UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

For transition period from to

Commission File Number 001-39312

PLBY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**37-1958714**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

10960 Wilshire Blvd., Suite 2200
Los Angeles, California 90024
(310) 424-1800
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.0001 par value per share	PLBY	Nasdaq Global Market

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

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

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

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

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

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

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

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

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

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $84 million based upon the closing price reported for such date on the Nasdaq Global Market. As of March 22, 2024, there were 72,643,445 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for its 2024 Annual Meeting of Stockholders, or Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Part III. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, the Proxy Statement shall not be deemed to be filed as part hereof.

TABLE OF CONTENTS

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains statements that are forward-looking and as such are not historical facts. These statements are based on the expectations and beliefs of the management of PLBY Group, Inc. (the "Company", "PLBY", "we", "us", or "our") in light of historical results and trends, current conditions and potential future developments, and are subject to a number of factors and uncertainties that could cause actual results to differ materially from forward-looking statements. These forward-looking statements include all statements other than historical fact, including statements about our future performance and opportunities; benefits of acquisitions and corporate transactions; statements of the plans, strategies and objectives of management for future operations; and statements regarding future economic conditions or performance. When used in this Annual Report on Form 10-K, words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "strive," "would" and similar expressions may identify forward-looking statements, and include the assumptions that underlie such statements, but the absence of these words does not mean that a statement is not forward-looking. When we discuss our strategies and/or plans, we are making projections, forecasts or forward-looking statements. Such statements are based on the beliefs of, as well as assumptions made by and information currently available to, our management.

The forward-looking statements contained in this Annual Report on Form 10-K are based on current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that the Company has anticipated. These forward-looking statements involve significant risks and uncertainties that could cause the actual results to differ materially from those discussed in the forward-looking statements. Factors that may cause such differences include, but are not limited to: (1) the inability to maintain the listing of the Company's shares of common stock on Nasdaq; (2) the risk that the Company's completed or proposed transactions disrupt the Company's current plans and/or operations, including the risk that the Company does not complete any such proposed transactions or achieve the expected benefits from any transactions; (3) the ability to recognize the anticipated benefits of corporate transactions, commercial collaborations, commercialization of digital assets, cost reduction initiatives and proposed transactions, which may be affected by, among other things, competition, the ability of the Company to grow and manage growth profitably, and the Company's ability to retain its key employees; (4) costs related to being a public company, corporate transactions, commercial collaborations and proposed transactions; (5) changes in applicable laws or regulations; (6) the possibility that the Company may be adversely affected by global hostilities, supply chain delays, inflation, interest rates, foreign currency exchange rates or other economic, business, and/or competitive factors; (7) risks relating to the uncertainty of the projected financial information of the Company, including changes in the Company's estimates of cash flows and the fair value of certain of its intangible assets, including goodwill; (8) risks related to the organic and inorganic growth of the Company's businesses, and the timing of expected business milestones; (9) changing demand or shopping patterns for the Company's products and services; (10) failure of licensees, suppliers or other third-parties to fulfill their obligations to the Company; (11) the Company's ability to comply with the terms of its indebtedness and other obligations; (12) changes in financing markets or the inability of the Company to obtain financing on attractive terms; and (13) other risks and uncertainties indicated in this Annual Report on Form 10-K, including those under "Item 1A. Risk Factors". Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. The Company cautions that the foregoing list of factors is not exclusive, and readers should not place undue reliance upon any forward-looking statements.

Forward-looking statements included in this Annual Report on Form 10-K speak only as of the date of this Annual Report on Form 10-K or any earlier date specified for such statements. We do not undertake any obligation to update or revise any forward-looking statements to reflect any change in our expectations or any change in events, conditions, or circumstances on which any such statement is based, except as may be required under applicable law. All subsequent written or oral forward-looking statements attributable to the Company or persons acting on the Company's behalf are qualified in their entirety by this Cautionary Note Regarding Forward-Looking Statements.

PART I

Item 1. Business

Unless otherwise indicated or the context otherwise requires, references to the "Company", "PLBY", "we", "us", "our" and other similar terms refer to PLBY Group, Inc. and its consolidated subsidiaries.

Overview

We are a pleasure and leisure company. We provide consumers around the world with products, content and experiences that help them lead happier, healthier and more fulfilling lives. Our flagship consumer brand, Playboy, is one of the most recognizable brands in the world, with products and content available in approximately 180 countries.

Our mission—to create a culture where all people can pursue pleasure—builds upon seven decades of creating groundbreaking media and hospitality experiences and fighting for cultural progress rooted in the core values of equality, freedom of expression and the idea that pleasure is a fundamental human right. We seek to build the leading pleasure and leisure lifestyle platform for all people around the world.

For the fiscal years ended December 31, 2023 and 2022, our consolidated revenue was $143.0 million and $185.5 million, respectively, and our consolidated net loss was $180.4 million and $277.7 million, respectively. Our consolidated net loss for the year ended December 31, 2023 was largely driven by non-cash asset impairment charges of $154.9 million related to the write-down of intangible assets, including goodwill, and impairment of certain of our licensing contracts during the year of 2023.

Our Products & Services

Our products and content delivery services connect consumers to a lifestyle of pleasure and leisure. Our offerings help consumers around the world look good, feel good and enjoy their lives. Our offerings are focused on four areas:

- ***Style and Apparel*** includes a variety of apparel and accessories products for men and women globally, including one of the leading licensed lifestyle brands worldwide, featuring high profile brand collaborations with fashion and streetwear brands such as PacSun, OVO, PSD, Culture Kings, Miss Papp and Lids, which are available to consumers in the United States and in a variety of international markets. Our style and apparel offerings build on seven decades of standing for free expression and a rich archive of heritage intellectual property assets.

- ***Digital Entertainment and Lifestyle*** is a category that encompasses all the ways we stand for sophisticated, fun and leisure-filled living. Our content creator platform on *playboy.com* ("Playboy Club") lets customers interact directly with influencers and other creators that generate their own array of content. Playboy programming distributed through various websites and domestic and international TV providers offers on-demand entertainment. Our spirits joint venture, Playboy Spirits, offers premium spirits under the *Rare Hare* brand and ready-to-drink cocktails under the *Play Hard* brand, and *shop.playboy.com* also sells a variety of Playboy-branded goods. Collaborations with strategic partners in the nightlife, hospitality, and digital casino and online gaming industries and the metaverse allow our customers to further experience the Playboy lifestyle in-person and from their electronic devices.

- ***Sexual Wellness*** encompasses products, content and experiences that enable a state of physical, emotional, mental, and social sexual health and fulfillment. Offerings include products that enhance sexual experience and help to improve sexual health. Our sexual wellness offerings include lingerie, bedroom accessories, intimacy products and other adult products.

- ***Beauty and Grooming*** builds on our long role serving as a platform for beauty and the brand's commercial success in the fragrance category. Today, we approach this category through the lens of confidence, providing our consumers with products and content that inspire body positivity and creative expression. With strong adjacency to Sexual Wellness, Beauty and Grooming offerings include skincare, haircare, bath and body, grooming, cosmetics and fragrance. These offerings are primarily delivered by our strategic licensing partners, and some products are offered for resale on *shop.playboy.com*.

Each of the foregoing categories represent very large and growing markets, providing us with significant opportunities for growth from the increased sales of our current products and content, as well as through the introduction of new products and content within these categories.

Our Business Segments

We generate revenue through the sales of our products and content services to consumers around the world. We employ multiple business models, including brand licensing, direct-to-consumer and third-party retail sales, and digital sales and subscriptions, to help maximize the value of our assets and promote long-term revenue and profitability growth. We report on our business operations in three segments:

- *Direct-to-Consumer*, through our owned-and-operated e-commerce platform, retail stores and sales of our proprietary products through third-party retailers;

- *Licensing*, including licensing our brand to third parties for products, services, venues, online gaming and events; and

- *Digital Subscriptions and Content*, including revenues generated from the sales of creator offerings to consumers through the Playboy Club, and the sale of subscriptions to Playboy programming, which is distributed through various channels, including websites and domestic and international TV.

Direct-to-Consumer

In 2022, our owned and operated digital commerce retail platforms included *playboy.com, honeybirdette.com* and Honey Birdette retail stores, *yandy.com*, and *loversstores.com* and Lovers retail stores. In April 2023, we sold our Yandy business, and in November 2023, we sold our Lovers business. We also licensed operation of our *Playboy* retail platform as of July 2023. We manage the inventory and shipping for our owned digital and retail commerce channels through a combination of our own warehouse and fulfillment centers and through third-party logistics centers, providing a flexible and scalable base from which to continue the expansion of our direct-to-consumer sales platform model.

During the year ended December 31, 2023, our Direct-to-Consumer segment contributed $78.0 million in revenue and $98.9 million in operating loss, of which $72.6 million was due to non-cash impairment charges on certain of our intangible assets, including goodwill. See “Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations--Key Factors and Trends Affecting Our Business”, for additional matters that affect our consumer products business, including seasonality.

Licensing

We license the Playboy name, Rabbit Head Design, and other trademarks and related properties to partners around the world. Our licensing agreements permit licensees the right to use certain Playboy trademarks for certain categories of products in certain territories for a fee, which is typically a royalty calculated as a percentage of net revenue from wholesale and/or retail sales of such products, subject to an annual, bi-annual or quarterly minimum royalty payment. In addition, we license the sale of certain proprietary products by third parties across major retailers in certain markets. Creative Artists Agency, a brand agency with significant global reach and infrastructure, acts as our exclusive licensing agent for the Playboy brand trademarks and intellectual property for consumer products in a broad range of categories in most of the world.

Our top five active license agreements range from three to six years in length and generated approximately $7.0 million of revenue for the year ended December 31, 2023, excluding $25.3 million of revenue from terminated licensing agreements. As of December 31, 2023, our licensing contracts included future royalty guarantee payments of approximately $41.5 million through 2031, assuming no renewals or modifications of such contracts. This represents a significant drop from prior years, due to challenging economic conditions in China in 2023, which resulted in reduced collections from Chinese licensees, the termination of certain licensing agreements and the impairment of corresponding assets. In October 2023, we terminated licensing agreements with certain Chinese licensees due to ongoing, uncured breaches of their licenses, which comprised $152.2 million of unrecognized licensing revenue under our long-term contracts as of the termination date and resulted in a decrease in licensing revenue of $16.6 million in 2023. See Note 4, Revenue Recognition, for further information. We are working to replace terminated licensees, including through our China JV (as defined below).

In 2023, we also entered into a joint venture, Playboy China Limited (the “China JV”), with Charactopia Licensing Limited, a Fung Retailing brand management company, representing many global brands in China, to jointly own and operate the Playboy licensed business in China (including Hong Kong and Macau). The China JV is working to reinvigorate our China-market Playboy apparel business, including online and offline retail strategies, product design and assortment, and brand marketing to its multi-generational audience.

During the year ended December 31, 2023, our Licensing segment contributed $44.3 million in revenue and $46.9 million in operating loss, which was due to $71.3 million of non-cash impairment charges on Playboy-branded trademarks in the second half of 2023.

Digital Subscriptions and Content

Our Digital Subscriptions and Content today comprise the Playboy Club, our creator-led platform on *playboy.com*, and Playboy’s adult content offerings, including *playboyplus.com* and *playboy.tv*. In addition, Playboy TV is offered through leading MSOs (multiple-system operators) around the globe, including U.S. MSOs DIRECTV, Comcast, Dish, Charter, Cox, Altice, and Mediacom. Pursuant to its agreements with the MSOs, Playboy provides programs for Playboy TV and typically receives a royalty based on the numbers of subscribers to the service.

During the year ended December 31, 2023, our Digital Subscriptions and Content segment contributed $20.7 million in revenue and $2.4 million of operating loss.

Our Strategy

We aim to build the leading pleasure and leisure lifestyle platform for all people around the world. In 2021 and 2022, we expanded our licensing categories, and developed our digital capabilities, including launching our creator platform, which has become the Playboy Club. In 2023, we began pursuing a commercial strategy that relies on a more capital-light model focused on revenue streams with higher margin, lower working capital requirements and higher growth potential. We intend to do this by leveraging our flagship Playboy brand to attract best-in-class strategic partners and scale the Playboy Club with creators who embody Playboy's aspirational lifestyle.

We are refocusing on two key growth pillars. First, strategically expanding our licensing business in key categories and territories. Our China JV is intended to reinvigorate our China-market Playboy apparel business through expanding Playboy's reach and online storefronts by adding new licensees. In the U.S., we will continue to use our licensing business as a marketing tool and brand builder, in particular through our high-end designer collaborations and our large-scale partnerships. Second, investing in our *Playboy* digital platform as we return to our roots as a place to see and be seen for creators and up-and-coming cultural influencers. The Playboy Club, which is dedicated to creative freedom, artistic expression and sex positivity, is the cornerstone of our digital strategy. Creators' fans can subscribe or pay to view exclusive content, message with Playboy creators directly, and receive special access to their daily lives. Top creators earn special opportunities throughout the Playboy ecosystem including Playboy photo shoots, fashion design collaborations and the opportunity to serve as Playboy brand ambassadors.

Our Competition

We operate in the consumer goods space across a variety of different industries and face competition from broad direct-to-consumer platforms such as Amazon and Douyin, as well as brands and retailers that are more targeted to particular markets. In the men's apparel space in China, we compete with other leading men's apparel brands such as Semir, Bosideng and Metersbonwe and such global brands as Levi's, Lacoste and Jack & Jones, which we have also collaborated with in the China market. As we have shifted to a more capital-light business model, we signed new license agreements for e-commerce, lingerie, underwear and costumes. Such licensed Playboy-branded products and our Honey Birdette brand compete with Skims, Fleur du Mal, Victoria's Secret, Fashion Nova and other brands and retailers. Our Playboy-branded collection of toys (under license in the sexual wellness category in North America and Europe), Playboy condoms in Mexico, and Playboy fragrances (pursuant to a global license with broad distribution across Europe, the Americas and southeast Asia) compete with sexual wellness e-commerce platforms and brick and mortar retail chains, such as Lovehoney and Adam & Eve.

Our licensed digital products and games compete with other real-money and social casino-style games available in the iOS and Android app stores, while our venues licensing partner that operates award-winning beer gardens and clubs across India competes with other premium hospitality venues. Our proprietary digital content and services compete with social media sites, creator-led platforms, distributors of paid and free adult content, and providers of digital art and collectibles.

We compete with much larger companies, including the brands referenced above, that have significantly greater financial and operational resources and pose meaningful competitive challenges. However, we believe we have successfully competed, and will continue to do so, with such companies because of our strong brands with extensive consumer followings, high quality products and relationships with creators and influencers that we have developed.

Our Corporate History

Playboy was founded in 1953 as a men's lifestyle magazine. Over the following decades, Playboy grew into a leader and pioneer in the entertainment, hospitality, and licensing businesses.

From 1973 to 2011, Playboy's stock was publicly traded on the New York Stock Exchange. In 2011, an affiliate of Rizvi Traverse Management, LLC (which, together with its affiliates, is our largest stockholder), successfully completed a transaction that resulted in Playboy becoming a private company again and further reorganized the Playboy corporate structure. Playboy Enterprises, Inc. ("Playboy") became the Playboy organization's top-level corporate operating entity.

On February 10, 2021, pursuant to an Agreement and Plan of Merger, dated as of September 30, 2020 (the "Merger Agreement"), Playboy consummated a merger transaction with a wholly-owned subsidiary of a special purpose acquisition company, Mountain Crest Acquisition Corp ("MCAC"), as a result of which Playboy survived the merger as a wholly-owned subsidiary of MCAC (the "Business Combination"). The publicly traded parent company, MCAC, changed its name to "PLBY Group, Inc." upon consummation of the Business Combination.

Over the past several years, we have undertaken a process of transforming and streamlining our business model to transition Playboy's primary business from a print and digital media entity, generating advertising and sponsorship revenues, to our primarily commerce business which markets consumer products and digital content. Following a series of acquisitions from 2019 through 2021, including the August 2021 acquisition of the luxury lingerie brand Honey Birdette and the October 2021 acquisition of a content creator platform which has since been redeveloped into the new Playboy Club, we made the business decision to pursue a commercial strategy that relies on a more capital-light business model focused on revenue streams with higher margin, lower working capital requirements and higher growth potential. Accordingly, in 2023, we entered into the China JV in March, sold our Yandy business (an online retailer of lingerie, dresses, costumes and accessories) in April, licensed operation of our Playboy e-commerce platform in July and sold our Lovers business (an online and brick-and-mortar sexual wellness chain) in November.

Our Team

We seek to recruit, retain, and incentivize highly talented existing and future employees. We believe that creating a respectful and inclusive environment where team members can be themselves and be supported is critical to attracting, developing and retaining talent. A set of fundamental values guide our thinking and actions both inside the company and as we pursue our mission through our interaction with our consumers and our partners around the world. We created these values with the goals of holding ourselves accountable, preserving what is special about Playboy, and inspiring and guiding ourselves to move forward as we grow and take on new challenges. We believe staying true to these values will drive the long-term value we create in consumers' lives.

Our Employees

As of December 31, 2023, we had a total of 628 employees, of whom 249 were full-time and full-time-equivalent employees and 379 were part-time employees. None of our employees are represented by a labor union. Our team values support our employee relations, which we believe to be positive and productive. We promote the well-being of our employees through programs and benefits that support physical health, financial security and good morale.

Our Values

Do You (But Do No Harm). We're authentic to who we are. We say what we mean, and we mean what we say. We create a safe and encouraging environment for others to do the same, bringing their authentic selves forward. We welcome and value varying perspectives and opinions, and we assume the best intentions. We celebrate and bring out the best in each other. We pay attention to others' discomfort. We respect boundaries. We fiercely believe that our diversity positions us for greater success and impact in the world.

Embrace the Next Challenge. We have a growth mindset. We don't let ourselves get too comfortable. We are constantly questioning our existing knowledge and recognize that our blind spots are bigger than we think. We actively seek out opportunities to learn. We come from a place of curiosity. The next challenge may be in a place we've never thought to look, and we leverage a vast diversity of perspectives to find it. We know we can always do better, and good enough is not enough. We believe in questioning taboos. We are bold and thoughtful in challenging the status quo and finding fault in the default, even when it seems we are alone. We are okay with uncertainty, and we aim to adapt quickly and be resourceful in an ever-changing environment.

Debate, Then Commit. We take the time to make sure we are informed. We provide a platform and make space for the different voices in the room, ask thoughtful questions, and consider all angles before coming to a conclusion. We question everything. We engage in self-reflection, and we recognize and share openly when we are wrong. We are solutions oriented. We take an active approach to solving problems and coming to decisions rather than fixating on them. We passionately discuss ideas but respect when a decision is reached and abide by the process to execute it. We communicate decisions thoroughly and thoughtfully.

Be a Leader. We develop and exercise inclusive leadership. So, everyone knows they belong, and equitable treatment is our standard. We recognize that trust, respect, and responsibility go hand-in-hand and must be heard. With that, it is up to each of us to earn that responsibility every day. We listen first, ask questions, speak up and are accountable for our work (and our mistakes). We help others feel confident and comfortable doing the same. We take initiative. We don't wait for things to happen to us or wait to be told. We are willing to wear many hats and roll our sleeves up when others need help, even if it means working outside our job description. We lead by example.

Stay Playful. We are a fun team and though we often deal with heavy subject matter, we recognize the importance of a playful spirit and a positive outlook. We realize that we are a work in progress, and that we won't always get it right the first time. We pride ourselves in being able to pick ourselves up, be positive about our mistakes (while learning from them) and move forward. We celebrate creativity and the importance of trying new things out. We know how to have a good time and we understand boundaries. We celebrate each other. We value our time both in and out of work.

Government Regulation

In connection with the products we provide, we must comply with various laws and regulations from federal, state, local and foreign regulatory agencies. We believe that we are in material compliance with regulatory requirements applicable to our business. These regulatory requirements include, without limitation:

- federal, state, local and foreign laws and regulations involving minimum wage, health care, overtime, sick leave, lunch and rest breaks and other similar wage, benefits and hour requirements and other similar laws;
- Title VII of the Civil Rights Act and the Americans with Disabilities Act and regulations of the U.S. Department of Labor, the Occupational Safety & Health Administration, the U.S. Equal Employment Opportunity Commission and the equivalent state agencies and other similar laws;
- alcohol beverage marketing regulations, custom and import matters with respect to products imported to and exported from the United States;
- the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar anti-bribery and anti- kickback laws and regulations that generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business; and
- federal, state and foreign anticorruption, data protection, privacy, consumer protection, content regulation and other laws and regulations, including without limitation, the General Data Protection Regulation (the "GDPR") and the California Consumer Privacy Act (the "CCPA").

Our failure to comply with applicable laws and regulations could adversely affect the Company. See "Item 1A. Risk Factors" for additional information regarding regulatory risks to the Company.

Intellectual Property

We own various trademarks, copyrights and software comprising our intellectual property holdings, including, without limitation, the "Playboy" name, the "RABBIT HEAD DESIGN" logo and the "Honey Birdette" name.

We currently have active trademark registrations in more than 150 countries for our key trademarks, including variations of the PLAYBOY and the RABBIT HEAD DESIGN logo, which are typically the core intellectual property we license pursuant to our licensing agreements and use on our branded consumer products. Trademark registrations typically allow us to exclusively use or permit licensed use of the marks in the product categories in which they are registered. These registrations are typically valid for 10 years from the original date of registration or the date of renewal. When these registrations become due for renewal, we typically renew them unless the registrations have become redundant due to overlapping coverage from other existing registered marks or they cover marks or categories that we no longer actively use or have plans to use in the future. Most jurisdictions allow for an unlimited number of renewals provided that the criteria to apply for renewal are met in the applicable jurisdiction.

Available Information

We are required to file Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q with the U.S. Securities and Exchange Commission (the "SEC") on a regular basis, and are required to disclose certain material events in a Current Report on Form 8-K. The SEC maintains a website that contains our periodic reports, proxy and information statements and other information regarding us that we file electronically with the SEC. The SEC's website is located at http://www.sec.gov.

Our website is www.plbygroup.com. We make available, free of charge, on our investor relations website, www.plbygroup.com/investors, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. We may use our website to disclose material information and comply with our disclosure obligations under Regulation Fair Disclosure promulgated by the SEC. Such disclosures are provided on our website at www.plbygroup.com, including under its "Events and Presentations" and "Press Releases" sections, among others. Accordingly, investors should monitor this portion of our website, in addition to following our press releases, SEC filings, public conference calls and webcasts. The information on, or that can be accessed through, our website is not incorporated by reference into this Annual Report on Form 10-K and is not part of this report.

Item 1A. Risk Factors

An investment in our securities involves a high degree of risk. You should consider carefully all of the risks described below, together with the other information contained in this Annual Report on Form 10-K, before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business, financial condition and operating results.

Summary of Risk Factors

We have in the past been adversely affected by certain of, and may in the future be materially and adversely affected by, the following risks:

- our ability to maintain the value and reputation of the Playboy brand;
- operating in highly competitive industries;
- our ability to anticipate changes in the market for our products and services and rapidly adapt;
- our ability to obtain, maintain and protect our intellectual property rights, in particular trademarks and copyrights;
- business constraints, negative publicity, lawsuits and boycotts as a result of our business involving the provision of products with adult or sexually explicit content;
- material weaknesses identified with respect to our internal controls over financial reporting;
- potential impairments of our intangible assets;
- potential limitations on the use of our net operating losses;
- various taxation related risks in multiple jurisdictions;
- potential systems failures or network access challenges and our exposure to cybersecurity and data privacy risks;
- compliance with payment processor requirements and government regulations;
- interest rate risk that could cause our debt service obligations to increase significantly;
- foreign exchange rate and other operational risks related to the significant portion of our business outside the U.S.;
- challenges relating to operations and expansion outside of the U.S.;
- litigation expenses and potential adverse results;
- the costs to the Company and management's time needed to comply with public company requirements;
- our ability to attract and retain key employees and hire qualified management and personnel;
- difficulties in pursuing and completing corporate transactions on economically acceptable terms;
- realizing the business benefits of our strategic objectives, including through joint ventures, dispositions or other strategic transactions;
- limitations imposed by our debt and other financial obligations;
- our ability to attract and retain new customers and subscribers through our marketing efforts;
- the demand for our products and services;
- changing global economic conditions and standards, including with respect to international trade tensions;
- our ability to manage the various licensing and selling models in our operations;

- the concentration of a substantial portion of our licensing revenue with a limited number of licensees and retail partners;
- supply chain risk to us and our licensees;
- our dependence on third parties to help operate certain aspects of our e-commerce business;
- the adoption, implementation and performance of new enterprise systems;
- increasing competition for and changing dynamics in the marketplace for our adult content, digital and consumer products;
- our ability to maintain our agreements with multiple system operators and direct-to-home operators on favorable terms;
- challenges in growing our Playboy Club business, including through the sale of digital memberships;
- our ability to identify, fund investment in and commercially exploit new technology;
- shifts in consumer behavior as a result of technological innovations and changes in the distribution and consumption of content;
- our ability to meet the listing requirements to be listed on the Nasdaq Stock Market and maintain the listing of our securities in the future;
- the limited liquidity, significant volatility and potential for further dilution of our common stock; and
- our need for additional capital, and constraints to obtaining it, to fund future operations.

Risks Related to Our Business and Industry

Our success depends on our ability to maintain the value and reputation of the Playboy brand.

Our success depends on the value and reputation of the Playboy brand. The Playboy name is integral to our business as well as to the implementation of our strategies for expanding our business. Maintaining, promoting, and positioning our brand will depend largely on the success of our marketing and merchandising efforts and our ability to provide a consistent, high-quality product and customer experience.

We rely on social media, as one of our marketing strategies, to have a positive impact on both our brand value and reputation. Our brand and reputation could be adversely affected if our public image were to be tarnished by negative publicity, which could be amplified by social media, if we fail to deliver innovative and high-quality products and experiences acceptable to our customers, or if we face or mishandle a product recall or customer complaints.

We license our brand to third parties to use in connection with various goods and services, subject to our approval. Our financial condition could be negatively impacted if any such third parties use our brand in a manner that adversely reflects on our businesses or our brand.

Additionally, while we devote considerable efforts and resources to protecting our intellectual property, if these efforts are not successful, the value of our brand may be adversely affected. Any detrimental impact to our brand and reputation could have a material adverse effect on our financial condition.

Our businesses operate in highly competitive industries.

The consumer products, licensing, digital entertainment and creator content platform markets in which we operate are highly competitive. The ability of our businesses to compete in each of these industries successfully depends on a number of factors, including our ability to consistently supply high quality and popular products and content, adapt to new technologies and distribution platforms, maintain our brand reputation and produce new and successful products and content. There can be no assurance that we will be able to compete successfully in the future against existing or new competitors, or that increasing competition will not result in price reductions, reduced margins or loss of market share, any of which could have a material adverse effect on our business, financial condition or results of operations. Additionally, many of our competitors, including apparel and personal goods brand licensors and retailers, large entertainment and media enterprises and well-established social media and other creator content platforms have greater technical, operational, financial and human resources than we do. We cannot assure you that we can remain competitive with companies that have greater resources or that offer alternative product, entertainment or content offerings.

The market for our physical and digital products is changing rapidly, and unless we are able to anticipate these changes and rapidly adapt, we will lose market share.

Our strategy to grow our online and "brick and mortar" retail businesses depends on many factors, including, among others, our ability to develop and maintain effective e-commerce platforms, enter into advantageous licenses, identify desirable store locations, negotiate acceptable lease terms, hire, train and retain a reliable workforce of sales, distribution and other operational personnel, successfully integrate stores into our existing control structure, enterprise systems and operations, including our information technology systems, and coordinate well with our digital platforms, licensees and wholesale customers to minimize the competition within our sales channels. Should we expand into new geographic areas, we will need to successfully identify and satisfy the consumer preferences in those areas. In addition, we will need to address competitive, merchandising, marketing, distribution and other challenges encountered in connection with any expansion. Finally, we cannot ensure that our Playboy Club, e-commerce platforms, strategic partnerships or physical stores will be well received and achieve intended net sales or profitability levels. If any of our consumer products, licensing or digital businesses fail to achieve, or are unable to sustain, acceptable net sales and profitability levels, our business overall may be adversely impacted and we may incur significant costs associated with such business.

In addition, online usage and digital entertainment is changing rapidly as technological advancements allow the deployment of more advanced and interactive multimedia website and digital application offerings, and the Internet and mobile device usage have resulted in new digital distribution channels. As a result, we have to rapidly develop new digital business models, including digital content and distribution models, that will allow us to otherwise capitalize on our growing content creator platform and large library of titles that we own and license.

Unless we are able to effectively modify our business model to compete with the products offered through physical and online retailers and content offered digitally on the Internet or elsewhere, our market share, revenues and profits from such offerings could decrease. Although we are currently developing new products, entering into new licenses and growing our content creator platform, no assurance can be given that we will remain competitive in the industries we compete in. Our future success will depend, in part, on our ability to adapt to rapidly changing technologies, to enhance existing product offerings and to develop and introduce a variety of new products, strategic partnerships and content to address changing demands of our consumers.

If we are unable to obtain, maintain and protect our intellectual property rights, in particular trademarks and copyrights, our ability to compete could be negatively impacted.

Our intellectual property rights, particularly our trademarks in the Playboy name and Rabbit Head Design, are valuable assets of our business and are critical to our success, growth potential and competitive position. Although certain of the intellectual property we use is registered in the U.S. and in many foreign countries, there can be no assurances with respect to the continuation of such intellectual property rights, including our ability to further register, use or defend key current or future trademarks. Further, applicable law may provide only limited and uncertain protection, particularly in emerging markets, such as China.

Furthermore, we may not apply for, or we may be unable to obtain, intellectual property protection for certain aspects of our business. Third parties have in the past, and could in the future, bring infringement, invalidity, co-inventorship, re-examination, opposition or similar claims with respect to our current or future intellectual property. Any such claims, whether or not successful, could be costly to defend, may not be sufficiently covered by any indemnification provisions to which we are party, divert management's attention and resources, damage our reputation and brands, and adversely impact our business, prospects, financial condition, results of operations or cash flows, as well as the trading price of our securities.

In addition, third parties may distribute and sell counterfeit (or gray market) versions of our products, which may be inferior or pose safety risks and could confuse consumers or customers, which could cause them to refrain from purchasing our brands in the future or otherwise damage our reputation. The presence of counterfeit versions of our products in the market and of prestige products in mass distribution channels could also dilute the value of our brands, force us and our distributors to compete with heavily discounted products, cause us to be in breach of contract (including license agreements), impact our compliance with distribution and competition laws in jurisdictions including the E.U. and China, or otherwise have a negative impact on our reputation and business, prospects, financial condition or results of operations.

In order to protect or enforce our intellectual property and other proprietary rights, we may initiate litigation or other proceedings against third parties, such as infringement suits, opposition proceedings or interference proceedings. Any lawsuits or proceedings that we initiate could be expensive, take significant time and divert management's attention from other business concerns, adversely impact customer relations and we may not be successful. Litigation and other proceedings may also put our intellectual property at risk of being invalidated or interpreted narrowly. The occurrence of any of these events may have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows, as well as the trading price of our securities.

Our success depends on our ability to operate our business without infringing, misappropriating or otherwise violating the intellectual property of third parties.

Our commercial success depends in part on our ability to operate without infringing, misappropriating or otherwise violating the trademarks, patents, copyrights and other proprietary rights of third parties. However, we cannot be certain that the conduct of our business does not and will not infringe, misappropriate or otherwise violate such rights. Moreover, past or future acquisition targets and other businesses in which we may make strategic investments are often smaller or younger companies with less robust intellectual property clearance practices, and we may face challenges on the use of their trademarks and other proprietary rights.

If we are found to be infringing, misappropriating or otherwise violating a third-party trademark, patent, copyright or other proprietary rights, we may need to obtain a license, which may not be available in a timely manner on commercially reasonable terms or at all, or redesign or rebrand our products, which may not be possible or result in a significant delay to market or otherwise have an adverse commercial impact. We may also be required to pay substantial damages or be subject to a court order prohibiting us and our customers from selling certain products or engaging in certain activities, which could therefore have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows, as well as the trading price of our securities.

Our business includes the provision of sexually explicit content which can create negative publicity, lawsuits and boycotts.

Our business includes providing adult-oriented, sexually explicit and provocative content and products worldwide. Many people regard such business as unwholesome. Various national and local governments, along with religious and children's advocacy groups, consistently propose and enact legislation to restrict the provision of, access to, and content of such entertainment. These groups also often file lawsuits against providers of adult products and content, encourage boycotts against such providers and mount negative publicity campaigns. In this regard, some of our distribution outlets have from time-to-time been the target of groups who seek to limit the availability of our products because of their content. We expect to continue to be subject to these activities.

The adult-oriented content of our websites, including our creator platform, may also subject us to obscenity or other legal claims by third parties. We may also be subject to claims based upon the content that is available on our websites through links to other sites and in jurisdictions that we have not previously distributed content in. Implementing measures to reduce our exposure to this liability may require us to take steps that would substantially limit the attractiveness of our websites and other distribution channels and/or their availability in various geographic areas, which could negatively impact their ability to generate revenue.

In addition, some investors, banks, market makers, lenders and others in the investment community may refuse to participate in the market for our common stock, financings or other financial activities due to the nature of our adult business. These refusals may negatively impact our business, the value of our common stock and our opportunities to attract market support.

Companies providing products and services on which we rely have refused, and may refuse in the future, to do business with us because some of our products contain adult content.

Some companies that provide products and services we need may be concerned that associating with us could lead to their becoming the target of negative publicity campaigns by public interest groups and boycotts of their products and services. As a result of these concerns, these companies may be reluctant to enter into or continue business relationships with us. For example, we have not been able to open or maintain accounts with certain banks because of the adult nature of some of our business. There can be no assurance that we will be able to maintain our existing business relationships with the companies, domestic or international, that currently provide us with services and products. Our inability to maintain such business relationships, or to find replacement service providers, could materially adversely affect our business, financial condition and results of operations. We could be forced to enter into business arrangements on terms less favorable to us than we might otherwise obtain, which could lead to our doing business with less competitive terms, higher transaction costs and more inefficient operations than if we were able to maintain such business relationships or find replacement service providers.

If we are unable to advertise on certain platforms because of our brand or products, our revenue could be adversely impacted.

Some companies that operate websites and offline media, including search engines and social media platforms, on which we would like to advertise our products and services, and provide direct purchasing capabilities, have been, and may continue to be, reluctant or unwilling to allow such advertising due to the adult nature of certain of our products and services and the history of our brand. Our inability to access or advertise on such platforms has made, and could continue to make, it more difficult for us to reach a broad audience, which could limit sales of our products and services, and reduce the value of our brand. Our existing competitors, as well as potential new competitors, may not face such obstacles and be able to undertake more extensive marketing campaigns and reach a broader consumer base, making it more difficult for us to compete with them with similar products.

We have experienced, and may continue to experience, seasonality in our revenues, which may result in volatility in our financial results.

While we receive revenue throughout the year, our businesses have experienced, and may continue to experience, seasonality. For example, our licensing business has historically experienced higher receipts in its first and third fiscal quarters due to the licensing fee structure in our licensing agreements, which typically require advance payment of such fees during those quarters, but such payments can be subject to variations, extensions or delays. Our direct-to-consumer business has historically experienced higher sales in the fourth quarter due to the end-of-year holiday season, but changing market conditions and demand could affect such sales. To the extent that we continue to experience seasonality, or there are material changes in our seasonal business and revenues, such factors may result in volatility in our financial results.

We have identified material weaknesses in our internal control over financial reporting. Failure to achieve and maintain effective internal controls over financial reporting could adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner, which could have an adverse impact on our business.

Since becoming a public company, ensuring that we have adequate internal financial and accounting controls and procedures in place to produce accurate financial statements on a timely basis has been, and will continue to be, costly and a time-consuming effort. In addition, the rapid changes in our operations and corporate structure have created a need for additional resources within the accounting and finance functions in order to produce timely financial information and to ensure the level of segregation of duties customary for a U.S. public company.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed 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 in the United States ("GAAP"). Our management is also required, on a quarterly basis, to evaluate the effectiveness of our internal controls and to disclose any changes and material weaknesses identified. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in our annual or interim consolidated financial statements might not be prevented or detected on a timely basis, as occurred with certain of our interim consolidated financial statements in 2023, which were then restated and corrected in amended Quarterly Reports on Form 10-Q prior to the filing of this Annual Report on Form 10-K. As described in Item 9A of this Annual Report on Form 10-K, there were several material weaknesses identified in our internal control over financial reporting.

We are working to remediate our material weaknesses as soon as practicable. Our remediation plan, which is continuing to be developed, can only be accomplished over time, and these initiatives may not accomplish their intended effects. Failure to maintain our internal control over financial reporting could adversely impact our ability to report our financial position and results from operations on a timely and accurate basis or result in misstatements. Likewise, if our financial statements are not filed on a timely basis, we could be subject to regulatory actions, legal proceedings or investigations by Nasdaq, the SEC or other regulatory authorities, which could result in a material adverse effect on our business and/or we may not be able to maintain compliance with certain of our agreements. Ineffective internal controls could also cause investors to lose confidence in our financial reporting, which could have a negative effect on our stock price, business strategies and ability to raise capital.

Even after the remediation of our material weaknesses, our management does not expect that our internal controls will ever prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. No evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the business will have been detected.

Our use of certain tax attributes may be limited.

We had significant net operating losses ("NOLs") as of December 31, 2023. In the U.S. we had $328.0 million of federal NOLs available to carry forward to future periods, of which $182.3 million will expire between 2028 and 2037, and we had $137.8 million of state and local NOLs available to carry forward to future periods, of which $8.0 million can be carried forward indefinitely. In Australia, we also have $11.4 million of NOLs available to carry forward indefinitely. The statute of limitations for tax years 2018 and forward remains open to examination by the major U.S. taxing jurisdictions to which we are subject. The statute of limitations for tax year 2017 and forward remain open to examination in Australia. In addition, due to NOL carryforward provisions, tax authorities continue to have the ability to adjust the amount of our carryforward. Furthermore, as discussed below, the limitations on the use of NOLs under Internal Revenue Code Section 382 could affect our ability to use NOLs to offset future taxable income.

The Tax Cuts and Jobs Act (the "Tax Act"), which was enacted on December 22, 2017, changed the rules governing U.S. federal NOL carryforwards. For federal NOL carryforwards arising in tax years beginning after December 31, 2017, the Tax Act limited a taxpayer's ability to utilize such carryforwards to 80% of taxable income, which can be carried forward indefinitely, but carryback is generally prohibited. Federal NOL carryforwards generated by us before January 1, 2018 will continue to have a twenty-year carryforward period and will not be subject to the taxable income limitation.

We are subject to taxation related risks in multiple jurisdictions.

We are a U.S.-based multinational company subject to tax in multiple U.S. and foreign tax jurisdictions. Significant judgment is required in determining our global provision for income taxes, deferred tax assets or liabilities and in evaluating our tax positions on a worldwide basis. While we believe our tax positions are consistent with the tax laws in the jurisdictions in which we conduct our business, it is possible that these positions may be challenged by jurisdictional tax authorities, which may have a significant impact on our global provision for income taxes.

Tax laws are being re-examined and evaluated globally. New laws and interpretations of the law are taken into account for financial statement purposes in the quarter or year that they become applicable. Tax authorities are increasingly scrutinizing the tax positions of companies. Many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws that, if enacted, could increase our tax obligations in countries where we do business. If U.S. or other foreign tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

We could be required to collect additional sales taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our offering and adversely affect our operating results.

We collect and remit U.S. sales tax and foreign value-added tax ("VAT") in a number of jurisdictions. It is possible, however, that we could face sales tax or VAT audits and that our liability for these taxes could exceed our estimates as state and foreign taxing authorities could still assert that we are obligated to collect additional tax amounts from our paying customers and remit those taxes to those authorities. We could also be subject to audits in states and foreign jurisdictions for which we have not accrued tax liabilities. A successful assertion that we should be collecting additional sales tax, VAT or other taxes on our services in jurisdictions where we have not historically done so and do not accrue for sales taxes and VAT could result in substantial tax liabilities for past sales or services, discourage customers from subscribing to certain of our services, or otherwise have a material adverse effect on our business, financial condition and results of operations.

Each jurisdiction has its own rules and regulations governing sales and use taxes, and these rules and regulations are subject to varying interpretations that may change over time. In addition, the application of federal, state, local and foreign tax laws to services provided electronically may be unclear with respect to certain services or products and is a continually evolving tax area. Most jurisdictions have considered or adopted laws that impose tax collection obligations on out-of-jurisdiction companies. Countries and states where we have nexus may require us to calculate, collect, and remit sales tax, use tax, VAT or other taxes on sales in their jurisdiction. Additionally, the Supreme Court of the U.S. ruled in *South Dakota v. Wayfair, Inc. et al* ("Wayfair") that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to Wayfair, or otherwise, states or local governments may enforce laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. We may be obligated to collect and remit sales and use taxes in states where we have not collected and remitted sales and use taxes. A successful assertion by one or more jurisdictions requiring us to collect taxes where we historically have not or presently do not do so could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest.

The imposition by tax authorities of sales tax collection obligations on out-of-jurisdiction sellers could also create additional administrative burdens for us, put us at a perceived competitive disadvantage if they do not impose similar obligations on our competitors, and decrease our future sales, which could adversely affect our business and operating results.

Our digital operations are subject to systems failures and disruptions.

The uninterrupted performance of our computer systems is critical to the operations of our websites. Certain of our computer systems are located on-site and others are at external third-party sites, and, as such, may be vulnerable to fire, loss of power, telecommunications failures, cybersecurity breaches and other similar catastrophes. In addition, we may have to restrict access to our websites to solve problems caused by computer viruses, cyberattacks or other system failures. Our customers may become dissatisfied by any disruption, breach or failure of our computer systems that interrupts our ability to provide our content or products. Repeated system failures could substantially impair our operations, reduce the attractiveness of our websites and/or interfere with commercial transactions, negatively affecting our ability to generate revenues. Our websites must accommodate a high volume of traffic and transactions and deliver regularly updated content. Our computer systems have, on occasion, been subject to interference by external parties and our websites have, on occasion, experienced slow response times and network failures. While none of these types of occurrences has to date materially interrupted our operations or ability to generate revenue, such occurrences could in the future cause material disruptions to our businesses. We are also subject to risks from failures in computer systems other than our own because our customers depend on their own Internet service providers for access to our sites. Our revenues could be negatively affected by outages or other difficulties we or our customers experience in accessing our computer systems and websites due to disruptions of our systems or websites or external system failures that could impair customer access to our sites. Our insurance policies may not adequately compensate us for any losses that may occur due to any failures in our systems or the external systems used by our customers.

Any significant disruption in or unauthorized access to our computer systems or those of third parties that we utilize in our operations, including those relating to cybersecurity or arising from cyberattacks, could result in the interruption of operations, unauthorized access, disclosure or destruction of data, including customer, employee and corporate information, or theft of intellectual property, including digital assets, which could adversely impact our business.

Our computer systems and those of third parties we use in our operations are subject to constantly evolving cybersecurity threats, including cyberattacks such as computer viruses, malware, ransomware, denial of service attacks, physical or electronic break-ins, or insider threats, as well as misconfigurations in information systems, networks, software or hardware, and similar disruptions or errors. Our systems have experienced, and may continue to experience, directed attacks intended to lead to interruptions and delays in our service and operations as well as loss, misuse or theft of personal information (of third parties, employees, and our members) and other data, confidential information or intellectual property. Any compromise of our internal systems or customer-facing platforms could cause them to become unavailable or degraded or otherwise hinder our ability to deliver our products and services. Many of the third parties we work with rely on open source software and libraries that are integrated into a variety of applications, tools and systems, which may increase our exposure to vulnerabilities. Additionally, outside parties may attempt to induce or trick employees, vendors, partners, or users to disclose sensitive or confidential information in order to gain access to data. Any attempt by hackers to obtain our data (including customer, employee and corporate information) or intellectual property (including digital content assets), disrupt our service, or otherwise access our systems, or those of third parties we use, if successful, could harm our business, be expensive to remedy and damage our reputation. We have implemented certain systems and processes to thwart hackers and protect our data and systems. However, the techniques used to gain unauthorized access to data and software are constantly evolving, and we may be unable to anticipate, detect or prevent unauthorized access or address all cybersecurity incidents that occur. Because of the prominence of the Playboy brand, we (and/or third parties we use) have been and may continue to be a particularly attractive target for such attacks, and from time to time, we have experienced the unauthorized access of certain digital data. However, to date these unauthorized breaches have not had a material impact on our service, systems or business, and we do carry insurance to cover expenses related to such disruptions or unauthorized access. There is no assurance that hackers may not have a material impact on our services or systems in the future. Efforts to prevent hackers from disrupting our service or otherwise accessing our systems are expensive to develop, implement and maintain. These efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated, and may limit the functionality of or otherwise negatively impact our services and systems. Any significant disruption to our services or access to our systems could result in a loss of customers and adversely affect our business and results of operation. Further, a penetration of our systems or a third-party's systems or other misappropriation or misuse of personal information could subject us to business, regulatory, litigation and reputation risk, which could have a negative effect on our business, financial condition and results of operations.

We utilize our own communications and computer hardware systems located either in our facilities or in that of a third-party provider. In addition, we utilize third-party "cloud" computing services in connection with our business operations. We also utilize our own and third-party content delivery networks. Problems faced by us or our third-party "cloud" computing or other network providers, including technological or business-related disruptions, as well as cybersecurity threats and regulatory interference, could adversely impact the experience of our customers and/or employees.

We are subject to data security and privacy risks.

We have been the target of "phishing", "spoofing", "social engineering" and other data breach attempts, including through the use of ransomware, and we expect that we may continue to be a target for unauthorized access to our systems and technology. If any such attempts are successful in the future and materially impact our business, employees and/or customers, we could be subject to liability which could negatively impact our financial condition and damage our business.

Increased scrutiny by regulatory agencies, such as the Federal Trade Commission and state agencies, of the use of employee and customer information could also result in additional expenses if we are obligated to reengineer systems to comply with new regulations or to defend investigations of our privacy practices. In addition, we must comply with increasingly complex, rigorous, and sometimes conflicting regulatory standards enacted to protect business and personal data in the United States, Europe and elsewhere. For example, the European Union adopted the GDPR, which became effective on May 25, 2018; and California passed the CCPA, which became effective on January 1, 2020. The U.S. Children's Online Privacy Protection Act ("COPPA") also regulates the collection, use and disclosure of personal information from children under 13-years of age. While none of our content is directed at children under 13-years of age, if COPPA were to apply to us, failure to comply with COPPA may increase our costs, subject us to expensive and distracting government investigations and could result in substantial fines. These laws impose additional obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored. Compliance with existing, proposed and recently enacted laws (including implementation of the privacy and process enhancements called for under GDPR and CCPA) and regulations can be costly and time consuming, and any failure to comply with these regulatory standards could subject us to legal and reputational risks.

In addition, customer interaction with our content is subject to our privacy policy and terms of service. If we fail to comply with our posted privacy policy or terms of service or if we fail to comply with existing privacy-related or data protection laws and regulations, it could result in proceedings or litigation against us by governmental authorities or others, which could result in fines or judgments against us, damage our reputation, impact our financial condition and adversely impact our business. If regulators, the media or consumers raise any concerns about our privacy and data protection or consumer protection practices, even if unfounded, this could also result in fines or judgments against us, damage our reputation, and negatively impact our financial condition and our business.

Changes in how network operators handle and charge for access to data that travel across their networks could adversely impact our business.

We rely significantly upon the ability of consumers to access our products through the Internet. If network operators block, restrict or otherwise impair access to our products over their networks, our business could be negatively affected. To the extent that network operators implement usage-based pricing, including meaningful bandwidth caps, or otherwise try to monetize access to their networks by data providers, we could incur greater operating expenses and our membership acquisition and retention could be negatively impacted. Furthermore, to the extent network operators create tiers of internet access service and either charge us for or prohibit us from being available through these tiers, our business could be negatively impacted.

Most network operators that provide consumers with access to the Internet also provide these consumers with multichannel video programming. As such, many network operators have an incentive to use their network infrastructure in a manner adverse to our continued growth and success. While we believe that consumer demand, regulatory oversight and competition will help check these incentives, to the extent that network operators are able to provide preferential treatment to their data as opposed to ours or otherwise implement discriminatory network management practices, our business could be negatively impacted. The extent to which these incentives limit operator behavior differs across markets.

We are subject to payment processing risk.

Our customers pay for our products and services using a variety of different payment methods, including credit and debit cards, gift cards, prepaid cards, direct debit, online wallets and direct carrier and partner billing. We rely on internal systems as well as those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules and regulations, including additional authentication requirements for certain payment methods, and require payment of interchange and other fees. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, changes to rules or regulations concerning payments, loss of payment partners and/or disruptions or failures in our payment processing systems, partner systems or payment products, including products we use to update payment information, our revenue, operating expenses and results of operation could be adversely impacted. In certain instances, we leverage third parties such as our cable and other partners to bill subscribers on our behalf. At times, these third parties have been unwilling or unable to continue processing payments on our behalf (and could further be unwilling or unable to do so in the future), requiring us to transition payment processing or otherwise find alternative methods of payment processing, which could adversely impact our business. In addition, from time to time, we encounter fraudulent use of payment methods, which could impact our results of operations and, if not adequately controlled and managed, could create negative consumer perceptions of our products. If we are unable to maintain our fraud and chargeback rate at acceptable levels, card networks may impose fines, our card approval rate may be impacted and we may be subject to additional card authentication requirements. The termination of our ability to process payments on any major payment method could significantly impair our ability to operate our business.

