurchase Price Proceeds.

Commercial Tort Claim" has the meaning it is given under the UCC.

Computer Tape" means a computer tape or other electronic medium generated by or on behalf of a seller of Receivables and delivered or transmitted to Borrower which provides such information relating to such Receivables as set forth in the form attached hereto as Exhibit E.

Contract" means, with respect to a Receivable, the installment loan contract entered into with an Obligor pursuant to or under which such Obligor shall be obligated to pay installment loan payments.

Controlled Group" means Borrower and all Persons (whether or not incorporated) under common control or treated as a single employer with Borrower pursuant to Section 414(b), (c), (m) or (o) of the Code.

Custodial Fees" means any fee paid for custodial services pursuant to the Servicing Agreement and which Lender has approved.

Custodian" means Monterey or any other Person designated by Lender as the custodian pursuant to the Servicing Agreement.

Cut Off Date" shall mean, with respect to a Receivable, the date of acquisition by Purchaser of such Receivable.

Default" has the meaning specified in Section 6.6.

Default Rate" means an interest rate equal to eighteen percent (18%) per annum.

Delinquency Ratio" means, for any calendar month, the quotient, expressed as a percentage, of (A) the aggregate Unpaid Principal Balance of all Receivables as of the last day of such month which, as of such date, are more than thirty (30) days delinquent with respect to all or a portion of any Scheduled Payment, divided by (B) the aggregate Unpaid Principal Balance of all Receivables as of the last day of such month.

Deposit Account" has the meaning it is given under the UCC.

Deposit Account Control Agreement" means each Deposit Account Control Agreement with respect to a Deposit Account among the Account Bank, Borrower and Lender, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

Dollars" means the lawful currency of the United States of America.

Eligible Receivable" means, as of any date, any Receivable with respect to which all of the representations and warranties set forth on Exhibit B attached hereto are true and correct in all respects as of such date; provided, however, that any 'sporting good' RISC Receivable pledged to the facility on or after March 31, 2022 shall be deemed ineligible for funding.

Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any person, or any obligations convertible into or exchangeable for, or giving any person a right, option or warrant to acquire such equity interests or such convertible or exchangeable obligations.

ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

Event of Default" has the meaning specified in Section 8.1.

Excluded Obligor" means: (i) any employee or independent contractor of Borrower, Parent or any of their Affiliates (including, but not limited to, all directors, managers and officers of such Affiliates); (ii) any Principal; (iii) any Person that has any right of rescission, set off, counterclaim or any other defense with respect to its obligation to make payments under any Receivable; (iv) any Person that is subject to any bankruptcy or insolvency proceeding; (v) any Person that is engaged in, or has threatened to enter into, any litigation against Borrower, Parent or any of their Affiliates.

Excluded Taxes" means, with respect to Lender or any other recipient of any payment to be made by or on account of any obligation of Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) Lender's net income or gross receipts by any jurisdiction or Governmental Authority, (b) any branch profits taxes imposed by any jurisdiction or Governmental Authority, (c) taxes attributable to Lender's failure to comply with Section 4.5(a)(v) and (d) any U.S. federal withholding taxes imposed under FATCA.

"Facility Availability Amount" means, as of any date of determination, subject to Section 2.6(c), an amount equal to the greater of (i) zero and (ii) an amount equal to the Maximum Credit minus the sum of the Aggregate Outstanding Advances.

"Facility Interest Rate" has the meaning specified in Section 2.3.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement.

"FDCPA" means the Fair Debt Collection Practices Act, 15 U.S.C. § 1692 et seq.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Funding Date" has the meaning specified in Section 2.6(a).

"Funding Termination Date" means October 31, 2022.

"GAAP" means generally accepted accounting principles in the United States, as in effect from time to time.

"General Intangibles" has the meaning it is given under the UCC.

"Goods" has the meaning specified in the recitals hereto.

"Governmental Authority" means any federal, state, county, regional, local or municipal government, any bureau, department, agency or political subdivision thereof and any Person with jurisdiction exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government (including any court) of the United States.

"Guaranty Amounts" means any and all amounts paid by any guarantor with respect to the applicable Receivable.

"Indebtedness" means, with respect to any Person, any amount payable by such Person pursuant to an agreement or instrument involving, relating to or evidencing money borrowed or received, the advance of credit, a conditional sale or a transfer with recourse or with an obligation to repurchase, or pursuant to a lease with substantially the same economic effect as any such agreement or instrument, to which such Person is a party as debtor, borrower or guarantor, all obligations of such Person to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities or property, all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, all obligations to advance funds including keep wells, comfort letters and similar arrangements and all liabilities under interest rate cap agreements, interest rate swap agreements, foreign currency exchange agreements and other hedging agreements or arrangements.

"Indemnified Liabilities" has the meaning specified in Section 9.2.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 9.2.

"Insurance Policy" means, with respect to any Goods securing a Receivable, any insurance policy or policies maintained by or on behalf of the Obligor pursuant to the related Contract that covers physical damage to the related Goods and general liability (including any policies procured by Seller or any agent thereof, on behalf of the Obligor).

"Insurance Proceeds" means, with respect to any Goods securing a Receivable, any amount paid under an Insurance Policy issued with respect thereto or to the related Contracts, net of any proceeds which are required by law or the related Contracts to be paid to the related Obligor.

"Interest Period" means, with respect to each Advance: (a) initially, the period commencing on and including the initial Funding Date with respect to such Advance and ending on but excluding the next following Remittance Date, and (b) thereafter, each period beginning on and including a Remittance Date and ending on but excluding the next Remittance Date.

"Late Fees" means, with respect to a Receivable, any late fees, prepayment charges, extension fees, modification fees, check by phone fees, ACH/EFT fees, any other incidental charges or fees received from an Obligor, including, but not limited to, collection fees and returned check charges or other administrative fees or similar charges allowed by applicable Law that are paid or payable by the Obligor.

"Laws" means, with respect to any Person or action, as applicable, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority.

"Lender" has the meaning specified in the preamble hereto.

"Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, participation, deposit arrangement, encumbrance, lien (statutory or other), preference, priority right or interest or other security agreement or preferential arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing and the filing of any financing statement under the UCC (other than any such financing statement filed for informational purposes only) or comparable law of any jurisdiction to evidence any of the foregoing.

"Limited Guaranty" means, that certain Limited Guaranty dated as of the date executed by Parent and each of the Principals in favor of Lender.

"Liquidated Receivable" means, as of any date of determination and at all times thereafter, a Receivable as to which any of the following first

occurs: (i) forty-five (45) days have elapsed since Borrower or the Servicer repossessed the Goods, if applicable, (ii) Borrower or the Servicer has determined in good faith that all amounts it expects to recover have been received, (iii) all or a portion of a Scheduled Payment is one hundred twenty (120) days or more delinquent, or (iv) the Goods have been sold and the proceeds received, if applicable. A Receivable which becomes a Liquidated Receivable shall thereafter remain a Liquidated Receivable.

“Liquidated Receivables Percentage” means, for any calendar month, the quotient, expressed as a percentage, of (A) the aggregate Unpaid Principal Balance of all Receivables which became Liquidated Receivables during such calendar month (measured at their Unpaid Principal Balance at the beginning of such calendar month), divided by (B) the aggregate Unpaid Principal Balance of all Receivables as of the last day of such month.

“Liquidation Proceeds” means, with respect to a Liquidated Receivable, the monies collected by Seller, Borrower and the Servicer (from whatever source including, without limitation, from settlement proceeds) on such Liquidated Receivable.

“Loan Documents” means this Agreement, the Note, the Limited Guaranty, each Deposit Account Control Agreement, the UCC financing statements, the Servicing Agreement, the Pledge Agreement, the Purchase Agreement and all of the other agreements, documents and instruments entered into in connection with the transactions contemplated by this Agreement.

“Loan Receivable Purchase Agreement” has the meaning specified in the Purchase Agreement.

“Material Adverse Effect” means, with respect to Borrower, Seller or the Servicer, a material adverse effect on (i) the financial condition, business, operations or properties of such Person, (ii) the ability of such Person to perform its obligations under the Loan Documents to which it is a party, (iii) the legality, validity or enforceability of any Loan Document to which it is a party, or (iv) Lender’s interest in the Collateral.

“Maturity Date” means, with respect to the Note, the date, subsequent to the Revolving Period, that is the earlier of: (i) December 31, 2022; and (ii) the Remittance Date on which the Aggregate Outstanding Advances are \$1,000,000 or below.

“Maximum Credit” means \$17,000,000.

“Maximum Monthly Draw Amount” means \$1,000,000, or any other amount on which the parties agree in writing.

“Minimum Advance Amount” means \$250,000.

“Minimum Interest Payment” has the meaning specified in Section 2.3.

“Minimum Interest Payment Amount” has the meaning specified in Section 2.3.

“Monterey” means Monterey Financial Services Inc., a California corporation.

“Nexhill” means Nexhill Finance, LLC and Nexhill Finance II, LLC.

“Note” has the meaning specified in Section 2.2.

“Notice” has the meaning specified in Section 9.3.

“Notice of Borrowing” has the meaning specified in Section 2.6(b).

“Obligations” means all present and future liabilities, obligations and indebtedness of Borrower owing to Lender and arising under this Agreement, the Note and any other Loan Document, including, without limitation, amounts owed in respect of the Advances, interest, indemnities, fees, charges and expenses.

“Obligor” means a Person obligated to make payments on a Receivable, including co-signers, co borrowers and guarantors.

“Original Loan Balance” means, with respect to any Receivable, the original principal balance of the Receivable as of the date of origination.

“Originator” means, as applicable, Seller, Hello Funding, LLC, a Wyoming limited liability company, FlexStar Financial LLC, a Virginia limited liability company, Range Funding LLC, a Wyoming limited liability company, Credova Financial, LLC, a Delaware limited liability company, Cornerstone Bank, or any other originator approved by the Lender in writing and in its sole discretion.

“Other Expenses” has the meaning specified in the Servicing Agreement.

“Other Taxes” means any present or future stamp, recording, documentary, excise, property or similar taxes, charges or levies imposed by the United States or any taxing authority thereof or therein from any payment made under or in respect of this Agreement or any other Loan Documents or from the execution, delivery or registration of, any performance under, or otherwise with respect to, this Agreement or any other Loan Document.

“Parent” has the meaning specified in the recitals hereto.

“Parent Contribution Amount” has the meaning specified in Section 2.7.

“Party” and **“Parties”** have the meanings specified in the recitals hereto.

“Permitted Liens” means (a) Liens held by Lender, Liens of Seller, and Liens of Purchaser and Borrower, and (b) inchoate Liens for taxes, assessments and governmental charges or levies imposed upon a Person or upon such Person’s income or profits or property, if the same are not yet due and payable and no demand for payment made by the applicable governmental unit.

“Person” means any legal person, including any individual, corporation, partnership, joint venture, association, limited liability company, business

trust, joint stock company, trust, unincorporated organization, governmental entity or other entity of similar nature.

“Plan” means any employee benefit plan which is subject to Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code or Section 302 of ERISA, and either (i) is maintained for employees of a Person or any ERISA Affiliate or in which any such employees participate or to which contributions are made by such Person or any ERISA Affiliate, or (ii) has at any time within the preceding five years been maintained for employees of a Person or any ERISA Affiliate or any Person which was at such time an ERISA Affiliate or in which any such employees participated at such time, or (iii) with respect to which a Person or any ERISA Affiliate could be subjected to any liability under Title IV of ERISA (including Section 4069 of ERISA) in the event that such plan has been or were to be terminated.

“Plan Assets” means assets of any (i) employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (ii) plan (as defined in Section 4975(e)(1) of the Code) subject to Section 4975 of the Code, or (iii) governmental plan (as defined in Section 3(32) of ERISA) subject to federal, state or local laws, rules or regulations substantially similar to Title I of ERISA or Section 4975 of the Code.

“Pledge Agreement” means that certain Pledge Agreement, dated as of the date hereof, executed by Parent in favor of Lender.

“Policies and Procedures” means the Policies and Procedures, attached hereto as Exhibit C.

“Prepayments” means with respect to a Receivable, all payments, exclusive of Scheduled Payments, paid by or on behalf of the Obligor to prepay, in full or in part, the outstanding Unpaid Principal Balance owed by such Obligor under the terms of the related Contract.

“Prime Rate” means, for any date of determination, the rate of interest most recently announced by the Wall Street Journal as the prime commercial rate for Dollar-denominated loans made in the United States or, if the Wall Street Journal ceases to publish such rate, the comparable rate as published by a nationally recognized source mutually acceptable to Borrower and Lender.

“Prime RISC Receivable” means a RISC Receivables with an APR of less than thirty-six percent (36%), a VantageScoreTM 3.0 of 680 or higher, and that is not a ‘sporting good’ Receivable.

“Principals” means Samuel L. Paul and Brian G. Davis.

“Property” means any interest in any kind of property or asset, whether real, personal or mixed, tangible or intangible.

“Purchase” means each purchase of Receivables and Related Security by Purchaser from Seller.

“Purchase Agreement” has the meaning specified in the recitals hereto.

“Purchase Price” means, with respect to any Receivable, the price paid by Borrower to acquire such Receivable.

“Purchaser” has the meaning specified in the recitals hereto.

“Receivable” and **“Receivables”** have the meanings specified in the recitals hereto.

“Receivable File” means the documents pertaining to any Receivable referred to in Exhibit G attached hereto, and any additional documents retained by the Custodian with respect thereto.

“Records” means all contracts, purchase orders, invoices and other agreements, documents, books, records and other media for the storage of information (including tapes, disks, punch cards, computer programs and databases and related property) maintained by Borrower with respect to the Receivables or the related Obligors.

“Recoveries” means all collections and recoveries received by Borrower, Seller or the Servicer in respect of any Write-Off.

“Related Assets” means, with respect to any Receivable, all Collections with respect to, and other proceeds of such Receivable, including all funds received by any Person in payment of any amounts owed (including finance charges, interest and all other charges, if any) in respect of such Receivable, or otherwise applied to repay or discharge such Receivable (including insurance payments that Borrower applies in the ordinary course of its business to amounts owed in respect of such Receivable and net proceeds of any sale or other disposition of repossessed goods that were the subject of such Receivable) or other collateral or property of any Obligor or any other Person directly or indirectly liable for payment of such Receivable, and all Records relating to any of the foregoing.

“Related Security” means, with respect to any Receivable:

(i) all of Parent’s and Borrower’s, as applicable, right, title and interest in and to the Goods, Related Assets and Loan Receivable Purchase Agreements;

(ii) all security interests, Liens, real property and/or personal property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to the Receivable or otherwise, together with all financing statements or registration applications filed against an Obligor describing any collateral securing such Receivable;

(iii) all letters of credit, insurance, guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of the Receivable, whether pursuant to the Contract related to the Receivable or otherwise; and

(iv) the related Contract, all books, Records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related property and rights), accounts and all general intangibles relating to such Receivable and the related Obligor.

“Remittance Date” means the seventh (7th) day of each month, or, if such day is not a Business Day, the immediately succeeding Business Day.

"Remittance Period" means, with respect to any Receivable and any Remittance Date, the immediately preceding calendar month; provided that the first Remittance Period for any such Receivable shall be the period commencing on the related Cut Off Date to the last day of the calendar month prior to the related first Remittance Date.

"Remittance Report" means a report delivered to Lender by Borrower in respect of each Remittance Date in the form attached hereto as Exhibit H.

"Report Date" means the day which is two (2) Business Days prior to the applicable Remittance Date.