Government regulations could adversely affect our business, financial condition or results of operations.

Our businesses are regulated by governmental authorities in the countries in which we operate. Because of our international operations, we must comply with diverse and evolving regulations in many countries. Regulation relates to, among other things, licensing, access to satellite transponders, commercial advertising, subscription rates, foreign investment, internet gaming, use of confidential customer information and content, including standards of decency/obscenity. Changes in the regulation of our operations or changes in interpretations of existing regulations by courts or regulators or our inability to comply with current or future regulations could adversely affect us by reducing our revenues, increasing our operating expenses and/or exposing us to significant liabilities. While we are not able to reliably predict particular regulatory developments that could affect us adversely, those regulations related to adult content, the Internet, consumer products and commercial advertising illustrate some of the potential difficulties we face.

Adult content. Regulation of adult content could prevent us from making our content available in various jurisdictions or otherwise have a material adverse effect on our business, financial condition or results of operations. The governments of some countries, such as China and India, have sought to limit the influence of other cultures by restricting the distribution of products deemed to represent foreign or "immoral" influences. Regulation aimed at limiting minors' access to adult content could also increase our cost of operations and introduce technological challenges, such as by requiring development and implementation of age verification systems. U.S. government officials could amend or construe and seek to enforce more broadly or aggressively the adult content recordkeeping and labeling requirements set forth in 18 U.S.C. Section 2257 and its implementing regulations in a manner that is unfavorable to our business.

Internet. Various governmental agencies have imposed and are further considering a number of laws or regulations concerning various aspects of the Internet, including online content, intellectual property rights, user privacy, taxation, access charges, liability for third-party activities and jurisdiction. Regulation of digital content and the Internet could materially adversely affect our business, financial condition or results of operations by reducing the overall use of the Internet or provision of certain digital content or services, reducing the demand for our products or increasing our cost of doing business.

Consumer products. Any attempts to limit or otherwise regulate the sale or distribution of certain consumer products sold by us or our licensees could materially adversely affect our business, financial condition or results of operations.

Our variable rate debt subjects us to interest rate risk that could cause our debt service obligations to increase significantly.

The debt under our senior secured credit facility accrues interest subject to variable rates of interest, which exposes us to interest rate risk. Reference rates used to determine the applicable interest rates for our variable rate debt began to rise significantly in the second half of fiscal year 2022 and continued through fiscal year 2023. The Secured Overnight Financing Rate ("SOFR"), which we use as a benchmark for establishing the interest rate applicable to our debt, was 4.3% and 5.4% as of December 31, 2022 and December 31, 2023, respectively. If interest rates continue to increase, the debt service obligations on such indebtedness will continue to increase even if the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. In addition, while our senior secured debt will continue to be subject to SOFR, other factors may impact SOFR including factors causing SOFR to cease to exist, new methods of calculating SOFR to be established, or the use of an alternative reference rate. Such circumstances are not entirely predictable, but they could have an adverse impact on our financing costs and our financial results.

We are subject to risks resulting from our operations outside the U.S., and we face additional risks and challenges as we continue to expand internationally.

The international scope of our operations has contributed, and may continue to contribute, to volatile financial results and difficulties in managing our business. For the years ended December 31, 2023 and 2022, we derived approximately 57% and 59%, respectively, of our consolidated revenues from countries outside the U.S., and we experienced significant challenges in the China market during those years. Our international operations expose us to numerous challenges and risks, including, but not limited to, the following:

- adverse political, regulatory, legislative and economic conditions in various jurisdictions;
- costs of complying with varying governmental regulations;
- fluctuations in currency exchange rates;
- difficulties in developing, acquiring or licensing programming and products that appeal to a variety of audiences and cultures;
- global supply chain disruptions;
- scarcity of attractive licensing and joint venture partners;
- the potential need for opening and managing distribution centers abroad; and
- difficulties in protecting intellectual property rights in foreign countries.

In addition, important elements of our business strategy, including capitalizing on advances in technology, expanding distribution of our products and content and leveraging cross-promotional marketing capabilities, involve a continued commitment to expanding our business internationally. This international expansion will require considerable management and financial resources. We cannot assure you that one or more of these factors or the demands on our management and financial resources would not adversely affect any current or future international operations and our business as a whole.

We are exposed to fluctuations in currency exchange rates.

We transact business globally in multiple currencies and have foreign currency risks related to our revenue, costs of revenue and operating expenses. To the extent we have significant revenues denominated in such foreign currencies, any strengthening of the U.S. dollar would tend to reduce our revenues as measured in U.S. dollars, as we have historically experienced, and are currently experiencing. In addition, a portion of our costs and expenses have been, and we anticipate will continue to be, denominated in foreign currencies. If we do not have fully offsetting revenues in these currencies and if the value of the U.S. dollar depreciates significantly against these currencies, our costs as measured in U.S. dollars as a percent of our revenues will correspondingly increase and our margins will suffer. As a result, our operating results could be harmed.

Operating as a public company requires us to incur substantial costs and requires substantial management attention.

We will continue to incur significant legal, accounting and other expenses to comply with the requirements of operating as a public company. We are subject to the reporting requirements of the Exchange Act, which requires, among other things, that we file with the SEC annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC has adopted additional rules and regulations in these areas, such as mandatory "say on pay" voting requirements. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, including with respect to environmental, social and governance matters, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

The rules and regulations applicable to public companies have and are expected to continue to increase our legal and financial compliance costs and to make some corporate activities more time consuming. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs could decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors (the "Board"), our Board committees or as executive officers.

Any expansion into new products, technologies, and geographic regions may subject us to additional risks.

We may have limited or no experience in our newer market segments, and our customers may not adopt our product or content offerings. These offerings, which can present new and difficult technology and regulatory challenges, may subject us to claims if customers of these offerings experience service disruptions or failures or other quality issues. In addition, profitability, if any, in our newer activities may not meet our expectations, and we may not be successful enough in these newer activities to recoup our investments in them. Failure to realize the benefits of amounts we invest in new technologies, products or content could result in the value of those investments being written down or written off.

We expect to incur transaction costs in connection with our corporate transactions and strategic opportunities, which could require additional financing that may not be available to us on acceptable terms.

We have incurred and expect to continue to incur significant costs and expenses in connection with past and future corporate transactions and strategic opportunities, including with respect to acquisitions and financing transactions, for financial advisory, legal, accounting, consulting and other advisory fees and expenses, reorganization and restructuring costs, litigation defense costs, severance/employee benefit-related expenses, filing fees, printing expenses and other related charges. There are also numerous processes, policies, procedures, operations, technologies and systems that are impacted by our corporate transactions. There are many factors beyond our control that could affect the total amount or timing of expenses related to such transactions. These costs and expenses could reduce the benefits and income we expect to achieve from our corporate transactions.

We may, in the future, require additional capital to help fund all or part of potential corporate transactions and strategic opportunities. If, at the time required, we do not have sufficient cash to finance those additional capital needs, we will need to raise additional funds through equity and/or debt financing. We cannot guarantee that, if and when needed, additional financing will be available to us on acceptable terms or at all. If additional capital is needed and is either unavailable or cost prohibitive, our growth may be limited as we may need to change our business strategy to slow the rate of, or eliminate, our expansion plans. In addition, any additional financing we undertake could impose additional covenants upon us that restrict our operating flexibility, and, if we issue equity securities to raise capital, our existing stockholders may experience dilution or the new securities may have rights senior to those of our common stock.

We have entered into, and may enter into further, joint ventures and strategic partnerships, which could be adversely affected by our lack of sole decision-making authority, our reliance on our partners or disputes between us and our partners.

We have entered into the China JV and a spirits-related joint venture and may enter into further joint ventures and strategic partnerships, in some of which we may not hold controlling interests or operating control. Even if we legally control such ventures, there may be circumstances under which we would not exercise sole decision-making authority regarding their business. Joint ventures and strategic partnerships may, under certain circumstances, involve risks that would not otherwise be present if we were in sole control or another party were involved. Joint venture and strategic partners may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or objectives. Such investments may also have the potential risk of impasses on decisions, because neither we nor the partner would have full control over the venture. Disputes between us and joint venture and strategic partners may result in legal action that would increase our expenses and divert management's attention. In addition, we may in certain circumstances be liable for the actions of our joint venture or strategic partners.

We may seek strategic opportunities in industries or sectors that may be outside of our management's areas of expertise.

We may consider strategic opportunities outside of our management's areas of expertise if an attractive transaction or target is presented to us and we determine that represents an advantageous opportunity for our company. Although our management will endeavor to evaluate the risks inherent in any particular opportunity, we cannot assure you that we will adequately ascertain or assess all of the significant risk factors. We also cannot assure you that an investment in our securities will not ultimately prove to be less favorable to investors than a direct investment, if an opportunity were available, in a strategic transaction counterparty.

Any expansion of our businesses may place a significant strain on our management, operational, financial, and other resources.

Any expansion of our global operations, including increasing our product and service offerings and scaling our infrastructure to support our retail and services businesses, could increase the complexity of the current scale of our business and place significant strain on our management, personnel, operations, systems, technical performance, financial resources, and/or internal financial control and reporting functions. Failure to manage growth effectively could damage our reputation, limit our growth, and negatively affect our operating results.

In pursuing strategic opportunities and corporate transactions, we may incur various costs and liabilities, and we may never realize the anticipated benefits of such opportunities.

If attractive opportunities become available, we may continue to pursue strategic transactions, products or technologies that we believe are strategically advantageous to us. Transactions of this sort could involve numerous risks, including:

- unforeseen operating difficulties and expenditures arising from the process of integrating any new business, product or technology, including related personnel;
- diversion of a significant amount of management's attention from the ongoing development of our business;
- dilution of existing stockholders' ownership interest in us;
- incurrence of additional debt;
- exposure to additional operational risk and liability, including risks arising from the operating history of any new or modified businesses;
- entry into markets and geographic areas where we have limited or no experience;
- loss of key employees;
- adverse effects on our relationships with suppliers and customers; and
- adverse effects on any existing relationships, including suppliers and customers.

Furthermore, we may not be successful in identifying appropriate strategic transaction candidates or consummating transactions on terms favorable or acceptable to us or at all.

When we pursue new strategic opportunities or corporate transactions, our due diligence reviews are subject to inherent uncertainties and may not reveal all potential risks. We may therefore fail to discover or inaccurately assess undisclosed or contingent liabilities, including liabilities for which we may have responsibility. As a successor, we may be responsible for any past or continuing violations of law by the seller or the target company, including violations of decency laws. Although we generally attempt to seek contractual protections, such as representations and warranties and indemnities, we cannot be sure that we will obtain such provisions in our transactions or that such provisions will fully protect us from all unknown, contingent or other liabilities or costs. Finally, claims against us relating to any transaction may necessitate our seeking claims against counterparties for which they may not indemnify us or that may exceed the scope, duration or amount of their indemnification obligations.

The success of our business may depend in part on achieving our strategic objectives, including through strategic transactions, dispositions and new initiatives.

Strategic transactions have been, and are expected to continue to be, part of our strategy, and may include dispositions of assets and businesses. We may not achieve expected returns and benefits in connection with this strategy as a result of various factors, including transition challenges, such as operational, personnel and technology platform changes. In addition, we may not achieve the full economic benefits anticipated to result from such transactions.

Further, dispositions and strategic transactions may distract our management's time and attention and disrupt our ongoing business operations or relationships with customers, employees, suppliers or other parties. We continue to evaluate the potential disposition of assets and businesses that may no longer help us achieve our strategic objectives, and to view strategic transactions as a key part of our growth strategy.

If we decide to sell assets or a business, we may encounter difficulty in finding attractive terms or buyers or executing alternative exit strategies on acceptable terms in a timely manner, which could delay the accomplishment of our strategic objectives. Alternatively, we may dispose of a business at a price or on terms that are less than we had anticipated, or with the exclusion of select assets. Dispositions may also involve continued financial involvement in a divested business, such as through continuing equity ownership, transition service agreements, guarantees, indemnities or other current or contingent financial obligations. Under these arrangements, performance by the acquired or divested business, or other conditions outside our control, could affect our future financial results.

We may not realize all of the anticipated benefits of our strategic opportunities or corporate transactions or those benefits may take longer to realize than expected.

Our ability to realize anticipated benefits of our strategic opportunities and corporate transactions depends, to a large extent, on our ability to implement changes that facilitate such opportunities and realize anticipated streamlining and synergies. We generally expect to benefit from streamlining, through reduced costs or outsourcing of responsibilities to third parties, and operational synergies from consolidation of capabilities and greater efficiencies from increased scale and market integration. However, this process may preclude or impede realization of the benefits expected from strategic opportunities or corporate transactions and could adversely affect our results of operations. We cannot be certain that we will not be required to implement further realignment activities, make additions or other changes to our workforce based on other cost reduction measures or changes in the markets and industry in which we compete. In addition, future business conditions and events may impact our ability to continue to realize any benefits of these initiatives. If we are not able to successfully achieve these objectives, the anticipated benefits of our transactions may not be realized fully or at all or may take longer to realize than expected.

Any future strategic opportunities or corporate transactions may not be accretive, and may be dilutive, to our earnings per share, which may negatively affect the market price of our common stock.

Future strategic opportunities or corporate transactions may not be accretive to our earnings per share. Our expectations regarding the timeframe in which such transactions may become accretive to our earnings per share may not be realized. In addition, we could fail to realize all of the benefits anticipated in such transactions or experience delays or inefficiencies in realizing such benefits. Such factors could, combined with the potential issuance of shares of our common stock in connection with any such transactions, result in them being dilutive to our earnings per share, which could negatively affect the market price of our common stock.

Our senior secured credit agreement contains various covenants, restrictions and required financial ratios and tests that limit our operating flexibility. The violation of one or more of these covenants, ratios or tests could have a material adverse effect on our business, financial condition and operating results.

Our senior secured credit agreement contains covenants that limit our actions. These covenants could materially and adversely affect our ability to finance our future operations or capital needs or to engage in other business activities that may be in our best interests. The covenants restrict our ability to, among other things:

- incur or guarantee additional indebtedness;

- make loans and investments;
- enter into agreements restricting our subsidiaries' abilities to pay dividends;
- create liens;
- sell or otherwise dispose of assets;
- enter new lines of business;
- merge or consolidate with other entities; and
- engage in transactions with affiliates.

The senior secured credit agreement, as amended to date, also contains financial covenants requiring us to maintain a specified maximum total net leverage ratio covenant beginning with the second quarter of 2026 and to maintain a minimum balance of cash and cash equivalents. See Note 22, Subsequent Events, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. for further details.

The covenants in our senior secured credit agreement place significant restrictions on the manner in which we may operate our business, and our ability to meet these covenants may be affected by events beyond our control, such as prevailing economic conditions and changes in regulations, and if such events occur, we cannot be sure that we will be able to comply.

In addition, we are required to assess our ability to continue as a going concern as part of our preparation of financial statements at each quarter-end. This assessment includes, among other things, our ability to comply with the covenants and requirements under our senior secured credit agreement. If in future periods we are not able to demonstrate that we will be in compliance with the financial covenant requirements in our credit agreement for at least 12 months following the date of the financial statements, management could conclude there is substantial doubt about our ability to continue as a going concern, and the audit opinion that we would receive from our independent registered public accounting firm would include an explanatory paragraph regarding our ability to continue as a going concern. Such an opinion could cause us to be in breach of the covenants in our senior secured credit agreement and other of our agreements.

If we fail to satisfy any of the foregoing covenants, the lenders could declare the outstanding principal amount of our loans under our senior secured credit agreement, including accrued and unpaid interest and all other amounts owing and payable thereunder, to be immediately due and payable, which could have a material adverse effect on our business, financial condition and operating results.

If we do not adequately adopt and manage our reporting and enterprise systems and processes, our ability to manage and grow our business may be adversely impacted.

We are in the process of adopting and implementing new systems and processes across our businesses, which will allow us to execute our business plan and comply with regulations. We will need to continue to improve existing and implement new operational and financial systems, procedures and controls to manage our business effectively in the future. As a result, we have licensed new enterprise systems and have begun a process to expand and upgrade our operational and financial systems. If the systems we have chosen do not fit our business appropriately or if there are material delays in the implementation of, or disruption in the transition to, our new or enhanced systems, procedures or internal controls, our ability to realize the benefits and value of the systems as anticipated, operate our business as intended, achieve accuracy in the conversion of electronic data and records, and/or report financial and management information, could be adversely affected. As a result of the conversion from prior systems and processes, data integrity problems may be discovered that if not corrected could impact our business or financial results. In addition, as we add functionality to the enterprise systems and complete implementations across our businesses, new issues could arise that we have not foreseen. Such issues could adversely affect our ability to do, among other things, the following in a timely manner: provide quotes; take customer orders; ship products; provide services and support to our customers; bill and track our customers; fulfill contractual obligations; and otherwise run our business. Failure to properly or adequately address these issues could result in the diversion of management's attention and resources, impact our ability to manage our business and negatively impact our results of operations, cash flows and stock price.

A variety of uncontrollable events may reduce demand for our products, impair our ability to provide our products or increase the cost of providing our products.

Demand for our products can be significantly adversely affected in the U.S., globally or in specific regions as a result of a variety of factors beyond our control, including: adverse weather conditions arising from short-term weather patterns or long-term change, catastrophic events or natural disasters (such as excessive heat or rain, hurricanes, typhoons, floods, tsunamis and earthquakes); health concerns, such as pandemics; international, political or military developments, including wars and other armed conflicts; and terrorist attacks. These events and others, such as fluctuations in travel and energy costs and cyberattacks, intrusions or other widespread computing or telecommunications failures, may also damage our ability to provide our products or to obtain insurance coverage with respect to these events. An incident that affected our property directly would have a direct impact on our ability to provide products and content. Moreover, the costs of protecting against such incidents reduce the profitability of our operations.

In addition, we derive affiliate fees and royalties from the distribution of our programming, sales of our licensed goods and services by third parties, and the management of businesses operated under brands licensed from us, and we are therefore dependent on the success of those third parties for that portion of our revenue. A wide variety of factors could influence the success of those third parties and if negative factors significantly impacted a sufficient number of those third parties, the profitability of one or more of our businesses could be adversely affected.

We obtain insurance against the risk of losses relating to some of these events, generally including physical damage to our property and resulting business interruption, certain injuries occurring on our property and some liabilities for alleged breach of legal responsibilities. When insurance is obtained it is subject to deductibles, exclusions, terms, conditions and limits of liability. The types and levels of coverage we obtain vary from time to time depending on our view of the likelihood of specific types and levels of loss in relation to the cost of obtaining coverage for such types and levels of loss and we may experience material losses not covered by our insurance.

Global economic conditions could have a material adverse effect on our business, operating results and financial condition.

The uncertain state of the global economy continues to impact businesses around the world. If global economic and financial market conditions further deteriorate or do not improve, the following factors could have a material adverse effect on our business, operating results and financial condition:

- Our sales are impacted by discretionary spending by consumers. Declines in consumer spending may result in reduced demand for our products, increased inventories, reduced orders from retailers for our products, order cancellations, lower revenues, higher discounts and lower gross margins.

- In the future, we may be unable to access financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so.

- We conduct transactions in various currencies, which creates exposure to fluctuations in foreign currency exchange rates relative to the U.S. Dollar. Continued volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies could have a significant impact on our reported operating results and financial condition.

- As a result, we cannot ensure that demand for our offerings will remain constant. Adverse developments affecting economies throughout the world, including a general tightening of the availability of credit, decreased liquidity in certain financial markets, increased interest rates, foreign exchange fluctuations, increased energy costs, acts of war or terrorism, transportation disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding pandemics, epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending.

- Continued volatility in the availability and prices for commodities and raw materials we use in our products and in our supply chain (such as cotton or petroleum derivatives) could have a material adverse effect on our costs, gross margins and profitability.

- If retailers of our licensed products experience declining revenues or experience difficulty obtaining financing in the capital and credit markets to purchase our products, this could result in late licensee payments, extended payment terms, higher accounts receivable, reduced cash flows, greater expense associated with collection efforts and increased bad debt expense.

- If licensees or retailers of our products experience severe financial difficulty, including becoming insolvent or ceasing business operations, this could negatively impact the sale of our products to consumers and the ability of such licensees or retailers to make required payments to us.

- Our business is particularly sensitive to reductions from time to time in discretionary consumer spending. Demand for entertainment and leisure activities can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond our control. Unfavorable changes in general economic conditions, including recessions, economic slowdowns, sustained high levels of unemployment, and rising prices or the perception by consumers of weak or weakening economic conditions, may reduce our users' disposable income or result in fewer individuals engaging in entertainment and leisure activities, including lifestyle experiences such as casino gaming, and lower spending on sexual wellness, apparel or beauty products. As a result, we cannot ensure that demand for our offerings will remain constant.

If contract manufacturers of our products or other participants in our supply chain experience difficulty obtaining financing in the capital and credit markets to purchase raw materials or to finance capital equipment and other general working capital needs, it may result in delays or non-delivery of shipments of our products.

We derive, and expect to continue to derive, a significant portion of our revenue from outside the United States, and our business development plans, results of operations and financial condition may be materially adversely affected by significant international political, social and economic instability. Continued economic challenges in China, or between the U.S. and China, could adversely impact our licensees in China, prospective customers, suppliers, distributors and partners of our licensees in China, which could have a material adverse effect on our results of operations and financial condition. In addition, a deterioration in trade relations between the U.S. and China or other countries, or the negative perception of U.S. brands by Chinese or other international consumers, could have a material adverse effect on our results of operations and financial condition. There is no guarantee that economic downturns, any further decrease in economic growth rates or an otherwise uncertain economic outlook for the global economy will not persist in the future, that they will not be protracted or that governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

We have a material amount of goodwill and other intangible assets, including our trademarks and right-of-use assets, recorded on our balance sheet. As a result of changes in market conditions and declines in the estimated fair value of these assets, we have in the past, and we may in the future, be required to further write down a portion of this goodwill and other intangible assets and such write-down could, as applicable, have a material effect on our financial results.

Under current GAAP accounting standards, goodwill and indefinite life intangible assets, including some of our trademarks, are not amortized, but instead are subject to impairment evaluation based on related estimated fair values, with such testing to be done at least annually.

During the third quarter of 2022, as a result of impacts to our revenue attributable to macroeconomic factors, we recorded non-cash asset impairment charges related to the write-down of goodwill of $117.4 million, excluding $16.4 million of impairment charges related to discontinued operations, and related to trademarks and other intangible assets of $161.8 million, excluding $8.3 million of impairment charges related to discontinued operations. As of December 31, 2022, goodwill was $123.2 million, or approximately 22% of our total consolidated assets, and trademarks and other intangible assets represented approximately $236.1 million, or approximately 43% of our total consolidated assets.

During the second quarter of 2023, due to further impacts to our revenue, including declines in consumer demand and discontinued operations, we recorded non-cash asset impairment charges related to the write-down of goodwill of $66.7 million, indefinite-lived trademarks of $65.5 million, and trade names of $5.1 million.

During the fourth quarter of 2023, due to the aforementioned factors, we recorded $5.8 million of additional non-cash impairment charges related to our trademarks and $2.3 million of impairment charges related to certain Honey Birdette right-of-use assets and related leasehold improvements. As of December 31, 2023, goodwill was $54.9 million, or approximately 16%, of our total consolidated assets, trademarks and other intangible assets were $157.9 million, or approximately 47%, of our total consolidated assets, and right-of-use assets were $25.3 million, or approximately 8%, of our total consolidated assets.

There can be no assurance that any future downturn in the business of any of our segments, or a continued decrease in our market capitalization, will not result in a further write-down of goodwill or other intangibles. We will review our goodwill, trademarks, right-of-use assets, digital assets and other intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any write-down of intangible assets resulting from future periodic evaluations could, as applicable, have a material effect on our financial results.

Additional Risks Related to Our Licensing and Direct-to-Consumer Businesses

We utilize various licensing and selling models in our operations, and our success is dependent on our ability to manage these different models.

In addition to the licensing model, we operate online and brick-and-mortar retail stores and we produce and sell directly to customers. Although we believe these various models could have certain benefits, these models could themselves be unsuccessful and our beliefs could turn out to be wrong. Moreover, our pursuit of these different models could divert management's attention and other resources, including time and capital. As a result, our future success depends in part on our ability to successfully manage these multiple models. If we are unable to do so, our performance, financial condition and prospects could be adversely impacted.

Risks that impact our business as a whole may also impact the success of our direct-to-consumer, or DTC, business.

We may not successfully execute on our DTC strategy (which includes our online and brick-and-mortar retail platforms). Consumers may not be willing to pay for an expanding set of DTC products, potentially exacerbated by an economic downturn. Government regulations, including revised foreign content and ownership regulations, may impact the implementation of our DTC business plans. Poor quality internet or transportation infrastructure in certain markets may impact our customers' access to our DTC products and may diminish our customers' experience with our DTC products. These and other risks may impact the profitability and success of our DTC businesses.

The agency relationship for our consumer brands licensing business may not ultimately be successful.

We currently engage an agency to act as our products licensing agent in most countries. In the event we need to engage a new agency to act as our products licensing agent, the transition from the current licensing agent to a new products licensing agent may be subject to delays, as the new agent may lack institutional knowledge of our consumer brand licensing business, and there may be unanticipated issues arising from the new relationship and the transition. The failure of our agent to find or maintain revenue-enhancing licensing opportunities for the business could have an adverse impact on the revenue and cash flows of our consumer business.

Our growth will depend on our ability to attract and retain customers and subscribers, and the loss of customers or subscribers, failure to attract new customers and subscribers in a cost-effective manner, or failure to effectively manage our growth could adversely affect our business, financial condition, results of operations and prospects.

Our ability to achieve growth in revenue in the future will depend, in large part, upon our ability to attract new customers and subscribers to our offerings, retain existing customers and subscribers of our offerings and reactivate customers and subscribers in a cost-effective manner. Achieving such growth may require us to increasingly engage in sophisticated and costly sales and marketing efforts, some or all of which may not provide a material return on investment. We have used and expect to continue to use a variety of free and paid marketing channels, in combination with compelling offers and opportunities to achieve our objectives. For paid marketing, we intend to leverage a broad array of advertising channels, including billboards, radio, social media platforms, affiliates and paid and organic search, and other digital channels, such as search and mobile display. If the search engines and other digital platforms on which we rely modify their algorithms, change their terms, including with respect to cookies, data and/or privacy controls, or if the prices at which we use such services increase, then our costs could increase, and fewer customers and subscribers may reach our use our platforms. If links to our platforms are not displayed prominently in online search results or on social media, if fewer customers or subscribers click through to our platforms, if our other marketing campaigns are not effective, or if the costs of attracting customers and subscribers using any of our current methods significantly increase, then our ability to efficiently attract new customers and subscribers could be reduced, our revenue could decline and our business, financial condition and results of operations could be adversely impacted.

Additionally, as technological or regulatory standards change and we modify our offerings to comply with those standards, we may need customers and subscribers to take certain actions to continue accessing our platforms, such as performing age verification checks or accepting new terms and conditions. Customers and subscribers may be deterred from using our offerings at any time, including if the quality of their experience, including our support capabilities in the event of a problem, does not meet their expectations or keep pace with the quality of the customer experience generally offered by competitive offerings.

If we are unable to predict or effectively react to changes in consumer demand or shopping patterns, our sales may decline and we may write-down inventory.

Our success depends in part on our ability to anticipate and respond in a timely manner to changing consumer demand, preferences, and shopping patterns, which cannot be predicted with certainty and are subject to continual change and evolution. If we are unable to provide retail and digital experiences that align with consumer expectations and preferences, it could have an adverse impact on our revenues, business and results of operations.

We often make advance commitments to purchase products, which may make it more difficult for us to adapt to rapidly-evolving changes in consumer preferences. Our sales could decline significantly if we misjudge the market for our new merchandise, which may result in significant merchandise markdowns and lower margins, missed opportunities for other products, or inventory write-downs, and could have a negative impact on our reputation, profitability and demand. Failure to meet stockholder expectations, particularly with respect to earnings, sales, and operating margins, could also result in volatility in the market value of our stock.

We record a charge for product inventories that have become obsolete or exceed anticipated demand, or for which cost exceeds net realizable value. If we determine that an impairment has occurred, we record a write-down by the amount for which costs exceed net realizable value. No assurance can be given that we will not incur write-downs, fees, impairments and other charges given the rapid and unpredictable pace of product obsolescence in the direct-to-consumer markets in which we compete. For the twelve-month period ended December 31, 2023, we recorded non-cash inventory reserve charges of $6.9 million.

Our business depends on consumer purchases of discretionary goods and content, which can be negatively impacted during an economic downturn or periods of inflation. This could materially impact our sales, profitability and financial condition.

Our products and content may be considered discretionary items for consumers. Many factors impact discretionary spending, including general economic conditions, unemployment, the availability of consumer credit and inflationary pressures and consumer confidence in future economic conditions. Global economic conditions may continue to be uncertain, particularly in light of the impacts of the slowdown of the Chinese economy, ongoing international armed conflicts and geopolitical tensions, and the potential impacts of sustained inflationary pressure in the United States (our largest market) remain unknown, making trends in consumer discretionary spending unpredictable. Historically, consumer purchases of discretionary items tend to decline during recessionary periods when disposable income is lower or during other periods of economic instability or uncertainty, which may lead to declines in sales and slow our long-term growth expectations. Any near or long-term economic disruptions in markets where we sell our products and content, particularly in the United States, Australia, China or other key markets, may adversely impact our sales, profitability and financial condition and our prospects for growth. In addition, as pandemic conditions improve and restrictions ease, we are unable to predict whether consumer preferences for discretionary items will shift and the level of consumer spending within our industry will be negatively impacted for a period of time. If this were to occur, our sales and prospects for growth may be negatively impacted.

A substantial portion of our licensing revenue is concentrated with a limited number of licensees and retail partners, such that the loss of a licensee or retail partner has decreased, and could continue to materially decrease, our revenue and cash flows.

Our licensing revenues are concentrated with a limited number of licensees and retail partners. For instance, during the years ended December 31, 2023 and 2022, the five largest license agreements comprised 21% and 25%, respectively, of our consolidated revenues. In 2023 and 2022, our largest licensee, which was terminated in October 2023, contributed 16% and 12%, respectively, of our consolidated revenues. The changes from 2022 to 2023 were driven by GAAP-required revenue recognition related to terminated licenses. In October 2023, we terminated licensing agreements with certain Chinese licensees due to ongoing, uncured breaches of their licenses, which had comprised $152.2 million of unrecognized licensing revenue over the remaining terms of such long-term contracts as of the termination date, and resulted in a decrease in licensing revenue of $16.6 million in 2023. Because we are dependent on these licensees for a significant portion of our licensing revenue, if any of our material licensees have financial difficulties affecting their ability to make payments, cease operations, or if any such licensees do not renew or extend any existing agreements, or significantly reduce their sales of licensed products under any agreement, we were, and could continue to be, required to adjust how we account for revenue pursuant to such licenses, and our revenue and cash flows were, and could continue to be, reduced substantially, which has had, and could continue to have, a material adverse impact on our financial condition, results of operations and business.

Our licensing arrangements subject us to a number of risks.

We have entered into several arrangements in connection with our licensing strategy. Although we believe our licensing arrangements may have certain benefits, these arrangements are subject to a number of risks and our beliefs could turn out to be wrong. If any of these risks occur and we do not achieve the intended or expected benefits of our licensing strategy, our results of operations, and financial condition could be materially adversely affected.

The terms of our licensing arrangements vary. These different terms could have a material impact on our performance. These effects on our performance could become increasingly significant in future periods, to the extent our new licensees gain traction over time with new retailers and consumer bases and the proportion of our royalty revenues from these licensees increases, or if we pursue similar arrangements in the future.

Additionally, in licensing arrangements, we have limited ability to control various aspects of the manufacturing process, including access to raw materials, the timing of delivery of finished products, the quality of finished products and manufacturing costs. Our licensees may not be able to produce finished products of the quality or in the quantities that are sufficient to meet retailer and consumer demand in a timely manner or at all, which could result in an inability to generate revenues from any such products and loss of confidence in our brands. Interruptions or delays in the manufacturing process can occur at any time and for a variety of reasons, many of which are outside our control, including, among others, unforecasted spikes in demand, shortages of raw materials, labor disputes, backlogs, insufficient devotion of resources to the manufacture of products bearing our brands, or problems that may arise with manufacturing operations or facilities or our licensees' businesses generally. On the other hand, our licensees may produce inventory in excess of retailer and consumer demand, in which case over-supply may cause retail prices of products bearing our brands to decline. Further, we compete with other brand owners for the time and resources of our licensees, which could curtail or limit our ability to engage new or maintain relationships with existing licensee partners on acceptable terms or at all. Further, the unplanned loss of any of our wholesale licensees could lead to inadequate market coverage for retail sales of products bearing our brands, create negative impressions of us and our brands with retailers and consumers, and add downward pricing pressure on products bearing our brands as a result of liquidating a former wholesaler's inventory of such products. The occurrence of any of these risks could adversely impact our reputation, performance and financial condition.

We rely on the accuracy of our licensees' sales reports for reporting and collecting our royalty revenues, and if these reports are untimely or incorrect, our revenues could be delayed or inaccurately reported or collected.

Most of our licensing royalty revenues are generated from retailers that manufacture and sell products bearing our brands in their stores and on their websites, and from wholesalers that manufacture and distribute products bearing our brands and sell these products to retailers. Under our existing agreements, our licensees pay us fees based on their sales of products or, for some of our wholesale licensees, based on their manufacturing costs. As a result, we rely on our licensees to accurately report their sales or costs in collecting our license and design fees, preparing our financial reports, projections and budgets and directing our sales and marketing efforts. Although all of our agreements permit us to audit our licensees, if any of them understate their sales or costs, we may not collect and recognize the royalty revenues to which we are entitled on a timely basis or at all, or we may endure significant expense to obtain compliance.

The failure of licensees to adequately produce, market, import and sell products bearing Playboy's trademarks in their license categories, continue their operations, renew their license agreements or pay their obligations under their license agreements has resulted in, and could continue to result in, a decline in the results of operations of our business.

A significant part of our revenues depends on royalty payments made to us pursuant to license agreements. Although the license agreements for our trademarks usually require the advance payment of a portion of the license fees and, in most cases, provide for guaranteed minimum royalty payments to us, the failure of licensees to satisfy their obligations under these agreements, or their inability to operate successfully or at all, could result in their breach and/or the early termination of such agreements, their non-renewal of such agreements or the decision to amend such agreements to reduce the guaranteed minimum royalty payments or sales royalties due thereunder, thereby eliminating some or all of that stream of revenue.

There can be no assurances that we will not lose the licensees under our license agreements due to their failure to exercise the option to renew or extend the term of those agreements, the cessation of their business operations (as a result of their financial difficulties or otherwise) without equivalent options for replacement or termination of their license agreements for cause. In October 2023, we terminated licensing agreements with certain Chinese licensees due to ongoing, uncured breaches of their licenses, which comprised $152.2 million of unrecognized licensing revenue under our long-term contracts as of the termination date and resulted in a decrease in licensing revenue of $16.6 million in 2023. Such failures by our licensees have reduced, and could continue to reduce, the revenue stream to be generated by our license agreements. In addition, the failure of licensees to meet their production, manufacturing and distribution requirements, or to be able to continue to import goods (including, without limitation, as a result of labor strikes or unrest), could cause a decline in their sales and potentially decrease the amount of royalty payments (over and above the guaranteed minimum royalty payments) due to us. A decrease in royalties for any of the above reasons has had, and could continue to have, a material and adverse impact on our financial condition, results of operations or business.

Further, the failure of licensees and/or their third party manufacturers, which we do not control, to adhere to local laws, industry standards and practices generally accepted in the United States in areas of worker safety, worker rights of association, social compliance, and general health and welfare, could result in accidents and practices that cause disruptions or delays in production and/or adversely impact the reputation of our trademarks, any of which could have a material adverse effect on the business and financial results of our business. A weak economy or softness in sectors of licensees of our consumer business could exacerbate this risk. This, in turn, could decrease our potential revenues and cash flows.

We rely on our suppliers, and the suppliers of our licensees, to comply with our terms and conditions, regulatory requirements and the quality and delivery expectations of our customers.

Our ability, and the ability of our licensees, to deliver quality products on schedule is dependent upon a variety of factors, including execution of internal performance plans, availability of raw materials, internal and supplier produced parts and structures, conversion of raw materials into parts and assemblies, and performance of suppliers and others. We and our licensees rely on numerous third-party suppliers for the production of our direct-to-consumer and licensed products. We do not currently have the ability to manufacture such products ourselves. Consequently, we risk disruptions in our supply of key products and components if our suppliers fail or are unable to perform because of shortages in raw materials, operational problems, strikes, natural disasters, health crises or other factors. In addition, numerous jurisdictions have enacted regulations against conflict minerals, forced labor and human trafficking in supply chains. While we have policies and procedures to avoid these practices in our supply chain, we cannot guarantee that suppliers will always comply with these laws and expectations. We may face enforcement liability and reputational challenges if we are unable to sufficiently meet these expectations.

We and our licensees may also have disputes with suppliers arising from, among other things, the quality of products and services or customer concerns about the supplier. If any of our or our licensees suppliers fail to timely meet their contractual obligations or have regulatory compliance or other problems, our ability to fulfill our obligations may be jeopardized. If we or our licensees were to experience difficulty in obtaining certain products, there could be an adverse effect on our results of operations and on our customer relationships and our reputation.

Our commercial agreements, strategic alliances, and other business relationships expose us to risks.

We provide physical and e-commerce retail and other products and content to businesses through commercial agreements, strategic alliances, and business relationships. These arrangements are complex and require substantial infrastructure capacity, personnel, and other resource commitments, which may limit the amount of business we can service. We may not be able to implement, maintain, and develop the components of these commercial relationships. The amount of compensation we receive under certain of our commercial agreements is partially dependent on the volume of the other company's sales. Therefore, when the other company's offerings are not successful, the compensation we receive may be lower than expected or the agreement may be terminated. Moreover, we may not be able to enter into additional or alternative commercial relationships and strategic alliances on favorable terms. We also may be subject to claims from businesses to which we provide these products and content if we are unsuccessful in implementing, maintaining, or developing these products and content.

As our agreements terminate, we may be unable to renew or replace these agreements on comparable terms, or at all. We may in the future enter into amendments on less favorable terms or encounter parties that have difficulty meeting their contractual obligations to us, which could adversely affect our operating results.

Our present and future e-commerce services agreements, other commercial agreements, and strategic alliances create additional risks such as:

- disruption of our ongoing business, including loss of management focus on existing businesses;
- impairment of other relationships;
- variability in revenue and income from entering into, amending, or terminating such agreements or relationships; and
- difficulty integrating under the commercial agreements.

We may be subject to product liability claims when people or property are harmed by the products we sell or manufacture.

Some of the products we sell have exposed us, and may continue to expose us, to product liability claims relating to personal injury or illness, death, or environmental or property damage, and can require product recalls or other actions. Third parties who sell products using our platforms and stores increase our exposure to product liability claims, such as when these sellers do not have sufficient protection from such claims. Although we maintain our own liability insurance and may be indemnified by our manufacturers and/or licensees, we cannot be certain that our coverage or indemnification will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Although we impose contractual terms on sellers that are intended to prohibit sales of certain types of products, we may not be able to detect, enforce, or collect sufficient damages for breaches of such agreements. In addition, some of our agreements with our vendors and sellers do not indemnify us from product liability.

Our consumer business is subject to additional risks associated with our international licensees.

Many of the licensees of our consumer business are located outside the U.S. Our consumer business and our licensees face numerous risks in doing business outside the U.S., including: (i) unusual or burdensome foreign laws or regulatory requirements or unexpected changes to those laws or requirements; (ii) tariffs, trade protection measures, import or export licensing requirements, trade embargoes, sanctions and other trade barriers; (iii) competition from foreign companies; (iv) longer accounts receivable collection cycles and difficulties in collecting accounts receivable; (v) less effective and less predictable protection and enforcement of intellectual property rights; (vi) changes in the political or economic condition of a specific country or region (including, without limitation, as a result of political unrest and wars and other armed conflicts), particularly in emerging markets or jurisdictions where political events may strongly influence consumer spending; (vii) fluctuations in the value of foreign currency versus the U.S. dollar, the cost of currency exchange and compliance with exchange controls; (viii) potentially adverse tax consequences; and (ix) cultural differences in the conduct of business. Any one or more of such factors could cause the future international sales of licensees to decline. In addition, the business practices of our consumer business in international markets are subject to the requirements of the U.S. Foreign Corrupt Practices Act and all other applicable anti-bribery laws, any violation of which could subject us to significant fines, criminal sanctions and other penalties. The occurrence of any of the above risks and uncertainties could result in a material adverse effect on our consumer business's financial condition, results of operations or business.

Additional Risks Related to Our Digital Subscriptions and Content Business

Free content on the Internet and competition from free platforms and other social media and content-creator sites is increasing competition for our adult content products and creator platform and is changing the dynamics of the marketplace for our digital products.

Demand for our paid adult content products and our creator platform is significantly impacted by the availability of free adult entertainment available on the Internet, "YouTube-like" adult video sites (commonly known as "tube sites"), as well as from social media platforms and other subscription-based content-creator sites. Such other sites and platforms feature free adult videos, some of which consist of unlicensed, or pirated, excerpts of professionally produced adult movies (including at times pirated versions of our proprietary videos). Other content-creator sites allow consumers to subscribe for content from specific creators, many of which offer adult-oriented content. The availability of these free adult videos and creator-specific subscriptions may diminish the demand for our paid video offerings on our proprietary websites, including our Playboy Club on *playboy.com*, *playboy.tv* and *playboyplus.com*, and for our other content products, and has diluted the market presence of our website. The tube sites, social media platforms and other content-creator sites may materially affect the revenues we generate from our websites and other adult content offerings. It is uncertain what effect tube sites, other free internet adult websites and competing content-creator sites will have on our on-going operations and our future financial results. No assurance can be given that we will be able to effectively compete against the tube sites and other internet products.

Failure to maintain our agreements with multiple system operators, or MSOs, and direct-to-home, or DTH, operators on favorable terms could adversely affect our business, financial condition or results of operations.

We currently have agreements with many of the largest MSOs in the U.S. and internationally. Our agreements with these operators may be terminated on short notice without penalty. If one or more MSOs or DTH operators terminate or do not renew these agreements, or do not renew them on terms as favorable as those of current agreements, our business, financial condition or results of operations could be materially adversely affected.

In addition, competition among television programming providers is intense for both channel space and viewer spending. Our competition varies in both the type and quality of programming offered, but consists primarily of other premium pay platforms, such as general-interest premium channels, and other adult movie pay platforms. We compete with other pay platforms as we attempt to obtain or renew carriage with DTH operators and individual cable affiliates, negotiate fee arrangements with these operators, negotiate for video-on-demand, or VOD, and subscription video-on-demand rights and market our programming through these operators to consumers. The competition with programming providers has intensified as a result of consolidation in the DTH and cable systems industries, which has resulted in fewer, but larger, operators. Competition has also intensified with VOD's lower cost of entry for programmers compared to linear networks and with capacity constraints disappearing. The impact of industry consolidation, any decline in our access to and acceptance by DTH and/or cable systems and the possible resulting deterioration in the terms of agreements, cancellation of fee arrangements or pressure on margin splits with operators of these systems could adversely affect our business, financial condition or results of operations.

Limits on our access to satellite transponders could adversely affect our business, financial condition or results of operations.

Our cable television and DTH operations require continued access to satellite transponders to transmit programming to cable and DTH operators. Material limitations on our access to these systems or satellite transponder capacity could materially adversely affect our business, financial condition or results of operations. Our access to transponders may also be restricted or denied if:

- we or the satellite transponder providers are indicted or otherwise charged as a defendant in a criminal proceeding;
- the Federal Communications Commission issues an order initiating a proceeding to revoke the satellite owner's authorization to operate the satellite;
- the satellite transponder providers are ordered by a court or governmental authority to deny us access to the transponder;
- we are deemed by a governmental authority to have violated any obscenity law; or
- the satellite transponder providers fail to provide the required services.

In addition to the above, the access of Playboy TV and the Playboy Channel and our other networks to transponders may be restricted or denied if a governmental authority commences an investigation or makes an adverse finding concerning the content of their transmissions. Technical failures may also affect our satellite transponder providers' ability to deliver transmission services.

There has been a shift in consumer behavior as a result of technological innovations and changes in the distribution of content, which may affect our viewership and the profitability of our content business in unpredictable ways.

Technology and business models in the digital content industry continue to evolve rapidly. Changes to these business models include the increasing presence of user-generated content, streaming platforms and greater video consumption through time-delayed or time-shifted viewing of television programming through social media and content creation sites, streaming platforms, on-demand platforms, and digital video recorder, or DVRs. Consumer behavior related to changes in content distribution and technological innovation affect our economic model and viewership in ways that are not entirely predictable.

Consumers are increasingly viewing content on a time-delayed or on-demand basis from traditional distributors and from streaming and social media platforms, connected apps and websites and on a wide variety of screens, such as televisions, tablets, mobile phones and other devices. Additionally, devices that allow users to view television programs on a time-shifted basis and technologies that enable users to fast-forward or skip programming, including commercials, such as DVRs and portable digital devices and systems that enable users to store or make portable copies of content may affect the attractiveness of our offerings to advertisers and could therefore adversely affect our revenues. There is increased demand for short-form, user-generated and interactive content, which we are addressing through our content creator platform, the Playboy Club. Such content is different than our past content offerings. Likewise, distributors are offering smaller programming packages known as "skinny bundles" and content-creator platforms allow for a la carte consumption, both of which are delivered at a lower cost than traditional subscription offerings and sometimes allow consumers to create a customized package of content, that are gaining popularity among consumers. If the Playboy Club does not provide the on-demand content sought by consumers, our networks are not included in on-demand content packages or consumers favor alternative offerings, we may experience a decline in viewership or content consumption and ultimately the demand for our programming and content, which could lead to lower revenues.

In order to respond to changes in content distribution models in our industry, we have invested in, developed and launched our content creator platform, the Playboy Club. There can be no assurance, however, that our consumers will respond to our digital products and services or that our digital strategy will be successful, particularly given the increase in digital products and platforms on the market. Each distribution model has different risks and economic consequences for us, so the rapid evolution of consumer preferences may have an economic impact that is not completely predictable. Distribution windows are also evolving, potentially affecting revenues from other windows. If we cannot ensure that our distribution methods and content are responsive to our target audiences, our business could be adversely affected.

We may be unable to sell additional, or renew, Playboy Club memberships, which could materially and adversely affect our business, results of operations and financial condition.

The success of our content creator platform, the Playboy Club, may depend on our ability to sell a sufficient number of new, or renew existing, memberships to the platform. We may not be successful in attracting members to the Playboy Club, and membership levels may materially decline over time. We may also have to cancel or suspend memberships if a member fails to provide appropriate payment for membership. In addition, we may experience attrition and we must continually engage existing members and attract new members in order to maintain Playboy Club membership levels. It is possible that a portion of our member base may not regularly use the offerings of the Playboy Club and may cancel their memberships. In order to increase Playboy Club membership levels, we may from time to time offer promotions or incentives. If we are not successful in optimizing pricing or membership incentives or finding other ways to add memberships, our membership levels may decrease, and in turn growth in the Playboy Club's revenues may suffer, which will have an increasing impact on our financial results as we continue to a capital-light model that increasingly invests in our digital segment. As a result of these factors, we cannot be certain that our Playboy Club membership levels will be adequate to maintain or permit the expansion of our content creator platform. A decline in Playboy Club membership levels and revenues of the creator platform could have an adverse effect on our business, results of operations and financial condition.

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

As a distributor of media content, we may face potential liability for:

- defamation;
- invasion of privacy;
- negligence;
- copyright or trademark infringement; and
- other claims based on the nature and content of the materials distributed.

These types of claims have been brought, sometimes successfully, against broadcasters, publishers, online providers and other disseminators of media content. We could also be exposed to liability in connection with material available through our websites, including our creator platform. Any imposition of liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on us. In addition, measures to reduce our exposure to liability in connection with material available through our websites could require us to take steps that would substantially limit the attractiveness of our websites and/or their availability in various geographic areas, which would negatively affect their ability to generate revenues.

Risks Related to the Ownership of Our Common Stock

If we are not able to comply with the applicable continued listing requirements or standards of Nasdaq, Nasdaq could delist our common stock.

Our common stock is currently listed on Nasdaq. In order to maintain such listing, we must satisfy minimum financial and other continued listing requirements and standards, including those regarding director independence and independent committee requirements, minimum stockholders' equity, minimum share price, and certain corporate governance requirements. On November 3, 2023, we received a letter (the "Nasdaq Staff Deficiency Letter") from Nasdaq indicating that, for the prior thirty consecutive business days, the bid price for PLBY's common stock had closed below the minimum $1.00 per share requirement for continued listing on The Nasdaq Global Market under Nasdaq Listing Rule 5450(a)(1). Nasdaq gave us until May 1, 2024 to regain compliance with such rule, which compliance was confirmed by Nasdaq to have been achieved as of January 9, 2024. There can be no assurances that we will be able to continue to comply with applicable listing standards. If we are unable to maintain compliance with Nasdaq's listing requirements, our common stock could be delisted from Nasdaq. If Nasdaq delists our common stock, we could face significant material adverse consequences, including:

- a limited availability of market quotations for our securities;
- loss of eligibility to use or rely on our existing and/or any new registration statements on Form S-3;
- a determination that our common stock is a "penny stock" which will require brokers trading in our common stock to adhere to more stringent rules and possibly resulting in a reduced level of trading activity in the secondary trading market for our common stock;
- a limited amount of news and analyst coverage for our company; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

Our Chairman, Suhail Rizvi, together with entities he controls ("RT"), owns a significant percentage of our common stock, and may effectively control all our major corporate decisions, and their interests may conflict with your interests as an owner of our common stock and with our interests.

RT beneficially owned approximately 25.0% of our common stock as of March 22, 2024. Under the terms of an Investor Rights Agreement we entered into with RT, RT has the right, but not the obligation, to nominate to the Board a number of designees equal to (i) three directors, if and so long as RT and its affiliates beneficially own, in the aggregate, 50% or more of the shares of our common stock, (ii) two directors, in the event that RT and its affiliates beneficially own, in the aggregate, 35% or more, but less than 50%, of the shares of common stock and (iii) one director, in the event that RT and its affiliates beneficially own, in the aggregate, 15% or more, but less than 35%, of the shares of our common stock (in each case, subject to proportional adjustment in the event that the size of the Board is increased or decreased). RT also has the right to appoint the chairman of the Board so long as RT and its affiliates beneficially own, in the aggregate, 15% or more of the shares of common stock. We anticipate that Suhail Rizvi, our current chairman of the Board and a manager of the RT entities, will continue to serve as RT's designee on the Board and chairman of the Board.

On January 30, 2023, we entered into a standstill agreement (the "Standstill Agreement") with RT in connection with the Company's public rights offering that closed in February 2023. Pursuant to the Standstill Agreement, among other limitations, RT and their affiliates agreed not to purchase shares of our common stock to the extent that RT and their affiliates' ownership would exceed 29.99% of our outstanding shares of common stock in the aggregate following any acquisition of common stock during the standstill period. The standstill period means any period from and after January 30, 2023 in which RT and their affiliates collectively own, beneficially or of record, more than 14.9% of the total outstanding shares of our common stock.

The directors RT elects have the authority to incur additional debt, issue or repurchase stock, declare dividends and make other decisions that could be detrimental to stockholders. Even though RT may own or control less than a majority of our total outstanding shares of our common stock, it is able to influence the outcome of corporate actions so long as it owns a significant portion of our total outstanding shares of our common stock.

RT may have interests that are different from yours and may vote in a way with which you disagree and that may be adverse to your interests. In addition, RT's concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our common stock to decline or prevent our stockholders from realizing a premium over the market price for their common stock.

Additionally, RT is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete directly or indirectly with us or supply us with goods and services. RT may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Stockholders should consider that the interests of RT may differ from their interests in material respects.

The market price of the Company's common stock is likely to be highly volatile, and you may lose some or all of your investment.

The market price of the Company's common stock is likely to be highly volatile and may be subject to wide fluctuations in response to a variety of factors, including the following:

- the inability to obtain or maintain the listing of our shares of common stock on Nasdaq;
- the inability to recognize the anticipated benefits of any strategic opportunities or corporate transactions, which may be affected by, among other things, competition, our ability to grow and manage growth profitably, and our ability to retain our key employees;
- changes in applicable laws or regulations;
- risks relating to the uncertainty of our projected financial information; and
- risks related to the organic and inorganic growth of our business and the timing of expected business milestones.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political, regulatory and market conditions, may negatively affect the market price of the Company's common stock, regardless of the Company's actual operating performance.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, our share price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that securities or industry analysts publish about us. If securities or industry analysts initiate coverage and one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our company, our common stock share price would likely decline. If analysts publish target prices for our common stock that are below the historical sales prices for our common stock on a securities exchange or the then-current public price of our common stock, it could cause our stock price to decline significantly. In 2023, multiple investment analysts ceased coverage of our stock. Due to such stoppage of analyst coverage, and if further analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

Volatility in our share price could subject us to securities class action litigation.

In the past, securities class action litigation has often been brought against a company following a decline in the market price of its securities. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could adversely impact our business.

Because we do not anticipate paying any cash dividends in the foreseeable future, capital appreciation, if any, would be your sole source of gain.

We currently anticipate we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. As a result, capital appreciation, if any, of our shares of common stock would be your sole source of gain on an investment in such shares for the foreseeable future.

Sales of a substantial number of shares of our common stock in the public market could cause the price of our common stock to decline.

On June 10, 2022, the SEC declared effective our resale registration statement on Form S-3 (File No. 333-264515), pursuant to which certain existing stockholders of the Company are able to sell up to 30,534,974 shares of common stock in the public market.

On September 13, 2022, the SEC declared effective our shelf registration statement on Form S-3 (File No. 333-267273), pursuant to which we registered up to $250 million of primary issuances of certain securities listed in such registration statement. On January 24, 2023, we took down $16.25 million of such shelf registration for the issuance of 6,357,341 shares of our common stock in a registered direct offering to a limited number of investors. We also completed a rights offering in February 2023, pursuant to which we took down $50 million of the shelf registration for the issuance of 19,561,050 shares of common stock. Accordingly, as of the date of this Annual Report on Form 10-K, up to $183.75 million of securities could be issued pursuant to the unused portion of the shelf registration.

We also have registered on Forms S-8 a total of 14,161,508 shares of common stock underlying awards that we have issued, or may in the future issue, under our employee equity incentive plans. These shares may be sold freely in the public market upon issuance, or pursuant to the reoffer prospectus in the Forms S-8, as applicable, subject to existing lock-up agreements and relevant vesting schedules, and applicable securities laws. Promptly following the filing of this Annual Report on Form 10-K, we intend to register more than 2.9 million new shares of common stock and over 300,000 shares of common stock that were returned to our equity incentive plans (due to their cancellation or forfeiture, which may be reissued under such plans) on another Form S-8 for future issuances under our equity incentive plans, in accordance with the terms thereof. See Note 12, Stockholders Equity–Common Stock, for additional information regarding our common stock reserved for future issuance as of December 31, 2023.

The presence of these shares of common stock trading in the public market may have an adverse effect on the market price of our common stock. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock. In addition, the sale of substantial amounts of our common stock could adversely impact its price.

Future sales of shares of our common stock may depress our stock price.

Future sales of a substantial number of shares of our common stock in the public market, or the perception that such sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities.

You may experience future dilution as a result of future equity offerings or other issuances of our shares of common stock.

In order to raise additional capital, we may in the future offer additional shares of our common stock or securities convertible into or exchangeable for our common stock at prices that may not be the same as the price you paid for your shares. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by you, and investors purchasing shares or other securities in the future could have rights superior to those purchased by you. Sales of additional shares of our common stock or securities convertible into shares of common stock will dilute our stockholders' ownership in us.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders, (c) any action asserting a claim against the Company, its directors, officers or employees arising pursuant to any provision of the DGCL or our certificate of amended and restated incorporation or our bylaws, or (d) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine except for, as to each of (a) through (d) above, any claim as to which the Court of Chancery determines that there is an indispensable party not subject to the jurisdiction of the Court of Chancery (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), which is vested in the exclusive jurisdiction of a court or forum other than the Court of Chancery, or for which the Court of Chancery does not have subject matter jurisdiction. Our amended and restated certificate of incorporation also provides that the federal district courts of the Unites States will be the exclusive forum for the resolution of any complaint asserting a cause of action against us or any of our directors, officers, employees or agents and arising under the Securities Act of 1933, as amended (the "Securities Act").

The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely impact our business. The choice of forum provision requiring that the Court of Chancery of the State of Delaware be the exclusive forum for certain actions would not apply to suits brought to enforce any liability or duty created by the Exchange Act.

General Risk Factors

Any inability to identify, fund investment in and commercially exploit new technology could have a material adverse impact on our business, financial condition or results of operations.

We are engaged in businesses that have experienced significant technological changes over the past several years and are continuing to undergo technological changes. Our ability to implement our business plan and to achieve the results projected by management will depend on management's ability to anticipate technological advances and implement strategies to take advantage of future technological changes. Any inability to identify, fund investment in and commercially exploit new technology or the commercial failure of any technology that we pursue, such as Internet and mobile, could result in our businesses becoming burdened by obsolete technology and could have a material adverse impact on our business, financial condition or results of operations.

We will need to generate profits or obtain additional capital to fund our operations in the future. If we are unsuccessful in generating profits or obtaining new capital, we may not be able to continue operations or may be forced to sell assets to do so. Alternatively, capital may not be available to us on favorable terms, or if at all. If available, financing terms may lead to significant dilution of our stockholders' equity.

We are not profitable and have had negative cash flow from operations since becoming a public company in February 2021. To fund our operations and develop and commercialize our products, we have relied primarily on equity and debt financings. We expect our capital expenditures and working capital requirements in 2024 to be largely consistent with 2023, as we continue to invest in our creator platform. We may, however, need additional cash resources to fund our operations until the creator platform achieves a level of revenue that provides for operating profitability.

We evaluated whether there are any conditions and events, considered in the aggregate, that have the potential to raise substantial doubt about our ability to continue as a going concern over the next twelve months from the date of filing this Annual Report on Form 10-K. Although consequences of ongoing macroeconomic uncertainty could adversely affect our liquidity and capital resources in the future, and cash requirements may fluctuate based on the timing and extent of many factors, such as those discussed above, we believe our existing sources of liquidity, along with proceeds from asset dispositions and savings from cost reductions initiatives, will be sufficient to meet our obligations as they become due under the A&R Credit Agreement (as defined herein) and our other obligations for at least one year following the date of the filing of this Annual Report on Form 10-K. We believe that we will have sufficient funds for our operations for the following 12 months to allow us to fund our current operating plan through the following 12 months without additional capital. However, to the extent that our current resources are insufficient to satisfy our cash requirements, we may be required to obtain additional funds during the following 12 months. Additional capital may not be available at such times or amounts as needed by us.

Even if capital is available, it might be available only on unfavorable terms. Any additional equity or convertible or in-kind debt financing into which we enter could be dilutive to our existing stockholders. Any future debt financing into which we enter may impose covenants upon us that restrict our operations, including limitations on our ability to incur liens or additional debt, pay dividends, repurchase our stock, make certain investments and engage in certain merger, consolidation or asset sale transactions. Any debt financing or additional equity capital that we raise may contain terms that are not favorable to us or our stockholders. If we raise additional funds through collaboration, joint venture or licensing arrangements with third parties, we may need to relinquish rights to certain intellectual property or grant licenses on terms that are not favorable to us. If access to sufficient capital is not available as and when needed, our business may be materially impaired, and we may be required to cease operations, curtail one or more business segments, scale back or eliminate the development of business opportunities, or significantly reduce expenses, sell assets, seek a merger or joint venture partner, file for protection from creditors or liquidate all of our assets. Any of these factors could harm our financial results.

We may not realize the expected financial benefits from our disposition of assets and/or our cost reductions, including within the anticipated timelines.

Our strategic initiatives include identifying and implementing actions designed to shift to a more capital-light business model and significantly reduce our expenses. In April 2023, we sold our Yandy business, and in November 2023, we sold our Lovers business and certain of our art assets. We are also considering the sale of additional art assets. Pursuant to our A&R Credit Agreement (as amended), the net proceeds of such dispositions may be retained by us and used to support our remaining business. However, there can be no assurance that such proceeds will sufficiently improve our liquidity position or our operations.

We continue to review the cost structure of our businesses and additional cost rationalization. We significantly restructured our technology expenses in the first and fourth quarters of 2023, and cost-excessive and under-utilized software packages were either terminated or not renewed upon expiration of applicable agreements. However, this resulted in a restructuring charge of $5.1 million for the year ended December 31, 2023, excluding $0.4 million of costs related to discontinued operations. In addition, during the year ended December 31, 2023, we reduced headcount within the Playboy Direct-to-Consumer business and our corporate office, resulting in severance charges of $3.5 million and a net increase of $0.1 million of stock-based compensation expenses, which was comprised of a $2.4 million reduction of stock-based compensation expenses due to forfeitures of certain equity grants, offset by additional stock-based compensation expense of $2.3 million due to acceleration of certain equity awards during the second quarter of 2023.

We may not be able to fully implement all asset dispositions or intended cost reduction actions or realize their benefits, including within the anticipated timeline, nor may we be able to identify and/or implement additional asset dispositions or cost reduction actions necessary to achieve positive cash flows, including potentially as a result of factors outside of our control. In addition, the implementation of these dispositions, cost reduction actions and changes to our workforce could have unintended consequences to us, including negatively impacting our sales, diversion of management attention, employee attrition beyond workforce reductions, and lower employee morale among our current employees. If we are not able to fully achieve the expected financial benefits of our asset dispositions and cost reduction actions within the anticipated timeline, we may not be able to effectively mitigate the negative impacts of the current ongoing negative macroeconomic conditions on our business, which in turn, could weaken our ability to support our ongoing operations, satisfy covenants under our A&R Credit Agreement and otherwise meet our obligations as they become due, and further, cause management to change its assessment of our ability to continue as a going concern (see Note 1 to our consolidated financial statements included in this Annual Report on Form 10-K for further discussion of management's most recent assessment).

Our failure to fully realize the expected financial benefits from our asset dispositions and cost reduction actions could also lead to the implementation of additional restructuring-related activities in the future, which could exacerbate these risks or introduce new risks which could materially adversely affect our business, financial position, liquidity and results of operations.

We are subject to periodic claims and litigation that could result in unexpected expenses and could ultimately be resolved against us.

From time to time, we are involved in litigation and other proceedings and litigation arising in the ordinary course of business, such as the matters described in "Item 3, Legal Proceedings" of this Annual Report on Form 10-K. Defending these claims, even those without merit, could cause us to incur significant legal expenses and divert financial and management resources. These claims could also result in significant settlement amounts, damages, fines or other penalties. An unfavorable outcome of any particular proceeding could exceed the limits of our insurance policies or the carriers may decline to fund such final settlements and/or judgments and could have an adverse impact on our business, financial condition, and results of operations. In addition, an adverse resolution of any lawsuit or claim against us could negatively impact our reputation and our brand image and could have a material adverse effect on our business.

In addition, we rely on our employees, consultants and sub-contractors to conduct our operations in compliance with applicable laws and standards. Any violation of such laws or standards by these individuals, whether through negligence, harassment, discrimination or other misconduct, could result in significant liability for us and adversely affect our business. For example, negligent operations by employees could result in serious injury or property damage, and sexual harassment or racial and gender discrimination could result in legal claims and adversely impact our reputation.

If we are unable to attract and retain key employees and hire qualified management and personnel our ability to compete could be adversely impacted.

We believe that our ability to successfully implement our business strategy and to operate profitably depends, in part, on our ability to retain our key personnel. If key personnel become unable or unwilling to continue in their present positions, our business, financial condition or results of operations could be materially adversely affected. Our success also depends, in part, on our continuing ability to identify, hire, attract, train and develop other highly qualified personnel, including appropriate technical and engineering employees to support our expanding digital platforms.

Competition for these employees can be intense, and our ability to hire, attract and retain them depends on our ability to provide competitive compensation. We may not be able to attract, assimilate, develop or retain qualified personnel in the future, and our failure to do so could adversely affect our business, including the execution of our global business strategy. Any failure by our management team to perform as expected may have a material adverse effect on our business, prospects, financial condition and results of operations.

Geopolitical risks, such as those associated with Russia's war with Ukraine and armed conflicts in the Middle East, could result in a decline in the outlook for the U.S. and global economies.

The uncertain nature, magnitude, and duration of hostilities stemming from Russia's ongoing war with Ukraine and armed conflicts in the Middle East, including the potential effects of sanctions, retaliatory attacks (including cyberattacks) and trade disruptions on the world economy and markets, have contributed to increased market volatility and uncertainty, and such geopolitical risks could have an adverse impact on macroeconomic factors which affect our assets and businesses.

Item 1B. Unresolved Staff Comments

None.

Item 1C. Cybersecurity

Risk Management and Strategy

We understand our responsibility to assess, identify, and manage material risks associated with cybersecurity threats and incidents, as such terms are defined in Item 106(a) of Regulation S-K. Such risks include, among other things: operational disruptions, intellectual property theft, fraud, extortion, harm to employees or customers and violation of data privacy and/or security laws.

Identifying, assessing and managing cybersecurity risk is part of our overall risk management strategy. Cybersecurity risks related to our business, technical operations, privacy and compliance requirements are identified and addressed through third party security software, information technology (IT) security protocols, governance oversight, and risk and compliance reviews. To defend, detect and respond to cybersecurity incidents, we, among other things: conduct routine privacy and cybersecurity reviews of systems and applications, conduct employee training, monitor emerging laws and regulations related to data protection and information security (including with respect to our digital products) and implement changes as necessary.

Our cybersecurity program is primarily overseen by our Interim Chief Information Officer and Senior Director of IT Infrastructure. They work closely with their information technology team and our senior management to develop and advance our cybersecurity strategy, as well as to respond to cybersecurity incidents. Our cybersecurity leaders report to our Chief Operating Officer and General Counsel on cybersecurity matters and collaborate with technical and business stakeholders across our business units to assess risks and implement strategies.

With the assistance of third-party software, including appropriate firmware, we manage cybersecurity risk through establishing defenses against incidents, detecting and reporting cybersecurity incidents, analyzing and assessing incidents and potential responses, implementing applicable containment, eradication and recovery actions, and understanding the reasons leading to a cybersecurity incident and appropriate changes to avoid further incidents. We perform routine reviews of our service providers, for third-party risk management, and regularly push out security updates across our business.

Our cybersecurity measures are intended to protect against unauthorized access to information, and they include authentication technology, entitlement management, access control, anti-malware software, and transmission of data firewalls. We describe whether and how risks from identified cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect us, including our business strategy, results of operations, or financial condition, in our risk factor disclosures in Item 1A of this Annual Report on Form 10-K. During the years ended December 31, 2022 and 2023, we did not, to our knowledge, experience any cybersecurity incidents or breaches that materially impacted our business, performance or results.

Governance

Our Board has overall responsibility for risk oversight, with its committees assisting the Board in performing this function based on their respective areas of expertise. Our Board has delegated primary oversight of risks related to cybersecurity to the Audit Committee of the Board, which reports on its activities and findings to the full Board as appropriate. The Audit Committee is charged with reviewing our cybersecurity processes for assessing key strategic, operational, and compliance risks. Our General Counsel, Chief Operating Officer and/or our Interim Chief Information Officer (as applicable) provide information to the Audit Committee on cybersecurity risks from time to time or as needed. These briefings include assessments of cybersecurity risks, information regarding any incidents, and cybersecurity risk management needs. Our Interim Chief Information Officer and his team, including the Senior Director of IT Infrastructure have extensive experience in cybersecurity, complemented by industry-standard certifications, and are committed to safeguarding organizational assets and mitigating cybersecurity risks effectively while efficiently leveraging cloud technologies to meet the needs of our business. In the event of a potentially material cybersecurity event, the Chair of the Audit Committee is notified and briefed, and meetings of the Audit Committee and/or full Board would be held, as appropriate.

Item 2. Properties

Our corporate headquarters is located in Los Angeles, California, where we lease and occupy approximately 45,000 square feet of office space. Our Licensing, Direct-to-Consumer and Digital Subscriptions and Content segments all use our corporate headquarters.

Through Honey Birdette, we also have over 15,000 square feet of leased office and warehouse space in the Sydney, Australia area. As of December 31, 2023, Honey Birdette operated 62 retail locations in Australia, the U.S. and the U.K., ranging in size between approximately 400 and 1,200 square feet per location. The Honey Birdette properties are used by our Direct-to-Consumer segment.

We believe our properties are suitable for the purposes for which they are being used and fit our needs.

Item 3. Legal Proceedings

From time to time, we may become involved in additional legal proceedings arising in the ordinary course of our business. Except for the proceedings below, we are not currently a party to any other legal proceedings the outcome of which, if determined adversely to us, would individually or in the aggregate have a material adverse effect on our business, financial condition, and results of operations.

AVS Case

In March 2020, our subsidiary Playboy Enterprises International, Inc. (together with its subsidiaries, "PEII") terminated its license agreement with a licensee, AVS Products, LLC ("AVS"), for AVS's failure to make required payments to PEII under the agreement, following notice of breach and an opportunity to cure. On February 6, 2021, PEII received a letter from counsel to AVS alleging that the termination of the contract was improper, and that PEII failed to meet its contractual obligations, preventing AVS from fulfilling its obligations under the license agreement.

On February 25, 2021, PEII brought suit against AVS in Los Angeles Superior Court to prevent further unauthorized sales of Playboy-branded products and for disgorgement of unlawfully obtained funds. On March 1, 2021, PEII also brought a claim in arbitration against AVS for outstanding and unpaid license fees. PEII and AVS subsequently agreed that the claims PEII brought in arbitration would be alleged in the Los Angeles Superior Court case instead, and on April 23, 2021, the parties entered into and filed a stipulation to that effect with the court. On May 18, 2021, AVS filed a demurrer, asking for the court to remove an individual defendant and dismiss PEII's request for a permanent injunction. On June 10, 2021, the court denied AVS's demurrer. AVS filed an opposition to PEII's motion for a preliminary injunction to enjoin AVS from continuing to sell or market Playboy-branded products on July 2, 2021, which the court denied on July 28, 2021.

On August 10, 2021, AVS filed a cross-complaint for breach of contract, breach of the implied covenant of good faith and fair dealing, quantum meruit and declaratory relief. As in its February 2021 letter, AVS alleges its license was wrongfully terminated and that PEII failed to approve AVS' marketing efforts in a manner that was either timely or that was commensurate with industry practice. AVS is seeking to be excused from having to perform its obligations as a licensee, payment of the value for services rendered by AVS to PEII outside of the license, and damages to be proven at trial. The court heard PEII's motion for summary judgment on June 6, 2023, and dismissed six out of 10 of AVS' causes of action. AVS' contract-related claims remain to be determined at trial, which is set for September 30, 2024. The parties are currently engaged in discovery. We believe AVS' remaining claims and allegations are without merit, and we will defend this matter vigorously.

TNR Case

On December 17, 2021, Thai Nippon Rubber Industry Public Limited Company, a manufacturer of condoms and lubricants and a publicly traded Thailand company ("TNR"), filed a complaint in the U.S. District Court for the Central District of California against PEII and its subsidiary Products Licensing, LLC. TNR alleges a variety of claims relating to the termination of a license agreement with TNR and the business relationship between PEII and TNR prior to such termination. TNR alleges, among other things, breach of contract, unfair competition, breach of the implied covenant of good faith and fair dealing, and interference with contractual and business relations due to PEII's conduct. TNR is seeking over $100 million in damages arising from the loss of expected profits, declines in the value of TNR's business, unsalable inventory and investment losses. After PEII indicated it would move to dismiss the complaint, TNR received two extensions of time from the court to file an amended complaint. TNR filed its amended complaint on March 16, 2022. On April 25, 2022, PEII filed a motion to dismiss the complaint. That motion was partially granted, and the court dismissed TNR's claims under California franchise laws without leave to amend. A trial date has been set for October 1, 2024. We believe TNR's claims and allegations are without merit, and we will defend this matter vigorously.

New Handong Arbitration

On February 8, 2024, PEII and certain of its subsidiaries initiated arbitration in the Hong Kong International Arbitration Centre (the "Arbitration") against PEII's terminated China licensee, New Handong Investment (Guangdong) Co., Ltd. ("New Handong"). In October 2023, PEII's subsidiary terminated its license agreement with New Handong due to ongoing, uncured material breaches by New Handong. PEII and its subsidiaries are seeking damages, including the payment of outstanding guaranteed minimum royalties, the payment of all guaranteed minimum royalties for the remainder of the term of the agreement, and other contractual damages for a variety of breaches, including unauthorized sales of products, underpayment of earned royalties, failing to use approved trademarks and affix official holograms to all products, and the use of unapproved sublicensees, as well as a declaration that the termination of the agreement was lawful and valid and an order requiring New Handong to refrain from any further manufacture, sale, distribution or other use of any Playboy intellectual property or products. While PEII believes it has strong claims against New Handong, and that the facts of the matter support those claims, even in the event PEII were to obtain all the relief it seeks from the Arbitration, PEII can provide no assurance or guarantee that it will be able to enforce the results of the Arbitration against New Handong or recover any or all monetary awards from New Handong.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information

PLBY's common stock trades on the Nasdaq Global Market under the symbol "PLBY".

Holders

As of March 22, 2024, there were 71 holders of record of our outstanding common stock. In addition to holders of record of our common stock we believe there is a substantially greater number of "street name" holders or beneficial holders whose common stock is held of record by banks, brokers and other financial institutions.

Dividend Policy

PLBY has not paid any cash dividends on our common stock to date. The payment of cash dividends is subject to the discretion of our Board and may be affected by various factors, including our future earnings, financial condition, capital requirements, share repurchase activity, current and future planned strategic growth initiatives, levels of indebtedness, and other considerations our Board deems relevant. In addition, the terms of our New Credit Agreement (defined below) also restrict our ability to pay dividends, and we may also enter into credit agreements or other borrowing arrangements in the future that may restrict our ability to declare or pay cash dividends on our capital stock. We currently anticipate we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future.

Securities Authorized for Issuance Under Equity Compensation Plans

See Part III, Item 12 of this Annual Report on Form 10-K and Note 14, Stock-Based Compensation of the Notes to the Consolidated Financial Statements included herein for additional information required.

Recent Sales of Unregistered Securities

On March 3, 2023, we issued 3,312 shares of our common stock to an independent contractor based on a price of $37.7444 per share as payment for services pursuant to the terms of a license, services and collaboration agreement. Such shares were issued pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act, as they were issued pursuant to a private placement to an accredited investor.

Use of Proceeds from Registered Offerings

On September 13, 2022, the SEC declared effective our shelf registration statement on Form S-3 (File No. 333-267273), pursuant to which we registered up to $250 million of primary issuances of certain securities listed in such registration statement. On January 24, 2023, we took down $16.25 million of such shelf registration for the issuance of 6,357,341 shares of our common stock in a registered direct offering to a limited number of investors. We received net proceeds of approximately $13.75 million from the registered direct offering, after the payment of offering fees and expenses, with such net proceeds to be used for general corporate purposes, which could include the repayment of debt under our senior credit agreement. We also completed a rights offering in February 2023, pursuant to which we issued 19,561,050 shares of common stock. We received net proceeds of approximately $47.6 million from the rights offering, after the payment of offering fees and expenses. We used $45 million of the net proceeds from the rights offering for repayment of debt under our senior credit agreement, with the remainder for use on other general corporate purposes.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The table below provides information regarding our share repurchases made by the Company during the fourth quarter of 2023. All repurchased shares became treasury shares of the Company.

Month of Fourth Quarter of 2023	Total Number of Shares Purchased	Average Price Paid Per Share[1]	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs[2]	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[3]
October 1 through October 31	—	$ —	—	$ —
November 1 through November 30	810,463	0.49	810,463	49,589,252
December 1 through December 31	739,466	0.78	739,466	49,000,011
Total for Quarter	**1,549,929**	**$ 0.69**	**1,549,929**	**$ 49,000,011**

(1) Excludes commissions paid.

(2) Our 2022 Stock Repurchase Program (the "Repurchase Program") was approved by the Board on May 14, 2022 and announced on May 17, 2022. The Repurchase Program authorizes the Company to purchase up to an aggregate of $50 million worth of its outstanding shares of common stock, and such authorization expires on May 31, 2024.

(3) Amounts represent the approximate dollar value of the maximum dollar value of shares that may yet be purchased under the Repurchase Program as of the end of the applicable period, inclusive of any applicable commission costs paid during the period.

Item 6. [Reserved]

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

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes included in Part II, Item 8 of this Annual Report on Form 10-K. This section of this Annual Report on Form 10-K generally discusses 2023 and 2022 items and year-to-year comparisons between 2023 and 2022. In addition to historical information, the following discussion and analysis contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results and the timing of events could differ materially from those anticipated in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed in Item 1A. Risk Factors.

Unless otherwise indicated or the context otherwise requires, references to the "Company", "PLBY", "we", "us", "our" and other similar terms refer to PLBY Group, Inc. and its consolidated subsidiaries.

Business Overview

We are a large, global consumer lifestyle company marketing our brands through a wide range of direct-to-consumer products, licensing initiatives, and digital subscriptions and content. We reach consumers worldwide with products across four key market categories: Style and Apparel, including a variety of apparel and accessories products; Digital Entertainment and Lifestyle, including our creator platform, the Playboy Club, web and television-based entertainment, and our spirits and hospitality products; Sexual Wellness, including lingerie and intimacy products; and Beauty and Grooming, including fragrance, skincare, grooming and cosmetics.

We have three reportable segments: Direct-to-Consumer, Licensing and Digital Subscriptions and Content. Our Direct-to-Consumer segment derives its revenue from sales of consumer products sold directly to consumers through our own online channels and retail stores. Our former Lovers and Yandy direct-to-consumer businesses were classified as discontinued operations in the condensed consolidated statements of operations for all periods presented (see Note 3, Assets and Liabilities Held for Sale and Discontinued Operations). Our Licensing segment derives revenue from trademark licenses for third-party consumer products, location-based entertainment businesses and online gaming. Our Digital Subscriptions and Content segment derives revenue from subscriptions to Playboy programming and content, which is distributed through various channels, including websites and domestic and international TV, and sales of creator content offerings and memberships through the Playboy Club on *playboy.com*.

Disposition of Businesses

See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations for information regarding our business dispositions.

Key Factors and Trends Affecting Our Business

We believe that our performance and future success depends on several factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this Annual Report on Form 10-K titled "*Risk Factors*."

Shifting to a Capital-Light Business Model

In pursuit of a commercial strategy that relies on a more capital-light business model focused on revenue streams with higher margin, lower working capital requirements and higher growth potential, we continue to review the cost structure of our businesses and additional cost rationalization. We significantly restructured our technology expenses in the first and fourth quarters of 2023, and cost-excessive and under-utilized software packages were either terminated or not renewed upon expiration of applicable agreements. This resulted in a restructuring charge of $5.1 million for the year ended December 31, 2023, excluding $0.4 million of costs related to discontinued operations. In addition, we reduced headcount within the Playboy Direct-to-Consumer business and our corporate office during fiscal 2023, resulting in a severance charge of $3.5 million and a net increase of $0.1 million of stock-based compensation expenses, which was comprised of a $2.4 million reduction of stock-based compensation expenses due to forfeitures of equity grants during the third quarter of 2023, offset by additional stock-based compensation expense of $2.3 million due to acceleration of certain equity awards during the second quarter of 2023.

China Licensing Revenues

Our revenues from China (including Hong Kong) as a percentage of our total revenues, excluding revenues from discontinued operations, were 20% and 23% for the years ended December 31, 2023 and 2022, respectively. Due to challenging economic conditions in China, collections from certain of our Chinese licensees slowed significantly, and we had to renegotiate terms of, or terminate, certain licenses. In October 2023, we terminated licensing agreements with certain Chinese licensees due to ongoing, uncured breaches of their licenses, which comprised $152.2 million of unrecognized Licensing revenue under our long-term contracts as of the termination date. Revenue recognized in connection with such contracts that were subsequently terminated was $27.1 million during the year ended December 31, 2023. Future contract modifications and collectability issues could further impact the revenue recognized against our ongoing contract assets. At the end of the first quarter of 2023, we entered into the China JV with Charactopia Licensing Limited, the brand management unit of Fung Group, which operates the Playboy consumer products business in mainland China, Hong Kong and Macau. The China JV is intended to reinvigorate our China-market Playboy apparel business through expanding Playboy's reach and online storefronts by adding new licensees.

Impairments

Our indefinite-lived intangible assets, including trademarks and goodwill, that are not amortized, and the carrying amounts of our long-lived assets, including property and equipment, stores, acquired intangible assets and right-of-use operating lease assets, may continue to be subject to impairment testing and impairments which reduce their value on our balance sheet. We periodically review for impairments whenever events or changes in our circumstances indicate that such assessment would be appropriate. We experienced further declines in revenue and profitability (including due to discontinued operations) during the year ended December 31, 2023, which caused us to test the recoverability of our indefinite-lived and long-lived assets and resulted in the impairments set forth in our consolidated financial statements. If we continue to experience declines in revenue or profitability, which could occur upon further declines in consumer demand or additional discontinued operations, we may record further non-cash asset impairment charges as of the applicable impairment testing date.

Seasonality of Revenues

While we receive revenue throughout the year, our businesses have experienced, and may continue to experience, seasonality. For example, our licensing business historically experienced higher receipts in its first and third fiscal quarters due to the licensing fee structure in our licensing agreements, which typically require advance payment of such fees during those quarters, but such payments can be subject to variations, extensions or delays. Our direct-to-consumer business has historically experienced higher sales in the fourth quarter due to the U.S. holiday season, but changing market conditions and demand could affect such sales. Historical seasonality of revenues may be subject to change as increasing pressure from competition and changes in consumer trends and economic conditions impact our licensees and consumers. Transitioning to a capital-light business model with a more streamlined consumer products business may further impact the seasonality of our business in the future.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures. The key indicators of the financial condition and operating performance of the business are revenues, salaries and benefits, and selling and administrative expenses. To help assess performance with these key indicators, we use Adjusted EBITDA as a non-GAAP financial measure. We believe this non-GAAP measure provides useful information to investors and expanded insight to measure revenue and cost performance as a supplement to the GAAP consolidated financial statements. See the "*EBITDA and Adjusted EBITDA*" section below for reconciliations of Adjusted EBITDA to net loss, the closest GAAP measure.

Components of Results of Operations

Revenues

We generate revenue from sales of consumer products sold through our retail stores or online direct-to-customer, trademark licenses for third-party consumer products, online gaming and location-based entertainment businesses, and sales of creator offerings to consumers on our creator-led platform on *playboy.com,* in addition to subscriptions to our programming, which is distributed through various channels, including websites and domestic and international television.

Consumer Products

Revenue from sales of online apparel and accessories, including sales through third-party sellers, is recognized upon delivery of the goods to the customer. Revenue from sales of apparel at our retail stores is recognized at the time of transaction. Revenue is recognized net of incentives and estimated returns. We periodically offer promotional incentives to customers, which include basket promotional code discounts and other credits, which are recorded as a reduction of revenue.

Trademark Licensing

We license trademarks under multi-year arrangements to consumer products, online gaming and location-based entertainment businesses. Typically, the initial contract term ranges between one to ten years. Renewals are separately negotiated through amendments. Under these arrangements, we generally receive an annual non-refundable minimum guarantee that is recoupable against a sales-based royalty generated during the license year. Earned royalties received in excess of the minimum guarantee ("Excess Royalties") are typically payable quarterly. We recognize revenue for the total minimum guarantee specified in the agreement on a straight-line basis over the term of the agreement and recognize Excess Royalties only when the annual minimum guarantee is exceeded. Generally, Excess Royalties are recognized when they are earned. In the event that the collection of any royalty becomes materially uncertain or unlikely, we recognize revenue from our licensees on a cash basis.

Digital Subscriptions

Digital subscription revenue is derived from subscription sales of *playboyplus.com* and *playboy.tv*, which are online content platforms. We receive fixed consideration shortly before the start of the subscription periods from these contracts, which are primarily sold in monthly, annual, or lifetime subscriptions. Revenues from lifetime subscriptions are recognized ratably over a five-year period, representing the estimated period during which the customer accesses the platforms. Revenues from digital subscriptions are recognized ratably over the subscription period.

Revenues generated from the sales of creator offerings to consumers via our creator platform on *playboy.com* are recognized at the point in time when the sale is processed. Revenues generated from subscriptions to our creator platform are recognized ratably over the subscription period.

TV and Cable Programming

We license programming content to certain cable television operators and direct-to-home satellite television operators who pay royalties based on monthly subscriber counts and pay-per-view and video-on-demand buys for the right to distribute our programming under the terms of affiliation agreements. Royalties are generally collected monthly and recognized as revenue as earned.

Cost of Sales

Cost of sales primarily consist of merchandise costs, warehousing and fulfillment costs, agency fees, website expenses, digital platform expenses, marketplace traffic acquisition costs, credit card processing fees, personnel and affiliate costs, including stock-based compensation, costs associated with branding events, customer shipping and handling expenses, fulfillment activity costs and freight-in expenses.

Selling and Administrative Expenses

Selling and administrative expenses primarily consist of corporate office and retail store occupancy costs, personnel costs, including stock-based compensation, and contractor fees for accounting/finance, legal, human resources, information technology and other administrative functions, general marketing and promotional activities and insurance.

Contingent Consideration Fair Value Remeasurement Gain

Contingent consideration fair value remeasurement gain consists of non-cash changes in the fair value of contingent consideration recorded in conjunction with the acquisitions of GlowUp Digital Inc. ("GlowUp") and Honey Birdette.

Impairments

Impairments consist of the impairments of certain licensing contracts, Playboy-branded trademarks, trade names and goodwill and certain digital assets.

Gain on Sale of the Aircraft

Gain on sale of the aircraft represents the gain on the sale of our former corporate aircraft (the "Aircraft").

Other Operating (Expense) Income, Net

Other operating (expense) income, net primarily consists of gains on the sale of certain digital assets and the loss resulting from the settlement of a secured promissory note.

Nonoperating (Expense) Income

Interest expense

Interest expense consists of interest on our long-term debt and the amortization of deferred financing costs and debt discount.

Gain (Loss) on Extinguishment of Debt

In September 2022, in connection with the sale of the Aircraft, a related term loan obtained in connection with our acquisition of the Aircraft (the "Aircraft Term Loan") was repaid in full and all related liens discharged. A loss on early extinguishment of such debt, which was comprised of the write-off of certain deferred financing costs and a prepayment penalty, was $0.2 million.

In the first quarter of 2023, we recorded a loss on partial extinguishment of debt in the amount of $1.8 million related to the write-off of unamortized debt discount and deferred financing costs as a result of $45 million in prepayments of our debt pursuant to amendments of our senior secured credit agreement in December 2022 and February 2023. In the second quarter of 2023, we recorded a gain on partial extinguishment of debt in the amount of $8.0 million upon the amendment and restatement of our senior secured credit agreement (the "A&R Credit Agreement"). See *Liquidity and Capital Resources* section for definitions and additional details.

Fair Value Remeasurement Gain

Fair value remeasurement gain consists of changes to the fair value of mandatorily redeemable preferred stock liability related to its remeasurement.

Other Income (Expense), Net

Other income (expense), net consists primarily of other miscellaneous nonoperating items, such as bank charges and foreign exchange gains or losses as well as non-recurring transaction fees.

Benefit from Income Taxes

Benefit from income taxes consists of an estimate for U.S. federal, state, and foreign income taxes based on enacted rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in deferred tax assets and liabilities, and changes in the tax law. Due to cumulative losses, we maintain a valuation allowance against our U.S. federal and state deferred tax assets, as well as Australia, U.K. and China deferred tax assets.

Results of Operations

Comparison of Fiscal Years Ended December 31, 2023 and 2022

The following table summarizes key components of our results of operations for the periods indicated (in thousands):

	Year Ended December 31,			
	2023	**2022**	**$ Change**	**% Change**
Net revenues	$ 142,950	$ 185,536	$ (42,586)	(23)%
Costs and expenses:				
Cost of sales	(54,777)	(82,945)	28,168	(34)
Selling and administrative expenses	(123,554)	(150,535)	26,981	(18)
Impairments	(154,884)	(283,500)	128,616	(45)
Contingent consideration fair value remeasurement gain	436	29,173	(28,737)	(99)
Gain on sale of the aircraft	—	5,689	(5,689)	(100)
Other operating (expense) income, net	(540)	482	(1,022)	(212)
Total operating expense	(333,319)	(481,636)	148,317	(31)
Operating loss	(190,369)	(296,100)	105,731	(36)
Nonoperating (expense) income:				
Interest expense	(23,293)	(17,719)	(5,574)	31
Gain (loss) on extinguishment of debt	6,133	(1,266)	7,399	(584)
Fair value remeasurement gain	6,505	9,401	(2,896)	(31)
Other income (expense), net	806	(711)	1,517	(213)
Total nonoperating expense	(9,849)	(10,295)	446	(4)
Loss from continuing operations before income taxes	(200,218)	(306,395)	106,177	(35)
Benefit from income taxes	13,770	55,704	(41,934)	(75)
Net loss from continuing operations	(186,448)	(250,691)	64,243	(26)
Income (loss) from discontinued operations, net of tax	6,030	(27,013)	33,043	(122)
Net loss	(180,418)	(277,704)	97,286	(35)
Net loss attributable to PLBY Group, Inc.	$ (180,418)	$ (277,704)	$ 97,286	(35)%

The following table sets forth our consolidated statements of operations data expressed as a percentage of total revenue for the periods indicated:

	Year Ended December 31,	
	2023	**2022**
Net revenues	100 %	100 %
Costs and expenses:		
Cost of sales	(38.3)	(44.7)
Selling and administrative expenses	(86.4)	(81.1)
Impairments	(108.3)	(152.8)
Contingent consideration fair value remeasurement gain	0.3	15.7
Gain on sale of the aircraft	—	3.1
Other operating (expense) income, net	(0.4)	0.3
Total operating expense	(233.1)	(259.5)
Operating loss	(133.1)	(159.5)
Nonoperating (expense) income:		
Interest expense	(16.3)	(9.6)
Gain (loss) on extinguishment of debt	4.3	(0.7)
Fair value remeasurement gain	4.6	5.1
Other income (expense), net	0.6	(0.4)
Total nonoperating expense	(6.8)	(5.6)
Loss from continuing operations before income taxes	(139.9)	(165.1)
Benefit from income taxes	9.6	30.0
Net loss from continuing operations	(130.3)	(135.1)
Income (loss) from discontinued operations, net of tax	4.2	(14.6)
Net loss	(126.1)	(149.7)
Net loss attributable to PLBY Group, Inc.	(126.1)%	(149.7)%

Net Revenues

The decrease in net revenues as compared to the prior year comparative period was primarily due to $27.2 million less of direct-to-consumer revenue, $16.6 million of which was due to changing Playboy's e-commerce site from owned-and-operated to a licensed business model in the third quarter of 2023, a $16.6 million decrease in licensing revenue (which was net of $5.1 million of prepaid royalty guarantees recognized as revenue in the fourth quarter of 2023 in connection with termination of a licensing agreement), a $1.6 million decrease in TV and cable programming revenue, and a $1.5 million decrease in magazine and digital subscriptions revenue, all due to weaker consumer demand, partly offset by $4.2 million of increased revenue from our creator platform.

Cost of Sales

The decrease in cost of sales as compared to the prior year comparative period was primarily due to a $12.3 million decrease in product costs and lower direct-to-consumer shipping and fulfillment costs of $1.3 million in connection with the Company's discontinuation of owned-and-operated direct-to-consumer businesses as well as weaker consumer demand, a $13.4 million decrease in licensing royalties and commissions due to weaker consumer demand, $2.0 million less of stock-based compensation expenses, primarily related to the cancellation of independent contractor equity, and $2.6 million lower outside consulting expense, partly offset by a $3.8 million increase in inventory reserve charges.

Selling and Administrative Expenses

The decrease in selling and administrative expenses as compared to the prior year comparative period was primarily due to a $7.0 million decrease in digital marketing spend related to the Company's discontinuation of owned-and-operated direct-to-consumer businesses, lower payroll expense of $7.8 million due to headcount reductions, the elimination of $4.3 million in aircraft expenses following the sale of the Aircraft in the third quarter of 2022, a $1.7 million decrease in recruiting costs, a decrease of $5.8 million for outside professional services, a $1.1 million decrease in depreciation and amortization, and a $9.3 million decrease in stock-based compensation expense, net of $2.3 million of additional stock-based compensation expense due to the acceleration of certain equity awards in connection with severance payments, partly offset by $4.8 million of higher technology costs, primarily due to restructuring charges taken on direct-to-consumer cloud-based software attributable to continuing operations in 2023, a $1.2 million increase in expense related to special projects, $3.6 million of costs associated with the formation and operation of the China JV, and $1.3 million of additional salary and related severance charges in connection with headcount reductions.

Impairments

The decrease in impairments as compared to the prior year comparative period was primarily due to lower impairment charges of $132.3 million on Playboy-branded trademarks, Honey Birdette's trade names and goodwill, $4.9 million of higher impairment charges related to our digital assets during the year ended December 31, 2022 as a result of their fair value decreasing below their carrying value, and the $2.4 million impairment of certain other assets in the second quarter of 2022, partly offset in 2023 by $8.7 million in impairments of certain licensing contracts and $2.3 million in impairments of certain Honey Birdette right-of-use assets and related leasehold improvements.

Contingent Consideration Fair Value Remeasurement Gain

The decrease in contingent consideration fair value remeasurement gain as compared to the prior year comparative period was primarily due to the resolution in 2022 of contingent consideration related to the acquisition of Honey Birdette and partial settlement in the second quarter of 2022 of contingent consideration recorded in connection with our acquisition of GlowUp, the predecessor business for our creator platform.

Gain on Sale of the Aircraft

The decrease in gain on sale of the Aircraft in 2023 was due to the $5.7 million gain on the sale of the Aircraft recognized in the third quarter of 2022.

Other Operating (Expense) Income, Net

The change in other operating (expense) income, net as compared to the prior year comparative period was primarily due to a $0.7 million loss from settlement of a promissory note recognized in the third quarter of 2023, and $0.2 million higher gain on the sale of crypto assets during the year ended December 31, 2022.

Nonoperating (Expense) Income

Interest Expense

The increase in interest expense as compared to the prior year comparative period was primarily due to the higher interest rates on our senior secured debt in 2023 and a decrease in amortization payments in the second half of 2023.

Gain (Loss) on Extinguishment of Debt

Gain (loss) on extinguishment of debt for the year ended December 31, 2023 represents a $6.1 million gain due to the partial extinguishment of debt upon the amendment and restatement of our senior secured debt credit agreement in the second quarter of 2023, net of a $1.8 million loss recorded in the first quarter of 2023 due to the partial extinguishment of debt related to $45 million of prepayments of such senior debt. Gain (loss) on extinguishment of debt for the year ended December 31, 2022 was a loss of $1.1 million on the partial extinguishment of debt related to a $25 million prepayment in the fourth quarter of 2022 and $0.2 million of loss on early extinguishment of the Aircraft Term Loan in the third quarter of 2022.

Fair Value Remeasurement Gain

The decrease in fair value remeasurement gain as compared to the prior year comparative period was due to the remeasurement of our mandatorily redeemable preferred stock liability to its fair value in 2023 upon its exchange (and thereby elimination) in connection with the A&R Credit Agreement in the second quarter of 2023.

Other Income (Expense), Net

The decrease in other income (expense), net as compared to the prior year comparative period was primarily due to a $0.7 million increase in interest income, and the amortization of $0.6 million of previously capitalized fees allocated to an issuance of our mandatorily redeemable preferred stock in the third quarter of 2022.

Benefit from Income Taxes

The change in benefit from income taxes as compared to the prior year comparative period was primarily due to a loss on the sale of a subsidiary, a shortfall of stock-based compensation and a change in valuation allowance due to a reduction in net indefinite-lived deferred tax liabilities, offset by increased foreign income taxes in the year ended December 31, 2023.

Non-GAAP Financial Measures

In addition to our results being determined in accordance with GAAP, we believe the following non-GAAP measure is useful in evaluating our operational performance. We use the following non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that non-GAAP financial information, when taken collectively, may be helpful to investors in assessing our operating performance.

EBITDA and Adjusted EBITDA

"EBITDA" is defined as net income or loss before interest, income tax expense or benefit, and depreciation and amortization. "Adjusted EBITDA" is defined as EBITDA adjusted for stock-based compensation and other special items determined by management. Adjusted EBITDA is intended as a supplemental measure of our performance that is neither required by, nor presented in accordance with, GAAP. We believe that the use of EBITDA and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing our financial measures with those of comparable companies, which may present similar non-GAAP financial measures to investors. However, investors should be aware that when evaluating EBITDA and Adjusted EBITDA, we may incur future expenses similar to those excluded when calculating these measures. In addition, our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because not all companies may calculate Adjusted EBITDA in the same fashion.

In addition to adjusting for non-cash stock-based compensation, non-cash charges for the fair value remeasurements of certain liabilities and non-recurring non-cash impairments, asset write-downs and inventory reserve charges, we typically adjust for nonoperating expenses and income, such as non-recurring special projects, including the implementation of internal controls, non-recurring gain on the sale of assets, expenses associated with financing activities, and reorganization and severance expenses that result from the elimination or rightsizing of specific business activities or operations.