"Repurchase Price" has the meaning set forth in the Purchase Agreement.

"Repurchase Price Proceeds" means, with respect to any Receivable, any monies paid to Borrower by Seller pursuant to Section 6.4 of the Purchase Agreement.

"Requested Borrowing Amount" has the meaning specified in Section 2.6(c).

"Requirement of Law" means, as to any Person or Receivable, as applicable, any law, treaty, rule or regulation, determination or order of any arbitrator or a court or other Governmental Authority, judgment, decree, franchise or permit in each case applicable to or binding upon such Person or any of its property or to which such Person or Receivable, as applicable, or, in the case of any Person, any of its property is subject.

"Revolving Period" has the meaning specified in Section 2.1.

"RISC Receivable" has the meaning specified in the recitals hereto.

"Scheduled Payments" means, with respect to any Receivable, the periodic installment payments payable under the terms of the related Contracts.

"Securities Act" means the Securities Exchange Act of 1933, as amended, and any rules or regulations promulgated thereunder.

"Seller" has the meaning specified in the recitals hereto.

"Servicer" means Monterey or any Person (whether as a successor to Monterey or otherwise) with Servicing Rights.

"Servicing Agreement" means that certain Servicing Agreement, dated as of May 1, 2019, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, among Borrower, Servicer, Custodian and Lender or any other agreement giving rise or relating to Servicing Rights with respect to Receivables, including any assignment or other agreement relating to such agreement.

"Servicing Expenses" has the meaning specified in the Servicing Agreement.

"Servicing Fees" has the meaning specified in the Servicing Agreement.

"Servicing Rights" means contractual, possessory or other rights of Parent or any other Person, whether arising under any Servicing Agreement or otherwise, to administer or service a Receivable or to possess related Records.

"Subsidiary" has the meaning specified in the Purchase Agreement.

"Supporting Obligations" has the meaning it is given under the UCC.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges, liabilities or withholdings imposed by any Governmental Authority.

"Transfer Date" has the meaning specified in Section 6.03(b) of the Servicing Agreement.

"Trigger Event" has the meaning specified in Section 8.3.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Underwriting Guidelines" means the underwriting criteria established by Seller in the Policies and Procedures attached hereto as Exhibit C.

"Unpaid Principal Balance" means the original principal balance of a Receivable less any principal payments received with respect to such Receivable.

"Write-Off" means any Receivable which Borrower has determined in good faith to be uncollectible.

SECTION 1.2. Usage of Terms. For purposes of this Agreement, unless otherwise specified herein: (1) accounting terms used and not specifically defined therein shall be construed in accordance with GAAP; (2) terms used in Article 9 of the New York UCC, and not specifically defined herein, are used therein as defined in such Article 9; (3) the term "including" means "including without limitation" and other forms of the verb "to include" have correlative meanings; (4) references to any Person include such Person's permitted successors; (5) in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding"; (6) the words "hereof", "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement; (7) the term "or" means "and/or"; (8) the meanings of defined terms are equally applicable to the singular and plural forms of such defined terms; (9) references to "Section", "Schedule", "Exhibit", "Annex" and "Appendix" herein are references to Sections, Schedules, Exhibits, Annexes and Appendices in or to this Agreement; (10) the various captions (including any table of contents) are provided solely for convenience of reference and shall

not affect the meaning or interpretation of this Agreement; (11) references to any statute or regulation refer to that statute or regulation as amended from time to time, and include any successor statute or regulation of similar import; and (12) any reference in this Agreement to this Agreement or any Loan Document means such document as amended, restated, supplemented or otherwise modified from time to time.

ARTICLE II THE ADVANCES

SECTION 2.1. Advances. Lender agrees from time to time, on the terms and conditions of this Agreement, to make loans in the form of advances (individually, an "Advance"; collectively, the "Advances") to Borrower, on any Business Day from and including the Closing Date to and including the Funding Termination Date (the "Revolving Period") in an aggregate principal amount up to but not exceeding the Maximum Credit, subject to fulfillment of, with respect to the initial Advance, the conditions precedent set forth in Sections 3.1 and 3.2 and, with respect to each subsequent Advance, the conditions precedent set forth in Section 3.2.

SECTION 2.2. The Note.

(a) The Advances made by Lender to Borrower hereunder shall be evidenced by a single promissory note substantially in the form of Exhibit A hereto (the "Note"), dated the date hereof, payable to Lender in a principal amount equal to the lesser of (i) the Maximum Credit and (ii) the Aggregate Outstanding Advances.

(b) The date, amount and interest rate of each Advance made by Lender to Borrower, and each payment and prepayment made on all or any portion of the Aggregate Outstanding Advances in accordance with Sections 4.3 or 4.4, shall be recorded by Lender on its books and noted by Lender on the grid attached to the Note; provided that the failure of Lender to make any such recordation or notation shall not affect the obligations of Borrower to make a payment when due of any amount owing hereunder or under the Note in respect of the Aggregate Outstanding Advances.

SECTION 2.3. Interest.

(a) The Aggregate Outstanding Advances with respect to RISC Receivables (other than Prime RISC Receivables) shall bear interest from and including the first (1st) day of an Interest Period to but excluding the last day of such Interest Period at a rate per annum equal to fifteen percent (15%) and the Aggregate Outstanding Advances with respect to Prime RISC Receivables and CL Receivables shall bear interest from and including the first (1st) day of an Interest Period to but excluding the last day of such Interest Period at a rate per annum equal to the greater of (i) ten percent (10%) and (ii) Prime Rate plus six percent (6%) (together, the "Facility Interest Rate"); provided that from and after the occurrence of an Event of Default, the Facility Interest Rate shall be equal to the Default Rate; provided further, that if Borrower pays or prepays all or any portion of the Aggregate Outstanding Advances in accordance with Section 4.4, interest on such paid or prepaid amounts shall cease to accrue upon such payment or prepayment. Interest on the Aggregate Outstanding Advances shall be payable on each Remittance Date. The applicable Facility Interest Rate for each Interest Period shall be determined by Lender and written notice of such Facility Interest Rate given to Borrower at least two (2) Business Days prior to the beginning of such Interest Period in accordance with the applicable provisions hereof, and such determination shall be *prima facie* evidence of the correctness of such determination. Notwithstanding anything to the contrary contained herein, during the Revolving Period, in the event that Borrower's aggregate interest payments hereunder for any of the three-month periods specified below are less than the amount specified below (the "Minimum Interest Payment"), then Borrower shall be required to pay to Lender on the last Remittance Date in such three-month period an amount (the "Minimum Interest Payment Amount") equal to the difference between the Minimum Interest Payment and the amount of interest actually paid during such three-month period:

On the Remittance Date in January 2022 and on each subsequent third Remittance Date, \$385,000.

(b) If there shall be a continuing Event of Default in the payment of the principal of or interest on the Aggregate Outstanding Advances or any other amount becoming due hereunder, by acceleration or otherwise, Borrower shall on demand from time to time pay interest, to the extent permitted by Law, on such defaulted amount to but excluding the date of actual payment (after as well as before judgment) at the applicable Facility Interest Rate.

SECTION 2.4. Note Principal Balance. The Aggregate Outstanding Advances evidenced by the Note shall be repaid on each Remittance Date as specified in Section 4.3. Except as provided in Section 4.4, the Aggregate Outstanding Advances evidenced by the Note may not be paid or prepaid from any other funds on any date prior to the Maturity Date without the consent of Lender; provided, however, that the Aggregate Outstanding Advances evidenced by the Note may be paid or prepaid if and to the extent that Lender shall have declared the unpaid Aggregate Outstanding Advances and all accrued interest thereon to be immediately due and payable following the occurrence of an Event of Default as provided in Section 8.2.

SECTION 2.5. Payments Generally.

(a) All payments to be made by Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by Borrower hereunder shall be made to Lender, in Dollars and in immediately available funds on the date such payment is due and payable by 5:00 p.m. (Eastern time). All payments received by Lender after 5:00 p.m. (Eastern time) shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) If any payment to be made by Borrower shall come due on a day other than a Business Day, payment shall be made on the next succeeding Business Day.

SECTION 2.6. Procedure for Borrowing: Funding of Advances.

(a) Allowable Time and Amount of Advances. Subject to the terms and conditions of this Agreement, from and after the Closing Date, Borrower may request Advances (each such event, a "Borrowing") for any Business Day during the Revolving Period (each such date, a "Funding Date") in amounts not less than the Minimum Advance Amount. The amount requested for any such Borrowing shall not exceed, and any greater amount so requested shall be deemed to be equal to, the Requested Borrowing Amount as determined pursuant to clause (c) of this Section 2.6 for the Eligible Receivables (as evidenced by the related Receivable Schedule provided to Lender as required by Section 3.2(b)(i)) to which such Advances relate on such Funding Date. The aggregate amount of all Advances requested in any calendar month shall not exceed the Maximum Monthly Draw Amount, unless otherwise agreed to by Lender in writing.

(b) **Notice of Borrowing.** Any request for a Borrowing by Borrower shall be made by delivering to Lender an irrevocable notice of borrowing in the form attached hereto as Exhibit D (a "Notice of Borrowing"), which must be received no later than 2:00 p.m. (Eastern time) two (2) Business Days prior to the requested Funding Date. Any such delivery may be made by facsimile or email delivered to the individual designated by Lender to receive such notice.

(c) **Advances by Lender.** Upon Borrower's request for a Borrowing pursuant to Section 2.6(b), Lender shall, provided all conditions precedent set forth in Sections 3.1 and 3.2 have been met, not later than 5:00 p.m. (Eastern time) on the requested Funding Date, make Advances in an aggregate amount (the "Requested Borrowing Amount") equal to the least of (i) the amount of the Advances requested by Borrower in the related Notice of Borrowing, (ii) the Borrowing Base Availability Amount as of such Funding Date and (iii) the Facility Availability Amount as of such Funding Date. Subject to the foregoing, Lender shall make such Advances available to Borrower via wire transfer of immediately available funds (pursuant to wire transfer instructions provided by Borrower two (2) Business Days prior to such Funding Date). Lender shall not be obligated to make Advances more frequently than twice in any 30-day period.

(d) **No Duplicate Borrowing.** No Eligible Receivable may be the subject of more than one Borrowing.

SECTION 2.7. Parent Contribution Amount. On each Funding Date, Parent shall make a capital contribution to Borrower in an amount equal to the aggregate Purchase Price for the applicable Eligible Receivables less the related Requested Borrowing Amount (the "Parent Contribution Amount"). Pursuant to the Purchase Agreement, such capital contribution may be in the form of a contribution of the Receivables purchased by Borrower on such date.

ARTICLE III CONDITIONS TO ADVANCES

SECTION 3.1. Conditions to Effectiveness of this Agreement. This Agreement and Lender's obligations hereunder shall be subject (unless waived by Lender in writing) to the conditions precedent that Lender shall have received each of the following, on or before the Closing Date, each (unless otherwise indicated) dated as of the Closing Date and each in form and substance satisfactory to Lender:

- (a) This Agreement, duly executed and delivered by the parties hereto;
- (b) The Purchase Agreement, duly executed and delivered by the parties thereto;
- (c) The Servicing Agreement, duly executed and delivered by the parties thereto;
- (d) The Limited Guaranty, duly executed and delivered by the parties thereto;
- (e) The Pledge Agreement, duly executed and delivered by Parent;

(f) A copy of the limited liability company consents or resolutions of Borrower required to approve the execution and delivery of this Agreement, the Note, each of the other Loan Documents to which it is a party and the transactions contemplated herein and therein and addressing such other matters as may reasonably be required by Lender, certified by an officer or manager of Borrower;

(g) A copy of the corporate consent or resolution of each of Borrower and Parent required to approve the execution and delivery of the Loan Documents that each such Person is a party to and the transactions contemplated therein and addressing such other matters as may reasonably be required by Lender, certified by an officer or manager of Borrower or Parent, as applicable;

(h) A good standing certificate for each of Borrower and Parent issued as of a recent date by the Secretary of State of the jurisdiction of its organization;

(i) A certificate of the Manager of Borrower certifying the names and true signatures of the Authorized Officers of Borrower;

(j) A certificate of the Manager of Parent certifying the names and true signatures of the Authorized Officers of Parent;

(k) Each of Borrower and Parent shall have taken all steps necessary to ensure that the security interest granted to Lender hereunder in the Collateral shall constitute a first priority, fully perfected security interest under the UCC in all right, title and interest of Borrower in, to and under the Collateral, subject however, to Permitted Liens;

(l) Lender shall have received the results of lien searches made with respect to each of Borrower and Parent in its state of incorporation or formation, as the case may be, together with copies of financing statements disclosed by such searches, and such searches shall disclose no Liens on the Collateral, other than the security interest of Lender and/or Borrower, as applicable, and Permitted Liens;

(m) The Amendment Fee which shall be paid no later than December 9, 2021;

(n) Customary opinions of counsel reasonably requested by Lender, including, without limitation, an opinion as to enforceability of the Loan Documents, in form and substance reasonably acceptable to Lender; and

(o) Any other documents or information reasonably requested by Lender.

SECTION 3.2. Conditions Precedent to Each Advance. The making of each Advance by Lender hereunder (including the initial Advance) is subject to the satisfaction of the following conditions precedent:

(a) With respect to the initial Advance, Lender shall have received (a) evidence satisfactory to Lender of the establishment of the Collection Account with the Account Bank and Lender shall have received the Deposit Account Control Agreements, each duly executed and delivered by the parties thereto; and (b) the Closing Fee (to be deducted from the initial Advance);

(b) Lender or its designee shall have received on or before the related Funding Date:

(i) the Computer Tape with respect to all relevant Receivables, delivered pursuant to Section 3.3(a) along with the Receivable Schedule with respect to Eligible Receivables for which a Borrowing is requested;

(ii) a certificate executed by Borrower and the Servicer in the form of Exhibit E attached hereto showing a true and correct calculation of the Borrowing Base as of such Funding Date ("Borrowing Base Certificate");

(iii) a certificate, executed by an Authorized Officer of Borrower, certifying that the conditions set forth in Section 3.2(c) have been satisfied; and

(iv) such certificates, or other documents as Lender may reasonably request;

(c) All representations and warranties in this Agreement and all other Loan Documents that are not subject to materiality qualifications shall be true and correct in all material respects as of such Funding Date as if made on such date and all representations and warranties in this Agreement and all other Loan Documents that are subject to materiality qualifications shall be true and correct in all respects as of such Funding Date as if made on such date; Borrower shall be in compliance with the terms and conditions set forth herein; no Default, Event of Default or Trigger Event shall have occurred and be continuing or shall occur as a result of the making of such Advance; and the making of such Advance shall not cause a violation of the portfolio concentration limits set forth in Exhibit B;

(d) With respect to the initial Advance, Lender shall have received the insurance certificates described in Section 6.23;

(e) Lender or its designee shall have received any other documents requested by Lender;

(f) Borrower (or Seller) shall have delivered to the Custodian all documents related to each Receivable in accordance with Section 3.3(b) and the provisions of the Servicing Agreement;

(g) Lender or its designee shall have received the Collateral Receipt with respect to the documents delivered pursuant to Section 3.2(f) above;

(h) Borrower shall have marked or caused the Servicer to have marked the related provisions of its loan servicing system evidencing the Receivables with the following legend:

"THE RECEIVABLES DESCRIBED HEREIN HAVE BEEN (A) SOLD TO CREDOVA SPV I, LLC PURSUANT TO A MASTER RECEIVABLES PURCHASE AND SALE AGREEMENT, DATED AS OF DECEMBER 7, 2018, BETWEEN CREDOVA HOLDINGS, LLC, AS SELLER, AND CREDOVA SPV I, LLC, AS PURCHASER, AND (B) PLEDGED TO PFM CREDIT RECOVERY FUND I, LLC PURSUANT TO A LOAN AND SECURITY AGREEMENT, DATED AS OF DECEMBER 7, 2018, BETWEEN CREDOVA SPV I, LLC, AS BORROWER, AND PFM CREDIT RECOVERY FUND I, LLC, AS LENDER";

(i) To the extent applicable, each secured party shall have released all of its right, title and interest in, to and under such Receivable (including, without limitation, any security interest that such secured party or secured party's agent may have by virtue of its possession, custody or control thereof) and to the extent applicable, has filed UCC termination statements in respect of any UCC filings made in respect of such Receivable, and each such release and UCC termination statement or other evidence of release and termination satisfactory to Lender has been delivered to Lender and if applicable, to the appropriate custodian;

(j) Lender shall have received the Amendment Fee on or prior to December 9, 2021; and

(k) Satisfaction of all conditions precedent to each Purchase set forth in Section 3.2 of the Purchase Agreement.