Because of the limitations described above, EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA and Adjusted EBITDA on a supplemental basis. Investors should review the reconciliation of net loss to EBITDA and Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net loss to EBITDA and Adjusted EBITDA (in thousands):

	Year Ended December 31,	
	2023	2022
Net loss	$ (180,418)	$ (277,704)
Adjusted for:		
(Income) loss from discontinued operations, net of tax	(6,030)	27,013
Net loss from continuing operations	(186,448)	(250,691)
Adjusted for:		
Interest expense	23,293	17,719
(Gain) loss on extinguishment of debt	(6,133)	1,266
Benefit from income taxes	(13,770)	(55,704)
Depreciation and amortization	7,199	12,721
EBITDA	(175,859)	(274,689)
Adjusted for:		
Stock-based compensation	9,597	20,540
Impairments	154,884	283,500
Contingent consideration fair value remeasurement	(436)	(29,173)
Mandatorily redeemable preferred stock fair value remeasurement	(6,505)	(9,401)
Recognition of prepaid royalty guarantees	(5,084)	—
Write-down of capitalized software	5,051	—
Inventory reserve charges	3,637	3,083
Gain on sale of the Aircraft	—	(5,689)
Adjustments	7,415	7,335
Adjusted EBITDA	$ (7,300)	$ (4,494)

- Impairments for the year ended December 31, 2023 relate primarily to the impairments of intangible assets, including goodwill, and impairments on certain of our licensing contracts, and impairments of certain Honey Birdette right-of-use assets and related leasehold improvements.
- Impairments for the year ended December 31, 2022 relate to the impairments of digital assets and other intangible assets, including goodwill.
- Contingent consideration fair value remeasurement for the year ended December 31, 2023 relates to non-cash fair value gain due to the fair value remeasurement of contingent liabilities related to our acquisition of GlowUp that remained unsettled as of December 31, 2023.
- Contingent consideration fair value remeasurement for the year ended December 31, 2022 relates to non-cash fair value change due to contingent liabilities fair value remeasurement resulting from the acquisition of Honey Birdette and GlowUp.
- Mandatorily redeemable preferred stock fair value remeasurement for the years ended December 31, 2023 and 2022 relates to the fair value remeasurement, non-cash fair value gain of the liability for our Series A Preferred Stock.
- Recognition of prepaid royalty guarantees for the year ended December 31, 2023 relates to $5.1 million of prepaid royalty guarantees recognized as revenue in connection with termination of a licensing contract in the fourth quarter of 2023.
- Write-down of capitalized software for the year ended December 31, 2023 relates to restructuring charges taken on direct-to-consumer cloud-based software in the first and fourth quarters of 2023, excluding $0.4 million of costs related to discontinued operations.
- Inventory reserve charges for the year ended December 31, 2023 relate to non-cash inventory reserve charges, excluding certain ordinary inventory reserve items, recorded in the first quarter of 2023 to reflect the restructuring of the Playboy Direct-to-Consumer business.
- Inventory reserve charges for the year ended December 31, 2022 relate to non-cash inventory reserve charges, excluding certain ordinary inventory reserve items, recorded in the third and fourth quarters of 2022 to reflect the restructuring of the Playboy Direct-to-Consumer business.

- Gain on sale of the Aircraft for the year ended December 31, 2022 related to its sale in September 2022.
- Adjustments for the year ended December 31, 2023 are primarily related to consulting, advisory and other costs relating to corporate transactions and other strategic opportunities, as well as reorganization and severance costs resulting in the elimination or rightsizing of specific business activities or operations.
- Adjustments for the year ended December 31, 2022 are related to amortization of the previously capitalized fees allocated to the second issuance of our Series A Preferred Stock in August 2022, severance, consulting, advisory and other costs relating to special projects, including the implementation of internal controls over financial reporting and adoption of accounting standards.

Segments

Our Chief Executive Officer is our Chief Operating Decision Maker ("CODM"). Our segment disclosure is based on our intention to provide the users of our consolidated financial statements with a view of the business from our perspective. We operate our business in three primary operating and reportable segments: Direct-to-Consumer, Licensing and Digital Subscriptions and Content. Direct-to-Consumer operations include consumer products sold through brick-and-mortar retail stores and e-commerce sites. Licensing operations include the licensing of one or more of our trademarks, our *Playboy* retail platform operations effective July 2023, and/or images for consumer products and location-based entertainment businesses. Digital Subscriptions and Content operations include the production, marketing and sales of programming under the Playboy brand name, which is distributed through various channels, including domestic and international television, sales of tokenized digital art and collectibles, and sales of creator content offerings to consumers through the Playboy Club on *playboy.com*.

	Year Ended December 31,			
	2023	2022	$ Change	% Chang
Net revenues				
Direct-to-consumer	$ 77,984	$ 105,177	$ (27,193)	
Licensing	44,292	60,861	(16,569)	
Digital subscriptions and content	20,670	18,709	1,961	
All other	4	789	(785)	
Total	$ 142,950	$ 185,536	$ (42,586)	
Operating (loss) income				
Direct-to-consumer	$ (98,886)	$ (177,388)	$ 78,502	
Licensing	(46,898)	(73,979)	27,081	
Digital subscriptions and content	(2,440)	(13,016)	10,576	
Corporate	(42,132)	(32,428)	(9,704)	
All other	(13)	711	(724)	(
Total	$ (190,369)	$ (296,100)	$ 105,731	

Direct-to-Consumer

The decrease in net revenues as compared to the prior year comparative period was primarily due to a $10.6 million decrease in Honey Birdette revenue as a result of a decline in consumer demand and a $16.6 million decrease in revenue from *playboy.com* e-commerce related to our completion of the transition from an owned-and-operated model to a licensing model in the third quarter of 2023.

The decrease in operating loss as compared to the prior year comparative period was primarily due to a decrease of $87.5 million of non-cash impairment charges on certain of our intangible assets, including goodwill, $6.4 million of reduced digital marketing spend, $3.1 million lower trade name amortization due to accelerated amortization recognized in the prior year period, $5.0 million lower payroll expense as we shift to a capital-light business model, and a $3.1 million decrease in other selling and administrative expenses, partly offset by $14.3 million of lower gross profit as a result of lower revenue in connection with the Company's discontinuation of owned-and-operated direct-to-consumer businesses, $4.1 million of higher technology costs, primarily due to restructuring charges taken on direct-to-consumer cloud-based software attributable to continuing operations in 2023, a $3.8 million increase in inventory reserve charges, impairment charges of $2.3 million on certain Honey Birdette right-of-use assets and related leasehold improvements, and approximately $1.2 million of severance charges.

Licensing

The decrease in net revenues as compared to the prior year comparative period was primarily due to the decline in contractual revenue and overages from our licensing partners due to weaker consumer demand, net of $5.1 million of prepaid royalty guarantees recognized as revenue in the fourth quarter of 2023 in connection with the termination of a licensing contract.

The decrease in operating loss as compared to the prior year comparative period was primarily due to $44.7 million lower non-cash impairment charges on our trademarks, partly offset by a $3.5 million decrease in licensing gross profit, the $8.7 million impairment of certain licensing contracts, $3.6 million of costs associated with the formation and operation of the China JV, and a $1.9 million increase in legal fees and special projects.

Digital Subscriptions and Content

The increase in net revenues as compared to the prior year comparative period was primarily due to a $4.2 million increase in net revenues from our creator platform, partly offset by a $2.2 million decrease in other digital subscriptions and content revenue.

The decrease in operating loss as compared to the prior year comparative period was primarily attributable to a $2.0 million increase in net revenues, a $2.0 million decrease in expenses related to our creator platform, and the $6.3 million impairment of digital and other assets in the comparable prior year period.

All Other

The decrease in both revenues and operating income was primarily attributable to the recognized revenues related to the fulfillment of magazine subscription obligations in the first quarter of 2022 that did not reoccur in the subsequent periods, as a result of the cessation of publishing of *Playboy* magazine.

Corporate

The increase in corporate expenses as compared to the prior year comparative period was primarily due to $28.5 million less in non-cash contingent liabilities fair value remeasurement gain relating to our 2021 acquisitions and a $5.7 million gain on the sale of the Aircraft recorded in September 2022, partly offset by $9.3 million of lower stock-based compensation expense, net of $2.3 million of additional stock-based compensation expense (due to the acceleration of certain equity awards in connection with severance payments), $4.6 million lower professional services costs, the elimination of $4.3 million of Aircraft costs following the sale of the Aircraft in the third quarter of 2022, $1.3 million of lower depreciation expense due to the sale of the Aircraft, the $1.1 million impairment of certain assets in the prior year comparative period, and $1.5 million and $1.7 million of lower payroll and recruiting expenses, respectively.

Liquidity and Capital Resources

Sources of Liquidity

Our sources of liquidity are cash generated from operating activities, which primarily includes cash derived from revenue generating activities, from financing activities, including proceeds from our issuance of debt, and proceeds from stock offerings (as described further below), and from investing activities, which included the sale of assets in 2022 and 2023 (as described further below). As of December 31, 2023, our principal source of liquidity was our unrestricted cash in the amount of $28.1 million which is primarily held in operating and deposit accounts.

On May 16, 2022, we issued and sold 25,000 shares of Series A Preferred Stock to Drawbridge DSO Securities LLC (the "Purchaser") at a price of $1,000 per share, resulting in total gross proceeds to us of $25.0 million, and we agreed to sell to the Purchaser, and the Purchaser agreed to purchase from us, up to an additional 25,000 shares of Series A Preferred Stock on the terms set forth in the securities purchase agreement entered into by us and the Purchaser. We incurred approximately $1.5 million of fees associated with the transaction, $1.0 million of which was netted against the gross proceeds.

On August 8, 2022, we issued and sold the remaining 25,000 shares of Series A Preferred Stock to the Purchaser at a price of $1,000 per share (the "Second Drawdown"), resulting in additional gross proceeds to us of $25.0 million. We incurred approximately $0.5 million of fees associated with the Second Drawdown, which were netted against the gross proceeds. As a result of the transaction, all of our authorized shares of Series A Preferred Stock were issued and outstanding as of August 8, 2022.

In September 2022, we sold the Aircraft to an unrelated third party and received net proceeds of $16.8 million.

On January 24, 2023, we issued 6,357,341 shares of our common stock in a registered direct offering to a limited number of investors. We received $15 million in gross proceeds from the registered direct offering, and net proceeds of $13.9 million, after the payment of offering fees and expenses.

We also completed a rights offering in February 2023, pursuant to which we issued 19,561,050 shares of common stock. We received net proceeds of approximately $47.6 million from the rights offering, after the payment of offering fees and expenses. We used $45 million of the net proceeds from the rights offering for repayment of debt under our senior secured credit agreement, with the remainder to be used for other general corporate purposes.

On April 4, 2023, we completed the Yandy Sale to an unaffiliated, third-party buyer. The consideration we received for the Yandy Sale consisted of $1.0 million in cash and a $2.0 million secured promissory note payable over three years (which note was then settled in the third quarter of 2023 for a cash payment to us of $1.3 million).

On November 3, 2023, we completed the sale of TLA to an unaffiliated, third-party buyer for approximately $13.5 million in cash (the "Purchase Price"). Approximately $2.1 million of the Purchase Price was placed into a short-term escrow account at the closing of the TLA sale in connection with a post-closing working capital adjustment, certain possible indemnification claims payable by us and for certain post-closing items to be completed by us. As of the date of this Annual Report on Form 10-K, $1.3 million of such escrow funds had been released to us.

In November 2023, we also sold a small amount of our art assets. We expect to continue the sale of our art assets in 2024.

Due to challenging economic conditions in China, collections from certain of our Chinese licensees have slowed significantly, and we have renegotiated terms of certain agreements. In October 2023, we also terminated licensing agreements with certain Chinese licensees, which comprised $152.2 million of the unrecognized trademark licensing revenue under our long-term contracts as of the termination date. Revenue recognized in connection with such contracts that were terminated was $27.1 million during the year ended December 31, 2023. Future contract modifications and collectability issues could further impact the revenue recognized against our ongoing contract assets.

Since going public in 2021, we have yet to generate operating income from our core business operations and have incurred significant operating losses of $190 million for the year ended December 31, 2023. We expect to continue to incur operating losses for the foreseeable future.

We expect our capital expenditures and working capital requirements in 2024 to be largely consistent with 2023, as we continue to invest in our creator platform. We may, however, need additional cash resources, to fund our operations until the creator platform achieves a level of revenue that provides for operating profitability. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing, or dispose of additional assets, and there can be no assurance that we will be successful in these efforts. If the financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our planned level of investment in our creator platform or scale back its operations, which could have an adverse impact on our business and financial prospects.

We evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern over the next twelve months from the date of filing this Annual Report on Form 10-K. Although consequences of ongoing macroeconomic uncertainty could adversely affect our liquidity and capital resources in the future, and cash requirements may fluctuate based on the timing and extent of many factors, such as those discussed above, we believe our existing sources of liquidity, along with proceeds from asset dispositions and savings from cost reductions initiatives, will be sufficient to meet our obligations as they become due under the A&R Credit Agreement and our other obligations for at least one year following the date of the filing of this Annual Report on Form 10-K. We may seek additional equity or debt financing in the future to satisfy capital requirements, respond to adverse developments such as changes in our circumstances or unforeseen events or conditions, or fund organic or inorganic growth opportunities. However, in the event that additional financing is required from third-party sources, we may not be able to raise it on acceptable terms or at all.

Debt

On April 4, 2023, we entered into Amendment No. 5 (the "Fifth Amendment") to our senior secured Credit and Guaranty Agreement, dated as of May 25, 2021 (as previously amended on August 11, 2021, August 8, 2022, December 6, 2022 and February 17, 2023, and as further amended by the Fifth Amendment, the "Credit Agreement") to permit, among other things, the sale of our wholly-owned subsidiary, Yandy Enterprises, LLC (the "Yandy Sale"), and that the proceeds of such sale would not be required to prepay the loans under the Credit Agreement (as amended through the Fifth Amendment); provided that at least 30% of the consideration for the Yandy Sale was paid in cash.

On May 10, 2023 (the "Restatement Date"), we entered into the A&R Credit Agreement to reduce the interest rate applicable to our senior secured debt and the implied interest rate on our Series A Preferred Stock, exchange (and thereby eliminate) our outstanding Series A Preferred Stock, and obtain additional covenant relief and funding.

In connection with the A&R Credit Agreement, Fortress Credit Corp. and its affiliates (together, "Fortress") became our lender with respect to approximately 90% of the term loans under the A&R Credit Agreement (the "A&R Term Loans"). Fortress exchanged 50,000 shares of our Series A Preferred Stock (representing all of our issued and outstanding preferred stock) for approximately $53.6 million of the A&R Term Loans, and we obtained approximately $11.8 million of additional funding as part of the A&R Term Loans. As a result, our Series A Preferred Stock was eliminated, and the principal balance of the A&R Term Loans under the A&R Credit Agreement became approximately $210.0 million (whereas the original Credit Agreement had an outstanding balance of approximately $156.0 million as of March 31, 2023).

In connection with the A&R Credit Agreement, the original Credit Agreement's term loans were apportioned into approximately $20.6 million of Tranche A term loans ("Tranche A") and approximately $189.4 million of Tranche B term loans ("Tranche B", and together with Tranche A comprising the A&R Term Loans). The prior amortization payments applicable to the total term loan under the original Credit Agreement were eliminated. The A&R Credit Agreement only requires the smaller Tranche A be subject to quarterly amortization payments of approximately $76,000 per quarter. The benchmark rate for the A&R Term Loans is the applicable term of SOFR as published by the U.S. Federal Reserve Bank of New York (rather than London Interbank Offer Rate, as under the original Credit Agreement). As of the Restatement Date, Tranche A accrues interest at SOFR plus 6.25% with a 0.10% SOFR adjustment, and has a SOFR floor of 0.50%. As of the Restatement Date, Tranche B accrues interest at SOFR plus 4.25% with a 0.10% SOFR adjustment, and has a SOFR floor of 0.50%. The stated interest rate of Tranche A and Tranche B term loans as of December 31, 2023 was 11.41% and 9.41%, respectively. The stated interest rate of the term loan pursuant to the Credit Agreement as of December 31, 2022 was 11.01%. The effective interest rate of Tranche A and Tranche B term loans as of December 31, 2023 was 12.03% and 13.30%, respectively. The effective interest rate of the term loan pursuant to the Credit Agreement as of December 31, 2022 was 12.3%.

We obtained additional leverage covenant relief through the first quarter of 2025, with testing of a total net leverage ratio covenant commencing following the quarter ending March 31, 2025, which covenant will be initially set at 7.25:1.00, reducing in 0.25 increments per quarter until the ratio reaches 5.25:1.00 for the quarter ending March 31, 2027.

As a result of the amendment and restatement of the Credit Agreement (the "Restatement"), in the second quarter of 2023, we recorded $8.0 million of gain for partial debt extinguishment and capitalized an additional $21.3 million of debt discount while deferring and continuing to amortize an existing discount of $2.6 million, which will be amortized over the remaining term of our senior secured debt and recorded in interest expense in our consolidated statements of operations. As a result of the Restatement, fees of $0.3 million were expensed as incurred and $0.4 million of debt issuance costs were capitalized in the second quarter of 2023.

In connection with the sale of TLA Acquisition Corp. ("TLA"), on November 2, 2023, we entered into Amendment No. 1 to the A&R Credit Agreement (the "A&R First Amendment"), to permit, among other things: (a) the sale of TLA and the sale of certain other assets (and the proceeds of such sales will not be required to prepay the A&R Term Loans); and (b) the Company to elect, through August 31, 2025, to pay in cash accrued interest equal to the applicable SOFR plus 1.00%, with the remainder of any applicable accrued interest not paid in cash capitalized into the A&R Term Loans. The other terms of the A&R Credit Agreement will remain substantially unchanged from those prior to the A&R First Amendment.

Compliance with the financial covenants as of December 31, 2023 and 2022 was waived pursuant to the terms of the A&R Credit Agreement and the third amendment of the Credit Agreement, respectively.

On March 27, 2024, we entered into a second amendment of the A&R Credit Agreement. See Note 22, Subsequent Events, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K, for further details.

Leases

Our principal lease commitments are for office space and operations under several noncancelable operating leases with contractual terms expiring from 2023 to 2033. Some of these leases contain renewal options and rent escalations. As of December 31, 2023 and 2022, our fixed lease obligations were $31.6 million and $33.0 million, respectively, with $7.0 million and $6.3 million due in the next 12 months, respectively. For further information on our lease obligations, see Note 15 of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Cash Flows

The following table summarizes our cash flows from continuing operations for the periods indicated (in thousands):

	Year Ended December 31,			
	2023	2022	$ Change	% Change
Net cash provided by (used in):				
Operating activities	$ (42,788)	$ (64,042)	$ 21,254	(33)%
Investing activities	13,060	9,377	3,683	39
Financing activities	26,184	11,559	14,625	127

Cash Flows from Operating Activities

The decrease in net cash used in operating activities from continuing operations for year ended December 31, 2023 over the prior year comparable period was due to a $64.2 million decrease in net loss from continuing operations, as well as changes in assets and liabilities that had a current period cash flow impact, such as $17.8 million of changes in working capital, partly offset by $60.8 million of changes in non-cash charges. The change in assets and liabilities as compared to the prior year comparable period was primarily driven by a $7.5 million decrease in accounts receivable due to the timing of royalty collections and modifications of certain trademark licensing contracts, a decrease of $9.7 million in prepaid expenses and other assets primarily due to restructuring charges on direct-to-consumer cloud-based software in 2023, a $2.5 million increase in deferred revenues due to the timing of direct-to-consumer order shipments, a $1.3 million increase in accounts payable due to the timing of payments, and a $9.6 million increase in other liabilities, net, partly offset by a $11.3 million decrease in accrued agency fees and commissions related to the impairment, modification or termination of certain trademark licensing contracts, and a $2.4 million increase in contract assets due to the timing of licensing payments. The change in non-cash charges compared to the change in the prior year comparable period was primarily driven by a $128.6 million decrease in non-cash impairment charges, a $10.9 million decrease in stock-based compensation expense, a $7.4 million change due to extinguishment of debt, and a $5.5 million decrease in depreciation and amortization, partly offset by a $31.6 million change in fair value remeasurement charges, a $44.8 million increase in deferred income taxes, a $3.8 million increase in inventory reserves, $1.8 million of capitalized payment-in-kind interest, the $5.7 million gain on sale of the Aircraft in the third quarter of 2022, and a $3.7 million increase in other non-cash charges, net.

Cash Flows from Investing Activities

The increase in net cash provided by investing activities from continuing operations for the year ended December 31, 2023 over the prior year comparable period was due to $14.3 million of proceeds from the sale of TLA, $1.0 million of proceeds from the Yandy Sale and the $1.3 million payment of a related promissory note, and a $3.9 million decrease in purchases of property and equipment, partly offset by $16.8 million of proceeds from the sale of the Aircraft in the prior year comparable period.

Cash Flows from Financing Activities

The increase in net cash provided by financing activities from continuing operations for the year ended December 31, 2023 over the prior year comparable period was due to net proceeds of $13.9 million from our registered direct offering in January of 2023, net proceeds of $47.6 million from our rights offering in February 2023, gross proceeds of $11.8 million from the amendment and restatement of our senior secured credit agreement in the second quarter of 2023, and a $2.0 million decrease in the payment of financing costs, partly offset by $48.3 million of proceeds from the issuance of Series A Preferred Stock in the prior year comparable period, a $9.7 million increase in the repayment of long-term debt, the repurchase of $1.0 million of our outstanding common stock in the fourth quarter of 2023, and $1.9 million of proceeds from the exercise of stock options in the prior year comparable period.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported expenses incurred during the reporting periods. Estimates and judgments used in the preparation of our consolidated financial statements are, by their nature, uncertain and unpredictable, and depend upon, among other things, many factors outside of our control, such as demand for our products, economic conditions and other current and future events, such as the impact of international armed conflicts and geopolitical tensions. Our estimates are based on our historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are described in the notes to our consolidated financial statements, we believe that the accounting policies below are most critical to understanding our financial condition and historical and future results of operations.

Licensing Revenue Recognition

We license trademarks under multi-year arrangements with consumer products, online gaming and location-based entertainment businesses. Typically, the initial contract term ranges between one to ten years. Renewals are separately negotiated through amendments. Under these arrangements, we generally receive an annual nonrefundable minimum guarantee that is recoupable against a sales-based royalty generated during the license year. Annual minimum guarantee amounts are billed quarterly, semi-annually, or annually in advance and these payments do not include a significant financing component. We adjust how we account for revenue pursuant to licenses, if collectability on their related billings becomes improbable. Excess Royalties are payable quarterly. The performance obligation is a license of symbolic IP that provides the customer with a right to access the IP, which represents a stand-ready obligation that is satisfied over time. We recognize revenue for the total minimum guarantee specified in the agreement on a straight-line basis over the term of the agreement and recognize Excess Royalties only when the annual minimum guarantee is exceeded. Generally, Excess Royalties are recognized when they are earned. As the sales reports from licensees are typically not received until after the close of the reporting period, we follow the variable consideration framework and constraint guidance to estimate the underlying sales volume to recognize Excess Royalties based on historical experience and general economic trends. Historical adjustments to recorded estimates have not been material.

Goodwill and Other Intangible Assets, Net

Goodwill and certain other intangible assets deemed to have indefinite useful lives are not amortized. Rather, goodwill and indefinite-lived intangible assets are assessed for impairment at least annually. Finite-lived intangible assets are amortized over their respective estimated useful lives and, along with other long-lived assets, are evaluated for impairment periodically whenever events or changes in circumstances indicate that their carrying values may not be fully recoverable.

We perform annual impairment test on goodwill in the fourth quarter of each fiscal year or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying value. We may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, an impairment test is unnecessary. If an impairment test is necessary, we will estimate the fair value of a related reporting unit.

Impairment of Long-Lived Assets

The carrying amounts of long-lived assets, including property and equipment, stores, acquired intangible assets and right-of-use operating lease assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate over its remaining life. If such review indicates that the carrying amount of intangible assets is not recoverable, the carrying amount of such assets is reduced to the fair value.

Inventory

Inventories consist primarily of finished goods and are stated at the lower of cost or net realizable value. Inventory reserves are recorded for excess and slow-moving inventory. Our analysis includes a review of inventory quantities on hand at period-end in relation to year-to-date sales, existing orders from customers and projections for sales in the foreseeable future. The net realizable value is determined based on historical sales experience on a style-by-style basis. The valuation of inventory could be impacted by changes in public and consumer preferences, demand for product, changes in the buying patterns of both retailers and consumers and inventory management of customers.

Stock-Based Compensation

We measure compensation expense for all stock-based payment awards, including stock options, restricted stock units and performance stock units granted to employees, directors, and nonemployees, based on the estimated fair value of the awards on the date of grant. Compensation expense is recognized ratably in earnings, generally over the period during which the recipient is required to provide service. We adjust compensation expense based on actual forfeitures, as necessary.

Our stock options vest ratably over the contractual vesting period, which is generally three to four years, and the fair value of the awards is estimated on the date of grant using a Black-Scholes option pricing model. Our restricted stock units vest ratably over the contractual vesting period and the fair value of the awards is estimated on the date of grant as the underlying value of the award. Awards with graded vesting features are recognized over the requisite service period for the entire award. Our performance-based restricted stock units ("PSUs") vest upon achieving each of certain PLBY's stock price milestones during the contractual vesting period. For milestones that have not been achieved, such PSUs vest over the derived requisite service period and the fair value of such awards is estimated on the grant date using Monte Carlo simulations. The determination of the grant date fair value of PSUs issued is affected by a number of variables and subjective assumptions, including (i) the fair value of PLBY's common stock, (ii) the expected common stock price volatility over the expected life of the award, (iii) the expected term of the award, (iv) risk-free interest rates, (v) the exercise price, and (vi) the expected dividend yield. Forfeitures are recognized when they occur.

Income Taxes

We record income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carryforwards. The carrying amounts of deferred tax assets are reduced by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses, the duration of statutory carryforward periods, and tax planning alternatives. We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals and litigation processes, if any. The second step is to measure the largest amount of tax benefit as the largest amount that is more likely than not to be realized upon settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Recent Accounting Pronouncements

See Note 1 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for more information about recent accounting pronouncements, the timing of their adoption, and our assessment, to the extent we have made one, of their potential impact on our financial condition and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 8. Financial Statements and Supplementary Data

PLBY Group, Inc.
Index to Consolidated Financial Statements

Years Ended December 31, 2023 and 2022

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
PLBY Group, Inc.
Los Angeles, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of PLBY Group, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years then ended, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 29, 2024 expressed an adverse opinion thereon.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

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

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment of Intangible Assets and Goodwill

As described in Notes 1, 2 and 8 to the Company's consolidated financial statements, goodwill, indefinite-lived trademarks and definite-lived trade names totaled $54.9 million, $145.1 million and $12.3 million as of December 31, 2023, respectively. In the second quarter of 2023, the Company experienced declines in revenue and profitability, which was considered a triggering event, causing the Company to test the recoverability of its goodwill and intangible assets as of June 30, 2023. The Company recognized impairment charges of $66.7 million related to goodwill, $65.5 million related to indefinite-lived trademarks and $5.1 million related to trade names at the impairment date in the second quarter of 2023. In the fourth quarter of 2023, the Company experienced further declines in revenue related to the termination of licensing agreements with certain Chinese licensees due to material, uncured breaches resulting in collectability issues, causing the Company to test the recoverability of the indefinite-lived assets, including goodwill as of October 31, 2023. As a result, the Company recognized a $5.8 million impairment charge on the indefinite-lived trademarks at the impairment date in the fourth quarter of 2023.

We identified the evaluation of goodwill, indefinite-lived trademarks and definite-lived trade names for impairment as a critical audit matter. With respect to goodwill, the determination of the fair value of certain reporting units requires management to determine significant assumptions used in the discounted cash flow valuation model including revenue growth rates and discount rates. With respect to indefinite-lived trademarks, the determination of the fair value requires management to determine significant assumptions used in the discounted cash flow and relief from royalty valuation models including revenue growth rates, royalty rates, and discount rates. With respect to the definite-lived trade names, the determination of the fair value requires management to determine significant assumptions used in the relief from royalty valuation model including revenue growth rates, royalty rates and discount rates. Auditing management's significant assumptions used in the assessment of the recoverability of goodwill, indefinite-lived trademarks and definite-lived trade names involved especially challenging and subjective auditor judgment due to the nature and extent of audit effort required to address these matters, including the extent of specialized skill or knowledge needed.

The primary procedures we performed to address this critical audit matter included:

- Assessing the reasonableness of projected revenue growth rates through: (i) evaluating current and historical performance of the identifiable cash flows and (ii) assessing financial projections against external industry data.

- Assessing the reasonableness of royalty rates through: (i) evaluating the current and historical financial results and (ii) for certain indefinite-lived trademarks, also testing a sample of the royalty rates within the Company's license arrangements.

- Utilizing professionals with specialized skills and knowledge in valuation to assist in assessing the reasonableness of the royalty rates and discount rates used in the determination of fair values.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2021.

Los Angeles, California

March 29, 2024

PLBY Group, Inc.
Consolidated Statements of Operations
(in thousands, except share and per share amounts)

	Year Ended December 31,	
	2023	**2022**
Net revenues	$ 142,950	$ 185,536
Costs and expenses:		
Cost of sales	(54,777)	(82,945)
Selling and administrative expenses	(123,554)	(150,535)
Impairments	(154,884)	(283,500)
Contingent consideration fair value remeasurement gain	436	29,173
Gain on sale of the aircraft	—	5,689
Other operating (expense) income, net	(540)	482
Total operating expense	(333,319)	(481,636)
Operating loss	(190,369)	(296,100)
Nonoperating (expense) income:		
Interest expense	(23,293)	(17,719)
Gain (loss) on extinguishment of debt	6,133	(1,266)
Fair value remeasurement gain	6,505	9,401
Other income (expense), net	806	(711)
Total nonoperating expense	(9,849)	(10,295)
Loss from continuing operations before income taxes	(200,218)	(306,395)
Benefit from income taxes	13,770	55,704
Net loss from continuing operations	(186,448)	(250,691)
Income (loss) from discontinued operations, net of tax	6,030	(27,013)
Net loss	(180,418)	(277,704)
Net loss attributable to PLBY Group, Inc.	$ (180,418)	$ (277,704)
Net loss per share from continuing operations, basic and diluted	$ (2.60)	$ (5.28)
Net income (loss) per share from discontinued operations, basic and diluted	0.07	(0.58)
Net loss per share, basic and diluted	$ (2.53)	$ (5.86)
Weighted average shares used in computing net loss per share, basic	71,319,437	47,420,376
Weighted average shares used in computing net loss per share, diluted	71,319,437	47,420,376

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

PLBY Group, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year Ended December 31,	
	2023	**2022**
Net loss	$ (180,418)	$ (277,704)
Other comprehensive loss:		
Foreign currency translation adjustment	(765)	(20,420)
Other comprehensive loss	(765)	(20,420)
Comprehensive loss	$ (181,183)	$ (298,124)

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

PLBY Group, Inc.
Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	December 31,	
	2023	**2022**
Assets		
Current assets:		
Cash and cash equivalents	$ 28,120	$ 31,815
Restricted cash	1,587	—
Receivables, net of allowance for credit losses	7,496	14,214
Inventories, net	13,000	20,612
Prepaid expenses and other current assets	7,802	16,276
Assets held for sale	11,692	37,801
Total current assets	69,697	120,718
Restricted cash	1,969	3,809
Property and equipment, net	13,514	13,804
Operating right-of-use assets	25,284	28,082
Goodwill	54,899	123,217
Other intangible assets, net	157,901	236,137
Contract assets, net of current portion	8,716	13,680
Other noncurrent assets	2,274	15,137
Total assets	$ 334,254	$ 554,584
Liabilities, Redeemable Noncontrolling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 14,500	$ 13,630
Accrued agency fees and commissions	901	7,785
Deferred revenues, current portion	9,205	10,480
Long-term debt, current portion	304	2,050
Operating lease liabilities, current portion	6,955	6,278
Other current liabilities and accrued expenses	27,066	25,566
Liabilities held for sale	—	27,126
Total current liabilities	58,931	92,915
Deferred revenues, net of current portion	4,641	21,406
Long-term debt, net of current portion	190,115	191,125
Deferred tax liabilities, net	9,304	27,414
Operating lease liabilities, net of current portion	24,621	26,695
Mandatorily redeemable preferred stock, at fair value	—	39,099
Other noncurrent liabilities	957	886
Total liabilities	288,569	399,540
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interest	(208)	(208)
Stockholders' equity:		
Preferred stock, $0.0001 par value per share, 5,000,000 shares authorized, 50,000 shares designated Series A preferred stock, of which 0 shares were issued and outstanding as of December 31, 2023; 50,000 shares were issued and outstanding as of December 31, 2022	—	—
Common stock, $0.0001 par value; 150,000,000 shares authorized at December 31, 2023 and 2022; 74,783,683 shares issued and 72,533,754 shares outstanding at December 31, 2023; 47,737,699 shares issued and 47,037,699 shares outstanding at December 31, 2022	7	5
Treasury stock, at cost: 2,249,929 shares and 700,000 shares at December 31, 2023 and 2022, respectively	(5,445)	(4,445)
Additional paid-in capital	690,055	617,233
Accumulated other comprehensive loss	(24,910)	(24,145)
Accumulated deficit	(613,814)	(433,396)
Total stockholders' equity	45,893	155,252
Total liabilities, redeemable noncontrolling interest, and stockholders' equity	$ 334,254	$ 554,584

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

PLBY Group, Inc.
Consolidated Statements of Stockholders' Equity
(in thousands, except share amounts)

	Series A Preferred Stock		Common stock						
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at December 31, 2021	—	$ —	42,296,121	$ 4	$ (4,445)	$ 586,349	$ (3,725)	$ (155,692)	$ 422,491
Shares issued in connection with options exercise, net exercised	—	—	495,052	—	—	1,924	—	—	1,924
Shares issued in connection with equity incentive plans	—	—	3,759,122	1	—	—	—	—	1
Shares issued pursuant to a license, services and collaboration agreement	—	—	30,911	—	—	—	—	—	—
Shares issued in connection with asset purchase	—	—	103,570	—	—	1,333	—	—	1,333
Shares issued in connection with preferred shares agreement	50,000	—	—	—	—	—	—	—	—
Shares issued in connection with the settlement of the performance holdback contingent consideration relating to the acquisition of GlowUp	—	—	352,923	—	—	260	—	—	260
Stock-based compensation expense and vesting of restricted stock units	—	—	—	—	—	22,553	—	—	22,553
Reclassification of the fair value of the lock-up shares contingent consideration relating to the acquisition of Honey Birdette	—	—	—	—	—	4,814	—	—	4,814
Other comprehensive loss	—	—	—	—	—	—	(20,420)	—	(20,420)
Net loss	—	—	—	—	—	—	—	(277,704)	(277,704)
Balance at December 31, 2022	50,000	$ —	47,037,699	$ 5	$ (4,445)	$ 617,233	$ (24,145)	$ (433,396)	$ 155,252
Issuance of common stock in rights offering	—	—	19,561,050	2	—	47,600	—	—	47,602
Issuance of common stock in registered direct offering	—	—	6,357,341	—	—	13,890	—	—	13,890
Exchange of mandatorily redeemable preferred shares	(50,000)	—	—	—	—	—	—	—	—
Shares issued in connection with equity incentive plans	—	—	1,124,281	—	—	—	—	—	—
Shares issued pursuant to a license, services and collaboration agreement	—	—	3,312	—	—	—	—	—	—
Stock-based compensation expense and vesting of restricted stock units	—	—	—	—	—	11,332	—	—	11,332
Shares repurchased pursuant to the 2022 Stock Repurchase Program	—	—	(1,549,929)	—	(1,000)	—	—	—	(1,000)
Other comprehensive loss	—	—	—	—	—	—	(765)	—	(765)
Net loss	—	—	—	—	—	—	—	(180,418)	(180,418)
Balance at December 31, 2023	—	$ —	72,533,754	$ 7	$ (5,445)	$ 690,055	$ (24,910)	$ (613,814)	$ 45,893

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

PLBY Group, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,	
	2023	**2022**
Cash Flows From Operating Activities		
Net loss	$ (180,418)	$ (277,704)
Net loss from continuing operations	$ (186,448)	$ (250,691)
Income (loss) from discontinued operations, net of tax	$ 6,030	$ (27,013)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation and amortization	7,199	12,721
Stock-based compensation	9,597	20,540
Fair value remeasurement of liabilities	(6,941)	(38,574)
Loss on extinguishment of debt	(6,133)	1,266
Impairments	154,884	283,500
Amortization of right of use assets	5,642	5,439
Deferred income taxes	(18,039)	(62,818)
Inventory reserves	6,935	3,095
Gain on sale of aircraft	—	(5,689)
Capitalized paid-in-kind interest	1,848	—
Other, net	3,815	101
Changes in operating assets and liabilities:		
Receivables, net	6,570	(925)
Inventories	(469)	(1,069)
Contract assets	(1,228)	1,153
Prepaid expenses and other assets	7,518	(2,149)
Accounts payable	512	(801)
Accrued agency fees and commissions	(6,884)	4,424
Deferred revenues	(18,082)	(20,546)
Operating lease liabilities	(6,102)	(6,397)
Other, net	3,018	(6,622)
Net cash used in operating activities - continuing operations	(42,788)	(64,042)
Net cash (used in) provided by operating activities - discontinued operations	(503)	4,608
Net cash used in operating activities	(43,291)	(59,434)
Cash Flows From Investing Activities		
Purchases of property and equipment	(3,547)	(7,425)
Net proceeds from sale of aircraft	—	16,802
Proceeds from promissory note repayment	1,290	—
Proceeds from sale of Yandy	1,000	—
Proceeds from sale of TLA	14,317	—
Net cash provided by investing activities - continuing operations	13,060	9,377
Net cash used in investing activities - discontinued operations	(109)	(624)
Net cash provided by investing activities	12,951	8,753
Cash Flows From Financing Activities		
Proceeds from issuance of common stock in rights offering, net	47,602	—
Proceeds from issuance of common stock in registered direct offering, net	13,890	—
Net proceeds from issuance of preferred stock	—	48,250
Settlement of the performance holdback contingent consideration	—	(151)
Repayment of long-term debt	(45,628)	(35,964)
Proceeds from issuance of long-term debt	11,828	—
Payment of financing costs	(508)	(2,500)
Purchase of treasury stock	(1,000)	—
Proceeds from exercise of stock options	—	1,924
Net cash provided by financing activities - continuing operations	26,184	11,559
Effect of exchange rate changes on cash and cash equivalents	208	(740)
Net decrease in cash and cash equivalents and restricted cash	(3,948)	(39,862)
Balance, beginning of year	35,624	75,486
Balance, end of year	$ 31,676	$ 35,624
Cash and cash equivalents and restricted cash consist of:		
Cash and cash equivalents	$ 28,120	$ 31,815
Restricted cash	3,556	3,809
Total	$ 31,676	$ 35,624

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

PLBY Group, Inc.

Consolidated Statements of Cash Flows (continued)

(in thousands)

	Year Ended December 31,	
	2023	**2022**
Supplemental Disclosures		
Cash (refunded) paid for income taxes	$ (1,753)	$ 5,327
Cash paid for interest	$ 17,258	$ 15,546
Supplemental Disclosure of Non-cash Activities		
Capitalized stock-based compensation expense	$ 1,735	$ 2,014
Purchases of property and equipment	$ 596	$ 379
Reclassification of the fair value of the lock-up shares contingent consideration relating to the acquisition of Honey Birdette	$ —	$ 4,814
Right-of-use assets in exchange for lease liabilities - continuing operations	$ 4,540	$ 6,209
Right-of-use assets in exchange for lease liabilities - discontinued operations	$ 1,018	$ 5,750
Shares issued pursuant to a license, services and collaboration agreement	$ —	$ 237
Shares issued in connection with asset purchase	$ —	$ 1,333
Shares issued in connection with the settlement of the performance holdback contingent consideration relating to the acquisition of GlowUp	$ —	$ 260

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

PLBY Group, Inc.
Notes to Consolidated Financial Statements

1. Basis of Presentation and Summary of Significant Accounting Policies

Description of Business

PLBY Group, Inc. (the "Company", "PLBY", "we", "our" or "us"), together with its subsidiaries, through which it conducts business, is a global consumer and lifestyle company marketing the *Playboy* brand through a wide range of direct-to-consumer products, licensing initiatives, and digital subscriptions and content, in addition to the sale of direct-to-consumer products under its *Honey Birdette* brand.

We have three reportable segments: Direct-to-Consumer, Licensing and Digital Subscriptions and Content. See Note 21, Segments.

Basis of Presentation

The consolidated financial statements and accompanying notes were prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

As discussed in Note 3, Assets and Liabilities Held for Sale and Discontinued Operations, the Yandy Enterprises LLC ("Yandy") and TLA Acquisition Corp. ("TLA", owner of the *Lovers* business) disposal groups, previously included in the Direct-to-Consumer segment, were classified as discontinued operations in the consolidated statements of operations for all periods presented. Assets and liabilities of these businesses were classified as assets and liabilities held for sale in the consolidated balance sheets as of December 31, 2022. The sale of Yandy was completed on April 4, 2023 (the "Yandy Sale"). The sale of TLA was completed on November 3, 2023.

Principles of Consolidation

The consolidated financial statements include our accounts and all majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

The Company follows a monthly reporting calendar, with its fiscal year ending on December 31. Prior to the third quarter of 2022, Honey Birdette (Aust) Pty Limited ("Honey Birdette"), which the Company acquired in August 2021, had different fiscal quarter and year ends than the Company. Honey Birdette followed a fiscal calendar widely used by the retail industry which resulted in a fiscal year consisting of a 52- or 53-week period ending on the Sunday closest to December 31. Honey Birdette's fiscal year previously consisted of four 13-week quarters, with an extra week added to each fiscal year every five or six years. Honey Birdette's second fiscal quarter in 2022 consisted of 14 weeks. The difference in prior fiscal periods for Honey Birdette and the Company is considered to be immaterial and no related adjustments have been made in the preparation of these consolidated financial statements.

Reclassifications

Certain prior period amounts in the consolidated statements of operations and consolidated balance sheets have been reclassified to conform with the current period presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

We regularly assess these estimates, including but not limited to, valuation of our trademarks and trade names; valuation of our contingent consideration liabilities; valuation of our only authorized and issued preferred stock (our "Series A Preferred Stock"); pay-per-view and video-on-demand buys, and monthly subscriptions to our television and digital content; the adequacy of reserves associated with accounts receivable and inventory; unredeemed gift cards and store credits; licensing commission accruals; and stock-based compensation expense. We base these estimates on historical experience and on various other market-specific and relevant assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates and such differences could be material to the financial position and results of operations.

Concentrations of Business and Credit Risk

We maintain certain cash balances in excess of Federal Deposit Insurance Corporation insured limits. We periodically evaluate the credit worthiness of the financial institutions with which we maintain cash deposits. We have not experienced any losses in such accounts and do not believe that there is any credit risk to our cash. Concentration of credit risk with respect to accounts receivable is limited due to the wide variety of customers to whom our products are sold and/or licensed.

The following table represents receivables from the Company's customers exceeding 10% of our total as of December 31, 2023 and 2022:

Customer	December 31, 2023	December 31, 2022
Customer A	*	31 %

*Indicates the receivables for the customer did not exceed 10% of the Company's total as of December 31, 2023.

The following table represents revenue from the Company's customers exceeding 10% of the total for the years ended December 31, 2023 and 2022:

	Year Ended December 31,	
Customer	2023	2022
Customer A [(1)]	16 %	12 %

[(1)] The agreement with this licensee was terminated in the fourth quarter of 2023. See Note 4, Revenue Recognition.

Cash Equivalents

Cash equivalents are temporary cash investments with an original maturity of three months or less at the date of purchase and are stated at cost, which approximates fair value.

Restricted Cash

At December 31, 2023 and 2022, restricted cash was primarily related to cash collateralized letters of credit we maintained in connection with the lease of our Los Angeles headquarters, Honey Birdette's term deposit in relation to certain of its leases, as well as cash held in escrow related to the sale of TLA.

Liquidity Assessment and Management's Plan

Our revenues, results of operations and cash flows have been materially adversely impacted by negative macroeconomic factors beginning in the second quarter of 2022 and continuing through 2023. The persistently challenging macroeconomic and retail environments, including reduced consumer spending and increased price sensitivity in discretionary categories, has significantly impacted our licensees' performance. Our net revenues from continuing operations for the year ended December 31, 2023 decreased by $42.6 million, compared to the year ended December 31, 2022, and this decline, coupled with investments into our creator platform, drove our impairment charge, operating loss and net loss. For the year ended December 31, 2023, we reported an operating loss from continuing operations of $190.4 million, and negative operating cash flows from continuing operations of $42.8 million. As of December 31, 2023, we had approximately $28.1 million in unrestricted cash and cash equivalents.

As of December 31, 2023, we were in compliance with the covenants under our senior secured credit agreement (including through there being no testing of our Total Net Leverage Ratio (as defined in the A&R Credit Agreement) until for the period ending March 31, 2025). However, due to ongoing negative macroeconomic factors and their uncertain impacts on our business, results of operations and cash flows, we could experience further material decreases to net sales and operating cash flows and materially higher operating losses, and may experience difficulty remaining in compliance with such covenants. See Note 10, Debt, for further details regarding the terms of our A&R Credit Agreement and the A&R Term Loans (as such terms are defined in Note 10).

We expect our capital expenditures and working capital requirements in 2024 to be largely consistent with 2023, as we continue to invest in our creator platform. We may, however, need additional cash resources, to fund our operations until the creator platform achieves a level of revenue that provides for operating profitability. To the extent that our current resources are insufficient to satisfy our cash requirements, we may need to seek additional equity or debt financing, or dispose of additional assets, and there can be no assurance that we will be successful in these efforts. If the financing is not available, or if the terms of financing are less desirable than we expect, we may be forced to decrease our planned level of investment in our creator platform or scale back its operations, which could have an adverse impact on our business and financial prospects.

We evaluated whether there are any conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern over the next twelve months from the date of filing this Annual Report on Form 10-K. Although consequences of ongoing macroeconomic uncertainty could adversely affect our liquidity and capital resources in the future, and cash requirements may fluctuate based on the timing and extent of many factors, such as those discussed above, we believe our existing sources of liquidity, along with proceeds from asset dispositions and savings from cost reductions initiatives, will be sufficient to meet our obligations as they become due under the A&R Credit Agreement and our other obligations for at least one year following the date of the filing of this Annual Report on Form 10-K. We may seek additional equity or debt financing in the future to satisfy capital requirements, respond to adverse developments such as changes in our circumstances or unforeseen events or conditions, or fund organic or inorganic growth opportunities. However, in the event that additional financing is required from third-party sources, we may not be able to raise it on acceptable terms or at all.

The accompanying consolidated financial statements are prepared in accordance with GAAP applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Accounts Receivable, Net

Trade receivables are reported at their outstanding unpaid balances, less allowances for expected credit losses. The allowances for expected credit losses are increased by the recognition of bad debt expense and decreased by charge-offs (net of recoveries) or by reversals to income. In determining expected credit losses, we consider our historical level of credit losses, current economic trends, and reasonable and supportable forecasts that affect the collectability of the future cash flows. A receivable balance is written off when we deem the balance to be uncollectible. The allowance for expected credit losses was immaterial at December 31, 2023 and 2022.

Inventories

Inventories consist primarily of finished goods and are stated at the lower of cost, using the first-in, first-out ("FIFO") method, and net realizable value. Inventory reserves are recorded for excess and slow-moving inventory. Our analysis includes a review of inventory quantities on hand at period-end in relation to year-to-date sales, existing orders from customers and projections for sales in the foreseeable future. The net realizable value is determined based on historical sales experience on a style-by-style basis. The valuation of inventory could be impacted by changes in public and consumer preferences, demand for product, changes in the buying patterns of both retailers and consumers and inventory management of customers.

Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation, except for assets acquired in connection with our business combinations, which are reflected at fair value at the date of combination. Costs incurred for computer software developed or obtained for internal use are capitalized for application development activities and are immediately expensed for preliminary project activities or post-implementation activities. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets. The useful life for furniture and equipment ranges from three to seven years, software from two to three years, and aircraft is seven years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the terms of the related leases. The amortization of leasehold improvements is included in depreciation expense. Repair and maintenance costs are expensed as incurred and major betterments are capitalized. Sales and retirements of property and equipment are recorded by removing the related cost and accumulated depreciation from the accounts, after which any related gains or losses are recognized.

Intangible Assets and Goodwill

Indefinite-lived intangible assets that are not amortized but subject to annual impairment testing consist of Playboy-branded trademarks. We perform annual impairment testing on our Playboy-branded trademarks in the fourth quarter of each fiscal year or when events occur or circumstances change that would, more likely than not, reduce their fair value below the carrying value.

We evaluate the indefinite-lived Playboy-branded trademarks for impairment using discounted cash flow and the relief from royalty methods. This valuation approach requires that we make a number of assumptions to estimate fair value, including projections of future revenues, market royalty rates, tax rates, discount rates and other relevant variables. The projections we use in the model are updated each time a quantitative impairment test is performed and will change over time based on the historical performance and changing business conditions. If the carrying value of the trademark exceeds its estimated fair value, an impairment charge is recognized for the excess amount.

We perform annual impairment testing on goodwill in the fourth quarter of each fiscal year or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit below its carrying value. We may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If we determine it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, an impairment test is unnecessary. If an impairment test is necessary, we will estimate the fair value of a related reporting unit. If the carrying value of a reporting unit exceeds its fair value, the goodwill of that reporting unit is determined to be impaired, and we will proceed with recording an impairment charge equal to the excess of the carrying value over the related fair value. If we determine it is more likely than not that goodwill is not impaired, a quantitative test is not necessary.

In the third quarter of 2022, as a result of macroeconomic factors, we experienced declines in revenue and profitability, causing us to test the recoverability of its goodwill and other intangible assets as of September 1, 2022. The quantitative test performed indicated that the fair value of our indefinite-lived Playboy-branded trademarks was less than their carrying value. We recognized $116.0 million of impairment charges on our indefinite-lived assets at the impairment date in the third quarter of 2022. A quantitative impairment test performed on goodwill utilized the income approach, under which fair value was determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The quantitative test performed indicated that the carrying value of certain of our reporting units exceeded their fair value. As a result, we recognized $117.4 million of impairment charges on our goodwill at the impairment date in the third quarter of 2022, excluding $16.4 million of impairment charges related to discontinued operations.

In the second quarter of 2023, we experienced further declines in revenue and profitability, causing us to test the recoverability of our indefinite-lived assets, including goodwill, as of June 30, 2023. As a result, we recognized $65.5 million of impairment charges on our indefinite-lived Playboy-branded trademarks at the impairment date in the second quarter of 2023. In addition, impairment charges on our goodwill at the impairment date were $66.7 million in the second quarter of 2023. There were no impairment charges to goodwill recognized in the third or fourth quarter of 2023.

In the fourth quarter of 2023, we experienced declines in revenue related to the termination of licensing agreements with certain Chinese licensees due to material, uncured breaches resulting in collectability issues, causing us to test the recoverability of our indefinite-lived assets, including goodwill, as of October 31, 2023. As a result, we recognized $5.8 million of impairment charges on our indefinite-lived Playboy-branded trademarks at the impairment date in the fourth quarter of 2023.

Definite-lived intangible assets include distribution agreements and trade names, which we recognized in connection with our business combinations. Because these assets were recognized as identifiable intangible assets in connection with our previous business combinations, we do not incur costs to renew or extend their terms. All of our definite-lived intangible assets are amortized using the straight-line method over their useful lives.

Impairment of Long-Lived Assets

The carrying amounts of long-lived assets, including property and equipment, stores, acquired intangible assets and right-of-use operating lease assets are periodically reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of these assets may not be recoverable or that the useful life is shorter than originally estimated. Recoverability of these assets is measured by a comparison of the carrying amounts to the future undiscounted cash flows the assets are expected to generate over their remaining lives. If such review indicates that the carrying amount of intangible assets is not recoverable, the carrying amount of such assets is reduced to their fair value.

If the useful life is shorter than originally estimated, we amortize the remaining carrying value over the revised shorter useful life. If the asset is considered to be impaired, the amount of any impairment is measured as the difference between the carrying value and the fair value of the impaired asset.

In the fourth quarter of 2023, we recorded $2.3 million of impairment charges related to certain Honey Birdette right-of-use assets and related leasehold improvements. We recognized $5.1 million of impairment charges on our trade names at the impairment date in the second quarter of 2023, and $46.8 million of impairment charges on our trade names and certain other assets at the impairment date in the third quarter of 2022, excluding $8.3 million of impairment charges related to discontinued operations.

Assets and Liabilities Held for Sale and Discontinued Operations

We classify assets and liabilities as held for sale, collectively referred to as the disposal group, when management commits to a formal plan to actively market the assets for sale at a price reasonable in relation to fair value, it is unlikely that significant changes will be made to the plan, the assets are available for immediate sale in their present condition, an active program to locate a buyer and other actions required to complete the sale have been initiated, and the sale of the assets is expected to be completed within one year. A disposal group that is classified as held for sale is initially measured at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. The fair value of a disposal group less any costs to sell is assessed each reporting period it remains classified as held for sale and any subsequent changes are reported as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the asset at the time it was initially classified as held for sale.

We account for discontinued operations when assets and liabilities of a disposal group are classified as held for sale, or have been sold, and only if the disposal represents a strategic shift that has or will have a meaningful effect on our operations and financial results. We aggregate the results of operations for discontinued operations into a single line item in the consolidated statements of operations for all periods presented. General corporate overhead is not allocated to discontinued operations. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

Leases

We determine if an arrangement is a lease at inception. We determine the classification of the lease, whether operating or financing, at the lease commencement date, which is the date the leased assets are made available for use. We use the non-cancelable lease term when recognizing the right-of-use ("ROU") assets and lease liabilities, unless it is reasonably certain that a renewal or termination option will be exercised. We account for lease components and non-lease components as a single lease component. Modifications are assessed to determine whether incremental differences result in new contract terms and accounted for as a new lease or whether the additional right of use should be included in the original lease and continue to be accounted for with the remaining ROU asset.

Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. Lease payments consist of the fixed payments under the arrangement, less any lease incentives. Variable costs, such as common area maintenance costs and additional payments for percentage rent, are not included in the measurement of the ROU assets and lease liabilities, but are expensed as incurred. As the implicit rate of the leases is not determinable, we use an incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments in determining the present value of the lease payments. Lease expenses are recognized on a straight-line basis over the lease term. We do not recognize ROU assets on lease arrangements with a term of 12 months or less.

Treasury Stock

Treasury stock is stated at cost.

Revenue Recognition

We recognize revenue when we transfer promised goods or services in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. This is determined by following a five-step process which includes (1) identifying the contract with a customer, (2) identifying the performance obligations in the contract, (3) determining the transaction price, (4) allocating the transaction price and (5) recognizing revenue when or as we satisfy a performance obligation. We apply judgment to determine the nature of the promises within a revenue contract and whether those promises represent distinct performance obligations. In determining the transaction price, we do not include amounts subject to uncertainties unless it is probable that there will be no significant reversal of cumulative revenue when the uncertainty is resolved. We evaluate the nature of the license as to whether it provides a right to access or right to use the intellectual property ("IP"), which then determines whether the revenue is recognized over time or at a point in time. Sales or usage-based royalties received in exchange for licenses of IP are recognized at the later of when (1) the subsequent sale or usage occurs or (2) the performance obligation to which some or all of the sales or usage-based royalty has been allocated is satisfied.

Direct-To-Consumer Products

We generate revenue from the sale of intimates and other apparel and accessories, primarily through our direct-to-consumer channels (e-commerce sites and brick-and-mortar retail stores). We recognize e-commerce revenue upon delivery of the purchased goods to the buyer as our performance obligation, consisting of the sale of goods, is satisfied at this point in time when control is transferred. We recognize retail store revenue at a point in time when a store satisfies a performance obligation and transfers control of the product to the customer. Our revenue is recognized net of incentives and estimated returns. We periodically offer promotional incentives to customers, including basket promotional code discounts and other credits, that are treated as a reduction of revenue.

A portion of consumer product sales is generated through third-party sellers, who list the product on their websites. These sales are either fulfilled by us or through the third-party seller's fulfillment services. We recognize the fees retained by the third-party sellers as expenses in cost of sales for inventory provided through drop-shipment arrangements.

We charge shipping fees to customers. Since control transfers to the customer after the shipping and handling activities, we account for these activities as fulfillment activities. All outbound shipping and handling costs are accounted for as fulfillment costs in cost of sales at the time revenue is recognized.

Licensing

We license trademarks under multi-year arrangements with consumer products, online gaming and location-based entertainment businesses. Typically, the initial contract term ranges between one to ten years. Renewals are separately negotiated through amendments. Under these arrangements, we generally receive an annual nonrefundable minimum guarantee that is recoupable against a sales-based royalty generated during the license year. Annual minimum guarantee amounts are billed quarterly, semi-annually, or annually in advance and these payments do not include a significant financing component. Earned royalties in excess of the minimum guarantee ("Excess Royalties") are payable quarterly. The performance obligation is a license of symbolic IP that provides the customer with a right to access the IP, which represents a stand-ready obligation that is satisfied over time. We recognize revenue for the total minimum guarantee specified in the agreement on a straight-line basis over the term of the agreement and recognize Excess Royalties only when the annual minimum guarantee is exceeded. Generally, Excess Royalties are recognized when they are earned. In the event that the collection of any royalty becomes materially uncertain or unlikely, we recognize revenue from our licensees on a cash basis. As the sales reports from licensees are typically not received until after the close of the reporting period, we follow the variable consideration framework and constraint guidance using the expected value method to estimate the underlying sales volume to recognize Excess Royalties based on historical experience and general economic trends. Historical adjustments to recorded estimates have not been material.

Digital Subscriptions and Content

Digital subscription revenue is derived from subscription sales of *playboyplus.com* and *playboy.tv* primarily, which are online content platforms. Digital subscriptions represent a stand-ready obligation to provide continuous access to the platform, which is satisfied ratably over the term of the subscription. We receive fixed consideration shortly before the start of the subscription periods from these contracts, which are primarily sold in monthly, annual, or lifetime subscriptions. Revenues from lifetime subscriptions are recognized ratably over a five-year period, representing the estimated period during which the customer accesses the platforms. Revenues from digital subscriptions are recognized ratably over the subscription period.

Revenues generated from the sales of creator offerings to consumers via our creator platform on *playboy.com* are recognized at the point in time when the sale is processed. Revenues generated from subscriptions to our creator platform are recognized ratably over the subscription period.

We record revenue from sales of our tokenized digital art and collectibles at the point in time when the control is transferred on a gross basis. We are primarily responsible for fulfillment of the promise, have inventory risk, and have the latitude in establishing pricing and selecting suppliers, among other factors. We determined that we are the principal in these transactions as we have custody and control of our digital assets prior to the sale to the customer, and discretion and latitude in establishing the price.

We also license our programming content to certain cable television operators and direct-to-home satellite television operators who pay royalties based on monthly subscriber counts and pay-per-view and video-on-demand buys for the right to distribute our programming under the terms of affiliation agreements. The distinct performance obligations under such affiliation agreements include (i) a continuous transmission service to deliver live linear feeds and (ii) licenses to our functional IP that are provided over the contract term that provide the operators the right to use our content library as it exists at a point in time. For both performance obligations, our IP is the predominant or sole item to which the royalties relate. Royalties are generally collected monthly and revenue is recognized as earned. The amount of royalties due to us is reported by operators based on actual subscriber and transaction levels. Such information is generally not received until after the close of the reporting period. In these cases, we follow the variable consideration framework and constraint guidance to estimate the number of subscribers and transactions to recognize royalty amounts based on historical experience. Historical adjustments to recorded estimates have not been material. We offer sales incentives through various programs, consisting primarily of co-op marketing. We record advertising with customers as a reduction to revenue unless we receive a distinct benefit in exchange for credits claimed by the customer and can reasonably estimate the fair value of the distinct benefit received, in which case we record it as a marketing expense.

Contract Assets and Contract Liabilities

The timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when we have an unconditional right to consideration which will become due solely due to the passage of time. We record a contract asset when revenue is recognized prior to invoicing or payment is contingent upon transfer of control of an unsatisfied performance obligation. We record a contract liability (deferred revenue) when revenue is recognized subsequent to cash collection. For long-term non-cancelable contracts whereby we have begun satisfying the performance obligation, we will record contract assets for the unbilled consideration which is contingent upon our future performance. Contract assets and contract liabilities are netted on a contract-by-contract basis.

Gift Card Liabilities

We account for gift cards sold to customers by recording a liability in other current liabilities and accrued expenses in our consolidated balance sheets at the time of sale, which is recognized as revenue when redeemed or when we have determined the likelihood of redemption to be remote, referred to as gift card breakage. Depending on the jurisdiction in which we operate, gift cards sold to customers have expiration dates from three to five years from the date of sale, or they do not expire and may be subject to escheatment rights. Our gift card liability totaled $1.6 million, $1.6 million and $1.2 million as of December 31, 2023, 2022 and 2021, respectively. Revenue recognized from unredeemed gift card beginning balances was $0.1 million for the years ended December 31, 2023 and 2022.

Cost of Sales

Cost of sales primarily consist of merchandise costs, warehousing and fulfillment costs, agency fees, website expenses, digital platform expenses, marketplace traffic acquisition costs, credit card processing fees, personnel and affiliate costs, including stock-based compensation, costs associated with branding events, customer shipping and handling expenses, fulfillment activity costs and freight-in expenses.

Selling and Administrative Expenses

Selling and administrative expenses primarily consist of corporate office and retail store occupancy costs, personnel costs, including stock-based compensation, and contractor fees for accounting/finance, legal, human resources, information technology and other administrative functions, general marketing and promotional activities and insurance.

Contingent Consideration Fair Value Remeasurement Gain

Contingent consideration fair value remeasurement gain consists of non-cash changes in the fair value of contingent consideration recorded in conjunction with our acquisitions of GlowUp Digital Inc. (“GlowUp”) and Honey Birdette.

Advertising Costs

We expense advertising costs as incurred. Advertising expenses were $6.0 million and $14.4 million for the years ended December 31, 2023 and 2022, respectively, excluding $2.9 million and $10.3 million, respectively, of advertising costs related to discontinued operations. We also have various arrangements with customers pursuant to which we reimburse them for a portion of their advertising costs in the form of co-op marketing which provide advertising benefits to us. The costs that we incur for such advertising costs are recorded as a reduction of revenue.

Stock-Based Compensation

We measure compensation expense for all stock-based payment awards, including stock options, restricted stock units and performance stock units granted to employees, directors, and nonemployees, based on the estimated fair value of the awards on the date of grant. Compensation expense is recognized ratably in earnings, generally over the period during which the recipient is required to provide service. We adjust compensation expense based on actual forfeitures, as necessary. In the event of a modification to a previously granted award, the incremental cost of the modification is added to the unamortized cost as of the modification date and amortized over the remaining portion of the requisite service period of the modified award.

Our stock options vest ratably over the contractual vesting period, which is generally three to four years, and the fair value of the awards is estimated on the date of grant using a Black-Scholes option pricing model. The expected term of the stock options is estimated using the simplified method, as the Company has limited historical information from which to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. The expected term represents an estimate of the time options are expected to remain outstanding. Our restricted stock units vest ratably over the contractual vesting period and the fair value of the awards is estimated on the date of grant as the underlying value of the award. Awards with graded vesting features are recognized over the requisite service period for the entire award. Our performance-based restricted stock units ("PSUs") vest ratably over the derived requisite service period, which is generally two years, or upon achieving one of certain PLBY's performance milestones during the contractual vesting period, with certain awards vesting fully upon change in control of the Company or upon sale of the majority of the assets of the Company. For milestones that have not been achieved, such PSUs vest over the derived requisite service period and the fair value of such awards is estimated on the grant date using Monte Carlo simulations. The determination of the grant date fair value of PSUs issued is affected by a number of variables and subjective assumptions, including (i) the fair value of PLBY's common stock, (ii) the expected common stock price volatility over the expected life of the award, (iii) the expected term of the award, (iv) risk-free interest rates, (v) the exercise price and (vi) the expected dividend yield. Forfeitures are recognized when they occur.

Income Taxes

We record income taxes under the asset and liability method, whereby deferred tax assets and liabilities are recognized based on the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and attributable to operating loss and tax credit carryforwards. The carrying amounts of deferred tax assets are reduced by a valuation allowance if, based on available evidence, it is more likely than not that such assets will not be realized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed periodically based on the more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency, and severity of current and cumulative losses, the duration of statutory carryforward periods, and tax planning alternatives. We use a two-step approach in recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals and litigation processes, if any. The second step is to measure the largest amount of tax benefit as the largest amount that is more likely than not to be realized upon settlement. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Significant management judgment is required in determining provision for income taxes, deferred tax assets and liabilities, tax contingencies, unrecognized tax benefits, and any required valuation allowance, including taking into consideration the probability of the tax contingencies being incurred. Management assesses this probability based upon information provided by its tax advisers, its legal advisers and similar tax cases. If at a later time the assessment of the probability of these tax contingencies changes, accrual for such tax uncertainties may increase or decrease.

The Company has a valuation allowance due to management's overall assessment of risks and uncertainties related to its future ability in the U.S. to realize and, hence, utilize certain deferred tax assets, primarily consisting of net operating losses ("NOLs"), carry forward temporary differences and future tax deductions.

The effective tax rate for annual and interim reporting periods could be impacted if uncertain tax positions that are not recognized are settled at an amount which differs from the Company's estimate. Finally, if the Company is impacted by a change in the valuation allowance resulting from a change in judgment regarding the realizability of deferred tax assets, such effect will be recognized in the interim period in which the change occurs.

Comprehensive Loss

Comprehensive loss consists of net loss and other gains and losses affecting stockholders' equity that, under GAAP, are excluded from net loss. Our other comprehensive loss represents foreign currency translation adjustment attributable to Honey Birdette operations. Refer to Consolidated Statements of Comprehensive Loss. Total foreign currency transaction gains and losses were immaterial for the years ended December 31, 2023 and 2022.

Net Loss Per Share

Basic net loss per share is calculated by dividing the net loss attributable to PLBY Group, Inc. stockholders by the weighted-average number of shares of common stock outstanding for the period. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period. For periods in which we report net losses, diluted net loss per share is the same as basic net loss per share because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Recently Adopted Accounting Pronouncements

In December 2022, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-06 Reference Rate Reform ("Topic 848") "Deferral of the Sunset Date of Topic 848", which deferred the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. Topic 848 provides optional expedients and exceptions for applying GAAP to contract modifications and hedge accounting to ease the financial reporting burdens of the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The standard was effective upon issuance, and we may apply the optional expedients and elections in Topic 848 prospectively through December 31, 2024. Upon amendment and restatement of our senior secured credit agreement on May 10, 2023, LIBOR was replaced with the Secured Overnight Financing Rate ("SOFR") published by the Federal Reserve Bank of New York. See Note 10, Debt. The provisions of this pronouncement did not have a material impact on our consolidated financial statements.

Accounting Pronouncements Issued but Not Yet Adopted

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This ASU expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. The ASU's amendments are effective for all public entities for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this pronouncement on our disclosures.

In December 2023, the FASB issued ASU 2023-08, Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets, which addresses the accounting and disclosure requirements for certain crypto assets. This ASU requires entities to subsequently measure certain crypto assets at fair value, with changes in fair value recorded in net income in each reporting period. In addition, entities are required to provide additional disclosures about the holdings of certain crypto assets. The ASU's amendments are effective for all entities holding assets that meet certain scope criteria for fiscal years beginning after December 15, 2024, including interim periods within those years. Early adoption is permitted for both interim and annual periods. If an entity adopts the amendments in an interim period, it must adopt them as of the beginning of the fiscal year that includes that interim period. We do not expect this pronouncement to have a material impact on our financial statements, and are currently evaluating its impact on our disclosures and consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. Under this ASU, public entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than five percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). This ASU's amendments are effective for all entities that are subject to Topic 740, Income Taxes, for annual periods beginning after December 15, 2024, with early adoption permitted. We are currently evaluating the impact of this pronouncement on our disclosures.

2. Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. We apply the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 inputs: Based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 inputs: Based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs: Based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

For cash equivalents, receivables and certain other current assets and liabilities at December 31, 2023 and 2022, the amounts reported approximate fair value (Level 1) due to their short-term nature. For debt, based upon the refinancing of our senior secured debt in May 2021, its amendment in August 2021, August 2022, December 2022, and February 2023, as well as its amendment and restatement in May 2023 and further amendment in November 2023, we believe that its carrying value as of December 31, 2023 and 2022 approximates fair value, as our debt is variable-rate debt that reprices to current market rates frequently. See Note 10, Debt, for additional disclosures about our debt. Our debt is classified within Level 2 of the valuation hierarchy. The fair value of our artwork is based on estimated market prices obtained from an independently prepared appraisal, or management's judgment as to the salable value of similar works of art, and is classified within Level 2 of the valuation hierarchy.

Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table summarizes the fair value of our financial liabilities measured at fair value on a recurring basis by level within the fair value hierarchy (in thousands):

	December 31, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Contingent consideration liability	$ —	$ —	$ (399)	$ (399)

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Contingent consideration liability	$ —	$ —	$ (835)	$ (835)
Mandatorily redeemable preferred stock	—	—	(39,099)	(39,099)
Total liabilities	$ —	$ —	$ (39,934)	$ (39,934)

There were no transfers of Level 3 financial instruments during the periods presented.

Contingent consideration liability relates to the contingent consideration recorded in connection with our 2021 acquisition of GlowUp Digital Inc., which was acquired to build our creator platform, and represents the fair value for shares which may be still be issued and cash which may be paid to the GlowUp sellers, subject to certain indemnification obligations that remained unsettled as of December 31, 2023 and 2022.

We recorded the acquisition-date fair value of these contingent liabilities as part of the consideration transferred. The fair value option was elected for these contingent liabilities, as we believe fair value best reflects the expected future economic value. The fair value of contingent and deferred consideration was estimated using either (i) a Monte Carlo simulation analysis in an option pricing framework, using revenue projections, volatility and stock price as key inputs or (ii) a scenario-based valuation model using probability of payment, certain cost projections, and either discounting (in the case of cash-settled consideration) or stock price (for share-settled consideration) as key inputs. The analysis approach was chosen based on the terms of each purchase agreement and our assessment of appropriate methodology for each case. The contingent payments and value of stock issuances are subsequently remeasured to fair value each reporting date using the same fair value estimation method originally applied with updated estimates and inputs as of December 31, 2023. We recorded $0.4 million and $29.2 million of fair value change as a result of contingent liabilities fair value remeasurement in 2023 and 2022, respectively. We classified financial liabilities associated with the contingent consideration as Level 3 due to the lack of relevant observable inputs. Changes in key inputs described above could have an impact on the payout of contingent consideration.

Our Series A Preferred Stock liability, initially valued as of May 16, 2022 (the initial issuance date), and our subsequent Series A Preferred Stock liability, valued as of the August 8, 2022 (the final issuance date), were each calculated using a stochastic interest rate model implemented in a binomial lattice, in order to incorporate the various early redemption features. The fair value option was elected for Series A Preferred Stock liability, as we believe fair value best reflects the expected future economic value. Such liabilities are subsequently remeasured to fair value for each reporting date using the same valuation methodology as originally applied with updated input assumptions. In May 2023, in connection with the amendment and restatement of our senior secured credit agreement, the outstanding Series A Preferred Stock was exchanged for debt (and thereby eliminated). See Note 10, Debt, for further details. The fair value gain recorded in nonoperating income as a result of remeasurement of the fair value of our Series A Preferred Stock during the years ended December 31, 2023 and 2022 was $6.5 million, and $9.4 million, respectively. We classified financial liabilities associated with our Series A Preferred Stock as Level 3 due to the lack of relevant observable inputs.

The following table provides information regarding significant unobservable inputs used in the valuation of our Series A Preferred Stock measured and recorded at fair value upon its exchange for debt in connection with the amendment and restatement of our senior secured credit agreement in May 2023 (amounts in thousands):

Total Fair Value	Valuation Technique	Unobservable Inputs	Rate
$ 32,594	Binomial lattice model	Preferred credit spread (annual)	18 %
		Yield volatility	50 %
		Dividend settlement	Paid-in-kind (PIK)

The following table provides a roll-forward of the fair value of the liabilities categorized as Level 3 for the year ended December 31, 2023 (in thousands):

	Contingent Consideration	Mandatorily Redeemable Preferred Stock Liability	Total
Balance at December 31, 2022	$ 835	$ 39,099	$ 39,934
Change in fair value and other	(436)	(6,505)	(6,941)
Mandatorily redeemable preferred stock	—	(32,594)	(32,594)
Balance at December 31, 2023	$ 399	$ —	$ 399

The decrease in the fair value of the contingent consideration for the year ended December 31, 2023 was primarily due to a decrease in a price per share of our common stock.

Assets and Liabilities Held for Sale

We initially measure an asset that is classified as held for sale at the lower of its carrying amount or fair value less costs to sell. We assess the fair value of an asset less costs to sell each reporting period that it remains classified as held for sale, and report any subsequent changes as an adjustment to the carrying amount of the asset. Assets are not depreciated or amortized while they are classified as held for sale.

The assumptions used in measuring fair value of assets and liabilities held for sale are considered Level 3 inputs, which include recent purchase offers and market comparables. During the year ended December 31, 2023, impairment charges recorded in relation to assets and liabilities held for sale were immaterial.

Assets Measured and Recorded at Fair Value on a Non-recurring Basis

In addition to liabilities that are recorded at fair value on a recurring basis, the Company records assets and liabilities at fair value on a nonrecurring basis. Generally, the Company's non-financial instruments, which primarily consist of goodwill, intangible assets, including digital assets, right-of-use assets and property and equipment, are not required to be measured at fair value on a recurring basis and are reported at carrying value. However, on a periodic basis whenever events or changes in circumstances indicate that their carrying value may not be fully recoverable (and at least annually for goodwill and indefinite-lived intangible assets), non-financial instruments are assessed for impairment and, if applicable, written-down to and recorded at fair value, considering market participant assumptions. Recognized losses related to the impairment of our digital assets during the year ended December 31, 2023 were immaterial, and the fair value of our digital assets was immaterial as of December 31, 2023. Recognized losses related to the impairment of our digital assets during the year ended December 31, 2022 were $4.9 million, which had a fair value of $0.3 million as of December 31, 2022. Fair value of digital assets held is predominantly based on Level 1 inputs.

We use an income approach, using discounted cash flow and relief from royalty valuation models with Level 3 inputs to measure the fair value of our non-financial assets, including goodwill, indefinite-lived trademarks and definite-lived trade names, and liabilities. With respect to goodwill, key assumptions applied in an income approach using the discounted cash flow valuation model include revenue growth rates and discount rates. With respect to indefinite-lived trademarks, key assumptions used in the income approach and the relief from royalty valuation model include revenue growth rates, royalty rates, and discount rates. With respect to the definite-lived trade names, key assumptions used in the relief from royalty valuation model include revenue growth rates, royalty rates and discount rates. Our cash flow projections represent management's most recent planning assumptions, which are based on a combination of industry outlooks, views on general economic conditions, our expected pricing plans and expected future savings. Terminal values are determined using a common methodology of capturing the present value of perpetual cash flow estimates beyond the last projected period assuming a constant weighted-average cost of capital and long-term growth rates. Changes in key assumptions, namely discount rates, royalty rates and growth rates, could have an impact on the fair value of our non-financial assets and liabilities. At the impairment date in the fourth quarter of 2023, we recorded impairment charges on our indefinite-lived Playboy-branded trademarks of $5.8 million. At the impairment date in the second quarter of 2023 and the third quarter of 2022, we recorded impairment charges on our intangible assets, including goodwill, indefinite-lived trademarks, trade names and certain other assets of $137.3 million and $279.2 million, respectively. See Note 8, Intangible Assets and Goodwill, for further information.

The following table provides information regarding significant unobservable inputs used in the valuation of our intangible assets measured and recorded at fair value at the impairment date (dollar amounts in thousands):

	Fair Value	Valuation Technique	Unobservable Inputs	Range
October 31, 2023				
Indefinite-lived trademarks	$ 145,087	Multi-period excess earnings method	Revenue growth rate	(39.2)% - 52.4%
			Discount rate	17.0%
		Relief from royalty	Revenue growth rate	(9.9)% - 233.0%
			Royalty rate	7.0%
			Discount rate	17.0% - 30.0%
June 30, 2023				
Indefinite-lived trademarks	150,650	Multi-period excess earnings method	Revenue growth rate	(0.6)% - 52.6%
			Discount rate	16.0%
		Relief from royalty	Revenue growth rate	(34.5)% - 200.0%
			Royalty rate	7.0%
			Discount rate	16.0% - 28.0%
Trade names	12,550	Relief from royalty	Revenue growth rate	3.0% - 10.0%
			Royalty rate	3.0%
			Discount rate	17.0%
Goodwill	21,176	Discounted cash flow	Revenue growth rate	3.0% - 10.0%
			Discount rate	14.0%
September 1, 2022				
Indefinite-lived trademarks	216,185	Multi-period excess earnings method	Revenue growth rate	2.5% - 12.3%
			Discount rate	18.0%
		Relief from royalty	Revenue growth rate	(5.0)% - 10.0%
			Royalty rate	2.0% - 7.0%
			Discount rate	18.0%
Trade names	20,032	Relief from royalty	Revenue growth rate	2.5% - 10.0%
			Royalty rate	0.3% - 4.0%
			Discount rate	19.0% - 35.0%
Goodwill	90,498	Discounted cash flow	Revenue growth rate	3.0% - 10.0%
			Discount rate	16.0%

3. Assets and Liabilities Held for Sale and Discontinued Operations

In the second quarter of 2023, we announced plans to explore strategic disposition opportunities in our Direct-to-Consumer business as we pursue a capital-light business model focused on our most valuable brands, Playboy and Honey Birdette.

On April 4, 2023, we completed the sale of all of the membership interests of our wholly-owned subsidiary, Yandy Enterprises, LLC, to an unaffiliated, private, third-party buyer ("Yandy Buyer"). The consideration paid by the Yandy Buyer for the Yandy Sale consisted of $1 million in cash and a $2 million secured promissory note, which accrued interest at 8% per annum, was payable over three years and was secured by substantially all the assets of Yandy and the Yandy Buyer's interests in Yandy. The sale resulted in a loss of $0.3 million before income taxes. Transaction expenses incurred in connection with the sale were immaterial. In connection with the Yandy Sale, on April 4, 2023, we entered into a sublease agreement with Yandy (under its new ownership by Yandy Buyer) for Yandy's warehouse on substantively the same terms as the original lease. As a result, Yandy's warehouse right of use assets and related lease liabilities, including leasehold improvements associated with the lease, remained on our consolidated balance sheet as of December 31, 2023.

On October 3, 2023, we entered into a Stock Purchase Agreement (the "SPA") with LV Holding, LLC ("TLA Buyer") for the sale of TLA (the "Transaction"). We closed the Transaction on November 3, 2023. Pursuant to the terms and subject to the conditions set forth in the SPA, TLA Buyer acquired from Playboy Enterprises, Inc., a wholly-owned subsidiary of PLBY Group, Inc. and the holder of all equity of TLA ("Seller"), all of the issued and outstanding equity interests of TLA, which held and operated the Lovers business, for approximately $13.5 million in cash (the "Purchase Price"). We also received approximately $0.8 million as part of a working capital adjustment following closing of the Transaction. Approximately $2.1 million of the Purchase Price was placed into a short-term escrow account at the closing of the Transaction in connection with a post-closing working capital adjustment, certain possible indemnification claims payable by the Seller and for certain post-closing items to be completed by Seller. The sale resulted in a gain of $7.7 million before income taxes.

As of June 30, 2023, Yandy and TLA disposal groups met the criteria discussed in Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to be classified as discontinued operations for all periods presented, as the divestiture of Yandy and TLA in the aggregate represents a strategic shift that has or will have a major effect on our operations and financial results. Their assets and liabilities are classified as current assets and liabilities held for sale in the consolidated balance sheet as of December 31, 2022.

In the fourth quarter of 2023, in further pursuit of a capital-light business model and to release additional working capital, we initiated the sale of certain pieces of our artwork at auction. As of December 31, 2023, this disposal group met the criteria discussed in Note 1, Basis of Presentation and Summary of Significant Accounting Policies, to be classified as current assets held for sale in our consolidated balance sheet as of December 31, 2023.

The following table summarizes the components of income (loss) from discontinued operations, net of tax in the accompanying consolidated statements of operations (in thousands):

	Year Ended December 31,	
	2023	**2022**
Net revenues	$ 39,564	$ 81,397
Costs and expenses:		
Cost of sales	(17,931)	(46,697)
Selling and administrative expenses	(21,097)	(39,620)
Impairments	—	(24,665)
Total operating expense	(39,028)	(110,982)
Operating income (loss)	536	(29,585)
Nonoperating income:		
Other income	77	217
Total nonoperating income	77	217
Income (loss) from discontinued operations	613	(29,368)
Gain on dispositions, net before income taxes	7,489	—
Income (loss) from discontinued operations before income taxes	8,102	(29,368)
(Expense) benefit from income taxes	(2,072)	2,355
Income (loss) from discontinued operations, net of tax	$ 6,030	$ (27,013)

The major classes of assets and liabilities classified as held for sale in the accompanying consolidated balance sheets were as follows (in thousands):

	December 31,	
	2023	2022
Assets		
Receivables, net of allowance for credit losses	$ —	$ 4,206
Inventories, net	—	12,477
Prepaid expenses and other current assets	—	1,309
Property and equipment, net	—	3,571
Operating right-of-use assets	—	13,183
Artwork held for sale	11,692	—
Deferred tax assets	—	2,121
Other intangible assets, net	—	471
Other noncurrent assets	—	463
Total assets held for sale	$ 11,692	$ 37,801
Liabilities		
Accounts payable	$ —	$ 6,541
Deferred revenues	—	282
Operating lease liabilities	—	13,682
Other current liabilities and accrued expenses	—	6,621
Total liabilities held for sale	$ —	$ 27,126

4. Revenue Recognition

Contract Balances

Our contract assets relate to our trademark licensing revenue stream where arrangements are typically long-term and non-cancelable. Contract assets are reclassified to accounts receivable when the right to bill becomes unconditional. Our contract liabilities consist of billings or payments received in advance of revenue recognition and are recognized as revenue when transfer of control to customers has occurred. Contract assets and contract liabilities are netted on a contract-by-contract basis. Contract liabilities are classified as deferred revenue in the consolidated balance sheets as of December 31, 2023 and 2022.

The following table summarizes our contract assets and certain contract liabilities (in thousands). This table excludes $4.2 million and $0.8 million of accounts receivable included in assets held for sale in the consolidated balance sheets as of December 31, 2022 and 2021, respectively, and $0.3 million and $1.1 million of contract liabilities included in assets held for sale in the consolidated balance sheets as of December 31, 2022 and 2021, respectively. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,		
	2023	2022	2021
Accounts receivable	$ 7,496	$ 14,214	$ 13,297
Contract Balances:			
Contract assets, current portion	$ 1,547	$ 2,559	$ 77
Contract assets, net of current portion	8,716	13,680	17,315
Contract liabilities, current portion	(9,205)	(10,480)	(9,930)
Contract liabilities, net of current portion	(4,641)	(21,406)	(42,532)
Contract liabilities, net	$ (3,583)	$ (15,647)	$ (35,070)

The following table provides a roll-forward of our netted contract assets and contract liabilities from continuing operations (in thousands):

	Contract Liabilities, Net
Balance at December, 31, 2021	$ (35,070)
Revenues recognized that were included in gross contract liabilities at December, 31, 2021	54,840
Contract assets reclassified to accounts receivable in 2022	(28,947)
Cash received in advance since prior year and remains in net contract liabilities at December, 31, 2022	(5,946)
Contract modifications and terminations in 2022	(524)
Balance at December, 31, 2022	$ (15,647)
Revenues recognized that were included in gross contract liabilities at December, 31, 2022 [(1)]	41,919
Contract assets reclassified to accounts receivable in 2023	(30,295)
Cash received in advance since prior year and remains in net contract liabilities at December, 31, 2023	(5,170)
Contract impairments, modifications and terminations in 2023	5,610
Balance at December, 31, 2023	$ (3,583)

[(1)] Includes $5.1 million of revenue recognized from prepaid royalty guarantees in connection with a licensing contract terminated in the fourth quarter of 2023.

Future Performance Obligations

In the second half of 2023, we updated the revenue recognition for certain of our licensees pursuant to their contract modifications and expected collectability, which resulted in the impairment of corresponding assets of $8.7 million.

In the fourth quarter of 2023, we terminated or impaired licensing agreements with certain Chinese licensees due to material, uncured breaches resulting in collectability issues. Revenue recognized in connection with such contracts was $27.1 million during the year ended December 31, 2023, out of which $5.1 million was attributable to prepaid royalty guarantees recorded as revenue in the fourth quarter of 2023. The decrease in revenue from such licensees, compared to the comparable prior year period, was $18.5 million during the year ended December 31, 2023, excluding $5.1 million of revenues recognized from prepaid royalty guarantees upon terminations in the fourth quarter of 2023.

As of December 31, 2023, unrecognized revenue attributable to unsatisfied and partially unsatisfied performance obligations under our long-term contracts was $38.8 million, of which $30.0 million relates to trademark licensing, with $8.9 million attributable to long-term licenses with Chinese licensees, $5.2 million relates to digital subscriptions and products, and $3.6 million relates to other obligations. Unrecognized trademark licensing revenue under our long-term contracts immediately prior to their terminations was $152.2 million. Due to challenging economic conditions in China, collections from certain Chinese licensees there have slowed significantly. Future contract modifications and collectability issues could further impact the revenue recognized against our ongoing contract assets.

Unrecognized revenue of the Licensing revenue stream, excluding revenue from licensing agreements terminated in the fourth quarter of 2023, as discussed in Note 1, Basis of Presentation, will be recognized over the next seven years, of which 90% will be recognized in the first five years. Unrecognized revenue of the digital subscriptions and products revenue stream will be recognized over the next five years, of which 43% will be recognized in the first year. Unrecognized revenues under contracts disclosed above do not include contracts for which variable consideration is determined based on the customer's subsequent sale or usage.

Disaggregation of Revenue

The following table disaggregates revenue by type (in thousands), excluding revenues from discontinued operations:

	Year Ended December 31, 2023				
	Licensing	Direct-to-Consumer	Digital Subscriptions and Content	Other	Total
Trademark licensing	$ 44,292	$ —	$ —	$ —	$ 44,292
Digital subscriptions and products	—	—	12,923	4	12,927
TV and cable programming	—	—	7,747	—	7,747
Consumer products	—	77,984	—	—	77,984
Total revenues	$ 44,292	$ 77,984	$ 20,670	$ 4	$ 142,950

	Year Ended December 31, 2022				
	Licensing	Direct-to-Consumer	Digital Subscriptions and Content	Other	Total
Trademark licensing	$ 60,861	$ —	$ —	$ —	$ 60,861
Magazine, digital subscriptions and products	—	—	9,333	789	10,122
TV and cable programming	—	—	9,376	—	9,376
Consumer products	—	105,177	—	—	105,177
Total revenues	$ 60,861	$ 105,177	$ 18,709	$ 789	$ 185,536

The following table disaggregates revenue by point-in-time versus over time (in thousands), excluding revenues from discontinued operations:

	Year Ended December 31,	
	2023	2022
Point in time	$ 82,395	$ 105,863
Over time	60,555	79,673
Total revenues	$ 142,950	$ 185,536

5. Inventories, Net

The following table sets forth inventories, net, which are stated at the lower of cost (first-in, first-out) and net realizable value (in thousands).The table excludes $12.5 million of inventory, net, which is included in assets held for sale in the consolidated balance sheet as of December 31, 2022. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,	
	2023	2022
Editorial and other pre-publication costs	$ 242	$ 690
Merchandise finished goods	12,758	19,922
Total	$ 13,000	$ 20,612

At December 31, 2023 and 2022, reserves for slow-moving and obsolete inventory related to merchandise finished goods amounted to $5.5 million and $3.6 million, respectively. Reserves for slow-moving and obsolete inventory as of December 31, 2022 excludes $1.4 million of inventory reserves included in assets held for sale in the consolidated balance sheets as of December 31, 2022. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets are set forth in the table below (in thousands). The table excludes $1.3 million of assets included in assets held for sale in the consolidated balance sheet as of December 31, 2022. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,	
	2023	2022
Prepaid taxes	$ —	$ 2,380
Prepaid insurance	858	1,074
Contract assets, current portion	1,547	2,559
Prepaid software	1,488	3,714
Prepaid inventory not yet received	703	3,397
Promissory note receivable	1,632	—
Prepaid platform fees	—	951
Other	1,574	2,201
Total	$ 7,802	$ 16,276

In 2023, we significantly restructured our technology expenses, and cost-excessive and under-utilized software packages were either terminated or not renewed upon expiration of applicable agreements. This resulted in a restructuring charge of $5.1 million recorded in selling and administrative expenses in the consolidated results of operations for the year ended December 31, 2023, excluding $0.4 million of costs related to discontinued operations, out of which $1.5 million was the accelerated amortization of prepaid software.

7. Property and Equipment, Net

Property and equipment, net is set forth in the table below (in thousands). The table excludes $3.6 million of property and equipment, net, included in assets held for sale in the consolidated balance sheet as of December 31, 2022. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,	
	2023	2022
Leasehold improvements	$ 10,682	$ 9,096
Construction in progress	692	782
Equipment	3,747	3,704
Internally developed software	10,812	7,096
Furniture and fixtures	1,932	1,953
Total property and equipment, gross	27,865	22,631
Less: accumulated depreciation	(14,351)	(8,827)
Total	$ 13,514	$ 13,804

The aggregate depreciation expense related to property and equipment, net was $5.4 million and $5.6 million for the years ended December 31, 2023 and 2022, respectively. Depreciation expense related to property and equipment attributable to discontinued operations was immaterial for the years ended December 31, 2023 and 2022.

8. Intangible Assets and Goodwill

Intangible Assets

Our indefinite-lived intangible assets that are not amortized but subject to annual impairment testing consist of $145.1 million and $216.0 million of Playboy-branded trademarks as of December 31, 2023 and 2022, respectively. Capitalized trademark costs include costs associated with the acquisition, registration and/or renewal of our trademarks. We expense certain costs associated with the defense of our trademarks. Registration and renewal costs capitalized during the years ended December 31, 2023 and 2022 were immaterial.

At the impairment date in the third quarter of 2022, we recorded non-cash asset impairment charges related to a write-down of goodwill by $117.4 million (excluding $16.4 million of impairment charges related to discontinued operations), a write-down of indefinite-lived trademarks by $116.0 million, and a write-down of trade names and other assets by $45.8 million (excluding $8.3 million of impairment charges related to discontinued operations). See Note 1, Basis of Presentation and Summary of Significant Accounting Policies, for additional disclosures about impairment charges.

At the impairment date in the second quarter of 2023, as a result of ongoing impacts to our revenue, including declines in consumer demand and discontinued operations, we recorded non-cash asset impairment charges related to the write-down of goodwill of $66.7 million, to indefinite-lived trademarks of $65.5 million, and to trade names and certain other assets of $5.1 million.

In the fourth quarter of 2023, we experienced further declines in revenue related to the termination of licensing agreements with certain Chinese licensees due to material, uncured breaches resulting in collectability issues. As a result, we recognized $5.8 million of impairment charges on our indefinite-lived Playboy-branded trademarks at the impairment date in the fourth quarter of 2023.

The table below summarizes our intangible assets, net (in thousands). The table excludes $0.5 million of other intangible assets, net included in assets held for sale in the consolidated balance sheets as of December 31, 2022. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,	
	2023	2022
Digital assets, net	$ 5	$ 327
Total amortizable intangible assets, net	12,809	19,796
Total indefinite-lived intangible assets	145,087	216,014
Total	$ 157,901	$ 236,137

Impairment charges related to our digital assets, comprised of the cryptocurrency "Ethereum", were immaterial for the year ended December 31, 2023. Impairment charges related to our digital assets for the year ended December 31, 2022 were $4.9 million.

Our amortizable intangible assets consisted of the following (in thousands):

	Weighted-Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairments[1]	Net Carrying Amount
December 31, 2023					
Trade names	12	$ 71,524	$ (8,427)	$ (50,825)	$ 12,272
Distribution agreements	15	3,720	(3,183)	—	537
Total		$ 75,244	$ (11,610)	$ (50,825)	$ 12,809

[1] Includes the impairment charges on trade names of $5.1 million during the year ended December 31, 2023. The offset relates to foreign currency translation.

The table below excludes TLA's trade names and Yandy's trade names and customer list as these were included in assets held for sale in the consolidated balance sheets as of December 31, 2022.

	Weighted-Average Life (Years)	Gross Carrying Amount	Accumulated Amortization	Accumulated Impairments[1]	Net Carrying Amount
December 31, 2022					
Trade names	12	$ 71,458	$ (6,881)	$ (45,566)	$ 19,011
Distribution agreements	15	3,720	(2,935)	—	785
Developed technology	3	2,300	(2,300)	—	—
Total		$ 77,478	$ (12,116)	$ (45,566)	$ 19,796

[1] Includes the impairment charges on trade names of $44.9 million during the year ended December 31, 2022. The offset relates to foreign currency translation.

The aggregate amortization expense for definite-lived intangible assets included in loss from continuing operations was $1.8 million and $7.2 million for the years ended December 31, 2023, and 2022, respectively. Amortization expense for definite-lived intangible assets attributable to discontinued operations was immaterial for the years ended December 31, 2023 and 2022.

As of December 31, 2023, expected amortization expense relating to definite-lived intangible assets for the next five years and thereafter is as follows (in thousands):

2024	$ 1,445
2025	1,445
2026	1,238
2027	1,197
2028	1,197
Thereafter	6,287
Total	$ 12,809

Goodwill

Changes in the carrying value of goodwill for the years ended December 31, 2023 and 2022 were as follows (in thousands):

	Gross Goodwill	Impairments	Net Goodwill
Balance at December 31, 2021	$ 254,214	$ —	$ 254,214
Foreign currency translation adjustment in relation to Honey Birdette	(13,557)	—	(13,557)
Impairments[(1)]	—	(117,440)	(117,440)
Balance at December 31, 2022	$ 240,657	$ (117,440)	$ 123,217
Foreign currency translation adjustment in relation to Honey Birdette	(1,658)	—	(1,658)
Impairments [(1)]	—	(66,660)	(66,660)
Balance at December 31, 2023	$ 238,999	$ (184,100)	$ 54,899

[(1)] As of the impairment dates. Impairment charges on goodwill recorded in the consolidated statements of operations for the years ended December 31, 2023 and 2022 were $67.5 million and $115.2 million, respectively. The offset relates to foreign currency translation.

Changes in the recorded carrying value of goodwill for the year ended December 31, 2023 by reportable segment were as follows (in thousands):

	Direct-to-Consumer	Licensing	Digital Subscriptions and Content
Balance at December 31, 2022	$ 90,117	$ —	$ 33,100
Foreign currency translation and other adjustments	(1,658)	—	—
Impairments [(1)]	(66,660)	—	—
Balance at December 31, 2023	$ 21,799	$ —	$ 33,100

[(1)] As of the impairment date. Goodwill impairment charges recorded in the consolidated statements of operations during the year ended December 31, 2023 were $67.5 million. The difference from the amount shown in the table is due to foreign currency translation.

9. Other Current Liabilities and Accrued Expense

Other current liabilities and accrued expenses are set forth in the table below (in thousands). The table excludes $6.6 million of other current liabilities and accrued expenses included in assets held for sale in the consolidated balance sheet as of December 31, 2022, respectively. See Note 3, Assets and Liabilities Held for Sale and Discontinued Operations.

	December 31,	
	2023	2022
Accrued interest	$ 3,040	$ 2,096
Accrued salaries, wages and employee benefits	4,157	3,850
Outstanding gift cards and store credits	1,618	1,571
Inventory in transit	564	6,510
Taxes	8,479	4,542
Accrued creator fees	2,113	460
Other	7,095	6,537
Total	$ 27,066	$ 25,566

10. Debt

The following table sets forth debt (in thousands):

	December 31,	
	2023	2022
Term loan, due 2027	$ 209,772	$ 201,613
Plus: capitalized payment-in-kind interest	1,848	—
Total debt	211,620	201,613
Less: unamortized debt issuance costs	(582)	(1,822)
Less: unamortized debt discount	(20,619)	(6,616)
Total debt, net of unamortized debt issuance costs and debt discount	190,419	193,175
Less: current portion of long-term debt	(304)	(2,050)
Total debt, net of current portion	$ 190,115	$ 191,125

2021 New Term Loan

In May 2021, we consummated the refinancing of our term loan facility (the "Refinancing"), which was scheduled to expire on December 31, 2023. Pursuant to the Refinancing's new Credit and Guaranty Agreement (as amended, modified or supplemented from time to time, the "Credit Agreement") with Acquiom Agency Services LLC, as the administrative agent and collateral agent, we obtained a new $160.0 million senior secured term loan (the "New Term Loan"), which was fully funded at the closing of the Refinancing. In connection with the Refinancing, we were required to pay off the prior term loan facility with an outstanding principal balance of approximately $154.7 million, as well as certain fees and expenses in connection with such payoff. We financed the payoff of the prior facility with proceeds from the New Term Loan.

The New Term Loan has a six-year term and matures on May 25, 2027. The New Term Loan accrued interest at LIBOR plus 5.75%, with a LIBOR floor of 0.50% through November 2022 and a LIBOR floor of 4.76%, starting December 2022.