SECTION 3.3. Receivables Related Deliveries.

(a) Borrower shall deliver to Lender and the Custodian, the Computer Tape setting forth all of the Receivables owned by Borrower and included in the calculation of the Borrowing Base, by 1:00 p.m. (Eastern time) two (2) Business Days prior to the related Funding Date (unless otherwise agreed to by Borrower and Lender).

(b) Pursuant to the Servicing Agreement, Borrower (or Seller on behalf of Borrower) shall from time to time in connection with each Funding Date, by 5:00 p.m. (Eastern time) two (2) Business Days prior to such Funding Date, deliver and release to the Custodian those Receivable Files as required by the Servicing Agreement. Borrower shall ensure that the Custodian certifies its receipt of all such Receivable Files required to be delivered pursuant to the Servicing Agreement for the related Funding Date, and shall deliver such certification to Lender.

SECTION 3.4. Examination of Receivable Files. Borrower shall, prior to the related Funding Date, make the Receivable Files related to each Receivable to be purchased on such Funding Date available to Lender for examination at Borrower's offices, at the offices of the Custodian if such Receivable File has been delivered to the Custodian pursuant to Section 3.3(b), or such other location as shall otherwise be agreed upon by Lender and Borrower. Such examination may be made by Lender or its designee at any reasonable time before or after the related Funding Date.

ARTICLE IV

APPLICATION OF PROCEEDS

SECTION 4.1. Servicer and Servicing Agreement. Pursuant to the Servicing Agreement, Monterey has agreed to act as the Servicer with respect to the Receivables. As a condition of this Agreement, Borrower has assigned for security all of its rights under the Servicing Agreement to Lender.

SECTION 4.2. Collections. All Collections, including checks and other instruments, shall be deposited in the Collection Account within one (1) Business Day after receipt thereof by (a) Borrower, (b) Parent, or (c) its Affiliates, and Borrower will request that the Servicer and its Affiliates deposit such Collections within that timeframe, to the extent that any of Borrower's Collections were received by such Persons. Collections and other transaction history for each Remittance Period shall be reported to Lender, and shown on the Electronic File, in such detail as Lender may reasonably request.

SECTION 4.3. Application of Proceeds. On each Report Date until such time as all Obligations have been satisfied, or until the Servicer and Lender shall have determined (which determination shall be made in a commercially reasonable manner) that the Receivables have been exhausted, Borrower shall deliver a Remittance Report, the Computer Tape and a Borrowing Base Certificate to Lender. On each Remittance Date, Lender shall instruct the Account Bank to remit from the Collection Account all Collections in respect of the Receivables for the related Remittance Period and all related net investment earnings on amounts on deposit in the Collection Account in the following order, priority and amounts:

first, to the Servicer, any Servicing Fees, Servicing Expenses and Other Expenses not previously paid or reimbursed for the subject Remittance Period;

second, on a *pari passu* basis, (i) to the Custodian, any Custodial Fees and any expenses of the Custodian reimbursable under the Servicing Agreement and not previously paid or reimbursed, (ii) to the Backup Servicer, if any, any Backup Servicer Fee and any expenses reimbursable under the Backup Servicing Agreement not previously paid or reimbursed, each for the subject Remittance Period;

third, to Lender, reimbursement of any and all reasonable fees, out-of-pocket costs and expenses associated with its administration and enforcement of, and any amendments made or waivers granted with respect to, this Agreement or the Loan Documents (including the "Additional Amounts");

fourth, to Lender, any accrued and unpaid interest on the Aggregate Outstanding Advances (including, during the Revolving Period, any Minimum Interest Payment Amount) and, after the occurrence of an Event of Default, the amount necessary to repay the Aggregate Outstanding Advances until the Aggregate Outstanding Advances have been reduced to zero;

fifth, to Lender, (i) during the Revolving Period, repayment of the Aggregate Outstanding Advances until the Aggregate Outstanding Advances do not exceed the Borrowing Base, and, (ii) during the Amortization Period, repayment of the Aggregate Outstanding Advances until such Aggregate Outstanding Advances do not exceed the Borrowing Base, and *then*, during the Amortization Period, one hundred percent (100%) of the remaining Collections until the Aggregate Outstanding Advances have been reduced to zero;

sixth, to the Servicer, any defense or indemnification amounts payable to the Servicer pursuant to Section 7.01 of the Servicing Agreement and not previously paid or reimbursed for the subject or any prior Remittance Period;

seventh, to Lender, payment of an amount equal to the sum of any past-due payments under any other financing facility or loan extended by Lender or its Affiliates to Parent, Nexhill or their Affiliates; and

eighth, to Borrower, any Collections remaining after application of such amounts pursuant to clauses *first* through *seventh* above.

SECTION 4.4. Prepayments.

(a) **Voluntary.** Borrower may at any time, prepay in whole the Aggregate Outstanding Advances upon at least thirty (30) days' prior written (delivered by mail or facsimile) notice to Lender (or telephone notice promptly confirmed by written (delivered by mail or facsimile) notice). The notice of prepayment shall specify the prepayment date, shall be irrevocable and shall commit Borrower to prepay the Aggregate Outstanding Advances in full (or a lesser amount mutually agreed upon by the Parties) on the date stated therein. Any such prepayment shall be accompanied by the payment of a fee equal to the sum of all remaining Minimum Interest Payments through the Funding Termination Date by Borrower to Lender. Prepayment of the Aggregate Outstanding Advances pursuant to this Section 4.4(a) shall have no effect upon, or in any way reduce, amounts otherwise distributable to Lender pursuant to Section 4.3.

(b) **Mandatory Prepayments.** Borrower shall prepay the Aggregate Outstanding Advances within two (2) Business Days after the earlier of the date (i) that an Authorized Officer becomes aware that a Borrowing Base Deficiency exists and (ii) on which Borrower receives written notice from Lender that a Borrowing Base Deficiency exists, in each case in an amount equal to such Borrowing Base Deficiency, which shall be applied to repay the Aggregate Outstanding Advances. Any prepayment pursuant to this Section 4.4(b) does not require the payment of the Prepayment Fee. Prepayment of the Aggregate Outstanding Advances pursuant to this Section 4.4(b) shall have no effect upon, or in any way reduce, amounts otherwise distributable to Lender pursuant to Section 4.3.

SECTION 4.5. Additional Amounts.

(a) Taxes.

(i) Any and all payments by Borrower hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Indemnified Taxes; provided, however, that if Borrower shall be required to deduct or withhold any Indemnified Taxes from such payments, then (i) if there has been a Change in Law (other than with regard to the making of a filing or the provision of a form) with regard to any Indemnified Taxes after the date hereof, the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.5(a)(i)) Lender receives an amount equal to the sum it would have received had no such deductions or withholdings been made but only to the extent that any such deduction or withholding is required solely as a result of such Change in Law, (ii) Borrower shall make such deductions or withholdings and (iii) Borrower shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable Law.

(ii) In addition, Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(iii) Following the provision by Lender of evidence of payment of Indemnified Taxes, including calculations of such Indemnified Taxes, reasonably satisfactory to Borrower, Borrower shall indemnify Lender for the full amount of any Indemnified Taxes or Other Taxes required to be paid by Lender, as the case may be, on or with respect to any payment by or on account of any obligation of Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 4.5(a)(ii)) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto. Such amount shall constitute an "Additional Amount" and shall be paid pursuant to Section 4.3.

(iv) To the extent reasonably practicable, after any payment of Indemnified Taxes or Other Taxes by Borrower to a Governmental Authority, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

(v) If a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (v), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

(b) Change in Circumstances.

(i) Notwithstanding any other provision of this Agreement, if any Change in Law, other than a change in law relating to Taxes, shall impose on Lender any condition affecting this Agreement or the Advances made by Lender, and the result of any of the foregoing shall be to increase the cost to Lender of making or maintaining any Advance or to reduce the amount of any sum received or receivable by Lender hereunder (whether of principal, interest or otherwise) by an amount reasonably deemed by Lender to be material, then Borrower will pay to Lender such additional amount or amounts as will compensate Lender for such additional costs incurred or reduction suffered. Any amounts paid under this Section 4.5(b)(i) shall be excluded from any claim for indemnification under Section 9.2.

(ii) A certificate of Lender setting forth in reasonable detail the Change in Law claimed and a calculation of the amount or amounts necessary to compensate Lender, as specified in paragraph (i) above, shall be delivered to Borrower and shall be prima facie evidence of the correctness of such calculation. Such amount shall constitute an "Additional Amount" and shall be paid pursuant to Section 4.3 on the Remittance Date immediately following the date on which Borrower receives such certificate.

(iii) Failure or delay on the part of Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital shall not constitute or be deemed as a waiver of Lender's right to demand such compensation. The protection of this Section 4.5(b) shall be available to Lender regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed. Lender agrees to reimburse Borrower in the amount of any such payments made to Lender under this Section 4.5(b) to the extent Lender receives reimbursement from another source for such amounts.

(c) Breakage Indemnity. Borrower shall indemnify Lender against any reasonable losses, costs, claims, damages, liabilities or expenses that Lender may sustain or incur as a consequence of (i) any event, other than a default by Lender in the performance of its obligations hereunder, which results in Lender receiving or being deemed to receive any amount on account of the principal of the Aggregate Outstanding Advances prior to the end of the Interest Period in effect therefor or (ii) any default of the Borrower in the making of any payment or prepayment required to be made hereunder. A certificate of Lender setting forth in reasonable detail a calculation of any amount or amounts which Lender is entitled to receive pursuant to this Section 4.5(c) shall be delivered to Borrower and shall be conclusive absent manifest error. Such amount shall constitute an "Additional Amount" and shall be paid pursuant to Section 4.3 on the Remittance Date immediately following the date on which Borrower receives such certificate.

ARTICLE V
BORROWER REPRESENTATIONS AND WARRANTIES

To induce Lender to enter into this Agreement, Borrower hereby makes the following representations and warranties as of the Closing Date and each Funding Date, each of which shall survive the execution and delivery of this Agreement, the Note and any related document and agreement.

SECTION 5.1. Organization and Standing. Borrower is a duly formed and validly existing limited liability company, in good standing under the laws of its jurisdiction of organization, with all requisite limited liability company power and authority to own and operate its assets, to conduct the businesses in which it is engaged or proposes to engage and to consummate the transactions contemplated herein, has been duly qualified in each jurisdiction where required by the conduct of its business or its ownership of properties, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect, and has not adopted any resolutions or taken any action leading to liquidation.

SECTION 5.2. Power and Authority. Borrower has all requisite limited liability company power and authority to execute, deliver and carry out the terms and provisions of this Agreement and the other Loan Documents to which it is a party, and has duly and properly taken all necessary limited liability company action to permit and authorize the execution, delivery and performance of its obligations under this Agreement and the other Loan Documents to which it is a party, and the consummation of its role in the transactions contemplated herein and therein.

SECTION 5.3. Binding Obligations. This Agreement and the other Loan Documents to which it is a party have been duly authorized, executed and delivered by Borrower, and each constitutes a legal, valid and binding obligation of Borrower, enforceable in accordance with its respective terms except as enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding in law or in equity.

SECTION 5.4. Compliance With Other Instruments. Borrower is not in violation of, or default under, any Requirement of Law, any agreement or instrument to which it is a party or by which it is bound or to which any of its properties or assets are subject, other than violations that could not reasonably be expected to have a Material Adverse Effect. The execution, delivery on the Closing Date and the performance by Borrower of and in accordance with this Agreement and the other Loan Documents to which it is a party, and any related document and agreement required to be delivered hereunder or thereunder, the consummation of the transactions contemplated herein or therein and the compliance with the terms and provisions hereof

or thereof, will not (a) violate the organizational and governing documents of Borrower, (b) contravene any Requirement of Law to which Borrower is subject or (c) violate, conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any security interest, other than the security interest in favor of Lender hereunder, upon any of the property or assets of Borrower pursuant to the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which Borrower is a party or by which its properties or assets are bound or may be subject, other than, with respect to clauses (b) and (c) above, such contraventions, violations, conflicts and breaches that could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.5. Litigation. There are no actions, suits, proceedings or investigations pending or, to the knowledge of Borrower, threatened against or affecting Borrower or its properties or assets, or to which Borrower or its properties or assets is subject, nor is there any outstanding judgment, order, writ, injunction, decree or award affecting Borrower or its properties or assets before any court or before any Government Authority that, if adversely determined, could reasonably be expected to have a Material Adverse Effect, and Borrower does not have any knowledge of any basis for any such suit, proceeding or investigation.

SECTION 5.6. Financial Statements. The Financial Statements of Borrower, copies of which have been delivered to Lender, fairly and accurately present in all material respects the financial condition of Borrower as at the date thereof and the results of operations for Borrower for the fiscal period ended on the date thereof, all in accordance with GAAP, except for the absence of footnotes and normal year-end adjustments in any unaudited financial statements so delivered.

SECTION 5.7. Real Estate. Borrower does not own any real property and does not lease any real property.

SECTION 5.8. ERISA. Neither Borrower nor any of its ERISA Affiliates has any Plans. Borrower does not participate in, has not participated in, and has no liability (including any contingent liability) to, any “multi-employer plan,” as defined in Section 4001(a)(3) of ERISA or other defined benefit pension plan as defined in ERISA §3(2). Borrower and its ERISA Affiliates are in compliance in all respects with all requirements of each Plan, and each Plan complies in all respects, and is operated in compliance in all respects, with all Requirements of Law, in each case except as such non-compliance could not reasonably be expected to have a Material Adverse Effect. No condition exists or event or transaction has occurred with respect to any Plan which could result in the incurrence by Borrower of any material liability, fine or penalty or the imposition of a lien on any of the Collateral. All required contributions have been and will be made in accordance with the provisions of each Plan. Members of the Controlled Group currently comply and have complied in all material respects with the notice and continuation coverage requirements of Section 4980B of the Code. The consummation of the transactions contemplated by this Agreement will not constitute or result in any non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or other substantially similar provisions under federal, state or local laws, rules or regulations.

SECTION 5.9. No Material Adverse Contracts, Etc. Borrower is not obligated under any contract or agreement or under any Law which adversely affects in any material respect its ability to perform the Obligations or which adversely affects in any material respect the value of the Collateral or which would adversely affect the legality or enforceability of this Agreement or the other Loan Documents.

SECTION 5.10. Consents by Authority. Except for the filing of financing statements or similar notices of encumbrance, all actions, approvals, consents, waivers, exemptions, variances, franchises, orders, permits and authorizations required to be taken, given or obtained, as the case may be, by or from any federal, state or other Governmental Authority or agency, that are necessary or advisable in connection with the execution and delivery by Borrower of, and performance by Borrower of its respective obligations under, the Loan Documents to which it is a party have been duly taken, given or obtained, as the case may be, are in full force and effect on the date hereof, are not subject to any pending proceedings or appeals (administrative, judicial or otherwise) and either the time within which any appeal therefrom may be taken or review thereof may be obtained has expired or no review thereof may be obtained or appeal therefrom taken, and are adequate to authorize the consummation by Borrower of the transactions contemplated by this Agreement and any other Loan Document to which it is a party and the performance by Borrower of its obligations hereunder and thereunder.

SECTION 5.11. No Finder's or Broker's Fees. There are no broker's or finder's fees payable by Borrower to any Person in connection with this Agreement, the other Loan Documents or the transactions contemplated herein or therein and no broker's or finder's fee is payable by Borrower to any Person in connection with any Advance.

SECTION 5.12. Securities Laws. Neither Borrower nor any Person controlling Borrower, or any subsidiary of Borrower is an “investment company” under the Investment Company Act of 1940, as amended, or is subject to any other federal, state or local statute or regulation limiting its ability to incur Indebtedness.

SECTION 5.13. Disclosure. The representations and warranties made by Borrower herein and any certificates, exhibits and schedules attached hereto (including any such documents furnished by electronic medium) and, to the knowledge of Borrower, any other information, data, reports, certificates, financial statements and similar writings required to be furnished to Lender by Borrower in connection with the transactions under this Agreement and the Loan Documents, are true and accurate in all material respects, in each case, on the date such information was furnished and in light of the circumstances in which it was furnished, except that with respect to any projections furnished by Borrower, (i) there are uncertainties inherent in attempting to make such projections, (ii) Lender is familiar with such uncertainties, and (iii) Lender is making its own evaluation of the adequacy and accuracy of all such projections furnished to Lender. There is no fact or condition existing as of the date hereof which does currently have, or to the best knowledge of Borrower, in the future will have, a Material Adverse Effect.

SECTION 5.14. No Material Business. Since its formation, Borrower has had no material business or operations and has no liabilities, other than the purchase and financing of the Receivables under the Loan Documents and other incidental activities related thereto and contemplated therein. Borrower has no Subsidiaries and does not have any outstanding loans or advances to, and does not control directly or indirectly, and has no direct or indirect equity participation in, any Person.

SECTION 5.15. U.S. Person. Borrower is a U.S. person under the Code.

SECTION 5.16. Margin Stock. Neither the making of any Advance hereunder, nor the use of the proceeds thereof, will violate or be inconsistent with the provisions of Regulation U or X of the FRB.

SECTION 5.17. Liens and Encumbrances; Sufficiency of Assets. Upon Borrower's acquisition of the Receivables, the Receivables will be owned by Borrower free and clear of any Lien other than Permitted Liens. All actions necessary in any jurisdiction to give Lender a first priority perfected lien under the UCC in each Receivable acquired by Borrower have been performed. No Receivable acquired by Borrower or constituent part thereof

constitutes a "negotiable instrument" or "negotiable document of title" or an "investment" or "chattel paper" (as such terms are used in the UCC) unless such instrument or document of title or chattel paper has been delivered to the Custodian for the benefit of Lender. In connection with the sale of any Receivable by Seller to Borrower, Borrower has filed or will cause to be filed within ten (10) days after the purchase of the Receivable, in respect to each such sale, UCC financing statements in all jurisdictions necessary to perfect a security interest of Borrower in the Receivables (and the Related Security).

SECTION 5.18. Location of Place of Business; Legal Name; Deposit Accounts. Borrower's primary place of business, chief executive office, location of all of its property and Deposit Accounts are as set forth on Schedule 5.18 attached hereto.

SECTION 5.19. Investments and Indebtedness. Borrower has not incurred any Indebtedness nor made any investments nor advanced any loans or other funds to or for the benefit of any other Person other than in connection with the Loan Documents.

SECTION 5.20. Capabilities. Borrower has adequate capital, assets, liquidity, personnel, facilities, equipment, software, systems capability and competence to perform its Obligations.

SECTION 5.21. [Reserved].

SECTION 5.22. Taxes. Borrower has filed or caused to be filed all federal and all material state and local tax returns which are required to be filed by it, and has paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, except any such taxes, assessments or charges (a) that are being diligently contested in good faith by appropriate proceedings and (b) for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 5.23. Solvency. Borrower: (i) is not "insolvent" (as such term is defined in Section 101(31)(A) of the Bankruptcy Code); (ii) is able to pay its debts as they become due; and (iii) does not have unreasonably small capital for the business in which it is engaged or for any business or transaction in which it is about to engage.

SECTION 5.24. Licenses. Borrower has all governmental licenses, authorizations, consents and approvals required to carry on the business of origination, acquisition and sale of the Receivables in each jurisdiction in which such business will be conducted, except where, failure to obtain such license, authorization, consent or approval would not have a Material Adverse Effect. No licenses or approvals obtained by Borrower have been suspended or revoked by any court, administrative agency, arbitrator or governmental body and no proceedings are pending which might result in such suspension or revocation.

SECTION 5.25. Dealings with Obligors. No action or omission on the part of Seller would give rise to any right under the FDCPA on the part of any Obligor to bring any action or claim that would result in a Material Adverse Effect. Neither Borrower nor any of its Affiliates (including, but not limited to, all directors, managers and officers of such Affiliates) has advanced funds, induced, or solicited any advance of funds from a party other than the relevant Obligor, directly or indirectly, for the payment of any amount required by any Receivable.

**ARTICLE VI
COVENANTS**

Borrower hereby covenants and agrees that from the date hereof and until payment in full of all of the Obligations, unless Lender shall otherwise consent in writing, it will:

SECTION 6.1. Use of Proceeds. Use the proceeds of each Advance solely to purchase Receivables.

SECTION 6.2. [Reserved].

SECTION 6.3. Business and Existence. Perform all things necessary to preserve and keep in full force and effect its existence, maintain the continuous operation of its business and comply in all material respects with each Requirement of Law. Borrower shall not engage in any line of business other than pursuit, negotiation, acquisition and ownership of the Receivables and related assets and the financing thereof in accordance with the Loan Documents. Borrower shall notify Lender not less than ten (10) days in advance of any change in the location of its place of business. Without the prior written consent of Lender, Borrower shall not amend its articles of organization or limited liability company operating agreement, or change its jurisdiction of formation and shall comply with all of the provisions of its articles of organization and limited liability company operating agreement.

SECTION 6.4. Indebtedness and Expenses. Not incur, create or suffer to exist any Indebtedness other than Indebtedness arising under this Agreement, the Note and the Loan Documents, and not incur, create or suffer to exist any expenses except reasonably necessary expenses incurred in the ordinary course of business in performance of its obligations under this Agreement, the Note and the Loan Documents, and shall pay and discharge all of its indebtedness, obligations and expenses promptly in accordance with this Agreement and the other Loan Documents and the normal terms and practices of its business, before the same shall become in default, as well as all lawful claims for labor, materials and supplies which otherwise, if unpaid, could reasonably be expected to might become a lien upon its properties or assets or any part thereof.

SECTION 6.5. Payment of Taxes and Assessments. Pay, prior to delinquency, all taxes, assessments and other governmental charges or levies which become due and payable by Borrower to any political entity, subdivision or department thereof under any law now or hereafter in force or effect, except any such taxes, assessments or charges (a) that are being diligently contested in good faith by appropriate proceedings, and (b) for which adequate reserves in accordance with GAAP shall have been set aside on its books.

SECTION 6.6. Notice of Event of Default. Promptly, but no later than two (2) Business Days after Borrower's first actual knowledge of an Event of Default or any event or condition the occurrence or existence of which would, with the giving of notice or lapse of time, or both, constitute an Event of Default (a "Default"), furnish Lender with prompt written notice of the occurrence of any such event or condition.

SECTION 6.7. Financial Statements; Additional Information; Further Assurances.

(a) Prior to the payment in full of the Obligations, as soon as available and in any event within forty-five (45) days after the end of each fiscal quarter of Parent, Borrower will deliver to Lender an unaudited consolidated balance sheet, together with a related unaudited statement of income and unaudited statement of cash flow for such quarter, for Parent that will include Borrower. As soon as available and in any event within one hundred fifty

(150) days after the end of each fiscal year (starting with the year end 2019) of Parent, Borrower will deliver an audited consolidated balance sheet as of the end of such fiscal year, and the related audited statement of income and audited statement of cash flow for such fiscal year for Parent that will include Borrower. Together with each delivery of such financial statements, Borrower will deliver a certificate of an Authorized Officer to the effect that (i) such financial statements were prepared in accordance with GAAP applied on a consistent basis (other than for the absence of footnotes and normal recurring year-end adjustments), (ii) such financial statements fairly and accurately present the results of operations and financial condition of Parent in all material respects as of the date of such financial statements and (iii) Borrower is in material compliance with the provisions of this Agreement.

(b) Prior to the payment in full of the Obligations, furnish such other financial information in the possession of or readily obtainable by Borrower regarding the operations, business affairs and financial condition of Borrower or its properties or assets as Lender may reasonably request in writing for the purpose of determining compliance with this Agreement or the status of the Collateral (other than financial information with respect to the Obligors that is not in Borrower's actual possession), including, but not limited to, true and exact copies of its books of account and any audit reports prepared by any Governmental Agency related to Borrower or this Agreement, the other Loan Documents or the Collateral, and all information furnished by Borrower to any Governmental Agency related to Borrower, this Agreement, the other Loan Documents or the Collateral.

SECTION 6.8. Right of Inspection/Right of Audit.

(a) Prior to the payment in full of the Obligations, permit any person who is designated by Lender on not less than two (2) Business Days' prior written notice, or, with no prior notice if a Default or an Event of Default exists or is continuing, to visit and inspect during Borrower's normal business hours any of the properties, books, systems, procedures, financial reports and records of Borrower and to discuss its affairs, finances and accounts at all such times and as often as Lender may reasonably request for the purpose of determining compliance with this Agreement or the status of the Collateral. Such visits shall be at Borrower's sole cost and expense.

(b) Prior to the payment in full of the Obligations, permit Lender, on not less than two (2) Business Days' prior written notice, or, with no prior notice if a Default or an Event of Default exists or is continuing, to conduct an audit of the properties, books, systems, procedures, financial reports and records of the business activities and operations conducted by Seller and Borrower in connection with their performance under this Agreement, during regular business hours, at the location the records are then kept by Borrower. Such audits shall be at Borrower's sole cost and expense.

(c) So long as no Event of Default has occurred and is continuing, the visits and inspections described in clause (a) above and the audits for which Borrower shall reimburse Lender described in clause (b) above shall not occur more than twice in any twelve-month calendar period.

SECTION 6.9. Liens. Not contract, create, incur or suffer to exist any Lien on any of Borrower's assets, whether now owned or hereafter acquired, except Permitted Liens. Borrower will defend the Collateral against, and will take such other action as is necessary to remove, any Lien, other than Permitted Liens, and will defend the rights and interests of Lender, on behalf of Lender, in and to any of the Collateral against the claims and demands of all persons whomsoever except any person claiming on behalf of Lender.

SECTION 6.10. Maintenance of Security Interest. Take all such action as may from time to time be necessary to maintain the ownership interest of Borrower in the Collateral and of the security interests of Lender in the Collateral, including all notices, waivers and recordings, filings, rerecordings and refilings of any documents to maintain the ownership interest of Borrower or the security interests of Lender and the perfection and priority thereof, including the filing of financing statements, and amendments thereto, or continuation statements under the UCC, subject, however to Permitted Liens. In addition, Borrower shall, at Borrower's sole expense, execute and deliver such further documents and take such further action as Lender may reasonably request in order to confirm the ownership interest of Borrower or security interests of Lender and to preserve and protect the priority of such security interests, the full benefits to Lender of this Agreement, and the rights and powers granted to Lender under this Agreement and the other Loan Documents, which may include entering into additional control agreements with respect to any bank or securities account of Borrower, or entering into a Servicing Agreement with a replacement Custodian with respect to the Receivables Files.

SECTION 6.11. No Transfer of Servicing Rights. Not sell, pledge or otherwise transfer or encumber any part of the servicing rights with respect to the Receivables or the income therefrom other than as contemplated hereunder and under the Servicing Agreement.

SECTION 6.12. Notification of Litigation, Liens, Material Events. Promptly notify Lender in writing of (i) any material litigation or dispute affecting Borrower whether pending or threatened of which Borrower has actual knowledge, and deliver to Lender copies of all pleadings, unprivileged relevant correspondence and similar documentation relating thereto, (ii) any Lien, security interest, attachment or other legal process asserted against any of the Collateral other than Permitted Liens and (iii) the occurrence of any other event or the discovery of any other information known to Borrower which could reasonably be expected to have a Material Adverse Effect.

SECTION 6.13. Consolidation, Merger, Sale of Assets. Not (i) wind up, liquidate or dissolve its affairs, enter into any transaction of merger or consolidation, convey or transfer its properties and assets substantially as an entirety, (ii) except in the exercise of rights under the Purchase Agreement, convey, sell, transfer, lease or otherwise dispose of the Receivables or other Collateral or any part thereof, or (iii) create any partnership, joint venture or subsidiary.

SECTION 6.14. Other Agreements. Not enter into any agreement containing any provision which would cause a Default or an Event of Default hereunder or which would be violated or breached by the performance of Borrower's obligations under this Agreement, any other Loan Document or any document or instrument delivered or to be delivered by Borrower hereunder or thereunder.

SECTION 6.15. Advances, Investments. Not lend money or make advances to any Person (unless and to the extent the transactions contemplated by the Purchase Agreement are deemed to be loans or advances), or purchase or acquire any stock, obligation or security of, or any other interest in, or make any capital contribution to, any Person.

SECTION 6.16. Distributions. Other than amounts paid to Borrower pursuant to clause *eighth* of Section 4.3, not distribute to its members as dividends or otherwise (including, without limitation, by redemption or return of capital) any of Borrower's assets or any of the Collateral.

SECTION 6.17. Approvals and Licenses. Maintain all consents, approvals, authorizations, orders, rights, licenses, franchises and permits, if any, required by or from any federal, state or other Governmental Authority, for the conduct of its business and the ownership of its properties, or otherwise obtain a waiver, exemption or variance thereof, except where the failure to so maintain would not reasonably be expected to have a Material Adverse Effect.

SECTION 6.18. Purchase of Assets. Not directly or indirectly acquire or hold any assets, including any Equity Interests, from any Person other than the purchase of Receivables from Seller pursuant to the Purchase Agreement and assets used in connection with Borrower's business of purchasing and pledging such Receivables.

SECTION 6.19. Maintenance of Books and Records; Change in Accounting Policies. (a) Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Borrower; and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over Borrower. In addition, Borrower will not change its accounting policies or reporting practices, except as allowable pursuant to GAAP.

SECTION 6.20. Underwriting Guidelines. Not modify, amend or otherwise change the Underwriting Guidelines without the prior written consent of Lender.

SECTION 6.21. Fraudulent Activities; Violations of Law. Not engage in, and no Person under its direct control or direction shall engage in, any fraudulent activity.