Our obligations pursuant to the Credit Agreement were guaranteed by the Company and any current and future wholly-owned, domestic subsidiaries of the Company, subject to certain exceptions. In connection with the Credit Agreement, the Company and the other guarantor subsidiaries of the Company entered into a Pledge and Security Agreement with the collateral agent, pursuant to which we granted a senior security interest to the agent in substantially all of our assets (including the stock of certain of our subsidiaries) in order to secure our obligations under the Credit Agreement.

In August 2021, in connection with the acquisition of Honey Birdette, the New Term Loan was amended to (a) obtain a $70.0 million incremental term loan for the purpose of funding the acquisition, thereby increasing the aggregate principal amount of term loan indebtedness outstanding under the Credit Agreement to $230.0 million, and (b) amend the terms of the Credit Agreement to, among other things, permit Honey Birdette and certain of its subsidiaries to guaranty the obligations under the Credit Agreement.

In August 2022, we entered into the second amendment to the Credit Agreement ("Second Amendment"), which, among other things: (i) required the Company to maintain a minimum consolidated cash balance of $40 million, to be tested twice quarterly (with a 45-day cure period), subject to certain exceptions; (ii) required that the Company's consolidated cash balance not fall below $25 million for more than five consecutive business days during any applicable test period (with a 15-day cure period to then exceed a cash balance of $40 million); (iii) increased addbacks to the determination of the Company's consolidated EBITDA (as defined in the Credit Agreement); (iv) set Total Net Leverage Ratios for Test Periods (as such terms are defined in the Credit Agreement) ending June 30, 2022 through March 31, 2023 at 7.00 to 1.00, reducing quarterly thereafter at the step-downs specified in the Credit Agreement to 4.50 to 1.00 as of September 30, 2024, in each case subject to up to $12.5 million of cash netting; (v) increased the per annum interest rates applicable to base rate loans to 4.75% or 5.25% and the per annum interest rates applicable to LIBOR loans to 5.75% or 6.25%, in each case plus 0.25% per 0.50x increase above prior financial covenant levels during an applicable period and with the lower rates applying when the Total Net Leverage Ratio as of the applicable measurement date is 3.00 to 1.00 or less; (vi) allowed the Company to prepay the loans under the Credit Agreement at par and allowed the Company and its investors to purchase such loans from the lenders on a pro rata basis (subject to certain limitations set forth in the Credit Agreement); and (vii) increased financial reporting to the lenders and imposed certain limitations on the ability of the Company to incur further indebtedness or undertake certain transactions until the Company has significantly reduced certain leverage ratios set forth in the Credit Agreement.

The cash balance requirements were subject to a dollar-for-dollar reduction for payments which reduce the outstanding principal amount of the loans under the Credit Agreement, and such requirements and limitations on the Company's ability to make certain restricted payments (including repurchases of its stock) terminate upon achieving a pro forma total leverage ratio (as defined in the Credit Agreement) of less than 4.00 to 1.00. Two designees of the Lenders were also entitled to serve as observers of the Company's board of directors until the Company's total leverage ratio was less than 4.00 to 1.00. In the event that the outstanding principal amount of the loans under the Credit Agreement as of August 8, 2022 was not reduced by $10 million as of December 31, 2022, then the Company would have been required to pay to the Lenders an additional amount equal to 0.50% of the outstanding principal amount of the loans under the Credit Agreement as of December 31, 2022.

The cash balance requirements were subject to a dollar-for-dollar reduction for payments which reduce the outstanding principal amount of the loans under the Credit Agreement, and were so reduced by the Company's repayment of $25 million in December 2022, and such requirements and limitations on the Company's ability to make certain restricted payments (including repurchases of its stock) would terminate upon the Company's achievement of a pro forma total leverage ratio (as defined in the Credit Agreement) of less than 4.00 to 1.00.

In connection with such amendment, $0.2 million of debt issuance costs were expensed as incurred, and $2.5 million of debt discount was capitalized.

On December 6, 2022, we entered into Amendment No. 3 to the Credit Agreement (the "Third Amendment"), which, among other things, provided for: (i) the waiver of the Total Net Leverage Ratio (as defined in the Third Amendment) covenant for the fourth quarter of 2022; (ii) a mandatory prepayment by the Company of $25 million on or before December 30, 2022; (iii) the ability of the Company to voluntarily prepay an additional $5 million by March 1, 2023 (the "23Q1 Payment") to waive the Total Net Leverage Ratio covenant for the first quarter of 2023; (iv) the ability of the Company to prepay $50 million (inclusive of the prepayments described above) to waive the Total Net Leverage Ratio covenant for all of 2023 and to adjust the Total Net Leverage Ratio covenant levels in subsequent periods; (v) the ability of the Company to prepay an aggregate of $65 million (inclusive of the prepayments described above) to eliminate the lenders' then-existing board observer rights provided for under the Credit Agreement (as previously amended), to eliminate the Applicable Additional Margin (as defined in the Third Amendment), and to waive the Total Net Leverage Ratio covenant for the first quarter of 2024; (vi) the ability of the Company to prepay $75 million (inclusive of the prepayments described above) to waive the Total Net Leverage Ratio covenant for the second quarter of 2024; (vii) the ability of the Company to prepay $115 million (exclusive of the 23Q1 Payment except to the extent such payment is in excess of $5 million) to entirely waive the Total Net Leverage Ratio covenant; and (viii) a covenant by the Company to use 80% of any gross proceeds from its next common equity capital raise to prepay the debt under the Existing Credit Agreement up to an aggregate amount of $50 million, provided that, such cap would be reduced by any other voluntary prepayments after the date of the Third Amendment (exclusive of the 23Q1 Payment except to the extent such payment is in excess of $5 million). All prepayments described above would reduce the Company's cash maintenance covenants under the Credit Agreement on a dollar-for-dollar basis. The other terms of the Credit Agreement remained substantially unchanged from the Second Amendment. The Company recorded $1.1 million of loss on partial extinguishment of debt related to the mandatory prepayment made in the fourth quarter of 2022 pursuant to the Third Amendment. Quarterly amortization payments were decreased to $0.5 million, commencing on December 31, 2022, as a result of a $25 million prepayment made in December of 2022, with the balance still due at maturity.

On February 17, 2023, we entered into Amendment No. 4 to the Credit Agreement (the "Fourth Amendment"), which, among other things: (i) required that the mandatory prepayment of 80% of PLBY's equity offering proceeds apply only to PLBY's $50 million rights offering completed in February 2023 (thereby reducing the applicable prepayment cap to $40 million), (ii) required an additional $5 million prepayment by us as a condition to completing the Fourth Amendment, and (iii) reduced the prepayment threshold for waiving our Total Net Leverage Ratio financial covenant through June 30, 2024 to $70 million (from the prior $75 million prepayment threshold). Such $70 million of prepayments were achieved by the Company through the combination of a $25 million prepayment in December 2022, a $40 million prepayment made in connection with the Company's rights offering in February 2023, and an additional $5 million prepayment made at the completion of the Fourth Amendment.

As a result of the prepayments described above, we obtained a waiver of the Total Net Leverage Ratio covenant through the second quarter of 2024, eliminated the cash maintenance covenants, eliminated the lenders' board observer rights and eliminated applicable additional margin which had previously been provided for under the Credit Agreement, as amended.

On April 4, 2023, we entered into Amendment No. 5 to the Credit Agreement (the "Fifth Amendment") to permit, among other things, the sale of our wholly-owned subsidiary, Yandy Enterprises, LLC, and that the proceeds of such sale would not be required to prepay the loans under the Credit Agreement (as amended through the Fifth Amendment); provided that at least 30% of the consideration for the Yandy Sale was paid in cash.

On May 10, 2023 (the "Restatement Date"), we entered into an amendment and restatement of the Credit Agreement (the "A&R Credit Agreement") to reduce the interest rate applicable to our senior secured debt and the implied interest rate on our Series A Preferred Stock, exchange (and thereby eliminate) our outstanding Series A Preferred Stock, and obtain additional covenant relief and funding.

In connection with the A&R Credit Agreement, Fortress Credit Corp. and its affiliates (together, "Fortress") became our lender with respect to approximately 90% of the term loans under the A&R Credit Agreement (the "A&R Term Loans"). Fortress exchanged 50,000 shares of our Series A Preferred Stock (representing all of our issued and outstanding preferred stock) for approximately $53.6 million of the A&R Term Loans, and we obtained approximately $11.8 million of additional funding as part of the A&R Term Loans. As a result, our Series A Preferred Stock was eliminated, and the principal balance of the A&R Term Loans under the A&R Credit Agreement became approximately $210.0 million on the Restatement Date.

In connection with the A&R Credit Agreement, the original Credit Agreement's New Term Loan was apportioned into approximately $20.6 million of Tranche A term loans ("Tranche A") and approximately $189.4 million of Tranche B term loans ("Tranche B", and together with Tranche A comprising the A&R Term Loans). The prior amortization payments applicable to the New Term Loan under the original Credit Agreement were eliminated. The A&R Credit Agreement only requires the smaller Tranche A be subject to quarterly amortization payments of approximately $76,000 per quarter. The benchmark rate for the A&R Term Loans is the applicable term of secured overnight financing rate as published by the U.S. Federal Reserve Bank of New York (rather than LIBOR, as under the original Credit Agreement). As of the Restatement Date, Tranche A accrues interest at SOFR plus 6.25% and 0.10% SOFR adjustment, with a SOFR floor of 0.50%. As of the Restatement Date, Tranche B accrues interest at SOFR plus 4.25% and 0.10% SOFR adjustment, with a SOFR floor of 0.50%. The stated interest rate of Tranche A and Tranche B term loans as of December 31, 2023 was 11.41% and 9.41%, respectively. The stated interest rate of the term loan pursuant to the Credit Agreement as of December 31, 2022 was 11.01%. The effective interest rate of Tranche A and Tranche B A&R Term Loans as of December 31, 2023 was 12.03% and 13.30%, respectively. The difference between the stated interest rate and effective interest rate for Tranche B as of December 31, 2023 is driven primarily by the amortization of $21.3 million of debt discount which is included in the calculation of the effective interest rate. The effective interest rate of the term loan pursuant to the Credit Agreement as of December 31, 2022 was 12.3%.

We obtained additional leverage covenant relief through the first quarter of 2025, with testing of a total net leverage ratio covenant commencing following the quarter ending March 31, 2025, which covenant will be initially set at 7.25:1.00, reducing in 0.25 increments per quarter until the ratio reaches 5.25:1.00 for the quarter ending March 31, 2027.

As a result of the amendment and restatement of the Credit Agreement (the "Restatement") in the second quarter of 2023, we recorded $8.0 million of gain for partial debt extinguishment and capitalized an additional $21.3 million of debt discount while deferring and continuing to amortize an existing discount of $2.6 million, which will be amortized over the remaining term of our senior secured debt and recorded in interest expense in our consolidated statements of operations. As a result of the Restatement, fees of $0.3 million were expensed as incurred and $0.4 million of debt issuance costs were capitalized in the second quarter of 2023.

In July 2023, DBD Credit Funding LLC, an affiliate of Fortress, became the administrative agent and collateral agent under the A&R Credit Agreement.

In connection with the sale of TLA, on November 2, 2023, we entered into Amendment No. 1 to the A&R Credit Agreement (the "A&R First Amendment"), to permit, among other things: (a) the sale of TLA and the sale of certain other assets (and the proceeds of such sales will not be required to prepay the A&R Term Loans); and (b) the Company to elect, through August 31, 2025, to pay in cash accrued interest equal to the applicable SOFR plus 1.00%, with the remainder of any applicable accrued interest not paid in cash capitalized into the A&R Term Loans. The other terms of the A&R Credit Agreement will remain substantially unchanged from those prior to the A&R First Amendment.

Compliance with the financial covenants as of December 31, 2023 and 2022 was waived pursuant to the terms of the A&R Credit Agreement and the previous Third Amendment of the Credit Agreement, respectively.

On March 27, 2024, we entered into a second amendment of the A&R Credit Agreement. See Note 22, Subsequent Events for further details.

Aircraft Term Loan

In May 2021, we borrowed $9.0 million under a five-year term loan maturing in May 2026 to fund the purchase of an aircraft (the "Aircraft Term Loan"). In September 2022, in connection with the sale of the Aircraft , the Aircraft Term Loan was repaid in full and all related liens discharged. A loss on early extinguishment of debt, which was comprised of the write-off of certain deferred financing costs and a prepayment penalty, was $0.2 million.

The following table sets forth maturities of the principal amount of our term loans as of December 31, 2023 (in thousands):

2024	$ 304
2025	304
2026	304
2027	210,708
Total	$ 211,620

11. Redeemable Noncontrolling Interest

On April 13, 2015, the Company sold 25% of the membership interest in its subsidiary, After Dark LLC, to an unaffiliated third party for $1.0 million. As part of the arrangement the Company granted a put right to this party which provides the right, but not the obligation, to the third party to cause the Company to purchase all of the third party's interest in After Dark LLC at the then fair market value. This put right can be exercised on April 13 of each year. Additionally, the put right can be exercised upon a change of control of the Company. To date, the put right has not been exercised. The Company's controlling interest in this subsidiary requires the operations of this subsidiary to be included in the consolidated financial statements. Noncontrolling interest with redemption features, such as put options, that are not solely within our control are reported as redeemable noncontrolling interest on the consolidated balance sheets as of December 31, 2023 and 2022, between liabilities and equity. Net income or loss of After Dark LLC is allocated to its noncontrolling member interest based on the noncontrolling member interest's ownership percentage. There were no operations attributable to redeemable noncontrolling interest that need to be reported in the consolidated statements of operations for the years ended December 31, 2023 and 2022. There was no change in the balance of the redeemable noncontrolling interest as After Dark LLC did not have any operating activities during 2023 and 2022.

12. Stockholders' Equity

Common Stock

The holders of the Company's common stock have one vote for each share of common stock. Common stockholders are entitled to dividends when, as, and if declared by the Company's Board of Directors (the "Board"). As of December 31, 2023, no dividends had been declared by the Board.

Common stock reserved for future issuance consisted of the following as of the dates shown:

	December 31,	
	2023	**2022**
Shares available for grant under equity incentive plans	739,178	492,786
Options issued and outstanding under equity incentive plans	2,291,328	2,599,264
Unvested restricted stock units	3,214,910	2,058,534
Vested restricted stock units not yet settled	14,994	11,761
Unvested performance-based restricted stock units	707,655	1,089,045
Shares to be issued pursuant to a license, services and collaboration agreement	—	48,574
Maximum number of shares issuable to GlowUp sellers pursuant to acquisition indemnity holdback	249,116	249,116
Total common stock reserved for future issuance	7,217,181	6,549,080

Treasury Stock

We held 2,249,929 and 700,000 shares of treasury stock as of December 31, 2023 and 2022, respectively.

In May 2022, the Board of Directors approved a common stock repurchase program (the "2022 Stock Repurchase Program"), pursuant to which up to $50 million of shares of Company common stock may be repurchased through May 31, 2024. As of December 31, 2023, we repurchased 1,549,929 shares of our common stock as authorized pursuant to the 2022 Stock Repurchase Program, all of which shares became treasury shares upon their return to the Company.

13. Mandatorily Redeemable Preferred Stock

The Company has authorized 5,000,000 shares of preferred stock, with a par value of $0.0001 per share. Of the 5,000,000 authorized preferred shares, 50,000 shares are designated as "Series A Preferred Stock". On May 16, 2022, we issued and sold 25,000 shares of Series A Preferred Stock to Drawbridge DSO Securities LLC (the "Purchaser") at a price of $1,000 per share, resulting in total gross proceeds to us of $25.0 million. We incurred approximately $1.5 million of fees associated with the transaction, out of which $1.0 million was netted against the gross proceeds.

On August 8, 2022, the Company issued and sold the remaining 25,000 shares of Series A Preferred Stock to the Purchaser at a price of $1,000 per share, resulting in additional gross proceeds to the Company of $25.0 million (the "Second Drawdown"). The Company incurred approximately $0.5 million of fees associated with the Second Drawdown, which were netted against the gross proceeds. As a result of the transaction, all of the Company's authorized shares of Series A Preferred Stock were issued and outstanding as of August 8, 2022.

Our Series A Preferred Stock liability, initially valued as of May 16, 2022 (the initial issuance date), and our subsequent Series A Preferred Stock liability, valued as of the August 8, 2022 (the final issuance date), were each calculated using a stochastic interest rate model implemented in a binomial lattice, in order to incorporate the various early redemption features. Such liabilities are subsequently remeasured to fair value for each reporting date using the same valuation methodology as originally applied with updated input assumptions. We recorded $6.5 million and $9.4 million of fair value change in nonoperating income as a result of remeasurement of the fair value of our Series A Preferred Stock during the years ended December 31, 2023 and 2022, respectively, out of which $2.6 million was a fair value remeasurement gain recorded during the year ended 2022 upon issuance of the remaining Series A Preferred Stock on August 8, 2022. On May 10, 2023, in connection with the A&R Credit Agreement, our outstanding Series A Preferred Stock was eliminated as of such date. The fair value of our Series A Preferred Stock liability was $32.6 million as of the elimination date, and $39.1 million as of December 31, 2022, which included $2.1 million of cumulative preferred dividends.

The Series A Preferred Stock ranks senior and in priority of payment to the Company's common stock with respect to distributions on liquidation, winding-up and dissolution. Each share of Series A Preferred Stock has an initial liquidation preference of $1,000 per share (the "Liquidation Preference"). Upon an involuntary liquidation event, the Liquidation Preference per share of Series A Preferred Stock will be the sum of (i) the $1,000 (subject to adjustments set forth in the Certificate of Designation), plus (ii) all accumulated and unpaid dividends thereon through, but not including, the date of such liquidation.

Holders of shares of Series A Preferred Stock are entitled to cumulative dividends, which are payable quarterly in arrears in cash or, subject to certain limitations, in shares of common stock or any combination thereof, or by increasing the Liquidation Preference for each outstanding share of Series A Preferred Stock to the extent not so paid. Dividends accrue on each share of Series A Preferred Stock at the rate of 8.0% per annum from the date of issuance until the fifth anniversary of the date of issuance, and thereafter such rate will increase quarterly by 1.0%. Dividends were accumulated and not paid on the Series A Preferred Stock in 2022. The aggregate and per-share amounts of arrearages of such accumulated dividends as of December 31, 2022 were $2.1 million and $84.40, respectively.

At any time, the Company has the right, at its option, to redeem the Series A Preferred Stock, in whole or in part. The Company will also be required to redeem the Series A Preferred Stock in full on September 30, 2027, or upon certain changes of control of the Company, subject to the terms of the Certificate of Designation.

The redemption price will be equal to the initial Liquidation Preference of each share of Series A Preferred Stock to be redeemed multiplied by (i) if any applicable redemption date occurs on or prior to the first anniversary of the closing of a sale of the Series A Preferred Stock, 120%, (ii) if any applicable redemption date occurs after the first anniversary of the closing, but prior to or on the second anniversary of the closing, 125%, (iii) if any applicable redemption date occurs after the second anniversary of the closing, but prior to or on the third anniversary of the closing, 130%, (iv) if any applicable redemption date occurs after the third anniversary of the closing, but prior to or on the fourth anniversary of the closing, 145%, and (v) if any applicable redemption date occurs after the fourth anniversary of the closing, 160%, plus, in each case, a pro rata portion of the increase in the value of the shares of common stock repurchased with the proceeds of the offering of the Series A Preferred Stock as of the applicable redemption date, as set forth in the Certificate of Designation.

The redemption price would be payable in cash or, subject to certain limitations, in shares of common stock or any combination of cash and shares of common stock, at the Company's election. The number of shares potentially issuable in connection with a redemption is limited by applicable stock exchange rules and ownership limitations set forth in the Certificate of Designation.

Holders of the Series A Preferred Stock will generally not be entitled to vote on any matter required or permitted to be voted upon by the shareholders of the Company. However, certain matters will require the approval of the holders of not less than the majority of the aggregate Liquidation Preference of the outstanding Series A Preferred Stock, voting as a separate class, including (1) the incurrence or issuance by the Company of certain indebtedness or shares of senior equity securities, (2) certain restricted payments by the Company, (3) certain consolidations, amalgamations or merger transactions involving the Company, (4) certain amendments to the organizational documents of the Company, (5) the incurrence of indebtedness or preferred equity securities by certain subsidiaries of the Company and (6) certain business activities of the Company.

14. Stock-Based Compensation

In June 2018, Playboy Enterprises, Inc., a Delaware corporation ("Legacy Playboy") adopted its 2018 Equity Incentive Plan ("2018 Plan"), under which 6,287,687 of Legacy Playboy's common shares were originally reserved for issuance. Stock options and restricted stock unit awards previously granted under the 2018 Plan that were outstanding immediately prior to the consummation of Legacy Playboy's 2021 business combination with the predecessor of PLBY Group, Inc. (the "Business Combination") were accelerated and fully vested, and subsequently converted into options to purchase or the right to receive shares of our common stock. Certain of our officers retain outstanding non-qualified stock options under the 2018 Plan.

On February 9, 2021, our stockholders approved our 2021 Equity and Incentive Compensation Plan ("2021 Plan" and with the 2018 Plan, the "Plans"), which became effective following consummation of the Business Combination. As of December 31, 2023, 7,835,715 shares of common stock had been authorized for issuance under our 2021 Plan. In addition, the shares authorized for the 2021 Plan may be increased on an annual basis via an evergreen refresh mechanism for a period of up to 10 years, beginning with the fiscal year that begins January 1, 2022, in an amount equal up to 4% of the outstanding shares of common stock on the last day of the immediately preceding fiscal year. Following the effectiveness of the 2021 Plan, the 2018 Plan still remains outstanding and continues to govern outstanding awards granted thereunder.

Stock Option Activity

In the fourth quarter of 2023, stock option awards granted to two employees were cancelled, and those employees received new option grants with new terms (including the number of underlying shares). We accounted for this as a Type III modification pursuant to ASC 718, Compensation - Stock Compensation. As a result, the Company recorded an immaterial amount of incremental cost, which will be amortized ratably over the modified terms.

Stock option activity under our Plans in 2023 was as follows:

	Number of options	Weighted-average exercise price	Weighted-average remaining contractual term (years)	Aggregate intrinsic value (in thousands)
Balance – December 31, 2021	3,211,071	$ 7.77	7.9	$ 60,978
Granted	—	—	—	—
Exercised	(495,052)	3.89	—	4,028
Forfeited and cancelled	(116,755)	9.83	—	—
Balance – December 31, 2022	2,599,264	8.41	7.2	—
Granted [(1)]	914,574	0.66	—	—
Exercised	—	—	—	—
Forfeited and cancelled [(1)]	(1,222,510)	13.71	—	—
Balance – December 31, 2023	2,291,328	$ 2.49	6.4	$ 311
Exercisable – December 31, 2023	1,376,754	$ 3.71	4.2	$ —
Vested and expected to vest as of December 31, 2023	2,291,328	$ 2.49	6.4	$ 311

[(1)] Includes option awards previously granted to two employees, with respect to which 1,002,534 shares were cancelled and 914,574 shares were granted in the fourth quarter of 2023.

The aggregate intrinsic value is calculated as the difference between the exercise price of all outstanding and exercisable stock options and the fair value of the Company's common stock at December 31, 2023.

The grant date fair value of options that vested during the years ended December 31, 2023 and 2022 was $1.6 million and $4.4 million, respectively. There were 914,574 stock options granted during the year ended December 31, 2023. The options granted during the year ended December 31, 2023 had a weighted-average fair value of $1.05 per share at the grant date. There were no options granted during the year ended December 31, 2022. There were no options exercised during the year ended December 31, 2023. During the year ended December 31, 2022, cash received by the Company from the exercise of options granted under share-based compensation arrangements was $1.9 million, and the total tax benefit realized from option exercises was $0.6 million.

Restricted Stock Units

A summary of restricted stock unit activity under our Plans in 2023 was as follows:

	Number of awards	Weighted-average grant date fair value per share
Unvested and outstanding balance at December 31, 2021	585,075	$ 28.15
Granted	2,050,254	10.55
Vested	(343,891)	21.42
Forfeited	(232,904)	19.00
Unvested and outstanding balance at December 31, 2022	2,058,534	12.79
Granted	2,554,632	0.66
Vested	(1,086,825)	12.53
Forfeited	(311,431)	16.17
Unvested and outstanding balance at December 31, 2023	3,214,910	$ 2.91

The total fair value of restricted stock units that vested during the years ended December 31, 2023 and 2022 was approximately $1.8 million and $3.6 million, respectively. We had 14,994 and 11,761 of outstanding and fully vested restricted stock units that remained unsettled at December 31, 2023 and December 31, 2022, respectively, all of which were resolved in 2024 and 2023, respectively. As such, they were excluded from outstanding shares of common stock but were included in weighted-average shares outstanding for the calculation of basic net loss per share for the year ended December 31, 2022. The total tax benefit realized from restricted stock units vested was $0.1 million in 2023, and $0.4 million in 2022.

Performance Stock Units

Prior to October 9, 2023, our PSUs vested upon achieving each of certain Company stock price milestones during the contractual vesting period. The stock price milestones varied among grantees and are set forth in each grantee's PSU grant agreement (for example, achievement of each of the following 30-day volume-weighted average prices for a share of Company common stock: $20, $30, $40 and $50). The vesting of PSUs is subject to each grantee's continued service to the Company. On October 9, 2023 the Compensation Committee approved the amendment of performance stock units granted to five employees to eliminate the performance-based conditions and the unvested shares underlying the original awards were changed to time-based vesting over two subsequent years. On December 7, 2023, a PSU award was granted to an employee, with vesting conditions based on meeting certain performance milestones associated with our creator platform within a period of one year.

To determine the value of PSUs with market conditions for stock-based compensation purposes, the Company uses the Monte Carlo simulation valuation model. For each path, the PSUs payoff is calculated based on the contractual terms, whereas the fair value of the PSUs is calculated as the average present value of all modeled payoffs. The determination of the grant date fair value of PSUs issued is affected by a number of variables and subjective assumptions, including (i) the fair value of the Company's common stock of $9.83, (ii) the expected common stock price volatility over the expected life of the award of 55%, (iii) the term of the award of 7 years, (iv) risk-free interest rate of 2.9%, (v) the exercise price as described above, and (vi) the expected dividend yield of 0%. Forfeitures are recognized when they occur. There were no performance stock units that vested in 2023. The total tax impact realized from performance stock units vested in 2022 was $1.0 million of expense. The Company used the same model to calculate the derived service period for each tranche of performance-based stock corresponding to each stock price threshold, resulting in a weighted average derived service period of 3.8 years for the 2022 grants. For milestones that have not been achieved, such PSUs vest over the derived requisite service period and the fair value of such awards is estimated on the grant date using Monte Carlo simulations.

To determine the value of PSUs with performance conditions that were granted in 2023, for stock-based compensation purposes, the Company uses the grant date closing price of the Company's common stock. The probability of the vesting conditions being met is reevaluated each reporting period.

A summary of PSU activity under our 2021 Plan in 2023 was as follows:

	Number of awards	Weighted-average grant date fair value per share
Unvested and outstanding balance at December 31, 2021	544,036	$ 20.49
Granted	571,419	5.68
Vested	—	—
Forfeited	(26,410)	20.49
Unvested and outstanding balance at December 31, 2022	1,089,045	12.72
Granted	72,000	0.64
Vested	—	—
Forfeited	(453,390)	13.80
Unvested and outstanding balance at December 31, 2023 [(1)]	707,655	$ 10.80

[(1)] Includes 635,655 PSU awards previously granted to five employees, which were modified in the fourth quarter of 2023.

There were no PSUs that vested during the years ended December 31, 2023 or 2022.

Stock Options Granted

To determine the value of stock option awards for stock-based compensation purposes, the Company uses the Black-Scholes option-pricing model and the assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment.

Fair value of common stock – The Board of Directors determined the fair value of the common stock by considering a number of objective and subjective factors including: the valuation of comparable companies, our operating and financial performance, the lack of liquidity of our common stock, transactions in our common stock, and general and industry specific economic outlook, among other factors. Subsequent to the Business Combination, the fair value of our common stock is based on the quoted price of our common stock.

Expected term — For employee awards granted at-the-money, we estimate the expected term based on the simplified method, which is the midpoint between the vesting date and the end of the contractual term for each award since our historical share option exercise experience does not provide a reasonable basis upon which to estimate the expected term. For non-employee awards and employee awards granted out-of-the-money, our best estimate of the expected term is the contractual term of the award.

Volatility — We derive the volatility from the average historical stock volatilities of several peer public companies over a period equivalent to the expected term of the awards as we do not have sufficient historical trading history for our stock. We selected companies with comparable characteristics to us, including enterprise value, risk profiles, and position within the industry and with historical share price information sufficient to meet the expected terms of the stock options. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own stock price becomes available.

Risk-free interest rate — The risk-free interest rate is based on the United States Treasury yield curve in effect at the time of grant, the term of which is consistent with the expected life of the award.

Dividend yield — We have never paid dividends on our common stock and have no plans to pay dividends on our common stock. Therefore, we used an expected dividend yield of zero.

For options granted during the applicable period, we estimated the fair value of each option on the date of grant using the Black-Scholes option pricing model and applying the weighted-average assumptions in the following table:

	Year Ended December 31,	
	2023 [1]	2022
Fair value of common stock	$0.66	$4.63 - $28.08
Expected term, in years	6	5.49 - 5.86
Expected volatility	72 %	45% - 47%
Risk-free interest rate	4.64 %	0.57% - 1.27%
Expected dividend yield	0%	0%

[1] Assumptions relate to options canceled and granted in the fourth quarter of 2023.

For options subject to modification accounting in the applicable period, we estimate the fair value of each applicable option on the date before and after the modification using the Black-Scholes option pricing model and applying the weighted-average assumptions in the above table.

Stock-Based Compensation Expense

Stock-based compensation expense under our Plans was as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Cost of sales [1]	$ 629	$ 2,663
Selling and administrative expenses	8,968	17,877
Total	$ 9,597	$ 20,540

[1] Cost of sales for the year ended December 31, 2023 includes a net reversal of $1.0 million of stock-based compensation expense associated with equity awards granted to an independent contractor for services pursuant to the terms of a license services and collaboration agreement. Cost of sales for the year ended December 31, 2022 includes $2.1 million of stock-based compensation expense associated with equity for an independent contractor for services pursuant to the terms of a license, services and collaboration agreement.

[2] Selling and administrative expenses for the year ended December 31, 2023 includes $2.3 million of accelerated amortization of stock-based compensation expense for certain equity awards, offset by a $2.4 million reduction in stock-based compensation expense due to forfeitures of certain equity grants during the year ended December 31, 2023.

The expense presented in the table above is net of capitalized stock-based compensation relating to software development costs of $1.7 million and $2.0 million during the years ended December 31, 2023 and 2022, respectively.

At December 31, 2023, total unrecognized compensation expense related to unvested stock option awards was $0.8 million and is expected to be recognized over the remaining weighted-average service period of 1.50 years. Unrecognized compensation cost related to unvested performance-based stock units and restricted stock units was $7.6 million and is expected to be recognized over the remaining weighted-average service period of 1.50 years.

15. Commitments and Contingencies

Leases

Our principal lease commitments are for office, retail store and warehouse spaces under noncancelable operating leases with contractual terms expiring from 2023 to 2033. Some of these leases contain renewal options and rent escalations.

We had $1.4 million and $1.7 million in cash collateralized letters of credit related to our corporate headquarters lease as of December 31, 2023 and 2022, respectively.

We sublease a part of our New York office space for a period approximating the remaining term of our lease. Our New York office lease expires in 2024.

In conjunction with the sale of Yandy in the second quarter of 2023, we entered into a sublease agreement with the buyer of Yandy in relation to its warehouse and office space for the remaining term of the lease, which expires in 2031.

In relation to the operations of Honey Birdette, we had 62 retail stores and two office spaces as of December 31, 2023, which Honey Birdette leases and operates in Australia, the United States and the United Kingdom for the purpose of selling its products to customers. The majority of the leases are triple net leases, for which Honey Birdette, as a lessee, is responsible for paying rent as well as common area maintenance, insurance and taxes. Lease terms run between two and 10 years in length, with the average lease term being approximately five years and, in many cases, include renewal options.

Lease cost associated with operating leases is charged to selling, general and administrative expense, with an immaterial amount charged to cost of sales, in the year incurred and is included in our consolidated statements of operations. Most of our leases include one or more options to renew, with renewal terms that generally can extend the lease term for an additional four to five years. The exercise of lease renewal options is at our sole discretion. The extension period has not been included in the determination of the right of use asset or the lease liability, as we concluded that it is not reasonably certain that we would exercise such option.

As of December 31, 2023 and 2022 the weighted average remaining term of these operating leases from continuing operations was 5.2 years and 5.8 years, respectively, and the weighted average discount rate used to estimate the net present value of the operating lease liabilities was 7.0% and 5.8%, respectively. Cash payments for amounts included in the measurement of operating lease liabilities attributable to continuing operations were $8.8 million and $9.1 million for the years ended December 31, 2023 and 2022, respectively. Right of use assets obtained in exchange for new operating lease liabilities were $4.5 million and $6.2 million for the years ended December 31, 2023 and 2022, respectively. Right-of-use assets obtained in exchange for new operating lease liabilities attributable to discontinued operations for the years ended December 31, 2023 and 2022 were $1.0 million and $5.8 million, respectively.

Net lease cost recognized in our consolidated statements of operations as of December 31, 2023 and 2022 is summarized in the table below (in thousands). The table excludes TLA's total net lease cost of $3.7 million and $6.2 million for the years ended December 31, 2023 and 2022, respectively, which is included in discontinued operations in the consolidated statements of operations.

	Year Ended December 31,	
	2023	**2022**
Operating lease cost	$ 7,989	$ 7,143
Variable lease cost	1,369	816
Short-term lease cost	2,086	1,932
Sublease income	(669)	(259)
Net lease cost	$ 10,775	$ 9,632

Maturities of our operating lease liabilities as of December 31, 2023 were as follows (in thousands):

Years ending December 31:	**Amounts**
2024	$ 9,027
2025	7,905
2026	7,280
2027	4,973
2028	2,640
Thereafter	6,726
Total undiscounted lease payments	38,551
Less: imputed interest	(6,975)
Total operating lease liabilities	$ 31,576
Operating lease liabilities, current portion	$ 6,955
Operating lease liabilities, noncurrent portion	$ 24,621

Legal Contingencies

From time to time, we may have certain contingent liabilities that arise in the ordinary course of our business activities. We accrue a liability for such matters when it is probable that future expenditures will be made and that such expenditures can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount.

AVS Case

In March 2020, our subsidiary Playboy Enterprises International, Inc. (together with its subsidiaries, "PEII") terminated its license agreement with a licensee, AVS Products, LLC ("AVS"), for AVS's failure to make required payments to PEII under the agreement, following notice of breach and an opportunity to cure. On February 6, 2021, PEII received a letter from counsel to AVS alleging that the termination of the contract was improper, and that PEII failed to meet its contractual obligations, preventing AVS from fulfilling its obligations under the license agreement.

On February 25, 2021, PEII brought suit against AVS in Los Angeles Superior Court to prevent further unauthorized sales of Playboy-branded products and for disgorgement of unlawfully obtained funds. On March 1, 2021, PEII also brought a claim in arbitration against AVS for outstanding and unpaid license fees. PEII and AVS subsequently agreed that the claims PEII brought in arbitration would be alleged in the Los Angeles Superior Court case instead, and on April 23, 2021, the parties entered into and filed a stipulation to that effect with the court. On May 18, 2021, AVS filed a demurrer, asking for the court to remove an individual defendant and dismiss PEII's request for a permanent injunction. On June 10, 2021, the court denied AVS's demurrer. AVS filed an opposition to PEII's motion for a preliminary injunction to enjoin AVS from continuing to sell or market Playboy-branded products on July 2, 2021, which the court denied on July 28, 2021.

On August 10, 2021, AVS filed a cross-complaint for breach of contract, breach of the implied covenant of good faith and fair dealing, quantum meruit and declaratory relief. As in its February 2021 letter, AVS alleges its license was wrongfully terminated and that PEII failed to approve AVS' marketing efforts in a manner that was either timely or that was commensurate with industry practice. AVS is seeking to be excused from having to perform its obligations as a licensee, payment of the value for services rendered by AVS to PEII outside of the license, and damages to be proven at trial. The court heard PEII's motion for summary judgment on June 6, 2023, and dismissed six out of 10 of AVS' causes of action. AVS' contract-related claims remain to be determined at trial, which is set for September 30, 2024. The parties are currently engaged in discovery. We believe AVS' remaining claims and allegations are without merit, and we will defend this matter vigorously.

TNR Case

On December 17, 2021, Thai Nippon Rubber Industry Public Limited Company, a manufacturer of condoms and lubricants and a publicly traded Thailand company ("TNR"), filed a complaint in the U.S. District Court for the Central District of California against PEII and its subsidiary Products Licensing, LLC. TNR alleges a variety of claims relating to the termination of a license agreement with TNR and the business relationship between PEII and TNR prior to such termination. TNR alleges, among other things, breach of contract, unfair competition, breach of the implied covenant of good faith and fair dealing, and interference with contractual and business relations due to PEII's conduct. TNR is seeking over $100 million in damages arising from the loss of expected profits, declines in the value of TNR's business, unsalable inventory and investment losses. After PEII indicated it would move to dismiss the complaint, TNR received two extensions of time from the court to file an amended complaint. TNR filed its amended complaint on March 16, 2022. On April 25, 2022, PEII filed a motion to dismiss the complaint. That motion was partially granted, and the court dismissed TNR's claims under California franchise laws without leave to amend. A trial date has been set for October 1, 2024. We believe TNR's claims and allegations are without merit, and we will defend this matter vigorously.

16. Severance Costs

We incurred severance costs during 2022 and 2023 due to the reduction of headcount to shift our business to a capital-light model. Severance costs are recorded in selling, general and administrative expenses in the consolidated statements of operations, with an immaterial amount recorded in cost of sales, and in accrued salaries, wages, and employee benefits in our consolidated balance sheets.

Severance costs in our consolidated statements of operations were as follows (in thousands):

	Year Ended December 31,	
	2023	**2022**
Direct-to-Consumer	$ 1,194	$ 10
Licensing	53	43
Digital Subscriptions and Content	1,019	646
Corporate	1,257	1,476
Total	$ 3,523	$ 2,175

The following is a reconciliation of the beginning and ending severance costs balances recorded in accrued salaries, wages, and employee benefits in our consolidated balance sheets (in thousands):

	Employee Separation Costs
Balance at December 31, 2022	$ 1,192
Costs incurred and charged to expense	3,660
Costs paid or otherwise settled	(3,668)
Balance at December 31, 2023	$ 1,184

17. Income Taxes

The following table sets forth the domestic and foreign components of loss before income taxes (in thousands):

	Year Ended December 31,	
	2023	**2022**
US	$ (113,039)	$ (139,79
Foreign	(87,179)	(166,59
Total	$ (200,218)	$ (306,39

The following table sets forth income tax benefit (in thousands):

	Year Ended December 31,	
	2023	**2022**
Current expense from income taxes:		
Federal	$ —	$ (296)
State	(244)	(539)
Foreign	(4,044)	(5,375)
Total current expense from income taxes	(4,288)	(6,210)
Deferred benefit (expense) from income taxes:		
Federal	13,886	42,121
State	1,737	3,754
Foreign	2,435	16,039
Total deferred benefit (expense) from income taxes	18,058	61,914
Total	$ 13,770	$ 55,704

The following table sets forth a reconciliation from the U.S. statutory federal income tax rate to the effective income tax rate:

	Year Ended December 31,	
	2023	**2022**
Federal income tax rate	21.0 %	21.0 %
State income tax, net of federal benefit	1.6	1.1
Foreign withholding taxes, net of credits [1]	(1.6)	(1.4)
Change in the statutory rate	(0.3)	0.1
Change in valuation allowance	(6.6)	1.1
Equity compensation[2]	(1.3)	(0.3)
Foreign rate differential	0.7	1.5
Adjustment to deferred taxes	0.3	0.3
Impairments	(7.1)	(7.9)
Contingent consideration	0.1	1.9
Foreign income inclusion	(0.4)	—
Other	0.5	0.8
Effective rate	6.9 %	18.2 %

[1] Foreign withholding taxes, net of credits relate to foreign tax withholding on royalties received from various foreign jurisdictions.
[2] The 2023 and 2022 equity compensation adjustments are mainly related to shortfall and the officer compensation limitations.

On August 16, 2022, the Inflation Reduction Act (“IRA”) was signed into law in the United States and includes a 15% book minimum tax on corporations with financial accounting profits over $1 billion and a 1% excise tax on certain stock buybacks. The IRA also contains numerous clean energy tax incentives related to electricity production, carbon sequestration, alternative vehicles and fuels, and residential and commercial energy efficiency. The IRA did not have any material impact on the Company’s consolidated financial statements for the years ended December 31, 2023 and 2022.

As of December 31, 2023, the Company had an immaterial amount of unremitted earnings related to certain foreign subsidiaries. The Company intends to continue to reinvest its foreign earnings indefinitely and does not expect to incur any significant United States taxes related to such amounts.

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement and tax bases of assets and liabilities using enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse.

The following table sets forth the significant components of deferred tax assets and liabilities (in thousands):

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating loss carryforwards	$ 81,201	$ 69,470
Deferred revenue	1,834	1,763
Stock compensation	1,839	2,791
Investment in partnership	2,729	5,570
Property and equipment	147	—
Lease liabilities	7,451	6,541
Other deductible temporary differences	10,782	5,867
Total deferred tax assets	105,983	92,002
Less valuation allowance	(72,141)	(58,926)
Deferred tax assets, net	$ 33,842	$ 33,076
Deferred tax liabilities:		
Property and equipment	$ —	$ (30)
Intangible assets	(36,730)	(54,601)
Right of use assets	(6,416)	(5,575)
Other deductible temporary differences	—	(284)
Total deferred tax liabilities	(43,146)	(60,490)
Deferred tax liabilities, net	$ (9,304)	$ (27,414)

The realization of deferred income tax assets may be dependent on the Company's ability to generate sufficient income in future years in the associated jurisdiction to which the deferred tax assets relate. The Company considers all available positive and negative evidence, including scheduled reversals of deferred income tax liabilities, projected future taxable income, tax planning strategies, and recent financial performance. Based on the review of all positive and negative evidence, including a three-year cumulative pre-tax loss, the Company concluded that except for the deferred tax liability recorded on certain indefinite life intangibles, it should record a full valuation allowance against all other net deferred income tax assets at December 31, 2023 and 2022 as none of these deferred income tax assets were more likely than not to be realized as of the balance sheet dates. However, the amount of the deferred income tax assets considered realizable may be adjusted if estimates of future taxable income during the carryforward period are increased or if objective negative evidence in the form of cumulative losses is no longer present. Based on the level of historical operating results the Company has recorded a valuation allowance of $72.1 million and $58.9 million as of December 31, 2023 and 2022, respectively. During the years ended December 31, 2023 and 2022, the Company's valuation allowance increased by $13.2 million and decreased by $4.7 million, respectively. The increase in valuation allowance in 2023 was primarily driven by the increase of federal and foreign NOLs, partly offset by the impairment of intangibles. The decrease in valuation allowance in 2022 was primarily driven by the impairment of intangibles.

As of December 31, 2023, the Company had U.S. federal and state NOL carryforwards of $328.0 million and $137.8 million, respectively, available to offset taxable income in tax year 2023 and thereafter. Of the $328.0 million in federal NOL carryforwards, $145.7 million can be carried forward indefinitely, and the remaining NOL carryforwards start to expire in 2028. Of the $137.8 million in state NOL carryforwards, $8.0 million can be carried forward indefinitely and the remaining start to expire in 2028. The Company also had Australian NOLs of $11.4 million that can be carried forward indefinitely.

Tax laws impose restrictions on the utilization of NOL carryforwards in the event of a change in ownership of the Company as defined by Internal Revenue Code Sections 382 and 383. The Company has experienced ownership changes in the past that impact the availability of its net operating losses and tax credits. The Company's ability to utilize existing carryforwards could be substantially restricted should there be additional ownership changes in the future.

A summary of changes to the amount of unrecognized tax benefits is as follows (in thousands):

	Year Ended December 31,	
	2023	2022
Balance at the beginning of the year	$ 751	$ 751
Increase (decrease) for positions taken in the prior year	—	—
Increase (decrease) for positions taken in the current year	456	—
Decrease related to settlements with taxing authorities	—	—
Decrease from lapse in statute of limitations	(611)	—
Balance at the end of the year	$ 596	$ 751

The Company records a tax benefit from uncertain tax positions only if it is more likely than not the tax position will be sustained with the taxing authority having full knowledge of all relevant information. The Company records a reduction to deferred tax assets for unrecognized tax benefits from uncertain tax positions as discrete tax adjustments in the first period that the more-likely-than-not threshold is not met. For the year ended December 31, 2023, the Company recorded unrecognized net tax benefits of $0.2 million. The unrecognized tax benefits are related to foreign withholding taxes on the Company's licensing revenue, allocation of expenses between foreign jurisdictions and permanent establishment risk in a foreign country.

The reversal of the uncertain tax benefits would affect the effective tax rate. The Company has not incurred any material interest or penalties as of the current reporting period with respect to income tax matters. The Company's policy is to recognize interest and penalties related to uncertain tax positions in income tax expense. We estimate that none of the unrecognized tax benefits will be recognized over the next 12 months. As of December 31, 2023 and 2022, there were no material interest and penalties associated with unrecognized tax benefits recorded in the Company's consolidated statements of operations or consolidated balance sheets.

The Company is subject to examinations by taxing authorities for income tax returns filed in the U.S. federal and states as well as foreign jurisdictions. The Company is no longer subject to income tax examination by the U.S. federal, state or local tax authorities for years ended December 31, 2018 or prior; however, its tax attributes, such as NOL carryforwards, are still subject to examination in the year they are used. In our foreign tax jurisdictions, the statute of limitation for tax years after 2018 remain open for examinations in Australia, and for tax years after 2021 in the UK.

18. Net Loss Per Share

The following table presents the reconciliation of weighted-average shares used in computing net loss per share, basic and diluted:

	Year Ended December 31,	
	2023	2022
Numerator:		
Net loss from continuing operations	$ (186,448)	$ (250,691)
Income (loss) from discontinued operations, net of tax	6,030	(27,013)
Net loss attributable to PLBY Group, Inc.	$ (180,418)	$ (277,704)
Denominator:		
Weighted average common shares outstanding - basic	71,319,437	47,420,376
Dilutive potential common stock outstanding:	—	—
Stock options and RSUs	—	—
Weighted average common shares outstanding - diluted	71,319,437	47,420,376
Basic loss per share from continuing operations	$ (2.60)	$ (5.28)
Basic income (loss) per share from discontinued operations	0.07	(0.58)
Basic net loss per share	$ (2.53)	$ (5.86)
Diluted loss per share from continuing operations	$ (2.60)	$ (5.28)
Diluted income (loss) per share from discontinued operations	0.07	(0.58)
Diluted net loss per share	$ (2.53)	$ (5.86)

The following outstanding potentially dilutive shares have been excluded from the calculation of diluted net loss per share due to their anti-dilutive effect:

	Year Ended December 31,	
	2023	2022
Stock options to purchase common stock	2,291,328	2,599,264
Unvested restricted stock units	3,214,910	2,058,534
Unvested performance-based restricted stock units	707,655	1,089,045
Total	6,213,893	5,746,843

19. Accrued Salaries, Wages, and Employee Benefits

Our U.S. Employee Investment Savings Plan is a defined-contribution plan consisting of two components: a 401(k) plan and a profit-sharing plan. Eligible employees may participate in our 401(k) plan upon their date of hire. The 401(k) plan offers several mutual fund investment options. The purchase of our stock has never been an option. We make matching contributions to the 401(k) plan based on each participating employee's contributions and eligible compensation. The matching contribution expense related to this plan and attributable to the continuing operations was $0.5 million and $0.7 million for the years ended December 31, 2023 and 2022, respectively. We are also party to an Australian contribution plan that requires contributions based on a percentage of annual compensation. Contributions to these plans totaled $1.0 million for the years ended December 31, 2023 and 2022.

The profit-sharing plan covers all employees who have completed 12 months of service or at least 1,000 hours. Our discretionary contribution to the profit-sharing plan is distributed to each eligible employee's account in an amount equal to the ratio of each eligible employee's compensation, subject to Internal Revenue Service limitations, to the total compensation paid to all such employees. We did not make any contributions to the plan during the years ended December 31, 2023 and 2022.

20. Related Party Transactions

In December 2023, we entered into a short-term loan agreement with an affiliate of our China JV partner to support the affiliate's operating activities related to the China JV. The unsecured loan of $1.2 million accrued interest at a rate of 7.82% per annum and matured as of February 28, 2024. As of December 31, 2023, the loan was recorded in prepaid and other current assets in our consolidated balance sheets. In January 2024, the loan was repaid in full.