SECTION 6.22. Separate Identity of Borrower. Borrower acknowledges that Lender is entering into the transactions contemplated by this Agreement in reliance upon Borrower's identity as a legal entity that is separate from Parent, and that Lender will be adversely affected if Borrower does not enforce its rights under the Purchase Agreement. Therefore, from and after the date of execution and delivery of this Agreement, Borrower shall take all reasonable steps, including all steps that Lender may from time to time reasonably request, to maintain Borrower's identity as a separate legal entity and to make it manifest to third parties that Borrower is an entity with assets and liabilities distinct from those of Parent and any Affiliates thereof, and not a division of Parent. Without limiting the generality of the foregoing and in addition to the other covenants set forth herein, Borrower shall:

- (a) maintain its own separate books and records and bank accounts;
- (b) at all times hold itself out to the public as a legal entity separate from its Affiliates and any other Person;
- (c) file its own tax returns, if any, as may be required under Requirements of Law, to the extent (i) not part of a consolidated group filing a consolidated return or returns or (ii) not treated as a division for tax purposes of another taxpayer, and pay any taxes so required to be paid under Requirements of Law;
- (d) not commingle its assets with assets of any other Person, and maintain the assets in a manner that facilitates their identification and segregation from those of its Affiliates and any other Persons;
- (e) conduct its business in its own name;
- (f) maintain separate financial statements in accordance with GAAP, and include a footnote in such financial statements stating that Borrower maintains separate assets from its Affiliates and that Borrower's assets will not be available to creditors of such Affiliates in the event any such Affiliate defaults in its obligations to such creditors;
- (g) ensure that any financial statements of any Affiliate of Borrower which are consolidated to include Borrower contain detailed notes clearly stating that (i) all of Borrower's assets are owned by Borrower, and (ii) Borrower is a separate entity with its own separate creditors that will be entitled to be satisfied out of Borrower's assets prior to any value in Borrower becoming available to Borrower's equity holders;

- (h) pay its own liabilities only out of its own funds;
- (i) not permit any Affiliate of Borrower, to be, nor to hold itself out to be, responsible for the debts of Borrower or the decisions or actions in respect of the daily business and affairs of Borrower;
- (j) maintain an arm's length relationship with its Affiliates, and not enter into any transaction with its Affiliates (including, but not limited to, all directors, managers and officers of such Affiliates) except as specifically contemplated in the Loan Documents or otherwise permitted by Lender in its sole discretion;
- (k) pay the salaries of its own employees, if any;
- (l) require that any full-time employees of Borrower identify themselves as such and not as employees of any Affiliate of Borrower (including without limitation, by means of providing appropriate employees with business or identification cards identifying such employees as Borrower's employees);
- (m) not hold out its credit as being available to satisfy the obligations of others;
- (n) allocate fairly and reasonably with its Affiliates any overhead for shared office space;
- (o) on or before the date which is ten (10) days after the Closing Date, Borrower shall have at all times an independent manager, and shall have amended its limited liability company operating agreement to provide that the consent of such independent manager is required for the filing of a voluntary petition for bankruptcy protection under the Bankruptcy Code and with respect to each permitted subsidiary (if any), be a limited liability company that has at all times Borrower as its managing member, and require in its limited liability company operating agreement that the consent of Borrower (which shall include the consent of the independent manager of Borrower) is required for the filing of a voluntary petition for bankruptcy protection under the Bankruptcy Code;
- (p) ensure that Borrower's operating expenses will not be paid by any Affiliate of Borrower;
- (q) use separate stationery, invoices and checks;

(r) not pledge its assets for the benefit of any other Person or otherwise permit any Lien on its assets to exist or continue to exist, except for Permitted Liens;

(s) correct any known misunderstanding regarding its separate identity;

(t) maintain adequate capital in light of its contemplated business purposes, cash flow, financing contemplated by the Loan Documents, and any other Indebtedness which Borrower is permitted to incur under the Loan Documents;

(u) ensure that no Affiliate of Borrower shall, directly or indirectly, name Borrower or enter into any agreement to name Borrower as a direct or contingent beneficiary or loss payee of any insurance policy with respect to property of any Affiliate of Borrower;

(v) cause the board of managers to meet at least semi-annually or act pursuant to written consent and keep minutes of such meetings and actions and observe all other Delaware limited liability company formalities; and

(w) not acquire any obligations or securities of an Affiliate of Borrower.

SECTION 6.23. Maintenance of Property; Insurance. To the extent that Borrower controls the Servicer, cause the Servicer to maintain insurance policies with responsible insurers, each of which shall be reasonably satisfactory to Lender, including the insurance policies and coverages required to be maintained by the Servicer under the Servicing Agreement and any other insurance policies that Lender may reasonably request, consistent with the insurance requirements of the Servicer under the Servicing Agreement. Borrower shall be added as an additional named insured, if permitted, under all such policies. Borrower shall cause Parent to, upon request of Lender, furnish Lender with certificates of insurance evidencing all required coverage. Any such insurance policy may not be cancelled or modified in any manner materially adverse to Lender without the prior written consent of Lender. Any proceeds received under such insurance policies shall be distributed according to the priorities set forth in Section 4.3.

SECTION 6.24. Investment Company. Not take any actions which would cause Borrower to be an “investment company” under the Investment Company Act of 1940, as amended, or any successor statute.

SECTION 6.25. Transactions with Affiliates. Except as contemplated by the Servicing Agreement and the Purchase Agreement, not enter into any transaction of any kind with any Affiliate of Borrower, whether or not in the ordinary course of business.

SECTION 6.26. Cooperate in Legal Proceedings. Except with respect to any claim by Borrower or its Affiliates against Lender or by Lender against Borrower or its Affiliates, cooperate fully with Lender with respect to any proceedings before any Governmental Authority that could reasonably be expected to in any way materially and adversely affect the rights of Lender hereunder or under any of the Loan Documents and, in connection therewith, Lender may, at its election, participate or designate a representative to participate in any such proceedings.

SECTION 6.27. Plan Assets; ERISA. Do, or cause to be done, all things necessary to ensure that Borrower will not be deemed to hold Plan Assets at any time. Borrower shall not maintain or contribute to, or agree to maintain or contribute to, or permit any ERISA Affiliate to maintain or contribute to or agree to maintain or contribute to, any Plan. Borrower shall not engage in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code, or substantially similar provisions under federal, state or local laws, rules or regulations or in any transaction that would cause any obligation or action taken or to be taken hereunder (or the exercise by Lender of any of its rights under this Agreement and the other the Loan Documents) to be a non-exempt prohibited transaction under such provisions.

SECTION 6.28. Deposit Accounts. Not open any Deposit Accounts after the date hereof without the written approval of Lender.

SECTION 6.29. Creation and Perfection of Security Interest. Do, or cause to be done, all things reasonably necessary to ensure the security interests created for the benefit of Lender under Section 7.1 shall constitute valid, perfected first-priority Liens in the Collateral, subject to Permitted Liens.

SECTION 6.30. Delivery of Notice: Consent. Promptly provide Lender with a copy of any written notice that Borrower has received from Seller pursuant to the Purchase Agreement unless Seller shall have already provided Lender with a copy of any such notice. Borrower shall not consent to Seller taking any action for which the Purchase Agreement requires that the consent of Borrower be obtained before such action can be taken without first obtaining the prior written consent of Lender, which consent may be withheld in Lender's sole discretion.

ARTICLE VII COLLATERAL.

SECTION 7.1. Security Interest in Collateral. To secure the payment and performance of the Obligations, Borrower hereby grants to Lender a continuing security interest of first priority, subject to Permitted Liens, in all Property and interests in Property of Borrower, whether now owned or existing or hereafter created, acquired or arising and wherever located (collectively, the “Collateral”), including without limitation, Borrower's right, title and interest in and to:

(a) all Accounts and General Intangibles;

(b) all Supporting Obligations;

(c) all goods and equipment;

(d) all inventory;

(e) all rights, contract rights, commercial tort claims, other claims or chooses in action;

(f) any interest in any deposit account (including any interest of Borrower in the Collection Account) and in all “investment property” (as such term is defined under the UCC) held in such accounts;

(g) all contracts, contract rights, chattel paper, instruments, letter of credit rights, letters of credit, intellectual property and documents;

(h) all accessions to, substitutions for and all replacements, products and cash and non-cash proceeds of (a), (b), (c), (d), (e), (f) and (g) above, including proceeds of and unearned premiums with respect to insurance policies insuring any of the Collateral described therein; and

(i) all books and records (including customer lists, credit files, computer print-outs and other computer materials and records) pertaining to any of (a), (b), (c), (d), (e), (f), (g) and (h) above.

SECTION 7.2. Lien Perfection. Borrower hereby consents to the filing by Lender of UCC-1 financing statements provided for by the UCC or otherwise, together with any and all other instruments, assignments or documents and shall take such other action as reasonably required to perfect or to continue the perfection of the security interest of Lender in the Collateral. Borrower hereby authorizes Lender to use the collateral description "all assets" in any such financing statements. Borrower hereby ratifies and authorizes the filing by Lender of any financing statement with respect to the Collateral made prior to the date hereof.

SECTION 7.3. Location of Collateral. Except with respect to the Receivables Files, which at all times shall be maintained by the Custodian pursuant to the Servicing Agreement, all tangible Collateral and Collateral in the form of books and records will at all times be kept by Borrower at the business locations set forth on Schedule 5.18 and shall not, without prior written notice to Lender, be moved therefrom.

SECTION 7.4. Protection of Collateral. All insurance expenses and all expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping the Collateral, any and all excise, property, sales and use taxes imposed by any Governmental Authority on any of the Collateral or in respect of the sale thereof shall be borne and paid by Borrower. If Borrower fails to promptly pay any portion thereof when due, Lender may, at its option, but shall not be required to, pay the same and charge Borrower therefor. Lender shall not be liable or responsible in any way for the safekeeping of any of the Collateral or for any loss or damage thereto (except for reasonable care in the custody thereof while any Collateral is in Lender's actual possession) or for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other person whomsoever, but the same shall be at Borrower's sole risk.

SECTION 7.5. Administration of Collateral. If any of the Collateral includes a charge for any tax payable to any Governmental Authority, Lender is authorized, after the occurrence of an Event of Default and if Borrower has failed to pay such tax, to pay the amount thereof to the proper Governmental Authority for such Collateral and to charge Borrower therefor.

SECTION 7.6. Disputes and Claims Regarding the Collateral; Commercial Tort Claims. Borrower shall notify Lender promptly of all disputes and claims in connection with any of the Collateral. Borrower shall promptly notify Lender of any Commercial Tort Claims in which Borrower has an interest and shall provide all necessary information concerning each such Commercial Tort Claim and make all necessary filings with respect thereto to perfect Lender's first priority security interest therein.

SECTION 7.7. Release of Lien Upon Repurchase of Receivables. Upon receipt in the Collection Account of the related Repurchase Price for a repurchased Purchased Asset pursuant to Section 6.4 of the Purchase Agreement, the Liens and security interests of Lender on such Purchased Asset (and all related items of Collateral) shall be automatically released with no further action by Lender required.

ARTICLE VIII DEFAULT; TRIGGER EVENT

SECTION 8.1. Events of Default. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Agreement:

(a) Payments. Borrower fails to pay any amount due to Lender hereunder within two (2) Business Days after the date such payment is due.

(b) Representations and Warranties. Any representation or warranty made by Borrower under this Agreement, any other Loan Document or any certificate, exhibit or other document required thereunder, other than any representation or warranty relating to Receivables repurchased by Parent, is, on the date so made, false, misleading, incomplete or untrue in any material respect, and Borrower has failed to make such representation or warranty true and correct in all material respects within ten (10) Business Days after the earlier to occur of (i) the date on which written notice of such failure shall have been given to Borrower by Lender, and (ii) the date on which Borrower shall have actual knowledge of such failure (with knowledge by any officer of Borrower being deemed actual knowledge of Borrower for this purpose).

(c) Covenants. To the extent not otherwise covered in this Section 8.1, any covenant, term, agreement or condition contained in this Agreement or any other Loan Document is breached by Borrower and such breach continues unremedied for a period of ten (10) Business Days after the earlier to occur of (i) the date on which written notice of such failure shall have been given to Borrower by Lender, and (ii) the date on which Borrower shall have actual knowledge of such failure (with knowledge by any officer of Borrower being deemed actual knowledge of Borrower for this purpose).

(d) Bankruptcy or Insolvency. Borrower or Parent (i) is dissolved, (ii) fails or is unable to or admits in writing its inability to pay its debts generally as they become due, (iii) commences a voluntary case in bankruptcy or any other action or proceeding for any other relief under any law affecting creditors' rights that is similar to a bankruptcy law, (iv) consents by answer or otherwise to the commencement against it of an involuntary case in bankruptcy or any other such action or proceeding, or an involuntary case in bankruptcy or any other such action or proceeding in respect of such Person or any of its properties is commenced and is not dismissed on or before the sixtieth (60th) day after the commencement thereof, (v) makes an assignment for the benefit of creditors, (vi) files a petition or applies to any tribunal for the appointment of a custodian, receiver or any trustee for all or a substantial part of its assets, (vii) by any act or omission indicates its consent, approval of, or acquiescence in the appointment of a receiver, custodian or trustee for all or a substantial part of its property, (viii) is adjudicated a bankrupt, (ix) becomes insolvent however otherwise evidenced, or (x) ceases to continue as a going concern.

(e) Change in Ownership. If at any time Parent ceases to directly own (beneficially and of record) one hundred percent (100%) of the Equity Interests of Borrower.

(f) Fraudulent Conveyances. Borrower or Parent conceals, removes or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or permits a transfer of any of its property which transfer is fraudulent under any

(g) Security Interests. This Agreement, the Loan Documents and all financing statements filed hereunder cease to create or maintain at any time on or after the Closing Date hereunder a valid and perfected first priority security interest in favor of Lender in all of the Collateral, subject to Permitted Liens.

(h) Judgments. Any final and non-appealable judgment in excess of \$50,000 shall be rendered against Borrower and such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) days.

(i) Cross Default. Any “default,” “event of default,” “amortization event,” “termination event” or any other similar breach in connection with any material agreement of Borrower, any Indebtedness of Borrower, or with respect to any other loan made by Lender or its Affiliates to Parent, Nexhill or any of their Affiliates, shall have occurred.

(j) [Reserved].

(k) Breach of Loan Documents. Any breach by (i) any Principal of the representations and warranties, covenants or other agreements set forth in the Limited Guaranty that such Principal has failed to cure in all material respects within ten (10) Business Days after the earlier to occur of (A) the date on which written notice of such failure shall have been given to such Principal by Lender, and (B) the date on which such Principal shall have actual knowledge of such failure (with knowledge by one of the Principals being deemed actual knowledge of both Principals for this purpose); or (ii) by Parent of the representations and warranties, covenants or other agreements set forth in the Loan Documents to which it is a party other than any representation or warranty relating to Receivables repurchased by Parent that Parent has failed to cure in all material respects within ten (10) Business Days after the earlier to occur of (A) the date on which written notice of such failure shall have been given to Parent by Lender, and (B) the date on which Parent shall have actual knowledge of such failure (with knowledge by any officer or employee of Parent being deemed actual knowledge of Parent for this purpose).

(l) Trigger Event. A Trigger Event shall have occurred which is not cured within ten (10) Business Days of such occurrence, which cure may include, at Borrower’s discretion, replacing Eligible Receivables for which the Unpaid Principal Balance is more than thirty (30) or sixty (60) days past due, as applicable, with Eligible Receivables for which the Unpaid Principal Balance is less than thirty (30) or sixty (60) days past due, as applicable.

(m) Borrowing Base Deficiency. A Borrowing Base Deficiency shall exist as of any date upon which Borrower is required to deliver a Borrowing Base Certificate, and such Borrowing Base Deficiency is not cured within five (5) days of such date.

(n) Material Adverse Effect. Any event, transaction or circumstance or any series of events, transactions or circumstances shall have occurred which, in Lender’s reasonable discretion, has had or could reasonably be expected to have a Material Adverse Effect with respect to Borrower or the Receivables.

SECTION 8.2. Effect of Event of Default. Upon the occurrence and during the continuance of any Event of Default, prior to the date upon which the Obligations have been indefeasibly paid or performed in full, Lender may take any or all of the following actions:

(a) upon written notice to Borrower, declare the Note to be due and payable, whereupon the principal amount of the Note, all accrued interest thereon and all other amounts owing or payable to Lender hereunder, shall automatically become immediately due and payable, without any other notice of any kind, and without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by Borrower; provided, however, with respect to any Event of Default pursuant to Section 8.1(d), the principal amount of the Note, all accrued interest thereon and all other amounts owing or payable to Lender hereunder, shall automatically become immediately due and payable, without notice of any kind, and without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by Borrower;

(b) exercise on behalf of itself all rights and remedies available to it hereunder or under applicable Law, which shall include, without limitation, the rights, powers and remedies

(i) granted to secured parties under the UCC or any other applicable Uniform Commercial Code;

(ii) granted to Lender under any other Requirement of Law; and (iii) granted to Lender under this Agreement, the Note, the other Loan Documents or any other agreement between Borrower and Lender;

(c) without the consent of Borrower, without advertisements or notices of any kind, or demand of performance or other demand, or obligation or liability (except to account for amounts actually received) to or upon Borrower or any other Person (all such advertisements, notices and demands, obligations and liabilities, if any, hereby being expressly waived and discharged to the extent permitted by Law), forthwith, directly or through its agents or representatives, to (i) disclose such default and other matters (including the name of Borrower) in connection therewith to any Person in Lender’s reasonable discretion; (ii) to the extent permitted by applicable Law enter Borrower’s premises, with or without the assistance of other persons or legal process; (iii) require Borrower to account for (including accounting for any products and proceeds of any Collateral), segregate, assemble, make available and deliver to Lender, its agents or representatives, the Collateral, at any place and time designated by Lender; (iv) take possession of, operate, remove from any location, collect, transfer and receive, recover, appropriate, foreclose, extend payment of, adjust, compromise, settle, release any claims included in, and do all other acts or things necessary or, that Lender in its sole discretion deems appropriate, to protect, maintain, preserve and realize upon, the Collateral and any proceeds thereof, in whole or in part; and (v) exercise all rights, powers and interests with respect to any and all Collateral, and sell, assign, lease, license, pledge, transfer, negotiate (including endorse checks, drafts, orders or instruments), deliver or otherwise dispose (by contract, option(s) or otherwise) of the Collateral or any part thereof. Any such disposition may be in one or more public or private sales, at or upon an exchange, board or system or in the state where any Collateral is located or elsewhere, at such price, for cash or credit (or for future delivery without credit risk) and upon such other terms and conditions as Lender deems appropriate, with the right of Lender to the extent permitted by Law upon any such sale or sales, public or private, to purchase the whole or any part of said Collateral, free of any right, claim or equity of redemption of or in Borrower (such rights, claims and equity of redemption, if any, hereby being expressly waived). If any of the Collateral is sold or leased by Lender upon credit terms or for future delivery, the Obligations shall not be reduced as a result thereof until payment therefore is finally collected by Lender. Borrower agrees that notice received by Lender at least ten (10) calendar days before the time of any intended public sale, or the time after which any private sale or other disposition of Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by applicable Law, any Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Lender without prior notice to Borrower. Borrower covenants and agrees not to interfere with or impose any obstacle to Lender’s exercise of its rights and remedies with respect to the Collateral.

In dealing with or disposing of the Collateral or any part thereof, Lender shall not be required to give priority or preference to any item of Collateral or otherwise to marshal assets or to take possession or sell any Collateral with judicial process other than as required by applicable Law. In the event Lender institutes an action to recover any Collateral or seeks recovery of any Collateral by way of prejudgment remedy, Borrower waives the posting of any bond which might otherwise be required by Law. Notwithstanding that Lender, whether in its own behalf and/or on behalf of another or others, may continue to hold the Collateral and regardless of the value thereof, or any delay or failure to dispose thereof, unless and then only to the extent that Lender proposes to retain the Collateral in satisfaction of the Obligations by written notice in accordance with the UCC, Borrower shall be and remain liable for the payment in full of any balance of the Obligations and expenses at any time unpaid. Without limiting the foregoing, upon the occurrence of a Default, in addition to its other rights and remedies, Lender may (but is not required to), in its sole discretion and to the extent it deems necessary, advisable or appropriate, take or cause to be taken such actions or things to be done (including the payment or advancement of funds, or requiring advancement of funds to be held by Lender to fund such obligations, including taxes or insurance) as may be required hereby (or necessary or desirable in connection herewith) to correct such failure (including causing the Collateral to be maintained or insurance protection required hereby to be procured and maintained) and any and all costs and expenses incurred (including reasonable attorneys' fees and disbursements) in connection therewith shall be included in the Obligations and shall be immediately due and payable and bear interest at the Default Rate. Nothing in this Section 8.2(c) shall be construed as a waiver of Lender's obligation to act in all respects in a commercially reasonable manner with respect to Lender's actions under this Section 8.2; and

(d) to the extent permitted by applicable Law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by Lender to or for the credit or the account of Borrower against any of the obligations of Borrower now or hereafter existing under this Agreement and other Loan Documents held by Lender, irrespective of whether or not Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured.

All such rights, powers and remedies shall be: (x) cumulative and not alternative; (y) enforceable, in Lender's reasonable discretion, alternatively, successively or concurrently on any one or more occasions; and (z) shall include, without limitation, the right to apply to a court of equity for an injunction to restrain a breach or threatened breach by Borrower of this Agreement. Any single or partial exercise of, or forbearance, failure or delay in exercising any right, power or remedy shall not be, nor shall any such single or partial exercise of, or forbearance, failure or delay be deemed to be a limitation, modification or waiver of any right, power or remedy and shall not preclude the further exercise thereof; and every right, power and remedy of Lender shall continue in full force and effect until such right, power and remedy is specifically waived by an instrument in writing executed and delivered with respect to each such waiver by Lender.

SECTION 8.3. Trigger Events. The occurrence of any one or more of the following events shall constitute a "Trigger Event" under this Agreement:

(a) Delinquency. At any time, the three-month weighted average of the Delinquency Ratios for the immediately preceding three (3) calendar months exceeds (i) fifteen percent (15%) as to RISC Receivables other than Prime RISC Receivables, or (ii) ten percent (10%) as to Prime RISC Receivables or CL Receivables.

(b) Liquidated Receivables Percentage. At any time, the three-month weighted average of the Liquidated Receivables Percentages (weighted by the aggregate outstanding Unpaid Principal Balance of the Receivables at each month end) for the immediately preceding three (3) calendar months exceeds (i) three percent (3%) as to RISC Receivables other than Prime RISC Receivables, or (ii) one percent (1%) as to Prime RISC Receivables or CL Receivables.

ARTICLE IX MISCELLANEOUS.

SECTION 9.1. Attorney Costs and Expenses. Borrower agrees (a) to pay or reimburse Lender for all reasonable, documented out-of-pocket costs and expenses, including all reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel, incurred in connection with the preparation, negotiation and execution of this Agreement, the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation and administration of the transactions contemplated hereby and thereby, and (b) to pay or reimburse Lender for all reasonable, out-of-pocket costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such reasonable, out-of-pocket costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding of the type described in Section 8.1(d)), including obtaining, maintaining, protecting and preserving Lender's interest or security interest in the Collateral foreclosing, retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral or in exercising its rights hereunder or as secured party under the UCC or any other applicable Law, in each case, including all reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel. The foregoing costs and expenses shall include all reasonable, out-of-pocket search, filing, recording, audit and appraisal charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by Lender and the cost of independent public accountants and other outside experts retained by Lender to the extent permitted to be retained by Lender and reimbursed by Borrower hereunder. All amounts due under this Section 9.1 shall be payable within seven (7) Business Days after written demand therefor to Borrower, accompanied by a reasonably detailed accounting thereof; provided that amounts paid under this Section 9.1 shall be excluded from any claim for indemnification under Section 9.2.

SECTION 9.2. Indemnification by Borrower. Borrower shall indemnify and hold harmless Lender and its Affiliates, directors, officers, employees, counsel, agents and attorneys-in-fact (collectively the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, reasonable costs, expenses and disbursements (including all reasonable fees, out-of-pocket expenses and disbursements of any law firm or other external counsel) of any kind or nature which are imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the execution, delivery, enforcement, performance or administration of this Agreement, the other Loan Documents or any other agreement, letter or instrument delivered in connection with the transactions contemplated hereby or thereby or the consummation of the transactions contemplated hereby or thereby, (b) the Note or the use or proposed use of the proceeds therefrom, or (c) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) (all the foregoing, collectively, the "Indemnified Liabilities"); provided that such indemnity shall not, as to any Indemnitee, be available to the extent such liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments, suits, costs, expenses or disbursements resulted from the gross negligence or willful misconduct of such Indemnitee, as finally determined by a court of competent jurisdiction. All amounts due under this Section 9.2 shall be payable within seven (7) Business Days after written demand therefor to Borrower, accompanied by a reasonably detailed calculation thereof and reasonably detailed invoices therefor. The agreements in this Section 9.2 shall survive the termination of this Agreement and the repayment, satisfaction or discharge of the

Obligations.

SECTION 9.3. Notices. All notices, demands, instructions and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by certified mail, postage prepaid, return receipt requested, by facsimile, electronic means or by overnight courier, to the intended Party at the address or facsimile number of such Party set forth below or at such other address or facsimile number as shall be designated by the Party in a written notice to the other parties given in accordance with this section.

If to Lender to: PFM CREDIT RECOVERY FUND I, LLC
1120 Boston Post Road, 2nd Floor
Darien, Connecticut 06820
Attention: Peter Faigl
Facsimile: (203) 656-4483
Email: pfaigl@oldhill.com

With a copy to: GREENBERG TRAURIG, P.A.
450 S. Orange Avenue, Suite 650
Orlando, Florida 32801
Attention: Todd Miller
Facsimile: (407) 650-8488
Email: millert@gtlaw.com

40

If to Borrower to: CREDOVA SPV I, LLC
515 W. Aspen Street, Suite 202
Bozeman, Montana 59715
Attention: Dusty Wunderlich
Facsimile: (775) 343-9960
Email: dwunderlich@credova.com

If to Parent to: CREDOVA HOLDINGS, LLC
515 W. Aspen Street, Suite 202
Bozeman, Montana 59715
Attention: Dusty Wunderlich
Facsimile: (775) 343-9960
Email: dwunderlich@credova.com

All notices and communications provided for hereunder shall be effective, (a) if personally delivered, when received, (b) if sent by certified mail, four (4) Business Days after having been deposited in the mail, postage prepaid and properly on the date received or refused, as shown on the return receipt, (c) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means and (d) if sent by overnight courier, on the date received or refused, as shown on the tracking report.

SECTION 9.4. Survival of Representations and Warranties. All representations and warranties made herein shall survive the execution and delivery of this Agreement and the other Loan Documents and shall continue in full force and effect until payment in full by Borrower of the Obligations and all other amounts owing hereunder and under the Note.

SECTION 9.5. Relationship Between Parties. The relationship between Lender on the one hand and Borrower on the other shall be solely one of lender and borrower, and nothing contained in this Agreement or the other Loan Documents shall constitute the parties hereto partners or co-venturers with one another.

SECTION 9.6. Confidentiality.

(a) Confidentiality Obligation of Borrower and Parent. Each of Borrower and Parent agrees not to disclose the terms of this Agreement and the other Loan Documents except (i) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel and other advisors and its members (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential), (ii) to the extent requested by any regulatory authority or quasi-regulatory authority (such as the National Association of Insurance Commissioners), (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) in connection with the exercise of any remedies hereunder or under the other Loan Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder, (v) to any prospective purchaser of Borrower; provided that such purchaser is a party to a confidentiality agreement in form and substance reasonably satisfactory to Lender, or (vi) to the extent such information becomes publicly available other than as a result of a breach of this Section 9.6(a). Any person required to maintain the confidentiality of information as provided in this Section 9.6(a) shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such information as such person would accord its own confidential information.

41

(b) Confidentiality Obligation of Lender. Lender agrees to maintain the confidentiality of the Borrower Information (as defined below) in accordance with all applicable Laws, except that Borrower Information may be disclosed (i) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information and instructed to keep such Borrower Information confidential), (ii) to the extent requested by and only to the extent permitted by any regulatory authority or quasi-regulatory authority (such as the National Association of Insurance Commissioners), (iii) to the extent required by and only to the extent permitted by applicable laws or regulations or by any subpoena or similar legal process, (iv) in connection with the exercise of any remedies hereunder or under the other Loan Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder, (v) to any actual or prospective syndicate, assignee or participant in any of its rights or obligations under this Agreement and the other Loan Documents that has agreed to comply with the covenant contained in this Section 9.6(b) (and any such person may disclose such Borrower Information to persons employed or engaged by them as described in clause (i) above), or (vi) to the extent such Borrower Information becomes publicly available other than as a result of a breach of this Section 9.6(b). For the purposes of this Section, "Borrower Information" means all written borrower/customer data (including in electronic form) received from Borrower or its Affiliates other than any such information that was available to a party

hereto on a nonconfidential basis prior to its disclosure. Any Person required to maintain the confidentiality of Borrower Information as provided in this Section 9.6(b) shall be considered to have complied with its obligation to do so if such Person has exercised commercially reasonable efforts to do the same using a degree of care to maintain the confidentiality of such Borrower Information as set forth herein.

SECTION 9.7. Termination. This Agreement shall continue in full force and effect until all Obligations and undertakings of the parties hereunder and under the Note have been fully discharged or performed.

SECTION 9.8. Amendments and Waivers. No amendment, modification, termination, waiver or consent of any provision of this Agreement, shall in any event be effective without the written consent of Lender and Borrower; provided, however, that any amendment to Section 4.3 or Section 9.8 of this Agreement that would adversely affect the Servicer or the Custodian shall also require the consent of such Person. No party shall be deemed to have waived any of its rights or remedies hereunder or under the Note unless such waiver is in writing and signed by such party and then only to the extent specifically recited therein. No failure to exercise and no delay or omission in exercising any right, remedy or recourse on the part of any party shall operate or be deemed as a waiver of such right, remedy or recourse hereunder or thereunder or preclude any other or further exercise thereof. A waiver or release on any one occasion shall not be construed as continuing, as a bar to, or as a waiver or release of any subsequent right, remedy or recourse on any subsequent occasion. All rights and remedies of each party, whether pursuant to this Agreement, the other Loan Documents or any other document or instrument delivered hereunder or thereunder, shall be cumulative and concurrent and may be exercised singly, successively or concurrently at the sole discretion of such party and may be exercised as often as occasion therefor may exist. The rights of each party hereunder or any such document or instrument shall be in addition to all other rights and remedies provided at law or in equity.