21. Segments

We have three reportable segments: Direct-to-Consumer, Licensing and Digital Subscriptions and Content. The Direct-to-Consumer segment derives revenue from sales of consumer products sold through third-party retailers, online direct-to-customer or brick-and-mortar through our lingerie business, Honey Birdette, with 62 stores in three countries as of December 31, 2023. The TLA and Yandy direct-to-consumer businesses met the criteria for discontinued operations classification as of December 31, 2023 (see Note 3, Assets and Liabilities Held for Sale and Discontinued Operations). Therefore, they were excluded from the table below and classified as discontinued operations in our consolidated statements of operations for all periods presented. The Licensing segment derives revenue from trademark licenses for third-party consumer products and location-based entertainment businesses. The Digital Subscriptions and Content segment derives revenue from the subscription of Playboy programming that is distributed through various channels, including websites and domestic and international television, from sales of tokenized digital art and collectibles, and sales of creator content offerings to consumers through the Playboy Club on *playboy.com*.

Our Chief Executive Officer is our Chief Operating Decision Maker ("CODM"). Segment information is presented in the same manner that our CODM reviews the operating results in assessing performance and allocating resources. Total asset information is not included in the tables below as it is not provided to and reviewed by our CODM. The "All Other" line items in the tables below are miscellaneous in nature and do not relate to the previously identified reportable segments disclosed herein. These segments do not meet the quantitative threshold for determining reportable segments. The "Corporate" line item in the tables below includes certain operating expenses that are not allocated to the reporting segments presented to our CODM. These expenses include legal, human resources, accounting/finance, information technology and facilities. The accounting policies of the reportable segments are the same as those described in Note 1, Basis of Presentation and Summary of Significant Accounting Policies.

The following table sets forth financial information by reportable segment (in thousands):

	Year Ended December 31,	
	2023	2022
Net revenues:		
Direct-to-consumer	$ 77,984	$ 105,177
Licensing	44,292	60,861
Digital subscriptions and content	20,670	18,709
All other	4	789
Total	$ 142,950	$ 185,536
Operating (loss) income:		
Direct-to-consumer	$ (98,886)	$ (177,388)
Licensing	(46,898)	(73,979)
Digital subscriptions and content	(2,440)	(13,016)
Corporate	(42,132)	(32,428)
All other	(13)	711
Total	$ (190,369)	$ (296,100)
Depreciation and amortization:		
Direct-to-Consumer	$ (3,669)	$ (6,744)
Digital Subscriptions and Content	(2,740)	(3,844)
Corporate	(790)	(2,133)
Total	$ (7,199)	$ (12,721)
Goodwill:		
Direct-to-consumer	$ 21,799	$ 90,117
Licensing	—	—
Digital subscriptions and content	33,100	33,100
Total	$ 54,899	$ 123,217

Geographic Information

Revenue by geography is based on where the customer is located. Long-lived assets, net includes property and equipment, net and operating lease right-of-use assets. The following tables set forth revenue and long-lived assets, net by geographic area (in thousands):

	Year Ended December 31,	
Net revenues:	2023	2022
United States	$ 61,810	$ 76,969
Australia	32,037	41,743
China	28,949	42,514
UK	10,537	11,641
Other	9,617	12,669
Total	$ 142,950	$ 185,536

	December 31,	
Long-lived assets:	2023	2022
United States	$ 31,490	$ 33,673
Australia	6,882	5,747
Other	426	2,466
Total	$ 38,798	$ 41,886

22. Subsequent Events

On March 27, 2024, we entered into Amendment No. 2 to the A&R Credit Agreement (the "A&R Second Amendment"), which provided for, among other things:

(a) the amendment of the Total Net Leverage Ratio covenant to (i) suspend testing of such covenant until the quarter ending June 30, 2026, (ii) adjust the Total Net Leverage Ratio financial covenant levels once the covenant testing is resumed, and (iii) add a mechanism for the Total Net Leverage Ratio to be eliminated permanently upon the satisfaction of certain prepayment-related conditions (the date upon which such prepayment-related conditions are satisfied, the "Financial Covenant Sunset Date");

(b) the addition of a covenant to maintain a $7.5 million minimum balance of unrestricted cash and cash equivalents (on a consolidated basis), subject to periodic testing and certification, as well as the ability to cure a below-minimum balance, and which covenant will be in effect (i) from March 27, 2024 until March 31, 2026 and (ii) from and after the Financial Covenant Sunset Date; and

(c) that assignments of commitments or loans under the A&R Credit Agreement from existing lenders to certain eligible assignees under the A&R Credit Agreement (i.e. a commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans in the ordinary course of business) shall not require consent from us while the minimum cash balance financial covenant is in effect.

The other terms of the A&R Credit Agreement prior to the A&R Second Amendment will remain substantially unchanged.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosures

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2023. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under 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 by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

Based on the evaluation performed as of December 31, 2023, as a result of the material weaknesses in internal control over financial reporting that are described below in Management's Report on Internal Control Over Financial Reporting, our Chief Executive Officer and Chief Financial Officer determined that our disclosure controls and procedures were not effective as of such date.

Management's Report on Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). A company's internal control over financial reporting is a process designed by, or under the supervision of, its Chief Executive Officer and Chief Financial Officer, and effected by such company's board of directors, management and other personnel 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 and includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2023, based on the framework set forth in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2023 due to the material weaknesses described below.

Management has determined that the Company had the following material weaknesses in its internal control over financial reporting:

Control Environment, Risk Assessment, and Monitoring

We did not maintain appropriately designed entity-level controls impacting the control environment, risk assessment procedures, and effective monitoring controls to prevent or detect material misstatements to the consolidated financial statements. These deficiencies were attributed to: (i) lack of structure and responsibility, insufficient number of qualified resources and inadequate oversight and accountability over the performance of controls, (ii) ineffective identification and assessment of risks impacting internal control over financial reporting, and (iii) ineffective evaluation and determination as to whether the components of internal control were present and functioning.

Control Activities and Information and Communication

These material weaknesses contributed to the following additional material weaknesses within certain business processes and the information technology environment:

- We did not fully design, implement and monitor general information technology controls in the areas of program change management, user access, and segregation of duties for systems supporting substantially all of the Company's internal control processes. Accordingly, the Company did not have effective automated process-level controls, and manual controls that are dependent upon the information derived from the IT systems are also determined to be ineffective.

- We did not design and implement, and retain appropriate documentation of formal accounting policies, procedures and controls across substantially all of the Company's business processes to achieve timely, complete, accurate financial accounting, reporting, and disclosures. Additionally, we did not design and implement controls maintained at the corporate level which are at a sufficient level of precision to provide for the appropriate level of oversight of business process activities and related controls.

- We did not appropriately design and implement management review controls at a sufficient level of precision around complex accounting areas and disclosure including asset impairments, revenue contracts, income tax, stock-based compensation and lease accounting.

- We did not appropriately design and implement controls over the existence, accuracy, completeness, valuation and cutoff of inventory.

Although these material weaknesses did not result in any material misstatement of our consolidated financial statements for the periods presented, they could lead to a material misstatement of account balances or disclosures. Accordingly, management has concluded that these control deficiencies constitute material weaknesses.

Remediation Efforts

We continue to work on designing and implementing effective internal controls measures to improve our internal control over financial reporting and remediate the material weaknesses. Our internal control remediation efforts include the following:

- We hired additional qualified accounting resources and outside resources to segregate key functions within our financial and information technology processes supporting our internal controls over financial reporting.

- We are in the process of reassessing and formalizing the design of certain accounting and information technology policies relating to security and change management controls.

- We engaged an outside firm to assist management with (i) reviewing our current processes, procedures, and systems and assessing the design of controls to identify opportunities to enhance the design of controls that would address relevant risks identified by management, and (ii) enhancing and implementing protocols to retain sufficient documentary evidence of operating effectiveness of such controls.

In addition to implementing and refining the above activities, we expect to engage in additional remediation activities in fiscal year 2024, including:

- Continuing to enhance and formalize our accounting, business operations, and information technology policies, procedures, and controls to achieve complete, accurate, and timely financial accounting, reporting and disclosures.

- Establishing effective general controls over our accounting and operating systems to ensure that our automated process level controls and information produced and maintained in our IT systems is relevant and reliable.

- Designing and implementing controls that address the completeness and accuracy of underlying data used in the performance of controls over accounting transactions and disclosures.

- Enhancing policies and procedures to retain adequate documentary evidence for certain management review controls over certain business processes including precision of review and evidence of review procedures performed to demonstrate effective operation of such controls.

- Developing monitoring controls and protocols that will allow us to timely assess the design and the operating effectiveness of controls over financial reporting and make necessary changes to the design of controls, if any.

While these actions and planned actions are subject to ongoing management evaluation and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles, we are committed to the continuous improvement of our internal control over financial reporting and will continue to diligently review our internal control over financial reporting.

Attestation Report of Independent Registered Public Accounting Firm

Our independent registered public accounting firm, BDO USA, P.C., as auditor of our consolidated financial statements included in this Annual Report on Form 10-K, has issued an attestation report on the effectiveness of our internal control over financial reporting as of December 31, 2023.

Changes in Internal Control over Financial Reporting

As described above, we are in the process of implementing changes to our internal control over financial reporting to remediate the material weaknesses described herein. There have been no changes in our internal control over financial reporting during our fourth quarter ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct completely. Accordingly, any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurances. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but there can be no assurance that such improvements will be sufficient to provide us with effective internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
PLBY Group, Inc.
Los Angeles, California

Opinion on Internal Control over Financial Reporting

We have audited PLBY Group, Inc.'s (the "Company's") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We do not express an opinion or any other form of assurance on management's statements referring to any corrective actions taken by the Company after the date of management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended, and the related notes and financial statement schedule listed in the accompanying index (collectively referred to as "the consolidated financial statements") and our report dated March 29, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Item 9A, Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. Material weaknesses have been identified and described in management's assessment. These material weaknesses related to management's failure to design and maintain effective controls over financial reporting, specifically related to the following: (1) entity-level controls impacting the control environment, risk assessment procedures, and monitoring controls to prevent or detect material misstatements to the consolidated financial statements; (2) general information technology controls related to program change management, user access, and segregation of duties for systems supporting substantially all of the Company's internal control processes; (3) documentation of formal accounting policies, procedures and controls across all business processes as well as design and maintenance of controls at the corporate level at a sufficient level of precision; (4) design and implementation of management review controls at a sufficient level of precision over complex accounting areas and related disclosures, including asset impairments, revenue contracts, income tax, stock-based compensation and lease accounting; and, (5) the design and implementation of controls over the existence, accuracy, completeness, valuation and cutoff of inventory.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2023 consolidated financial statements, and this report does not affect our report dated March 29, 2024, on those consolidated financial statements.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ BDO USA, P.C.

Los Angeles, California

March 29, 2024

Item 9B. Other Information

No Rule 10b5-1 plans or non-Rule 10b5-1 trading arrangements were adopted, modified or terminated by officers or directors of the Company.

On March 27, 2024, we entered into Amendment No. 2 to the A&R Credit Agreement, which provided for, among other things:

(a) the amendment of the Total Net Leverage Ratio covenant to (i) suspend testing of such covenant until the quarter ending June 30, 2026, (ii) adjust the Total Net Leverage Ratio financial covenant levels once the covenant testing is resumed, and (iii) add a mechanism for the Total Net Leverage Ratio to be eliminated permanently upon the satisfaction of certain prepayment-related conditions;

(b) the addition of a covenant to maintain a $7.5 million minimum balance of unrestricted cash and cash equivalents (on a consolidated basis), subject to periodic testing and certification, as well as the ability to cure a below-minimum balance, and which covenant will be in effect (i) from March 27, 2024 until March 31, 2026 and (ii) from and after the Financial Covenant Sunset Date; and

(c) that assignments of commitments or loans under the A&R Credit Agreement from existing lenders to certain eligible assignees under the A&R Credit Agreement (i.e. a commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans in the ordinary course of business) shall not require consent from us while the minimum cash balance financial covenant is in effect.

The other terms of the A&R Credit Agreement prior to the A&R Second Amendment will remain substantially unchanged. The foregoing summary of the A&R Second Amendment and the transactions contemplated thereby does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the A&R Second Amendment filed herewith as Exhibit 10.14, which is incorporated herein by reference.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information relating to our directors, executive officers and corporate governance is incorporated by reference from the sections entitled "Proposal No. 1 - Election of Directors," "Executive Officers and Additional Director Information" and "Corporate Governance " in the Company's proxy statement for the 2024 annual meeting of the Company's stockholders (the "2024 Proxy Statement"), which is expected to be filed within 120 days of our fiscal year end.

Item 11. Executive Compensation

Information relating to the compensation of our executive officers and directors is incorporated by reference from the sections entitled "Executive Compensation" and "Director Compensation" in the 2024 Proxy Statement (provided that the Pay-Versus-Performance disclosure shall not be deemed to be incorporated by reference herein).

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

Information relating to the ownership of our securities by certain beneficial owners and our management and related stockholder matters is incorporated by reference from the section entitled "Ownership of Common Stock" in the 2024 Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information relating to related party transactions and director independence is incorporated by reference from the sections entitled "Certain Relationships and Related-Party and Other Transactions" and "Director Independence" in the 2024 Proxy Statement.

Item 14. Principal Accountant Fees and Services

Information relating to the principal accounting services provided to the Company and the fees for such services is incorporated by reference from the section entitled "Principal Accountant Fees and Services" in the 2024 Proxy Statement.

PART IV

Item 15. Exhibits, Financial Statement Schedules

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

1. Consolidated Financial Statements: See "Index to Consolidated Financial Statements" at "Item 8. Consolidated Financial Statements and Supplementary Data" herein.

(b) Consolidated Financial Statement Schedule.

Schedule II -Valuation and Qualifying Account

(in thousands)	Balance at Beginning of Year	Costs Charged to Expenses	Deductions and Write-offs	Balance at End of Year
Year Ended December 31, 2022				
Reserve for inventory	$ 1,203	$ 3,095	$ (706)	$ 3,592
Year Ended December 31, 2023				
Reserve for inventory	$ 3,592	$ 6,935	$ (5,049)	$ 5,478

(c) Exhibits: The exhibits listed in the Exhibit Index below are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit Index

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of PLBY Group, Inc. (incorporated by reference to Exhibit 3.1 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
3.2	Amended and Restated Bylaws of PLBY Group, Inc. (incorporated by reference to Exhibit 3.2 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
3.3	Certificate of Designation of the Series A Preferred Stock (incorporated by reference to Exhibit 3.1 of PLBY's Current Report on Form 8-K filed with the SEC on May 17, 2022)
4.1	Description of registrant's securities
10.1†	Playboy Enterprises, Inc. 2018 Equity Incentive Plan (incorporated by reference to Exhibit 10.33 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
10.2†	PLBY Group, Inc. 2021 Equity and Incentive Compensation Plan (incorporated by reference to Exhibit 10.8 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
10.3†	Employment Agreement, dated as of January 31, 2021, by and between Playboy Enterprises, Inc. and Ben Kohn (as assumed by PLBY Group, Inc.) (incorporated by reference to Exhibit 10.23 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
10.4†	Employment Agreement, dated as of March 22, 2023, by and between Marc Crossman and Playboy Enterprises, Inc. (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on March 22, 2023)
10.5†	Employment Agreement, dated as of February 10, 2021, by and between Playboy Enterprises, Inc. and Chris Riley (as assumed by PLBY Group, Inc.) (incorporated by reference to Exhibit 10.24 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
10.6*	Securities Purchase Agreement, dated January 18, 2023 (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on January 18, 2023)
10.7	Standstill Agreement, dated as of January 30, 2023, by and among PLBY Group, Inc. and affiliates of Rizvi Traverse Management (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on February 2, 2023)
10.8	Amendment No. 4 to Credit and Guaranty Agreement, dated as of February 17, 2023, by and among PLBY Group, Inc., Playboy Enterprises, Inc., each guarantor party thereto, the lenders party thereto, and Acquiom Agency Services LLC, as the administrative agent and the collateral agent (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on February 21, 2023)

Exhibit No.	Description
10.9	Amendment No. 5 to Credit and Guaranty Agreement, dated as of April 4, 2023, by and among PLBY Group, Inc., Playboy Enterprises, Inc., each guarantor party thereto, the lenders party thereto, and Acquiom Agency Services LLC, as the administrative agent and the collateral agent (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on April 5, 2023)
10.10†	PLBY Group, Inc. Non-Employee Director Compensation Policy, amended and restated as of April 20, 2023 (incorporated by reference to Exhibit 10.6 of PLBY's Current Report on Form 10-Q filed with the SEC on May 10, 2023)
10.11*	Amended and Restated Credit and Guaranty Agreement, dated as of May 10, 2023, by and among PLBY Group, Inc., Playboy Enterprises, Inc., each guarantor party thereto, the lenders party thereto, and Acquiom Agency Services LLC, as the administrative agent and the collateral agent (incorporated by reference to Exhibit 10.7 of PLBY's Current Report on Form 10-Q filed with the SEC on May 10, 2023)
10.12*	Stock Purchase Agreement, dated October 3, 2023, by and among LV Holding, LLC, TLA Acquisition Corp. and Playboy Enterprises, Inc. (incorporated by reference to Exhibit 10.1 of PLBY's Current Report on Form 8-K filed with the SEC on October 5, 2023)
10.13*	Amendment No. 1 to Amended and Restated Credit and Guaranty Agreement, dated as of November 2, 2023, by and among the Company, Playboy Enterprises, Inc., each guarantor party thereto, the lenders party thereto, and DBD Credit Funding LLC, as the administrative agent and the collateral agent (incorporated by reference to Exhibit 10.1 to PLBY's Current Report on Form 8-K filed with the SEC on November 6, 2023)
10.14*	Amendment No. 2 to Amended and Restated Credit and Guaranty Agreement, dated as of March 27, 2024, by and among the Company, Playboy Enterprises, Inc., each guarantor party thereto, the lenders party thereto, and DBD Credit Funding LLC, as the administrative agent and the collateral agent
14.1	Code of Conduct and Ethics, adopted by PLBY Group, Inc.'s board of directors on February 10, 2021 (incorporated by reference to Exhibit 14.1 of PLBY's Form 8-K filed with the SEC on February 16, 2021)
21.1	List of subsidiaries of PLBY Group, Inc.
23.1	Consent of BDO USA, P.C.
24.1	Power of Attorney (included on signature page)
31.1	Certification of Principal Executive Officer 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
31.2	Certification of Principal Financial Officer 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
32.1^	Certification of Principal 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 Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
97	PLBY Group, Inc. Clawback Policy
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy 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 (formatted as inline XBRL and contained in Exhibit 101)

* Schedules and exhibits to this agreement have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished to the SEC upon request.

† Management contract or compensation plan or arrangement.

^ This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 16. Form 10-K Summary

None.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PLBY GROUP, INC.

Date: March 29, 2024

By: */s/ Ben Kohn*
Name: Ben Kohn
Title: Chief Executive Officer and President
(Principal executive officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Ben Kohn and Marc Crossman and each or any one of them, his, her or their true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him, her or them and in his, her or their name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he, she or they might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his, her or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Ben Kohn Ben Kohn	Chief Executive Officer, President and Director (Principal executive officer)	March 29, 2024
/s/ Marc Crossman Marc Crossman	Chief Financial Officer and Chief Operating Officer (Principal financial officer and principal accounting officer)	March 29, 2024
/s/ Suhail Rizvi Suhail Rizvi	Director	March 29, 2024
/s/ Tracey Edmonds Tracey Edmonds	Director	March 29, 2024
/s/ James Yaffe James Yaffe	Director	March 29, 2024
/s/ Juliana F. Hill Juliana F. Hill	Director	March 29, 2024

Exhibit 4.1

DESCRIPTION OF THE COMPANY'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

Authorized Capital Stock

As of December 31, 2023, the authorized capital stock of PLBY Group, Inc. (the "Company", "we", "us" or "our") comprised 155,000,000 shares, consisting of 150,000,000 shares of common stock, par value $0.0001 per share (the "Common Stock"), and 5,000,000 shares of preferred stock, par value $0.0001 per share (the "Preferred Stock").

The following summary describes the material provisions of our capital stock. Because it is only a summary, it may not contain all information that is important to an investor in our securities. Defined terms used and not defined herein shall have the meaning ascribed to such terms in our Annual Report on Form 10-K.

Common Stock

Ranking

The voting, dividend and liquidation rights of the holders of our Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors of the Company (the "Board") upon any issuance of the Preferred Stock of any series.

Voting

Except as otherwise required by law or the Second Amended and Restated Certificate of Incorporation (as the same may be amended, modified, supplemented and/or restated from time to time, including the terms of any Preferred Stock Designation (as defined below), the "Certificate of Incorporation"), each holder of record of Common Stock, as such, shall have one vote for each share of Common Stock which is outstanding in his, her or its name on the books of the Company on all matters on which stockholders are entitled to vote generally. Except as otherwise required by law or our Certificate of Incorporation (including any Preferred Stock Designation (as defined below)), the holders of outstanding shares of Common Stock shall have the exclusive right to vote for the election of directors and for all other purposes. Notwithstanding any other provision of our Certificate of Incorporation to the contrary, the holders of Common Stock shall not be entitled to vote on any amendment to our Certificate of Incorporation (including any Preferred Stock Designation) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to our Certificate of Incorporation (including any Preferred Stock Designation) or the Delaware General Corporation Law (the "DGCL").

The holders of shares of Common Stock do not have cumulative voting rights.

Dividends

Subject to the rights of the holders of Preferred Stock, holders of shares of Common Stock shall be entitled to receive such dividends and distributions and other distributions in cash, stock or property of the Company when, as and if declared thereon by the Board from time to time out of assets or funds of the Company legally available therefor.

Liquidation, Dissolution and Winding Up

Subject to the rights of the holders of Preferred Stock, shares of Common Stock shall be entitled to receive the assets and funds of the Company available for distribution in the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary. A liquidation, dissolution or winding up of the affairs of the Company, as such terms are used in Section B(4) of our Certificate of Incorporation, shall not be deemed to be occasioned by or to include any consolidation or merger of the Company with or into any other person or a sale, lease, exchange or conveyance of all or a part of its assets.

No Preemptive, Conversion or Redemption Rights

The holders of shares of Common Stock have no preemptive rights and no right to convert their Common Stock into other securities. There are no redemption or sinking fund provisions applicable to our Common Stock under the Company's existing Certificate of Incorporation or its Amended and Restated Bylaws (the "Bylaws").

Preferred Stock

Issuance of Preferred Stock

Shares of Preferred Stock may be issued from time to time in one or more series. The Board is authorized to provide by resolution or resolutions from time to time for the issuance, out of the unissued shares of Preferred Stock, of one or more series of Preferred Stock, without stockholder approval, by filing a certificate pursuant to the applicable law of the State of Delaware (a "Preferred Stock Designation"), setting forth such resolution and, with respect to each such series, establishing the number of shares to be included in such series, and fixing the voting powers, full or limited, or no voting power of the shares of such series, and the designation, preferences and relative, participating, optional or other special rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. The powers, designation, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations and restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. The authority of the Board with respect to each series of Preferred Stock shall include, but not be limited to, the determination of the following:

- the designation of the series, which may be by distinguishing number, letter or title;
- the number of shares of the series, which number the Board may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding);
- the amounts or rates at which dividends will be payable on, and the preferences, if any, of, shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative;
- the dates on which dividends, if any, shall be payable;
- the redemption rights and price or prices, if any, for shares of the series;
- the terms and amount of any sinking fund, if any, provided for the purchase or redemption of shares of the series;
- the amounts payable on, and the preferences, if any, of, shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company;
- whether the shares of the series shall be convertible into or exchangeable for, shares of any other class or series, or any other security, of the Company or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made;
- restrictions on the issuance of shares of the same series or any other class or series;
- the voting rights, if any, of the holders of shares of the series generally or upon specified events; and
- any other powers, preferences and relative, participating, optional or other special rights of each series of Preferred Stock, and any qualifications, limitations or restrictions of such shares, all as may be determined from time to time by the Board and stated in the Preferred Stock Designation for such Preferred Stock.

Without limiting the generality of the foregoing, the Preferred Stock Designation of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

On each of May 16, 2022 and August 8, 2022, the Company issued 25,000 shares of Preferred Stock, designated as "Series A Preferred Stock," as described in the Company's Current Report on Form 8-K filed with the SEC on May 17, 2022 and the Company's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2022. As of August 8, 2022, all of the Company's 50,000 shares of Series A Preferred Stock were issued and outstanding. The Series A Preferred Stock was not registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As of May 10, 2023, all 50,000 shares of the Series A Preferred Stock had been eliminated, resulting in no shares of Preferred Stock being issued or outstanding as of December 31, 2023.

Registration Rights

Certain of our stockholders or their permitted transferees, are entitled to rights with respect to the registration of certain shares of Common Stock held by them under the Securities Act of 1933, as amended (the "Securities Act"). These rights are provided under the terms of registration rights agreements between us and such stockholders (the "Registration Rights Agreements") and include demand registration rights and piggyback registration rights. The Registration Rights Agreements also provide that we will pay certain expenses of these holders relating to such registrations and indemnify them against certain liabilities which may arise under the Securities Act.

Anti-Takeover Effects of Delaware Law and the Certificate of Incorporation and Bylaws

The Company has expressly opted out of Section 203 of the DGCL. However, our Certificate of Incorporation contains similar provisions providing that the Company may not engage in certain "business combinations" with any "interested stockholder" for a three-year period following the time that the stockholder became an interested stockholder, unless:

- prior to such time, the Board approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the Company outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (a) persons who are directors and also officers and (b) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to such time, the business combination is approved by the Board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Company which is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale or certain other transactions resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates, owns or within the previous three years owned, 15% or more of the Company's voting stock.

Under certain circumstances, this provision will make it more difficult for a person who would be an "interested stockholder" to effect various business combinations with a corporation for a three-year period. This provision may encourage companies interested in acquiring the Company to negotiate in advance with the Board because the Company's stockholder approval requirement would be avoided if the Board approves either the business combination or the transaction which results in the stockholder becoming an interested stockholder. These provisions also may have the effect of preventing changes in the Company's Board and may make it more difficult to accomplish transactions which stockholders may otherwise deem to be in their best interests.

Our Certificate of Incorporation provides that RT and its affiliates, any of its respective direct or indirect transferees of at least 15% of the outstanding shares of our Common Stock, and any group as to which such persons are a part, do not constitute "interested stockholders" for purposes of this provision.

In addition, our Certificate of Incorporation does not provide for cumulative voting in the election of directors. The Company's Board is empowered to elect a director to fill a vacancy created by the expansion of the Board or the resignation, death or removal of a director in certain circumstances.

Authorized shares of Common Stock and Preferred Stock are available for future issuances without stockholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved Common Stock and Preferred Stock could render more difficult or discourage an attempt to obtain control of the Company by means of proxy contest, tender offer, merger or otherwise.

Special Meeting, Action by Written Consent and Advance Notice Requirements for Stockholder Proposals

Except as otherwise required by law, our Certificate of Incorporation or our Bylaws, written or printed notice of the meeting of the stockholders stating the place, day and hour of the meeting and, in case of a special meeting, stating the purpose or purposes for which the meeting is called, and in case of a meeting held by remote communication stating such means, shall be delivered not less than 10 nor more than 60 days before the date of the meeting, either personally, or by mail, or if prior consent has been received by a stockholder by electronic transmission, by or at the direction of the Chairman or the President, the Secretary, or the persons calling the meeting, to each stockholder of record entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the DGCL) by the stockholder to whom the notice is given. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Company. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the DGCL.

Our Bylaws also provide that unless otherwise restricted by our Certificate of Incorporation or our Bylaws, any action required or permitted to be taken at any meeting of our Board or of any committee thereof may be taken without a meeting, if all members of our Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of our Board or committee.

In addition, our Bylaws require advance notice procedures for stockholder proposals to be brought before an annual meeting of the stockholders, including the nomination of directors. Stockholders at an annual meeting may only consider the proposals specified in the notice of meeting or brought before the meeting by or at the direction of the Board, or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered a timely written notice in proper form to our secretary, of the stockholder's intention to bring such business before the meeting.

These provisions could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Amendment to the Certificate of Incorporation and Bylaws

Our Certificate of Incorporation provides that so long as RT and its affiliates own, in the aggregate, at least 50% in voting power of our Common Stock, any amendment, alteration, change, addition, or repeal of our Certificate of Incorporation requires an affirmative vote of a majority of the then- outstanding shares of Common Stock entitled to vote thereon. At any time when RT and its affiliates beneficially own, in the aggregate, less than 50% of our outstanding Common Stock, our Certificate of Incorporation requires the affirmative vote by the holders of at least 66 2/3% of our outstanding Common Stock for any amendment, alteration, change, addition, or repeal of our Certificate of Incorporation; *provided* that, irrespective of RT ownership, the affirmative vote of holders of at least 66 2/3% of our outstanding Common Stock is required to amend certain provisions of our Certificate of Incorporation, including those provisions changing the size of the Board, the removal of certain directors, the availability of action by majority written consent of the stockholders or the restriction on business combinations with interest stockholders, among others.

The provisions of the DGCL, our Certificate of Incorporation and Bylaws could have the effect of discouraging others from attempting hostile takeovers and, as a consequence, they may also inhibit temporary fluctuations in the market price of our Common Stock that often result from actual or rumored hostile takeover attempts. These provisions may also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Exclusive Forum

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will, with certain limited exceptions, be the sole and exclusive forum for any stockholder (including any beneficial owner) to bring (a) any derivative action or proceeding brought on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Company or the Company's stockholders, (c) any action asserting a claim against the Company, its directors, officers or employees arising pursuant to any provision of the DGCL or the charter or bylaws, or (d) any action asserting a claim against the Company, its directors, officers or employees governed by the internal affairs doctrine. Subject to the provisions in the preceding sentence, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint, claim or proceeding asserting a cause of action arising under the Exchange Act or the Securities Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Stockholders cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of our capital stock shall be deemed to have notice of and consented to the forum provisions in Certificate of Incorporation.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our Certificate of Incorporation includes a provision that, to the fullest extent permitted by the DGCL, eliminates the personal liability of directors to us or our stockholders for monetary damages for any breach of fiduciary duty as a director. The effect of these provisions will be to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation will not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions or derived an improper benefit from his or her actions as a director.

Further, our Certificate of Incorporation and our Bylaws provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and officers.

The limitation of liability, indemnification and advancement provisions in our Certificate of Incorporation and Bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Transfer Agent

The transfer agent for our Common Stock is Continental Stock Transfer & Trust Company.

Listing of Common Stock

Our Common Stock is listed on The Nasdaq Global Market under the symbol “PLBY”.

Exhibit 10.14

AMENDMENT NO. 2
TO AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT

AMENDMENT NO. 2 TO AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT, dated as of March 27, 2024 (this "**Agreement**"), by and among each of the Lenders signatory hereto constituting the Requisite Lenders (each as defined in the Credit Agreement, as defined below), the Borrower (as defined below), each Guarantor (as defined in the Credit Agreement, as defined below) as of the date hereof, and DBD Credit Funding LLC ("**Fortress**"), as collateral agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "**Collateral Agent**"), and Fortress, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "**Administrative Agent**" and together with the Collateral Agent, each an "**Agent**" and, collectively, the "**Agents**").

WHEREAS, reference is hereby made to the Amended and Restated Credit and Guaranty Agreement, dated as of May 10, 2023 (as amended, amended and restated, supplemented, refinanced, replaced, extended, or otherwise modified from time to time prior to the date hereof, the "**Credit Agreement**"), by and among PLAYBOY ENTERPRISES, INC., a Delaware corporation (the "**Borrower**"), PLBY GROUP, INC., a Delaware corporation ("**Holdings**"), the other Guarantors from time to time party thereto, the Lenders from time to time party thereto, and the Agents;

WHEREAS, the Borrower desires to effect certain amendments to the Credit Agreement; and

WHEREAS, in accordance with Section 10.5 of the Credit Agreement, the Requisite Lenders, the Agents, the Borrower, and the other Persons party hereto have agreed to amend the Credit Agreement as more fully set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. ***Defined Terms; References*****.**

(a) Unless otherwise specifically defined herein, each term used herein which is defined in the Credit Agreement has the meaning assigned to such term in the Amended Credit Agreement (as defined below). The rules of construction and other interpretive provisions specified in Sections 1.2, 1.3 and 1.4 of the Amended Credit Agreement shall apply to this Agreement, including terms defined in the preamble and recitals hereto.

(b) As used in this Agreement, the following terms have the meanings specified below:

"**Amended Credit Agreement**" shall mean the Credit Agreement, as amended by this Agreement.

"**Amendment No. 2 Effective Date**" shall have the meaning provided in Section 6 hereof.

Section 2. ***Amendment and Consent.***

(a) Amended Credit Agreement. Pursuant to Section 10.5 of the Credit Agreement:

(i) Each of the parties hereto agrees that, effective on the Amendment No. 2 Effective Date, the Credit Agreement shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~ and ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text and double-underlined text) as set forth in the pages of the Credit Agreement attached as Exhibit A hereto.

(ii) Each of the parties hereto agrees that Exhibit B hereto sets forth a clean copy of the Amended Credit Agreement.

Section 3. ***Effect of Agreement; Reaffirmation; Etc.*** Except as expressly set forth herein or in the Amended Credit Agreement, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Agents under the Credit Agreement or under any other Credit Document and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of the Credit Agreement or of any other Credit Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Without limiting the foregoing, after giving effect to this Agreement, (a) each Credit Party acknowledges and agrees that (i) each Credit Document to which it is a party is hereby confirmed and ratified and shall remain in full force and effect according to its respective terms (in the case of the Credit Agreement, as amended hereby) and (ii) the Credit Documents to which it is a party, and all of the Collateral does, and in each case shall continue to, secure the payment and performance of all Obligations on the terms and conditions set forth in such Credit Documents, and hereby ratifies the security interests granted by it pursuant to such Credit Documents and (b) each Guarantor hereby confirms and ratifies its continuing unconditional obligations as Guarantor under the Amended Credit Agreement or each Guaranty to which it is a party, as applicable. The parties hereto acknowledge and agree that the amendment of the Credit Agreement pursuant to this Agreement and all other Credit Documents amended and/or executed and delivered in connection herewith shall not constitute a novation of the Credit Agreement and the other Credit Documents as in effect prior to the Amendment No. 2 Effective Date.

Section 4. ***Representations of Credit Parties.*** Each of the Credit Parties hereby represents and warrants that:

(a) the representations and warranties set forth in Section 4 of the Amended Credit Agreement and in each other Credit Document shall be true and correct in all material respects on and as of the Amendment No. 2 Effective Date (after giving effect to this Agreement) with the same effect as though made on and as of such date (and deeming this Agreement to be a "Credit Document" for purposes of each such representation and warranty), it being understood and agreed that (i) any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date and (ii) any representation or warranty that is qualified as to "materiality", "Material Adverse Effect" or similar language shall be true and correct in all respects (after giving effect to such qualification therein) on and as of the Amendment No. 2 Effective Date; and

(b) no Default or Event of Default has occurred and is continuing.

Section 5. ***Counterparts.*** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts) (including by facsimile or other electronic transmission (i.e., a "pdf" or "tif")), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually signed counterpart of this Agreement. The words "execution," "execute", "signed," "signature," and words of like import in or related to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formations on electronic platforms approved by the Administrative Agent, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

Section 6. ***Conditions to Effectiveness of this Agreement.*** This Agreement shall become effective on the date (the "**Amendment No. 2 Effective Date**") when each of the following conditions shall have been satisfied (or waived, as applicable) and, in connection with the foregoing, the execution (which may include telecopy or electronic transmission of a signed signature page of this Agreement) of this Agreement:

(a) the Administrative Agent shall have received from each Credit Party and Lenders constituting the Requisite Lenders a counterpart of this Agreement signed on behalf of such party; and

(b) immediately after giving effect to this Agreement, the representations and warranties set forth in Section 4(a) hereof shall be true and correct in all material respects.

Section 7. ***No Novation*****.** Nothing herein contained shall be construed as a substitution or novation of the obligations outstanding under the Credit Agreement or instruments securing the same, which shall remain in full force and effect, except to any extent modified hereby or by instruments executed concurrently herewith. Nothing implied in this Agreement or in any other document contemplated hereby shall discharge or release the Lien or priority of any Credit Document or any other security therefor or otherwise be construed as a release or other discharge of any of the Credit Parties under any Credit Document from any of its obligations and liabilities as a borrower, guarantor or pledgor under any of the Credit Documents, except, in each case, to any extent modified hereby.

Section 8. ***Administrative Agent Direction*****.** The Lenders executing this Agreement, constituting the Requisite Lenders, hereby instruct and direct the Agents to enter into, execute, and deliver this Agreement.

Section 9. ***Miscellaneous*****.** Sections 10.14, 10.15, and 10.16 of the Credit Agreement are incorporated herein by reference and apply *mutatis mutandis*. On and after the effectiveness of this Agreement, this Agreement shall for all purposes constitute a Credit Document.

Section 10. ***Credit Document*****.** This Agreement is a Credit Document and all references to a "Credit Document" in the Amended Credit Agreement or any other Credit Document (including any such reference in any representation or warranty in the Amended Credit Agreement or any other Credit Document) shall be deemed to include this Agreement.

Section 11. ***Release*.** Each Credit Party in its capacity as such hereby acknowledges and agrees that: (a) neither it nor any of its Subsidiaries has any claim or cause of action against any Agent or any Lender (or any of the directors, officers, employees, agents, attorneys or consultants of any of the foregoing (in its capacity as such)) by reason of any act, omission or thing whatsoever done or omitted to be done, in each case, on or prior to the Amendment No. 2 Effective Date directly arising out of, connected with or related to this Agreement, the Credit Agreement or any other Credit Document, or any act, event or transaction related or attendant thereto, or the agreements of Agent or any Lender contained therein, or the possession, use, operation or control of any of the assets of any Credit Party, or the making of any Loans or other advances, or the management of such Loans or other advances or the Collateral and (b) the Agents and the Lenders have heretofore properly performed and satisfied in a timely manner all of their obligations to the Credit Parties, and all of their Subsidiaries and Affiliates in respect of the Credit Agreement and each other Credit Document. Notwithstanding the foregoing, the Agents and the Lenders wish (and the Credit Parties in their capacities as such agree) to eliminate any possibility that any past conditions, acts, omissions, events or circumstances would impair or otherwise adversely affect any of their rights, interests, security and/or remedies. Accordingly, for and in consideration of the agreements contained in this Agreement and other good and valuable consideration, each Credit Party (in its capacity as such for itself and its Subsidiaries and Affiliates and the successors, assigns, heirs and representatives of each of the foregoing, each in their respective capacities as such) (collectively, the "**Releasors**") does hereby fully, finally, unconditionally and irrevocably release, waive and forever discharge the Agents and the Lenders, together with their respective Affiliates and Related Funds, and each of the directors, officers, employees, agents, attorneys and consultants of each of the foregoing, in each case, in their respective capacities as such (collectively, the "**Released Parties**"), from any and all debts, claims, allegations, obligations, damages, costs, attorneys' fees, suits, demands, liabilities, actions, proceedings and causes of action, in each case, whether known or unknown, contingent or fixed, direct or indirect, and of whatever nature or description, and whether in law or in equity, under contract, tort, statute or otherwise, which any Releasor has heretofore had or now or hereafter can, shall or may have against any Released Party by reason of any act, omission or thing whatsoever done or omitted to be done, in each case, on or prior to the Amendment No. 2 Effective Date directly arising out of, connected with or related to this Agreement, the Credit Agreement or any other Credit Document, or any act, event or transaction related or attendant thereto, or the agreements of Agent or any Lender contained therein, or the possession, use, operation or control of any of the assets of any Credit Party, or the making of any Loans or other advances, or the management of such Loans or other advances or the Collateral. Each Credit Party represents and warrants that it has no knowledge of any claim by any Releasor against any Released Party or of any facts or acts or omissions of any Released Party which on the date hereof would be the basis of a claim by any Releasor against any Released Party which would not be released hereby.

[*signature pages follow*]

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

PLAYBOY ENTERPRISES, INC., as Borrower

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PLBY GROUP, INC., as Holdings and a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PLAYBOY ENTERPRISES INTERNATIONAL, INC., as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PBTV LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

ARTWORK HOLDINGS LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PRODUCTS LICENSING LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PLAYBOY SPIRITS LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PLAYBOY.COM, INC., as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PLAYBOY NEW VENTURE LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

CHINA PRODUCTS LICENSING LLC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

PB GLOBAL ACQUISITION CORP., as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

CENTERFOLD DIGITAL INC., as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

HONEY BIRDETTE US INC, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Chief Financial Officer

HONEY BIRDETTE (UK) LIMITED, as a Guarantor

By: */s/ Marc Crossman*
Name: Marc Crossman
Title: Director

Executed as a **deed** by **PLBY Australia Pty Ltd**
as a Guarantor in accordance with Section 127 of the *Corporations Act 2001*

/s/Christopher Riley */s/ John Henry Williams*
Signature of director Signature of director/company secretary

Christopher Riley John Henry Williams
Name of director (print) Name of director/company secretary

By signing above, each director or secretary (as applicable) consents to electronic signing of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its signing under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

Executed as a **deed** by **Honey Birdette (Aust.) Pty Ltd**
as a Guarantor in accordance with Section 127 of the *Corporations Act 2001*

/s/Christopher Riley */s/ John Henry Williams*
Signature of director Signature of director/company secretary

Christopher Riley John Henry Williams
Name of director (print) Name of director/company secretary

By signing above, each director or secretary (as applicable) consents to electronic signing of this document (in whole or in part), represents that they hold the position or are the person named with respect to their execution and authorises any other director or secretary (as applicable) to produce a copy of this document bearing his or her signature for the purpose of signing the copy to complete its signing under section 127 of the Corporations Act. The copy of the signature appearing on the copy so executed is to be treated as his or her original signature.

DBD CREDIT FUNDING LLC,
as the Administrative Agent and the Collateral Agent

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FLF I SECURITIES L.P., as a Lender

By: Fortress Lending Advisors LLC, its
investment manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FORTRESS CREDIT OPPORTUNITIES XVII CLO LIMITED, as a Lender
By: FCOD CLO Management LLC, its collateral manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FORTRESS CREDIT OPPORTUNITIES VI CLO LIMITED, as a Lender
By: FCOD CLO Management LLC, its collateral manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FORTRESS CREDIT OPPORTUNITIES IX CLO LIMITED, as a Lender
By: FCOD CLO Management LLC, its collateral manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

DRAWBRIDGE DSO SECURITIES LLC, as a Lender

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

DBDB FUNDING LLC, as a Lender

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FORTRESS CREDIT OPPORTUNITIES XV CLO LIMITED, as a Lender
By: FCOD CLO Management LLC, its collateral manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

FORTRESS CREDIT OPPORTUNITIES XI CLO LIMITED, as a Lender
By: FCOD CLO Management LLC, its collateral manager

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

DRAWBRIDGE SPECIAL OPPORTUNITIES FUND LP, as a Lender
BY: DRAWBRIDGE SPECIAL OPPORTUNITIES GP LLC, its general partner

By: */s/ Dustin Schiavi*
Name: Dustin Schiavi
Title: Authorized Signatory

MURRAY HILL FUNDING II LLC, as a Lender

By: */s/ Gregg Bresner*
Name: Gregg Bresner
Title: President & Chief Investment Officer

Exhibit A
Amended Credit Agreement

[See attached.]

Exhibit B
Clean Copy of Amended Credit Agreement

[See attached.]

Exhibit B

AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT

dated as of May 10, 2023
(as amended by Amendment No. 1 to Amended and Restated Credit and Guaranty Agreement, dated as of November 2, 2023, and Amendment No. 2 to Amended and Restated Credit Agreement, dated as of March 27, 2024)

among

PLAYBOY ENTERPRISES, INC.
as Borrower
PLBY GROUP, INC.,
as Holdings

HOLDINGS AND CERTAIN SUBSIDIARIES OF HOLDINGS,
as Guarantors

and

ACQUIOM AGENCY SERVICES LLC,
as Administrative Agent and Collateral Agent

$210,000,000 Term Loan Facility

TABLE OF CONTENTS

F-1 Restatement Date Certificate
F-2 Solvency Certificate
G Counterpart Agreement
H Security Agreement
I Mortgage
J Landlord Waiver and Personal Property Collateral Access Agreement
K Intercompany Note
L Form of Administrative Questionnaire

AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT

This AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT, dated as of May 10, 2023, is entered into by and among **PLAYBOY ENTERPRISES, INC.**, a Delaware corporation (the "**Borrower**"), **PLBY GROUP, INC.**, a Delaware corporation ("**Holdings**"), and certain subsidiaries of the Borrower, as Guarantors, the Lenders party hereto from time to time and **ACQUIOM AGENCY SERVICES LLC**, as Administrative Agent (together with its permitted successors in such capacity, the "**Administrative Agent**") and as the Collateral Agent (together with its permitted successor in such capacity, the "**Collateral Agent**").

RECITALS:

WHEREAS, capitalized terms used in these recitals shall have the respective meanings set forth for such terms in Section 1.1 hereof;

WHEREAS, the Borrower, Holdings, the Guarantors party thereto, the Lenders party thereto (the "Existing Lenders"), the Administrative Agent, and the Collateral Agent have heretofore entered into that certain Credit and Guaranty Agreement, dated as of May 25, 2021 (as amended, restated, supplemented, or otherwise modified prior to the date hereof, the "**Original Credit Agreement**") providing for certain loans to the Borrower;

WHEREAS, the Borrower has requested, and the Tranche A Lenders have agreed, to exchange their Existing Loans for the Tranche A Loans in accordance with the terms and subject to the conditions set forth herein;

WHEREAS, the Borrower has requested, and the Restatement Date Assignee has agreed, to exchange the Existing Assigned Loans for the Discounted Tranche B Loans in accordance with the terms and subject to the conditions set forth herein;

WHEREAS, the Borrower has requested, and the Preferred Investor has agreed, to exchange the Exchanged Stock for the Exchanged Tranche B Loans in accordance with the terms and subject to the conditions set forth herein;

WHEREAS, the Borrower has requested, and certain Tranche B Lenders have agreed, to exchange their Existing Loans for the Rolled Tranche B Loans in accordance with the terms and subject to the conditions set forth herein; and

WHEREAS, the Borrower has requested, and the Tranche B Lenders with Tranche B Restatement Date Loan Commitments have agreed, to provide the Tranche B Restatement Date Loans in accordance with the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND INTERPRETATION

1.1 Definitions. The following terms used herein, including in the preamble, recitals, exhibits and schedules hereto, shall have the following meanings:

"**Acceptable Borrower Buyback Price**" as defined in Section 10.6(j)(ii).

"**Additional Lender**" means, at any time, any bank, other financial institution or institutional investor that, in any case, is not an existing Lender and that agrees to provide any portion of any Term Loan Increase or Incremental Term Facility in accordance with Section 2.21, subject to Section 10.6(c).

"**Adjusted Term SOFR"** means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) the Term SOFR Adjustment; provided, that notwithstanding the foregoing, Adjusted Term SOFR shall at no time be less than 0.50% per annum.

"**Adjustment Date**" means the Business Day following each date of delivery of financial statements pursuant to Section 5.1(a) or (b), as applicable and a Compliance Certificate pursuant to Section 5.1(c) calculating the Total Leverage Ratio and Total Net Leverage Ratio.

"**Administrative Agent**" as defined in the preamble hereto.

"**Administrative Questionnaire**" means an Administrative Questionnaire in substantially the form of Exhibit L or any other form approved by the Administrative Agent.

"**Adverse Proceeding**" means any action, suit, proceeding, hearing (in each case, whether administrative, judicial or otherwise), governmental investigation or arbitration (whether or not purportedly on behalf of Holdings or any of its Subsidiaries) at law or in equity, or before or by any Governmental Authority, domestic or foreign (including any Environmental Claims), whether pending or, to the knowledge of Holdings or any of its Subsidiaries, threatened against or affecting Holdings or any of its Subsidiaries or any property of Holdings or any of its Subsidiaries.

"**Affected Lender**" as defined in Section 2.15(b).

"**Affected Loans**" as defined in Section 2.15(b).

"**Affiliate**" means, as applied to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For the purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power (i) solely for the purposes of Section 6.11, to vote 10% or more of the Securities having ordinary voting power for the election of directors of such Person or (ii) to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities or by contract or otherwise.

"**Affiliated Lender**" means, at any time, any Lender (or a Person that after giving effect to an assignment of Loans would become a Lender) that is an Affiliate of any Credit Party at such time; provided that the Borrower shall not be deemed an Affiliated Lender.

"**Affiliated Lender Assignment**" as defined in Section 10.6(i)(i).

"**Agency Fee Letter**" means the Administrative Agent Fee Letter, dated as of the Closing Date, by and between the Administrative Agent and the Borrower (as the same may be amended, supplemented or otherwise modified in writing between the Administrative Agent and the Borrower).

"**Agent**" means each of (i) the Administrative Agent and (ii) the Collateral Agent.

"**Agent Affiliates**" as defined in Section 10.1(b)(iii).

"**Aggregate Amounts Due**" as defined in Section 2.14.

"**Aggregate Payments**" as defined in Section 7.2.

"**Agreed Security Principles**" means the agreed security principles set forth on Schedule 1.1(b).

"**Agreement**" means this Credit and Guaranty Agreement, dated as of May 25, 2021, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Amendment No. 1**" means that certain Amendment No. 1 to Amended and Restated Credit and Guaranty Agreement, dated as of November 2, 2023, by and among the Credit Parties, the Lenders and the Agents.