SECTION 9.9. Successors and Assigns: Subsequent Lender. This Agreement shall be binding upon Borrower and Lender and their respective successors and assigns. Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of the Advances); provided, however, that the parties to each such assignment shall execute an assignment and acceptance agreement (an "Assignment and Acceptance"). From and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of Lender under this Agreement and (B) Lender shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of Lender's rights and obligations under this Agreement, Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 4.5, 9.1, and 9.2 with respect to matters arising prior to the date Lender ceases to be a party to this Agreement, as well as to any fees accrued for its account and not yet paid). In addition, Lender may, without the consent of Borrower, syndicate the loan contemplated hereby or sell participations to one or more banks or other entities ("Participating Lenders") in all or a portion of its rights and obligations under this Agreement (including all or a portion of the Advances); provided, however, that (i) Lender's obligations under this Agreement shall remain unchanged, (ii) Lender shall remain solely responsible to Borrower for the performance of such obligations, (iii) the Participating Lenders shall be entitled to the benefit of the cost protection provisions contained in Sections 4.5, 9.1, and 9.2 to the same extent as if they were Lender (but, with respect to any particular Participating Lender, to no greater extent than Lender) and (iv) Borrower and the Participating Lenders shall continue to deal solely and directly with Lender in connection with Lender's rights and obligations under this Agreement, and Lender shall retain the sole right to enforce the obligations of Borrower relating to the Advances and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Advances, extending any scheduled principal payment date or date fixed for the payment of interest on the Advances, or releasing all or any substantial part of the Collateral). Borrower's rights or any interest hereunder may not be assigned without the written consent of Lender.

SECTION 9.10. Replacement Note. Upon the loss, theft, destruction or mutilation of the Note, Borrower shall execute and deliver in lieu thereof a new Note in the same denomination (expressed as the initial principal amount and not the amortized principal amount) and with such notations on the schedule attached to such note as shall evidence all payments of the respective Advances prior to the date of delivery of such replacement Note.

SECTION 9.11. Right of First Refusal: Additional Series. During the Revolving Period, Lender shall have the right to match any financing offer made to Borrower, Parent or its Affiliates under which Borrower, Parent or its Affiliates would finance the purchase of Receivables.

SECTION 9.12. Sale of Receivables. Borrower shall have the right to negotiate for and carry out the sale of Receivables, subject, however, to (a) Lender's right first refusal to match any offer to purchase Receivables, (b) Lender's right to receive payment from Borrower immediately upon consummation of any such sale of an amount equal to four percent (4%) of any net profits realized from such sale, and (c) the requirement that the sale of Receivables not result in (i) the occurrence of a Trigger Event, (ii) any violations of the Portfolio Concentration Limits, (iii) a decline of Aggregate Outstanding Advances by more than sixty-six percent (66%), or (iv) any other Event of Default under this Agreement. For purposes of this Section 9.12, "net profits" shall mean, with respect to any sold Receivable, an amount equal to the gross sale proceeds less any third-party brokerage fees and costs and less the amount the Lender advanced to Borrower for the purchase of such Receivable.

SECTION 9.13. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT APPLICATION OF CONFLICT OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

SECTION 9.14. Submission to Jurisdiction. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY AND UNCONDITIONALLY: (i) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF, OR THE COURTS OF THE STATE OF NEW YORK, WITHIN THE COUNTY OF NEW YORK AND THE BOROUGH OF MANHATTAN, IN THE EVENT THE FEDERAL COURT LACKS OR DECLINES JURISDICTION; (ii) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND, TO THE EXTENT PERMITTED BY LAW, WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME; (iii) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO ITS ADDRESS SET FORTH IN SECTION 9.3 OR AT SUCH OTHER ADDRESS OF WHICH THE OTHER PARTY SHALL HAVE BEEN NOTIFIED; AND (iv) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

SECTION 9.15. Waiver of Jury Trial. EACH OF BORROWER AND LENDER HEREBY AGREES TO WAIVE ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING HEREUNDER OR UNDER ANY OF THE OTHER LOAN DOCUMENT, OR ANY DEALINGS BETWEEN IT RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR LENDER/BORROWER RELATIONSHIP THAT IS BEING ESTABLISHED. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF BORROWER AND LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT IT HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT IT WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH OF BORROWER AND LENDER FURTHER WARRANTS AND REPRESENTS THAT IT HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING (OTHER THAN BY A MUTUAL WRITTEN WAIVER SPECIFICALLY REFERRING TO THIS SECTION 9.14 AND EXECUTED BY EACH OF THE PARTIES HERETO), AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS HERETO OR ANY OF THE OTHER LOAN DOCUMENTS OR ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE ADVANCES MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

SECTION 9.16. Enforceability of Agreement. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable, such illegality or unenforceability shall not affect any other provisions hereof, all of which shall remain effective and binding on the parties hereto.

SECTION 9.17. Titles. Titles of the Sections of this Agreement are merely for convenience in reading and shall be deemed not to be a part of this Agreement and shall be ignored in construing any provision hereof.

SECTION 9.18. Entire Agreement. This Agreement (including all Exhibits and Appendices hereto), the Note and the other Loan Documents shall constitute the full and entire understanding and agreement of the parties hereto and there are no further or other agreements or undertakings, written or oral, in effect between the parties relating to the subject matter hereof unless expressly referred to herein or therein. All prior negotiations, agreements, representations, warranties, statements and undertakings concerning the subject matter hereof between the parties hereto are superseded by this Agreement.

SECTION 9.19. Counterparts. This Agreement may be executed in any number of counterparts and in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same instrument. A facsimile or other electronic transmission by one party to another party of an executed signature page of this Agreement shall be deemed to be equivalent to delivery of an original signature page, and the transmitting party shall forward the original signature page upon request of the receiving party.

SECTION 9.20. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the Facility Interest Rate, together with all fees, charges and other amounts which are treated as interest on the Advance under applicable Law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by Lender holding such Advance in accordance with applicable Law, the Facility Interest Rate payable hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate.

SECTION 9.21. Power of Attorney. Borrower hereby makes, constitutes and appoints Lender its true and lawful attorney-in-fact, upon the occurrence and during the continuance of any Event of Default, to take all actions and to execute, acknowledge, obtain and deliver any and all writings deemed advisable by Lender in order to exercise any rights of Borrower with respect to the Collateral. The foregoing power of attorney is a power coupled with an interest and shall be irrevocable so long as any portion of the Obligations remains contingent, unmatured, unliquidated, unpaid or unperformed. Lender shall have no obligation to exercise any of the foregoing rights and powers in any event.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have signed this Agreement as of the date set forth in the first paragraph of this Agreement.

LENDER:

PFM CREDIT RECOVERY FUND I, LLC, a Delaware limited liability company

By: /s/ Peter Faigl
Name: Peter Faigl
Title: PM

BORROWER:

CREDOVA SPV I, LLC, a Delaware limited liability company

By: /s/ Sam Paul
Name: Sam Paul
Title: Partner

Signature Page to Loan and Security Agreement

EXHIBIT A

FORM OF NOTE

November 11, 2021

AMENDED AND RESTATED PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, **CREDOVA SPV I, LLC**, a Delaware limited liability company ("Borrower") hereby promises to pay to the order of **PFM CREDIT RECOVERY FUND I, LLC**, a Delaware limited liability company ("Lender"), an amount equal to the lesser of (i) the Maximum Credit and (ii) the unpaid Aggregate Outstanding Advances, together with interest thereon as provided in the Amended and Restated Loan and Security Agreement, as the same may be amended, restated, amended and restated, supplemented or otherwise modified from time to time (the "Loan Agreement"), dated as of November 11, 2021, among Lender and Borrower. Except as otherwise defined herein, capitalized terms used in this Promissory Note (this "Note") have the respective meanings set forth in the Loan Agreement.

This Note has been delivered by Borrower pursuant to the Loan Agreement and represents the Note thereunder. The holder of this Note is entitled to the benefits of the Loan Agreement and may enforce the agreements of Borrower herein and therein and exercise the remedies provided for hereby and thereby or otherwise in respect of this Note.

The Aggregate Outstanding Advances shall bear interest from the Closing Date until the date on which the unpaid Advances are reduced to zero as set forth in the Loan Agreement. Interest and principal payments under this Note shall be paid in accordance with Sections 2.3, 2.4, and 2.5 of the Loan Agreement. This Note is secured by and payable from the Collateral.

The date, amount and Facility Interest Rate applicable to the Aggregate Outstanding Advances evidenced by this Note and all payments of the principal hereof and interest thereon and the respective dates thereof shall be recorded by the holder of this Note in its internal records and, prior to any transfer of this Note, endorsed by such holder on the schedule attached hereto; provided, however, that the failure of the holder of this Note to make such a notation or any error in such a notation shall not in any manner affect the obligation of Borrower to make payments of principal and interest in accordance with the terms of this Note.

Exhibit A-1

There shall be maintained a register by Borrower at the address provided for in Section 9.3 of the Loan Agreement, or at the office of any of Borrower's registered assigns, to record ownership of, the Loan and stated interest thereon and register transfers and exchanges of this Note. No transfer of this Note, or rights to the Loan and stated interest thereon, shall be effective unless the transfer has been reflected in the register, and before entry into the register of any transfer of the Note, Borrower shall treat the owner reflected in the register, which shall initially be Lender, as owner of this Note with the right to receive payments of the Loan and interest hereunder. Borrower and Lender intend that this Note constitute an "obligation issued in registered form" as such term is defined in U.S. Treasury Regulation Section 5f.103-1(c). Lender agrees to provide Borrower a duly completed IRS Form W-8BEN or W-8BEN-E, as applicable, at the time of execution and delivery of this Note or as requested. Borrower agrees to make any and all tax filing as may be necessary to enable payments of interest to be made hereunder free of any U.S. withholding taxes.

ALL ISSUES CONCERNING THE ENFORCEABILITY, VALIDITY AND BINDING EFFECT OF THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT APPLICATION OF CONFLICT OF LAW PRINCIPLES (OTHER SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

Upon the loss, theft, destruction or mutilation of this Note and upon the receipt of indemnity reasonably acceptable to Borrower (provided that an indemnity agreement of Lender shall be satisfactory), Borrower shall execute and deliver in lieu hereof a new Note in the same initial principal amount and with such notations on the schedule attached to such Note as shall evidence all prepayments of the Advances prior to the date of delivery of such replacement Note.

Borrower hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note except as otherwise provided in the Loan Agreement.

CREDOVA SPV I, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

Exhibit A-2

AMENDMENT NO. 1 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NUMBER 1 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this " Amendment No.1"), dated as of January 3, 2022 is entered into by and among CREDOVA SPV I, LLC, a Delaware limited liability company (the " Borrower") and PFM CREDIT RECOVERY FUND I, LLC, a Delaware limited liability company (the " Lender"). Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Loan Agreement (as defined below). The Borrower and Lender (sometimes singularly referred to as a " Party" and collectively referred to as " Parties") agree as follows:

RECITALS

WHEREAS, the Borrower and Lender are parties to that certain Amended and Restated Loan and Security Agreement, dated as of November 11, 2021 (the " Loan Agreement");

WHEREAS, upon the request of the Borrower, the Borrower and Lender have agreed, subject to the terms and conditions set forth herein, to amend the Loan Agreement as set forth below.

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Amendment to Section 1.1. – Definitions

The definition of " Facility Increase Fee" is hereby deleted in its entirety and is replaced with the following:

" Facility Increase Fee" means \$30,000.

The definition of " Maximum Credit" is hereby deleted in its entirety and is replaced with the following:

" Maximum Credit" means \$20,000,000.

2. Amendment to Section 2.3. Interest

The Minimum Interest Payment schedule referenced in part (a) of Section 2.3. is hereby amended as follows:

On the Remittance Date in April 2022 and for each third (3 rd) Remittance Date thereafter, \$485,000.

3. Representations and Warranties. The Borrower represents and warrants to the Lender that all of the Representations and Warranties in Article V of the Loan Agreement, as amended are true and correct in all material respects as of the date hereof.
4. Conditions to Effectiveness. This amendment shall become effective upon (i) execution and delivery of this Amendment by each of the Parties and (ii) the payment of the Facility Increase Fee by the Borrower to the Lender.
5. Survival of Other Provisions. Unless specifically amended herein, all of the other covenants, agreements, representations, warranties, promises or other terms and conditions of the Loan Agreement shall remain in full force and effect without any change whatsoever.
6. Entire Agreement. This Amendment No. 1 constitutes the full and entire understanding and agreement of the Parties with respect to the subject matter hereof, and there are no further or other agreements or undertakings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to in this Amendment No. 1.
7. Counterparts. This Amendment No. 1 may be executed in any number of counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.
8. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their respective authorized officers as of the day and year first above written.

LENDER:

PFM CREDIT RECOVERY FUND I, LLC

By: /s/ Peter Faigl
Name: Peter Faigl
Title: PM

BORROWER:

CREDOVA SPV I, LLC

By: /s/ Mike Pena
Name: Mike Pena
Title: CFO

AMENDMENT NO. 2 TO AMENDED AND RESTATED LOAN AND SECURITY
AGREEMENT

THIS AMENDMENT NUMBER 2 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this " Amendment No.2"), dated as of April 18, 2022 is entered into by and among CREDOVA SPV I, LLC, a Delaware limited liability company (the " Borrower"') and PFM CREDIT RECOVERY FUND I, LLC, a Delaware limited liability company (the " Lender"'). Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Loan Agreement (as defined below). The Borrower and Lender (sometimes singularly referred to as a " Party" and collectively referred to as " Parties"') agree as follows:

RECITALS

WHEREAS, the Borrower and Lender are parties to that certain Amended and Restated Loan and Security Agreement, dated as of November 11, 2021 and amended by Amendment No.1 dated January 3, 2022 (as amended, the " Loan Agreement"');

WHEREAS, upon the request of the Borrower, the Borrower and Lender have agreed, subject to the terms and conditions set forth herein, to amend the Loan Agreement as set forth below.

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Amendment to Section 1.1. – Definitions

The definition of " BNPL Receivable" is hereby added in its entirety as follows:

" BNPL Receivable" means a 'buy now pay later' receivable.

The definition of " Borrowing Base" is hereby deleted in its entirety and is replaced with the following:

" Borrowing Base" means, as of any date of determination, an amount equal to the lesser of (i) the difference between (a) the Unpaid Principal Balance of the Eligible Receivables and (b) \$500,000, and (ii) an amount equal to the sum of (a) eighty-five percent (85%) of the aggregate Adjusted Unpaid Principal Balance of Eligible RISC Receivables (other than Prime RISC Receivables) that are less than thirty-one (31) days past due, (b) ninety percent (90%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Prime RISC Receivables and CL Receivables that are less than thirty-one (31) days past due, (c) sixty percent (60%) of the aggregate Adjusted Unpaid Principal Balance of Eligible BNPL Receivables that are less than thirty-one (31) days past due, and (d) thirty-seven and one-half percent (37.50%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Receivables that are more than thirty (30) days, but no more than sixty (60) days, past due. No Write-Off, Liquidated Receivable or Receivable that is more than sixty (60) days past due shall be included as an "Eligible Receivable" for purposes of calculating the Borrowing Base.

The definition of " Eligible Receivable" is hereby deleted in its entirety and is replaced with the following:

" Eligible Receivable" means, as of any date, any Receivable with respect to which all of the representations and warranties set forth on Exhibit B (or on Exhibit B1 attached hereto with respect to BNPL Receivables) are true and correct in all respects as of such date; provided, however, that any 'sporting good' RISC Receivable pledged to the facility on or after June 30, 2022 shall be deemed ineligible for funding.

The definition of " Funding Termination Date" is hereby deleted in its entirety and is replaced with the following:

" Funding Termination Date" means December 31, 2023.

The definition of " Maturity Date" is hereby deleted in its entirety and is replaced with the following:

" Maturity Date" means, with respect to the Note, the date, subsequent to the Revolving Period, that is the earlier of: (a) nine (9) months following the Funding Termination Date; and (b) the Remittance Date on which the Aggregate Outstanding Advances are \$1,000,000 or below.

The definition of " Receivable" is hereby deleted in its entirety and is replaced with the following:

" Receivable" means any of the RISC Receivable, CL Receivable or BNPL Receivable.

2. Amendment to Section 2.3. Interest. Part (a) of Section 2.3 is hereby deleted in its entirety and replaced with the following:

(a) The Aggregate Outstanding Advances with respect to RISC Receivables (other than Prime RISC Receivables) shall bear interest from and including the first (1st) day of an Interest Period to but excluding the last day of such Interest Period at a rate per annum equal to fifteen percent (15%) and the Aggregate Outstanding Advances with respect to Prime RISC Receivables, CL Receivables and BNPL Receivables shall bear interest from and including the first (1st) day of an Interest Period to but excluding the last day of such Interest Period at a rate per annum equal to the greater of (i) ten percent (10%) and (ii) Prime Rate plus five and a half percent (5.5%) (together, the "Facility Interest Rate"); provided that from and after the occurrence of an Event of Default, the Facility Interest Rate shall be equal to the Default Rate; provided further, that if Borrower pays or prepays all or any portion of the Aggregate Outstanding Advances in accordance with Section 4.4, interest on such paid or prepaid amounts shall cease to accrue upon such payment or prepayment. Interest on the Aggregate Outstanding Advances shall be payable on each Remittance Date. The applicable Facility Interest Rate for each Interest Period shall be determined by Lender and written notice of such Facility Interest Rate given to Borrower at least two (2) Business Days prior to the beginning of such Interest Period in accordance with the applicable provisions hereof, and such determination shall be prima facie evidence of the correctness of such determination. Notwithstanding anything to the contrary contained herein, during the Revolving Period, in the event that Borrower's aggregate interest payments hereunder for any of the three month periods specified below are less than the amount specified below (the "Minimum Interest Payment"), then Borrower shall be required to pay to Lender on the last Remittance Date in such three month period an amount (the "Minimum Interest Payment Amount") equal to the difference between the Minimum Interest Payment and the amount of interest actually paid during such three month period:

On the Remittance Date in April 2022 and for each third (3rd) Remittance Date thereafter, \$475,000.

3. Amendment to Section 8.3. Trigger Events. BNPL Receivables shall be treated as part of CL Receivables for purposes of calculations described in Sections 8.3(a) and 8.3(b).
4. Sale of CL Receivables. So long as no Default has occurred and Borrower and Parent are in compliance with their financial covenants and all other terms of the Loan Documents, Borrower may sell to Parent, and Parent may purchase from Borrower, on a one-time basis, up to 50% of the unpaid principal balance of its CL Receivables (not to exceed \$4,000,000 in aggregate). Any such sale shall occur no later than May 31, 2022 and shall not result in a Borrowing Base Deficiency, Event of Default, or cause the portfolio concentration limits to be breached. All proceeds from any such sale shall be deposited directly in the Collection Account.
5. Representations and Warranties. The Borrower represents and warrants to the Lender that all of the Representations and Warranties in Article V of the Loan Agreement, as amended are true and correct in all material respects as of the date hereof.
6. Conditions to Effectiveness. This amendment shall become effective upon (i) execution and delivery of this Amendment by each of the Parties.
7. Survival of Other Provisions. Unless specifically amended herein, all of the other covenants, agreements, representations, warranties, promises or other terms and conditions of the Loan Agreement shall remain in full force and effect without any change whatsoever.
8. Entire Agreement. This Amendment No. 2 constitutes the full and entire understanding and agreement of the Parties with respect to the subject matter hereof, and there are no further or other agreements or undertakings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to in this Amendment No. 2.
9. Counterparts. This Amendment No. 2 may be executed in any number of counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.
10. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed by their respective authorized officers as of the day and year first above written.

LENDER:

PFM CREDIT RECOVERY FUND I, LLC

By: /s/ Peter Faigl
 Name: Peter Faigl
 Title: PM

BORROWER:

CREDOVA SPV I, LLC

By: /s/ Sam Paul
 Name: Sam Paul
 Title: Partner

Signature page to Amendment No. 2

AMENDMENT NO. 3 TO AMENDED AND RESTATED LOAN AND SECURITY
AGREEMENT

THIS AMENDMENT NUMBER 3 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this " Amendment No.3"), dated as of July 22, 2022 is entered into by and among CREDOVA SPV I, LLC, a Delaware limited liability company (the " Borrower") and PFM CREDIT RECOVERY FUND I, LLC, a Delaware limited liability company and OHPC LP, a Delaware limited partnership (together, the " Lender"). Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Loan Agreement (as defined below). The Borrower and Lender (sometimes singularly referred to as a " Party" and collectively referred to as " Parties"") agree as follows:

RECITALS

WHEREAS, the Borrower and Lender are parties to that certain Amended and Restated Loan and Security Agreement, dated as of November 11, 2021 and amended by Amendment No.1 dated January 3, 2022, and by Amendment No.2 dated April 18, 2022 (as amended, the " Loan Agreement");

WHEREAS, upon the request of the Borrower, the Borrower and Lender have agreed, subject to the terms and conditions set forth herein, to amend the Loan Agreement as set forth below.

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Amendment to Section 1.1. – Definitions

The definition of " Asset Oversight Fee" is hereby added in its entirety as follows:

" Asset Oversight Fee" means an amount equal to \$7,000 per quarter payable to SR Alternative Credit, LLC on each Remittance Date in March, June, September and December.

The definition of " Borrowing Base" is hereby deleted in its entirety and is replaced with the following:

" Borrowing Base" means, as of any date of determination, an amount equal to the lesser of (i) the difference between (a) the Unpaid Principal Balance of the Eligible Receivables and (b) \$500,000, and (ii) an amount equal to the sum of (a) one hundred percent (100%) of the aggregate Adjusted Unpaid Principal Balance of Eligible RISC Receivables (other than Prime RISC Receivables) that are less than thirty-one (31) days past due, (b) ninety percent (90%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Prime RISC Receivables and CL Receivables that are less than thirty-one (31) days past due, (c) sixty percent (60%) of the aggregate Adjusted Unpaid Principal Balance of Eligible BNPL Receivables that are less than thirty-one (31) days past due, and (d) thirty-seven and one-half percent (37.50%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Receivables that are more than thirty (30) days, but no more than sixty (60) days, past due. No Write-Off, Liquidated Receivable or Receivable that is more than sixty (60) days past due shall be included as an "Eligible Receivable" for purposes of calculating the Borrowing Base.

The definition of " Eligible Receivable" is hereby deleted in its entirety and is replaced with the following:

" Eligible Receivable" means, as of any date, any Receivable with respect to which all of the representations and warranties set forth on Exhibit B (or on Exhibit B1 with respect to BNPL Receivables) are true and correct in all respects as of such date.

The definition of " Facility Increase Fee" is hereby deleted in its entirety and is replaced with the following:

" Facility Increase Fee" means \$100,000.

The definition of " Funding Termination Date" is hereby deleted in its entirety and is replaced with the following:

" Funding Termination Date" means June 30, 2024.

The definition of " Maximum Credit" is hereby deleted in its entirety and is replaced with the following:

" Maximum Credit" means \$30,000,000.

2. Amendment to Section 2.3. Interest.

The Minimum Interest Payment schedule referenced in part (a) of Section 2.3. is hereby amended as follows:

On the Remittance Date in October 2022, \$550,000;

On the Remittance Date in January 2023, \$650,000;

On the Remittance Date in April 2023, \$725,000; and

On the Remittance Date in July 2023 and for each third (3rd) Remittance Date thereafter, \$800,000.

3. Representations and Warranties. The Borrower represents and warrants to the Lender that all of the Representations and Warranties in Article V of the Loan Agreement, as amended are true and correct in all material respects as of the date hereof.

4. **Conditions to Effectiveness.** This amendment shall become effective upon (i) execution and delivery of this Amendment by each of the Parties, and (ii) payment of the Facility Increase Fee which shall be paid from the next Advance.
5. **Survival of Other Provisions.** Unless specifically amended herein, all of the other covenants, agreements, representations, warranties, promises or other terms and conditions of the Loan Agreement shall remain in full force and effect without any change whatsoever.
6. **Entire Agreement.** This Amendment No.3 constitutes the full and entire understanding and agreement of the Parties with respect to the subject matter hereof, and there are no further or other agreements or undertakings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to in this Amendment No.3.
7. **Counterparts.** This Amendment No.3 may be executed in any number of counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.
8. **Effect of Headings.** The section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No.3 to be duly executed by their respective authorized officers as of the day and year first above written.

LENDER:

PFM CREDIT RECOVERY FUND I, LLC

By: /s/ Peter Faigl
Name: Peter Faigl
Title: PM

BORROWER:

CREDOVA SPV I, LLC

By: /s/ Sam Paul
Name: Sam Paul
Title: Partner

Signature page to Amendment No. 3

AMENDMENT NO. 4 TO AMENDED AND RESTATED LOAN AND SECURITY
AGREEMENT

THIS AMENDMENT NUMBER 4 TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this " Amendment No.4"), dated as of May 31, 2023 is entered into by and among CREDOVA SPV I, LLC, a Delaware limited liability company (the " Borrower ") and PFM CREDIT RECOVERY FUND I, LLC, a Delaware limited liability company and OHPC LP, a Delaware limited partnership (together, the " Lender "). Capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Loan Agreement (as defined below). The Borrower and Lender (sometimes singularly referred to as a " Party " and collectively referred to as " Parties ") agree as follows:

RECITALS

WHEREAS, the Borrower and Lender are parties to that certain Amended and Restated Loan and Security Agreement, dated as of November 11, 2021 and amended by Amendment No.1 dated January 3, 2022, by Amendment No.2 dated April 18, 2022, and by Amendment No.3 dated July 22, 2022 (as amended, the " Loan Agreement ");

WHEREAS, upon the request of the Borrower, the Borrower and Lender have agreed, subject to the terms and conditions set forth herein, to amend the Loan Agreement as set forth below.

NOW THEREFORE, for good and valuable consideration, the Parties agree as follows:

1. Amendment to Section 1.1. – Definitions

The definition of " Borrowing Base " is hereby deleted in its entirety and is replaced with the following:

" Borrowing Base " means, as of any date of determination, an amount equal to the lesser of (i) the difference between (a) the Unpaid Principal Balance of the Eligible Receivables and (b) \$500,000, and (ii) an amount equal to the sum of (a) ninety-three percent (93%) of the aggregate Adjusted Unpaid Principal Balance of Eligible RISC Receivables (other than Prime RISC Receivables) that are less than thirty-one (31) days past due and that were pledged to the Facility on or after April 16, 2023, (b) one hundred percent (100%) of the aggregate Adjusted Unpaid Principal Balance of Eligible RISC Receivables (other than Prime RISC Receivables) that are less than thirty-one (31) days past due and that were pledged to the Facility before April 16, 2023, (c) ninety percent (90%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Prime RISC Receivables that are less than thirty-one (31) days past due, (d) the lesser of (x) eighty-nine percent (89%) of the aggregate Adjusted Unpaid Principal Balance of Eligible CL Receivables that are less than thirty-one (31) days past due and (y) the difference between the Unpaid Principal Balance of the Eligible CL Receivables that are less than sixty-one (61) days past due and \$500,000, (e) sixty percent (60%) of the aggregate Adjusted Unpaid Principal Balance of Eligible BNPL Receivables that are less than thirty-one (31) days past due, and (f) thirty-seven and one-half percent (37.50%) of the aggregate Adjusted Unpaid Principal Balance of Eligible Receivables that are more than thirty (30) days, but no more than sixty (60) days, past due. No Write-Off, Liquidated Receivable or Receivable that is more than sixty (60) days past due shall be included as an "Eligible Receivable" for purposes of calculating the Borrowing Base. The resulting amount calculated in item (b) above shall be further gradually reduced by application of 10% of amounts that would have otherwise been released to the Borrower under item *eight* of section 4.3. of the Loan Agreement. This reallocation will continue until the effective advance rate for the Receivables that fall into the (b) category above matches the percentage under item (a) above.

The definition of " Maximum Credit " is hereby deleted in its entirety and is replaced with the following:

" Maximum Credit " means \$10,000,000.

2. Amendment to Section 2.3. Interest.

The Minimum Interest Payment schedule referenced in part (a) of Section 2.3. is hereby amended as follows:

On the Remittance Date in July 2023 and for each third (3rd) Remittance Date thereafter, \$375,000.

3. Amendment to Exhibit B - Receivables Representations and Warranties.

Item (E) in the Portfolio Concentration Limits subsection is hereby deleted in its entirety and is replaced with the following:

(E) more than sixteen percent (16%) of the aggregate Unpaid Principal Balances of the Eligible Receivables to be sourced from a single retail seller during any one month.

4. Representations and Warranties. The Borrower represents and warrants to the Lender that all of the Representations and Warranties in Article V of the Loan Agreement, as amended are true and correct in all material respects as of the date hereof.

5. Conditions to Effectiveness. This amendment shall become effective upon execution and delivery of (i) this Amendment and (ii) the Replacement Limited Guaranty by each of the Parties.

6. Survival of Other Provisions. Unless specifically amended herein, all of the other covenants, agreements, representations, warranties, promises or other terms and conditions of the Loan Agreement shall remain in full force and effect without any change whatsoever.

7. Entire Agreement. This Amendment No.4 constitutes the full and entire understanding and agreement of the Parties with respect to the subject matter hereof, and there are no further or other agreements or undertakings, written or oral, in effect between the Parties relating to the subject matter hereof unless expressly referred to in this Amendment No.4.

8. Counterparts. This Amendment No.4 may be executed in any number of counterparts (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

9. Effect of Headings. The section headings herein are for convenience only and shall not affect the construction hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No.4 to be duly executed by their respective authorized officers as of the day and year first above written.

LENDER:

PFM CREDIT RECOVERY FUND I, LLC

By: /s/ Peter Faigl

Name: Peter Faigl

Title: CIO, SR Alternative Credit, LLC, General Partner

OHPC LP

By: /s/ Peter Faigl

Name: Peter Faigl

Title: CIO, SR Alternative Credit, LLC, General Partner

BORROWER:

CREDOV

By: /s/ Dusty Wunderlich

Name: Dusty Wunderlich

Title: CEO

Signature page to Amendment No. 4

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael Seifert, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PSQ Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: /s/ Michael Seifert
Michael Seifert
President, Chief Executive Officer and
Chairman of the Board
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Bradley Searle, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PSQ Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 15, 2024

By: /s/ Bradley Searle
Bradley Searle
Chief Financial Officer
(Principal Financial and
Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of PSQ Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 15, 2024

By: /s/ Michael Seifert
Michael Seifert
President, Chief Executive Officer and
Chairman of the Board

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of PSQ Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 15, 2024

By: /s/ Bradley Searle
Bradley Searle
Chief Financial Officer