"**Amendment No. 1 Effective Date**" has the meaning assigned to that term in Amendment No. 1.

"**Amendment No. 2**" means that certain Amendment No. 2 to Amended and Restated Credit and Guaranty Agreement, dated as of March 27, 2024, by and among the Credit Parties, the Lenders, and the Agents.

"**Amendment No. 2 Effective Date**" means March 27, 2024.

"**Anti-Corruption Laws**" means Laws relating to anti-bribery or anti-corruption (governmental or commercial) which apply to Holdings and its Subsidiaries, including Laws that prohibit the corrupt payment, offer, promise, or authorization of the payment or transfer of anything of value (including gifts or entertainment), directly or indirectly, to any foreign government official, foreign government employee or commercial entity to obtain a business advantage, including the FCPA, the U.K. Bribery Act of 2010, and all national and international Laws enacted to implement the OECD Convention on Combating Bribery of Foreign Officials in International Business Transactions.

"**Anti-Terrorism Laws**" means Laws applicable to Holdings and its Subsidiaries relating to terrorism or money laundering, including Executive Order No. 13224, the PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Borrower Buyback Price**" as defined in Section 10.6(j)(ii).

"**Applicable Rate**" means, from and after the Restatement Date:

(a) with respect to Tranche A Loans, a percentage per annum applicable to the relevant Type of Loan set forth below under the caption "Adjusted Term SOFR" or "Base Rate", as the case may be, based upon the Total Net Leverage Ratio set forth opposite such rate:

Level	Total Net Leverage Ratio	Adjusted Term SOFR	Base Rate
I	Greater than 3.00:1.00	6.25%	5.25%
II	Less than or equal to 3.00:1.00	5.75%	4.75%

Until the first Adjustment Date following the completion of at least one full Fiscal Quarter after the Restatement Date, the "Applicable Rate" with respect to Tranche A Loans shall be the applicable rate per annum set forth in Level I of the above table. The Applicable Rate with respect to Tranche A Loans shall be adjusted quarterly on a prospective basis on each Adjustment Date based on the Total Net Leverage Ratio in accordance with the table set forth above; provided, that if financial statements are not delivered when required pursuant to Section 5.1(a) or (b) or a Compliance Certificate is not delivered when required pursuant to Section 5.1(c), as applicable, the "Applicable Rate" with respect to Tranche A Loans shall be the rate per annum set forth above in Level I of the above table until such financial statements are delivered. In the event that any financial statement or Compliance Certificate delivered pursuant to Section 5.1(a), (b), or (c) is determined to be inaccurate (at any time prior to the Payment in Full of all Obligations), and such inaccuracy, if corrected, would have led to the application of a higher Applicable Rate with respect to Tranche A Loans for any period than the Applicable Rate applied for such period, then (a) the Borrower shall promptly (and in any event within five (5) Business Days) following such determination deliver to the Administrative Agent correct financial statements and Compliance Certificates for such period, (b) the Applicable Rate for such period with respect to Tranche A Loans shall be determined as if the Total Net Leverage Ratio were determined based on the amounts set forth in such correct financial statements and Compliance Certificates, and (c) the Borrower shall promptly (and in any event within ten (10) Business Days) following delivery of such corrected financial statements and Compliance Certificates pay to the Administrative Agent the accrued additional interest owing as a result of such increased Applicable Rate for such period; and

(b) with respect to Tranche B Loans that are SOFR Loans, 4.25% per annum and with respect to Tranche B Loans that are Base Rate Loans, 3.25% per annum.

"**Applicable PIK Rate**" means:

(a) with respect to Tranche A Loans that are SOFR Loans (i) when the Applicable Rate for such Loans is set at the rate per annum set forth in Level I of the table set forth in the definition of "Applicable Rate", 5.25% per annum, and (ii) when the Applicable Rate for such Loans is set at the rate per annum set forth in Level II of the table set forth in the definition of "Applicable Rate", 4.75% per annum;

(b) with respect to Tranche A Loans that are Base Rate Loans (i) when the Applicable Rate for such Loans is set at the rate per annum set forth in Level I of the table set forth in the definition of "Applicable Rate", 4.25% per annum, and (ii) when the Applicable Rate for such Loans is set at the rate per annum set forth in Level II of the table set forth in the definition of "Applicable Rate", 3.75% per annum;

(c) with respect to Tranche B Loans that are SOFR Loans, 3.25% per annum; and

(d) with respect to Tranche B Loans that are Base Rate Loans, 2.25% per annum.

"**Approved Electronic Communications**" means any notice, demand, communication, information, document or other material that any Credit Party provides to the Agents pursuant to any Credit Document or the transactions contemplated therein which is distributed to the Administrative Agent or the Lenders by means of electronic communications pursuant to Section 10.1(b).

"**Asset Sale**" means a Disposition to any Person (other than the Borrower or any Guarantor Subsidiary), in one transaction or a series of related transactions, of all or any part of Holdings' or any of its Subsidiaries' businesses, assets or properties of any kind, whether real, personal, or mixed and whether tangible or intangible, whether now owned or hereafter acquired, leased or licensed, including the Equity Interests of any of Holdings' Subsidiaries, other than (i) Dispositions of inventory in the ordinary course of business (excluding any such Disposition by operations or divisions discontinued or to be discontinued), (ii) Dispositions of assets pursuant to Section 6.8(d), Section 6.8(g), Section 6.8(i), Section 6.8(o), or Section 6.8(u), (iii) Dispositions of other assets for aggregate consideration of less than $500,000 with respect to any transaction or series of related transactions and less than $1,500,000 in the aggregate during any Fiscal Year and (iv) solely for purposes of Section 2.10(a), a Disposition pursuant Section 6.8(j) to the extent the proceeds of such Disposition are ordinary course, recurring royalty payments (it being understood and agreed that any upfront payments, "down payments" or similar payments paid in connection with the consummation of such Disposition in excess of $2,000,000 with respect to any transaction or series of related transactions or in excess of $5,000,000 in the aggregate in any Fiscal Year (whether made on the date of such consummation or otherwise) shall be subject to Section 2.10(a)). Notwithstanding anything to the contrary contained in the foregoing, the Disposition of any Specified Non-Core Asset B is an "Asset Sale".

"**Assignment Agreement**" means an assignment and assumption agreement substantially in the form of Exhibit D, with such amendments or modifications as may be approved by the Administrative Agent and the Requisite Lenders.

"**Assignment Effective Date**" as defined in Section 10.6(b).

"**Australian Corporations Act**" means the *Corporations Act 2001* (Cth) of Australia.

"**Australian Credit Parties**" means Honey Birdette (Aust.) Pty Ltd (ACN 117 200 647) and PLBY Australia Pty Ltd (ACN 651 380 077).

"**Australian General Security Deed**" means the Australian law governed General Security Deed given by Honey Birdette (Aust.) Pty Ltd and PLBY Australia Pty Ltd, each a proprietary limited company incorporated in Australia, in favor of the Collateral Agent.

"**Australian Insolvency Event**" means, in respect of a Person, any of the following occurring:

(a) it becomes insolvent within the meaning of section 95A, or is taken to have failed to comply with a statutory demand under section 459F(1), or must be presumed by a court to be insolvent under section 459C(2), or is the subject of a circumstance specified in section 461 (whether or not an application to court has been made under that section) or, if the person is a Part 5.7 body, is taken to be unable to pay its debts under section 585, of the Australian Corporations Act:

(b) except as otherwise permitted in this Agreement or with the Collateral Agent's consent:

(i) it is the subject of a Liquidation, or an order or an application is made for its Liquidation and, in the case of an application, such application is not withdrawn, stayed, set aside or dismissed within fifteen (15) Business Days; or

(ii) an effective resolution is passed or meeting summoned or convened to consider a resolution for its Liquidation;

(c) (i) an External Administrator is appointed to it or any of its assets, (ii) a formal step is taken to do so which is not withdrawn, stayed, set aside, or dismissed within fifteen (15) Business Days, or (iii) its Related Party requests such an appointment;

(d) if a registered corporation under the Australian Corporations Act, a formal step is taken under section 601AA, 601AB or 601AC of the Australian Corporations Act to cancel its registration which is not withdrawn, stayed, set aside, or dismissed within fifteen (15) Business Days;

(e) an analogous or equivalent event to any listed above occurs in any jurisdiction; or

(f) it stops or suspends payment to all or a class of creditors generally.

"**Australian PPSA**" means the *Personal Property Securities Act 2009* (Cth) of Australia.

"**Australian Security Documents**" means the Australian General Security Deed, the Australian Specific Security Deed and any other Collateral Document expressed to be governed by the laws of any State or Territory of Australia executed by any Australian Credit Party to secure the Obligations or in connection with the Obligations, in each case together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof and any other document that any Australian Credit Party or Credit Party that is the holder of all of the equity interests in an Australian Credit Party and the Collateral Agent designate as an Australian Security Document.

"**Australian Security Trust Deed**" means the Australian law governed Security Trust Deed between, among others, the Australian Credit Parties and the Collateral Agent.

"**Australian Specific Security Deed**" means the Australian law governed Specific Security Deed given by the relevant Credit Party that is the holder of all the equity interests in PLBY Australia Pty Ltd, a proprietary limited company incorporated in Australia, in favor of the Collateral Agent.

"**Authorized Officer**" means, as applied to any Person, any individual holding the position of chairman of the board (if an officer), chief executive officer, president, vice president (or the equivalent thereof), chief financial officer or treasurer of such Person or, with respect to any Person that is not a corporation and that does not have officers, any individual holding any such position of the general partner, the sole member, managing member or similar governing body of such Person; provided that the secretary or assistant secretary of such Person shall have delivered an incumbency certificate to the Administrative Agent and the Requisite Lenders as to the authority of such Authorized Officer.

"**Available Amount**" means, at any time (the "**Reference Date**"), a cumulative amount equal to the sum of, without duplication:

(a) the greater of (i) $25,000,000 and (ii) 35% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period; plus

(b) the Cumulative Retained Excess Cash Flow Amount; plus

(c) the aggregate amount of Declined Mandatory Prepayment Proceeds retained by the Borrower during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date; plus

(d) the amount of any cash capital contributions or net cash proceeds contributed by Holdings to the Borrower in respect of Permitted Equity Issuances of Holdings during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date at such time Not Otherwise Applied; plus

(e) the cumulative amount of cash returns (including dividends, interest, distributions, interest payments, returns of principal, repayments, income and similar amounts) received by the Borrower or any Subsidiary in respect of any Investments made using the Available Amount during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date (but not in any event in an aggregate amount that exceeds the amount of such original Investment); plus

(f) in the case of any Disposition of any Investment (other than an Investment made in the Borrower or a Subsidiary) made using the Available Amount (without duplication of any amount deducted in calculating the amount of Investments at any time outstanding included in the amount of Restricted Payments), the net cash proceeds received by the Borrower or any Subsidiary with respect to all such Dispositions during the period from and including the Business Day immediately following the Closing Date through and including the Reference Date to the extent such Net Cash Proceeds are not otherwise required to be used to prepay or repay any Loans (but not in any event in an aggregate amount that exceeds the amount of such original Investment); minus

(g) the aggregate amount of all Restricted Payments and Investments made immediately prior to the date of the proposed use of such amount in reliance on Sections 6.4(l) and 6.6(aa)(ii), respectively, to the extent funded with the Available Amount.

Notwithstanding anything to the contrary contained herein, in no event shall the amount added to the Available Amount pursuant to each of clauses (e) or (f) exceed the original amount of the applicable Investment made using the Available Amount referred to in any such clause.

"**Available Tenor**" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (a) if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (b) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date.

"**Average Consolidated Balance Sheet Cash**" means, for any period, the sum of the aggregate amount of all Cash and Cash Equivalents of Holdings and its Subsidiaries for each day in such period divided by the number of days in such period.

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

"**Base Rate**" means, for any day, a rate *per annum* equal to the greatest of (i) the Prime Rate in effect on such day, (ii) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (iii) the sum of (a) the Adjusted Term SOFR (after giving effect to any Adjusted Term SOFR "floor") that would be payable on such day for a SOFR Loan with a one (1) month interest period plus (b) 1.00% *per annum*; provided, however, that notwithstanding the foregoing, the Base Rate shall at no time be less than 1.50% *per annum*. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"**Base Rate Loan**" means a Loan bearing interest at a rate determined by reference to the Base Rate.

"**Benchmark**" means, initially, Term SOFR; provided that if a replacement of the Benchmark has occurred pursuant to Section 2.22, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof.

"**Benchmark Replacement**" means, for any Available Tenor, the first alternative set forth below that can be determined by the Administrative Agent:

(a) the sum of: (A) Daily Simple SOFR and (B) 0.10% per annum; and

(b) the sum of (i) the alternate benchmark rate and (ii) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent (at the direction of the Requisite Lenders) and the Borrower as the replacement for such Available Tenor of such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar denominated syndicated credit facilities at such time.

If the Benchmark Replacement as determined pursuant to clause (a) or (b) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Credit Documents.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent (at the direction of the Requisite Lenders) decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent (at the direction of the Requisite Lenders) in a manner substantially consistent with market practice (or, if the Administrative Agent (at the direction of the Requisite Lenders) decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent (at the direction of the Requisite Lenders) determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent (at the direction of the Requisite Lenders) decides is reasonably necessary in connection with the administration of this Agreement and the other Credit Documents).

"**Benchmark Transition Event**" means, with respect to any then-current Benchmark, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that (a) such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark or (b) all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.

"**Beneficiary**" means each Agent, each Lender, each Lender Counterparty, each Secured Hedging Counterparty, and each other Secured Party, and "**Beneficiaries**" means, collectively, the Agent, the Lenders and the Lender Counterparties and each other Secured Party.

"**Blocked Person**" means a Person designated by the U.S. government on the OFAC Lists.

"**Board of Governors**" means the Board of Governors of the United States Federal Reserve System, or any successor thereto.

"**Bona Fide Debt Fund**" means any debt fund Affiliate of a Disqualified Institution that is primarily engaged in, or advises funds or other investment vehicles that are engaged in, making, purchasing, holding or otherwise investing in commercial loans, notes, bonds and similar extensions of credit or securities in the ordinary course of its business and whose managers are not involved with the investment of such Disqualified Institution.

"**Borrower**" as defined in the preamble hereto.

"**Borrower Buyback**" as defined in Section 10.6(j)(i).

"**Borrower Buyback Amount**" as defined in Section 10.6(j)(ii).

"**Borrower Buyback Price Range**" as defined in Section 10.6(j)(ii).

"**Borrower Buyback Notice**" as defined in Section 10.6(j)(ii).

"**Borrower Materials**" as defined in Section 5.1.

"**Borrowing Date**" means the date on which a Loan is made.

"**Business Day**" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of New York or in Los Angeles, California or is a day on which banking institutions located in such state or city are authorized or required by law or other governmental action to close.

"**Capital Lease**" means, with respect to any Person, any lease that has been or should be accounted for as a capital lease on a balance sheet of such Person prepared in accordance with GAAP (as in effect on the Closing Date).

"**Capital Lease Obligations**" of any Person means the obligations of such Person to pay rent or other amounts under any Capital Lease, which obligations are required to be classified and accounted for as Capital Leases on a balance sheet of such Person under GAAP, and the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"**Cash**" means money, currency or a credit balance in any demand or Deposit Account.

"**Cash Equivalents**" means, as at any date of determination, any of the following: (i) marketable securities (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States Government or (b) issued by any agency of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within one (1) year after such date; (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one (1) year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iii) commercial paper maturing no more than 180 days from the date of acquisition thereof and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's; (iv) certificates of deposit or bankers' acceptances maturing within 180 days after such date and issued or accepted by any Lender or by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that (a) is at least "adequately capitalized" (as defined in the regulations of its primary Federal banking regulator) and (b) has Tier 1 capital (as defined in such regulations) of not less than $1,000,000,000; (v) shares of any money market mutual fund that (a) has substantially all of its assets invested continuously in the types of investments referred to in clauses (i) and (ii) above, (b) has net assets of not less than $5,000,000,000, and (c) has the highest rating obtainable from either S&P or Moody's; and (vi) any of the foregoing (or their reasonable equivalents) in each of the United Kingdom and Australia.

"**Cash Interest Expense**" means, for any period, Consolidated Interest Charges for such period paid in Cash, less gross interest income of Holdings and its Subsidiaries for such period.

"**Casualty Event**" as defined in the definition of "Net Insurance/Condemnation Proceeds."

"**CFC**" means a Subsidiary that is a "controlled foreign corporation" within the meaning of Section 957 of the Internal Revenue Code.

"**Change of Control**" means:

(a) any Person or "group" (within the meaning of Rules 13d 3 and 13d 5 under the Exchange Act but excluding any employee benefit plan of such Person and its Subsidiaries, and any Person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan), other than any combination of the Permitted Holders, (i) shall have acquired beneficial ownership of Equity Interests of Holdings representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Holdings and (ii) the percentage of such aggregate ordinary voting power so held is greater than the percentage of the aggregate ordinary voting power represented by the Equity Interests of Holdings beneficially owned, directly or indirectly, in the aggregate by the Permitted Holders at such time;

(b) Holdings shall cease to directly beneficially own and control 100% on a fully diluted basis of the economic and voting interest in the Equity Interests of the Borrower; or

(c) any "change of control" or similar event under any instrument evidencing indebtedness incurred pursuant to Section 6.1(r) shall occur.

"**CISADA**" means the Comprehensive Iran Sanctions, Accountability and Divestment Act.

"**Closing Date**" means May 25, 2021, being the date on which all of the conditions precedent in Section 3.1 were satisfied (or waived in accordance with Section 10.5), the initial Loans were made and the Related Transactions were consummated.

"**Collateral**" means, collectively, all of the real, personal and mixed property (including Equity Interests) in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

"**Collateral Agent**" as defined in the preamble hereto.

"**Collateral Documents**" means the Security Agreement, the Mortgages, the Intellectual Property Security Agreements, the Reaffirmation Agreement, the Landlord Waiver and Personal Property Collateral Access Agreements, if any, the Control Agreements, the Foreign Security Documents and all other instruments, documents and agreements delivered by or on behalf of any Credit Party pursuant to this Agreement or any of the other Credit Documents in order to grant to, or perfect in favor of, the Collateral Agent, for the benefit of Secured Parties, a Lien on any real, personal or mixed property of that Credit Party as security for the Obligations.

"**Commitment**" means the commitment of a Lender to make or otherwise fund a Loan and "**Commitments**" means such commitments of all Lenders in the aggregate. The amount of each Lender's Commitment and outstanding Loans as of the Restatement Date is set forth on Appendix A. The aggregate amount of the Commitments and outstanding Loans as of the Restatement Date is $210,000,000.00.

"**Commodity Account**" as defined in the UCC.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.).

"**Compliance Certificate**" means a Compliance Certificate substantially in the form of Exhibit C.

"**Connection Income Taxes**" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"**Consolidated Amortization Expense**" means, for any period, the amortization expense of Holdings and its Subsidiaries for such period (including amortization of intangible assets (including, without limitation, goodwill, intellectual property, distribution rights and programming costs) and amortization of deferred financing fees or costs, including, without limitation, any upfront fees or original issue discount), determined on a consolidated basis in accordance with GAAP.

"**Consolidated Balance Sheet Cash**" means, as of any date of determination, the unrestricted "cash and cash equivalents" of Holdings and its Subsidiaries as of such date, determined on a consolidated basis in accordance with GAAP.

"**Consolidated Capital Expenditures**" means, for any period, the sum of (i) the aggregate of all expenditures of Holdings and its Subsidiaries during such period determined on a consolidated basis that, in accordance with GAAP, are or should be included in "purchase of property and equipment" or similar items, or which should otherwise be capitalized in accordance with GAAP, reflected in the consolidated statement of cash flows of Holdings and its Subsidiaries and shall in any event include any expenditures with respect to software development and (ii) to the extent not duplicative of amounts included under clause (i) of this definition, the aggregate of all expenditures or other amounts which are treated as "contra-revenue" (or a similar characterization) of Holdings and its Subsidiaries during such period determined on a consolidated basis.

"**Consolidated Current Assets**" means, as at any date of determination, the total assets of Holdings and its Subsidiaries (other than Cash and Cash Equivalents) which may properly be classified as current assets on a consolidated balance sheet of Holdings and its Subsidiaries in accordance with GAAP at such date.

"**Consolidated Current Liabilities**" means, as at any date of determination, the total liabilities of Holdings and its Subsidiaries which may properly be classified as current liabilities (other than the current portion of any Loans) on a consolidated balance sheet of Holdings and its Subsidiaries in accordance with GAAP at such date.

"**Consolidated Depreciation Expense**" means, for any period, the depreciation expense of Holdings and its Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"Consolidated EBITDA" means, for any period, the Consolidated Net Income for such period, adjusted as follows:

(a) without duplication and, except for clauses (a)(vii)(B), (a)(xvi), and (a)(xviii), to the extent deducted (and not added back) in arriving at such Consolidated Net Income, the sum of the following amounts for such period shall increase Consolidated EBITDA:

(i) Consolidated Interest Charges for such period;

(ii) Taxes or distributions for Taxes (whether paid or reserved, or provisions are made therefor) based on income, profits or capital, including federal, foreign, state, franchise, excise, VAT, property, withholding and similar Taxes paid or accrued during such period;

(iii) Consolidated Amortization Expense for such period;

(iv) Consolidated Depreciation Expense for such period;

(v) non-Cash charges for such period, including stock compensation expense, calculated pursuant to GAAP, but excluding any such non-Cash charge to the extent that it represents an accrual or reserve for potential Cash charge in any future period or amortization of a prepaid Cash charge that was paid in a prior period;

(vi) Transaction Costs paid (A) on or prior to the Restatement Date or (B) within ninety (90) days following the Restatement Date;

(vii) without duplication between clauses (A) and (B), (A) non- recurring charges and expenses, and restructuring and transition costs, expenses, accruals, or reserves (including restructuring, transaction, and transition costs related to mergers, acquisitions, partnerships, joint ventures, and refinancing of existing or new Indebtedness or equity securities) that, in each case, were actually incurred or expended in such period and to the extent permitted hereunder, and (B) with respect to any integration (including as a result of an acquisition permitted hereunder), consolidation, discontinuance of operations, closure of facilities, Disposition of any Specified Non-Core Asset B, or other operational change which Holdings and its Subsidiaries have consummated in such period, cost savings or synergies projected by Holdings or the Borrower in good faith to be realized within twelve (12) months after consummation of such transactions, and which cost savings and synergies (1) are quantifiable, factually supportable, reasonably identifiable and supported by an officer's certificate of an Authorized Officer delivered to the Administrative Agent and the Lenders, (2) shall be calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period and as if such cost savings and synergies were realized during the entirety of such period, and (3) shall be calculated net of the amount of actual benefits realized during the relevant applicable period from such actions; provided that the aggregate amount that may be added back pursuant to this clause (vii) in any Test Period, together with (I) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(xii) of this definition for such Test Period, (II) the aggregate amount of cost savings and synergies added to Consolidated EBITDA pursuant to Section 1.4(d) for such Test Period and (III) the aggregate amount of extraordinary or non-recurring losses excluded from Consolidated Net Income pursuant to clause (i) of the definition thereof for such Test Period, shall not exceed the sum of (A) 20% of Consolidated EBITDA (calculated before giving effect to such addbacks) for such Test Period, *plus* (B) with respect to any of such costs, charges, expenses, cost savings, or synergies related to Specified Non-Core Asset A (as defined in the Original Credit Agreement), if a Disposition of Specified Non-Core Asset A has occurred on or after the Amendment No. 2 Effective Date (as defined in the Original Credit Agreement) in accordance with Section 8.1(o) of the Original Credit Agreement, for the Test Period in which such Disposition occurred and any subsequent Test Period, $5,000,000;

(viii) the amount of customary board, monitoring, consulting or advisory fees, indemnities and related expenses paid or accrued in such period in the ordinary course of business and not in excess of current market rates;

(ix) non-Cash losses on Asset Sales, disposals or abandonments (other than Asset Sales, disposals or abandonments in the ordinary course of business) for such period;

(x) losses from operations that were discontinued in such period in accordance with GAAP;

(xi) minority interest expense for such period;

(xii) litigation expense for such period; provided that the aggregate amount that may be added back pursuant to this clause (xii) in any Test Period, together with (I) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(vii) of this definition for such Test Period, (II) the aggregate amount of cost savings and synergies added to Consolidated EBITDA pursuant to Section 1.4(d) for such Test Period and (III) the aggregate amount of extraordinary and non-recurring losses excluded from Consolidated Net Income pursuant to clause (i) of the definition thereof for such Test Period, shall not exceed 20% of Consolidated EBITDA (calculated before giving effect to such addbacks) for such Test Period;

(xiii) charges, fees and expenses reasonably incurred in connection with Permitted Acquisitions, other Investments, issuances, incurrence and prepayments of Indebtedness or issuance of equity securities, in each case in transactions negotiated in good faith on an arm's length basis with Third Parties and permitted under this Agreement, whether or not consummated, during such Test Period in accordance with the provisions of this Agreement; provided that the aggregate amount that may be added back pursuant to this clause (xiii) in respect of unconsummated Permitted Acquisitions, Investments or other transactions in any Test Period shall not exceed 10% of Consolidated EBITDA (calculated before giving effect to such addback) for such Test Period;

(xiv) all agency fees paid to the Administrative Agent pursuant to Section 2.19 for such period;

(xv) all fees, costs and expenses reasonably incurred for such period in connection with any consents, amendments or waivers to this Agreement and the other Credit Documents;

(xvi) (A) extraordinary, unusual, or non-recurring fees, expenses, charges, or losses related to or associated with headcount reduction (including redundancies), including severance and similar expenses, and (B) cost savings related to or associated with headcount reduction (including redundancies) that (1) are quantifiable, factually supportable, reasonably identifiable, and supported by an officer's certificate of an Authorized Officer delivered to the Administrative Agent and the Lenders, (2) shall be calculated on a pro forma basis as though such cost savings had been realized on the first day of such period and as if such cost savings were realized during the entirety of such period, and (3) shall be calculated net of the amount of actual benefits realized during the relevant applicable period from such actions;

(xvii) any costs associated with a Disposition of any Specified Non-Core Asset B; and

(xviii) adjustments of the type reflected in the schedule for Holdings and its Subsidiaries delivered to the Requisite Lenders on August 7, 2022, which shall not exceed $7,400,000 in the aggregate for any Test Period;

(b) without duplication and to the extent included in arriving at such Consolidated Net Income, the sum of the following amounts for such period shall reduce Consolidated EBITDA:

(i) non-Cash gains for such period (excluding any non-Cash gain to the extent it represents the reversal of an operating accrual or reserve for a potential cash item that reduced Consolidated Net Income or Consolidated EBITDA in a prior period);

(ii) non-recurring gains calculated in accordance with GAAP for such period, including gains on Asset Sales, disposals or abandonments (other than Asset Sales, disposals or abandonments in the ordinary course of business); and

(iii) the amount of any net income or gains from operations that were discontinued in such period or any prior period in accordance with GAAP; and

(c) in determining Consolidated EBITDA, the following adjustments shall be made:

(i) any gain or loss relating to non-speculative hedging obligations, other non-speculative derivative instruments or other cryptocurrency or similar investments shall be disregarded (including, without limitation, gains or losses attributable to any "mark-to-market" adjustments);

(ii) any currency conversion translation gain or loss shall be disregarded; and

(iii) any gain or loss relating to an intercompany currency transaction occurring in the ordinary course of business among Holdings and its Subsidiaries shall be disregarded.

Notwithstanding anything to the contrary in this Agreement, in determining Consolidated EBITDA for any Test Period, the amount of add-backs and adjustments included in the calculation of Consolidated EBITDA for any Fiscal Quarter included in such Test Period, shall not exceed the amount of add backs and adjustments to Consolidated EBITDA previously reported to the Administrative Agent and Lenders for such Fiscal Quarter.

"**Consolidated Interest Charges**" means, for any period, for Holdings and its Subsidiaries determined on a consolidated basis in accordance with GAAP, the sum of (i) all interest expense (net of interest income), (ii) amortization of premium payments, debt discount or original issue discount, fees (including, without limitation, bank expenses to the extent reimbursed by Holdings or any of its Subsidiaries), costs of surety bonds, charges and related expenses incurred in connection with financing activities (including capitalized interest) during the period, (iii) the interest portion of the deferred purchase price of assets during the period, and (iv) the portion of rent expense under Capital Leases that is treated as interest.

"**Consolidated Net Income**" means, for any period, the net income (loss) of Holdings and its Subsidiaries for such period determined on a consolidated, combined or condensed basis in accordance with GAAP, excluding, without duplication, (i) extraordinary or non-recurring items for such period, provided that the aggregate amount of extraordinary or non-recurring losses that may be excluded from Consolidated Net Income pursuant to this clause (i) in any period, together with (I) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(vii) of the definition thereof for such period, (II) the aggregate amount of cost savings and synergies added to Consolidated EBITDA pursuant to Section 1.4(d) for such Test Period and (III) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(xii) of the definition thereof for such Test Period shall not exceed 20% of Consolidated EBITDA (calculated before giving effect to such addbacks) for such period, (ii) the cumulative effect of a change in accounting principles during such period to the extent included in Consolidated Net Income, (iii) any income (loss) for such period attributable to the early extinguishment of Indebtedness, Hedging Agreements or other derivative instruments (other than non-speculative Hedging Agreements), (iv) the net income (loss) of any Person (other than a Subsidiary of Holdings) in which any Person other than Holdings or any of its Subsidiaries has an ownership interest, except to the extent that cash in an amount equal to any such income has actually been received by Holdings or any of its Subsidiaries during such period, (v) stock or equity based compensation charges and (vi) the net income (loss) of any Subsidiary of Holdings (other than a Subsidiary Guarantor) during such period to the extent that (a) the declaration or payment of dividends or similar distributions by such Subsidiary of that income is not permitted by operation of the terms of its Organizational Documents or any agreement (other than this Agreement or any other Credit Document), instrument, or other legal requirement applicable to that Subsidiary during such period, or (b) such portion of net income, if dividended or distributed to the equity holders of such Subsidiary in accordance with the terms of its Organizational Documents, would be received by any Person other than Holdings or any of its Subsidiaries. There shall be excluded from Consolidated Net Income for any period the non-Cash effects from applying purchase accounting, including applying purchase accounting to inventory, property and equipment, software and other intangible assets and deferred revenue required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to Holdings and its Subsidiaries), as a result of any permitted acquisitions or dispositions, or the amortization or write-off of any amounts thereof.

"**Consolidated Tax Expense**" means, for any period, the federal, foreign (for purposes of Section 6.4(f), to the extent payable by Holdings on behalf of its Subsidiaries), state, franchise, excise, VAT (for purposes of Section 6.4(f), to the extent payable by Holdings on behalf of its Subsidiaries), property, withholding and similar Taxes of Holdings or its Subsidiaries for such period, determined on a consolidated basis in accordance with tax law and regulations, in each case as if they were a stand-alone consolidated group.

"**Contractual Obligation**" means, as applied to any Person, any provision of any indenture, mortgage, deed of trust, contract, undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"**Contributing Guarantors**" as defined in Section 7.2.

"**Control Agreement**" means an agreement, in form and substance reasonably satisfactory to the Requisite Lenders, which provides for the Collateral Agent to have "control" (as defined in Section 9-104 of the UCC of the State of New York or Section 8-106 of the UCC of the State of New York, as applicable) of Deposit Accounts or Securities Accounts, as applicable.

"**Controlled Entity**" means, as to any Person, any other Person that is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"**Conversion/Continuation Date**" means the effective date of a continuation or conversion, as the case may be, as set forth in the applicable Conversion/Continuation Notice.

"**Conversion/Continuation Notice**" means a Conversion/Continuation Notice substantially in the form of Exhibit A-2.

"**Copyrights**" as defined in the Security Agreement.

"**Counterpart Agreement**" means a Counterpart Agreement substantially in the form of Exhibit G delivered by a Credit Party pursuant to Section 5.10.

"**Credit Document**" means any of this Agreement, the Notes, if any, the Collateral Documents, the Agency Fee Letter, the Fee Letter, the Disbursement Letter and all other documents, certificates, instruments or agreements executed and delivered by or on behalf of a Credit Party for the benefit of the Administrative Agent, the Collateral Agent or any Lender in connection with this Agreement on or after the Closing Date, including all amendments hereto.

"**Credit Party**" means the Borrower and each Guarantor and "**Credit Parties**" means, collectively, the Borrower and all Guarantors.

"**Cumulative Excess Cash Flow**" means the amount equal to the sum of Excess Cash Flow (but not less than zero for any Fiscal Year) for the Fiscal Year ending on December 31, 2022 and Excess Cash Flow (but not less than zero in any Fiscal Year) for each succeeding and completed Fiscal Year.

"**Cumulative Retained Excess Cash Flow Amount**" means, as at any date of determination, an amount determined on a cumulative basis equal to:

(a) the amount of Cumulative Excess Cash Flow for all Fiscal Years of the Borrower in which Cumulative Excess Cash Flow was a positive number commencing with the Fiscal Year ending on December 31, 2022, minus

(b) the amount of Excess Cash Flow required to be applied to prepay the Loans pursuant to Section 2.10(e) during or with respect to such applicable Fiscal Years.

Notwithstanding anything to the contrary, to the extent any Excess Cash Flow is not applied to make a prepayment of the Loans pursuant to Section 2.10(e) by virtue of the application of Section 2.12(c), such Excess Cash Flow shall not under any circumstances increase the Available Amount.

"**Cure Amount**" as defined in Section 8.3.

"**Cure Expiration Date**" as defined in Section 8.3.

"**Cure Quarter**" as defined in Section 8.3.

"**Daily Simple SOFR**" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Administrative Agent (at the direction of the Requisite Lenders) in accordance with the conventions for this rate recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Administrative Agent (at the direction of the Requisite Lenders) decides that any such convention is not administratively feasible for the Administrative Agent or the Lenders, then the Administrative Agent (at the direction of the Requisite Lenders) may establish another convention in its reasonable discretion and in consultation with the Borrower.

"**Debtor Relief Laws**" means the Bankruptcy Code, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Australia, England and Wales or any other applicable jurisdictions from time to time in effect.

"**Declined Mandatory Prepayment Proceeds**" as defined in Section 2.12(c).

"**Default**" means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default.

"**Deposit Account**" as defined in the UCC.

"**Disbursement Letter**" means a disbursement letter, dated as of the Restatement Date, by and among the Credit Parties, the Agents and the Lenders, and the related funds flow memorandum describing the sources and uses of all cash payments to be made on the Closing Date in connection with the transactions contemplated to occur on the Closing Date.

"**Discounted Tranche B Loans**" as defined in Section 2.1(a)(iii).

"**Disposition**" or "**Dispose**" means the conveyance, assignment, sale, lease or sublease (as lessor or sublessor), license, exchange, transfer, division or other disposition (including any sale and leaseback transaction and any sale of Equity Interests held in another Person) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"**Disqualified Equity Interests**" means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (i) matures or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (ii) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (iii) provides for the scheduled payments or dividends in Cash, or (iv) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Maturity Date but excluding any provisions requiring redemption or payment upon a "change of control" or Disposition of all or substantially all of the assets, provided that such provisions require Payment in Full of the Obligations prior to requiring any such redemption or payment.

"**Disqualified Institution**" means (i) those Persons that are direct competitors of Holdings or any of its Subsidiaries, and any private equity owners of any such direct competitor, in each case to the extent identified by Holdings or the Borrower to the Administrative Agent and the Lenders by name in writing prior to the Closing Date, which written list of Disqualified Institutions may be updated from time to time with the consent of the Requisite Lenders (such consent (a) not to be unreasonably withheld, conditioned or delayed and (b) to be deemed given unless the Requisite Lenders shall have objected thereto within ten (10) Business Days of receipt of the request to supplement such list) or (ii) any Affiliate of such Person, other than Bona Fide Debt Funds, that are reasonably identifiable as an Affiliate solely on the basis of their name (provided that the Administrative Agent and the Lenders shall have no obligation to carry out due diligence in order to identify such Affiliates).

"**Dollars**" and the sign "**$**" mean the lawful money of the United States.

"**Domestic Subsidiary**" means any Subsidiary of Holdings organized under the laws of the United States, any State thereof or the District of Columbia.

"**Earn-Out Indebtedness**" means Indebtedness incurred by Holdings or any of its Subsidiaries consisting of an earn-out obligation or other purchase price holdback in respect of assets or property acquired in a Permitted Acquisition or other Investment to the extent such earn-out obligation or other purchase price holdback has become due and payable or is otherwise required to be reflected as a liability on the balance sheet of Holdings or any of its Subsidiaries in accordance with GAAP.

"**Eligible Assignee**" means any Person other than a natural Person that is (i) a Lender, an Affiliate of any Lender or a Related Fund (any two or more Related Funds being treated as a single Eligible Assignee for all purposes hereof), or (ii) a commercial bank, insurance company, investment or mutual fund or other entity that is an "accredited investor" (as defined in Regulation D under the Securities Act) and which extends credit or buys loans in the ordinary course of business; provided that (a) no Credit Party or Affiliate of a Credit Party shall be an Eligible Assignee and (b) unless an Event of Default described in Section 8.1(a), 8.1(f), 8.1(g) or 8.1(h) has occurred, no Disqualified Institution shall be an Eligible Assignee.

"**Employee Benefit Plan**" means any "employee benefit plan" as defined in Section 3(3) of ERISA which is or was, within the preceding six years, sponsored, maintained or contributed to by, or required to be contributed by, Holdings or any of its Subsidiaries or, solely with respect to any such plan that is subject to Title IV of ERISA, Section 302 of ERISA or Section 412 of the Internal Revenue Code, any of their respective ERISA Affiliates.

"**English Credit Party**" means Honey Birdette (UK) Limited.

"**English Insolvency Event**" means, with respect to any English Credit Party, any of the following:

(a) any English Credit Party:

(i) is unable or admits inability to pay its debts as they fall due;

(ii) suspends or threatens to suspend making payments on any of its debts; or

(iii) by reason of actual or anticipated financial difficulties, that English Credit Party commences negotiations with one or more of its creditors (excluding any Lender in its capacity as such) with a view to rescheduling any of its indebtedness;

(b) a moratorium is declared in respect of any indebtedness of any English Credit Party;

(c) any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any English Credit Party;

(ii) a composition, compromise, assignment or arrangement with any creditor of any English Credit Party;

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of any English Credit Party or any of its assets;

(iv) the enforcement of any Security over any assets of any English Credit Party; or

(v) any analogous procedure or step is taken in any jurisdiction other than, in each case, (A) any such action, proceeding, procedure, or step which is frivolous or vexatious and is discharged, stayed or dismissed within fourteen (14) days of commencement or (B) any solvent liquidation or reorganization permitted under this Agreement; or

(d) any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an English Credit Party and is not discharged within 14 days.

"**English Security Documents**" means the Debenture and Share Charges described in paragraphs 2a and 2b respectively of Schedule 1.1(b), the Supplemental English Security Documents and any other Collateral Document expressed to be governed by the laws of England and Wales executed by any Credit Party to secure the Obligations, in each case together with all extensions, renewals, amendments, supplements, modifications, substitutions and replacements thereto and thereof.

"**Environmental Claim**" means any investigation, notice, notice of violation, claim, action, suit, proceeding, demand, abatement order or other order or directive (conditional or otherwise), by any Governmental Authority or any other Person, arising (i) pursuant to or in connection with any actual or alleged violation of any Environmental Law; (ii) in connection with any Hazardous Material or any actual or alleged Hazardous Materials Activity; or (iii) in connection with any actual or alleged damage, injury, threat or harm to health, safety, natural resources or the environment.

"**Environmental Laws**" means any and all current or future foreign or domestic, federal or state (or any subdivision of either of them), statutes, ordinances, orders, rules, regulations, judgments, Governmental Authorizations, or any other requirements of Governmental Authorities relating to (i) environmental matters, including those relating to any Hazardous Materials Activity; (ii) the generation, use, storage, transportation or disposal of Hazardous Materials; or (iii) occupational safety and health, industrial hygiene, land use or the protection of human, plant or animal health or welfare, in any manner applicable to Holdings or any of its Subsidiaries or any Facility.

"**Equity Cure Contribution**" as defined in Section 8.3.

"**Equity Interests**" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation), including partnership interests and membership interests, and any and all warrants, rights or options to purchase or other arrangements or rights to acquire any of the foregoing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor thereto.

"**ERISA Affiliate**" means, as applied to any Person, (i) any corporation which is a member of a controlled group of corporations within the meaning of Section 414(b) of the Internal Revenue Code of which that Person is a member; (ii) any trade or business (whether or not incorporated) which is a member of a group of trades or businesses under common control within the meaning of Section 414(c) of the Internal Revenue Code of which that Person is a member; and (iii) for purposes relating to Section 412 of the Internal Revenue Code only, any member of an affiliated service group within the meaning of Section 414(m) or (o) of the Internal Revenue Code of which that Person, any corporation described in clause (i) above or any trade or business described in clause (ii) above is a member. Any former ERISA Affiliate of Holdings or any of its Subsidiaries shall continue to be considered an ERISA Affiliate of Holdings or any such Subsidiary within the meaning of this definition with respect to the period such entity was an ERISA Affiliate of Holdings or such Subsidiary and with respect to liabilities arising after such period for which Holdings or such Subsidiary could be liable under the Internal Revenue Code or ERISA.

"**ERISA Event**" means (i) a "reportable event" within the meaning of Section 4043(c) of ERISA and the regulations issued thereunder with respect to any Pension Plan (excluding those for which the provision for thirty (30) day notice to the PBGC has been waived by regulation); (ii) the failure by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates to meet the minimum funding standard of Section 412 of the Internal Revenue Code with respect to any Pension Plan (whether or not waived in accordance with Section 412(c) of the Internal Revenue Code), to make by its due date a required installment under Section 430(j) of the Internal Revenue Code with respect to any Pension Plan or to make any required contribution to a Multiemployer Plan; (iii) the filing by the administrator of any Pension Plan pursuant to Section 4041(a)(2) of ERISA of a notice of intent to terminate such plan in a distress termination described in Section 4041(c) of ERISA; (iv) the withdrawal by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates from any Pension Plan with two or more contributing sponsors or the termination of any such Pension Plan resulting in liability to Holdings, any of its Subsidiaries or any of their respective Affiliates pursuant to Section 4063 or Section 4064 of ERISA; (v) the institution by the PBGC of proceedings to terminate any Pension Plan, or the occurrence of any event or condition which constitutes grounds under ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (vi) the imposition of liability on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 4062(e) or Section 4069 of ERISA or by reason of the application of Section 4212(c) of ERISA; (vii) the withdrawal of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates in a complete or partial withdrawal (within the meaning of Sections 4203 and 4205 of ERISA) from any Multiemployer Plan if there is any potential withdrawal liability therefor, a determination that a Multiemployer Plan is in "endangered status" or "critical status" (as defined in Section 305(b) of ERISA),or the receipt by Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of notice from any Multiemployer Plan that it is in insolvency pursuant to Section 4245 of ERISA, or that it intends to terminate or has terminated under Section 4041A or Section 4042 of ERISA; (viii) the occurrence of an act or omission which could reasonably be expected to give rise to the imposition on Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates of fines, penalties, taxes or related charges under Chapter 43 of the Internal Revenue Code or under Section 409, Section 502(c), (i) or (l), or Section 4071 of ERISA in respect of any Employee Benefit Plan; (ix) receipt from the Internal Revenue Service of notice of the failure of any Pension Plan (or any other Employee Benefit Plan intended to be qualified under Section 401(a) of the Internal Revenue Code) to qualify under Section 401(a) of the Internal Revenue Code, or the failure of any trust forming part of any Pension Plan to qualify for exemption from taxation under Section 501(a) of the Internal Revenue Code; (x) the imposition of a Lien upon the assets of Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates pursuant to Section 430(k) of the Internal Revenue Code or Section 303(k) of ERISA with respect to any Pension Plan or a violation of Section 436 of the Internal Revenue Code; or (xii) the occurrence of any Foreign Plan Event.

"**Event of Default**" means each of the conditions or events set forth in Section 8.1.

"**Excess Cash Flow**" means, for any Fiscal Year:

(a) the sum, without duplication, of:

(i) Consolidated EBITDA for such Fiscal Year;

(ii) cash items of income for such Fiscal Year to the extent subtracted from Consolidated Net Income in calculating Consolidated EBITDA;

(iii) the cash portion of any net income or gains from operations that were discontinued in such period or any prior period in accordance with GAAP;

(iv) the decrease, if any, in the Net Working Capital from the beginning to the end of such Fiscal Year (which for the avoidance of doubt has the effect of increasing Excess Cash Flow); and

(v) the reversal, during such Fiscal Year, of any reserve established pursuant to clause (b)(i) below; *minus*

(b) the sum, without duplication and only to the extent included in Consolidated EBITDA, of:

(i) the amount of any cash Consolidated Tax Expense actually paid by Holdings and its Subsidiaries in such Fiscal Year;

(ii) the amount of Cash Interest Expense for such Fiscal Year;

(iii) the amounts for such period paid from Internally Generated Cash of (A) scheduled repayments of Indebtedness for borrowed money (excluding repayments of revolving loans except to the extent the commitments are permanently reduced in connection with such repayments), (B) Consolidated Capital Expenditures, and (C) any Investment permitted pursuant to Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition);

(iv) the increase, if any, in the Net Working Capital from the beginning to the end of such Fiscal Year (which for the avoidance of doubt has the effect of decreasing Excess Cash Flow);

(v) the amount of Investments made pursuant to Section 6.6(y) and Restricted Payments made pursuant to clauses (c), (e), (g), (j) and (m) of Section 6.4, in each case, during such period to the extent that such Investments and Restricted Payments were paid from Internally Generated Cash;

(vi) the aggregate amount of expenditures (excluding Investments and Restricted Payments) actually made by the Borrower and its Subsidiaries during such period to the extent paid from Internally Generated Cash (including expenditures for the payment of financing fees) to the extent that such expenditures are not expensed during such Fiscal Year or are not deducted in calculating Consolidated Net Income (and so long as there has not been any reduction in respect of such expenditures in arriving at Consolidated Net Income for such period),

(vii) the portion of the items added back in calculating Consolidated EBITDA pursuant to clauses (a)(vii), (a)(viii), (a)(x), (a)(xi), (a)(xii), (a)(xiii) and (a)(xiv) through (a)(xviii) of the definition of Consolidated EBITDA, in each case to the extent paid in Cash during such Fiscal Year; and

(viii) without duplication with any amount included in clause (b)(vii), the amount added back in calculating Consolidated EBITDA pursuant to clause (a)(vii)(B) of the definition of Consolidated EBITDA.

As used in this clause (b)(iii), "scheduled repayments of Indebtedness" includes scheduled amortization payments but does not include mandatory prepayments or voluntary prepayments.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended from time to time, and any successor statute.

"**Exchange Agreement**" means that certain Exchange Agreement, dated as of the Restatement Date, by and among Holdings, the Borrower and the Preferred Investor.

"**Exchanged Stock**" means the shares of Preferred Stock (as defined in the Exchange Agreement) set forth in Exhibit A to the Exchange Agreement.

"**Exchanged Tranche B Loans**" as defined in Section 2.1(a)(iv).

"**Excluded Account**" means (i) any Deposit Account used solely for funding payroll or segregating payroll taxes or funding other employee wage or benefit, (ii) any zero balance account the entire balance of which is swept each Business Day to a Deposit Account subject to a Control Agreement, (iii) any Deposit Account that does not have a Cash balance at any time exceeding $150,000, provided that not more than a maximum aggregate amount of $350,000 of Cash under this clause (iii) shall be maintained at Deposit Accounts not subject to a Control Agreement at any time, (iv) any Securities Account that does not have a balance of Cash or Cash Equivalents at any time exceeding $150,000, provided that not more than a maximum aggregate amount of $350,000 of financial assets under this clause (iv) shall be maintained at Securities Accounts not subject to a Control Agreement at any time, (v) bank accounts maintained at financial institutions located outside the United States (or in respect of any Foreign Credit Party, maintained outside the jurisdiction of incorporation or establishment thereof (other than the United States)) so long as the Cash maintained in such accounts is being maintained in such accounts in the ordinary course of business, and (vi) any Deposit Account used solely to cash collateralize letters of credit pursuant to Section 6.2(p).

"**Excluded Information**" as defined in Section 10.6(j)(vi).

"**Excluded Property**" means (a) with respect to any Credit Party (other than any Foreign Credit Party), any "Excluded Property" as defined in the Security Agreement (it being understood and agreed that clause (8) of the definition thereof in the Security Agreement shall not apply to any Foreign Credit Party (or the shares or Equity Interests thereof)) and (b) with respect to any Foreign Credit Party, any "Excluded Property" (or equivalent defined term) as defined in any Foreign Security Document to which such Foreign Credit Party is a party.

"**Excluded Real Estate Assets**" means (i) any fee-owned Real Estate Asset located outside the United States (or in respect of any Foreign Credit Party, located outside the jurisdiction of incorporation or establishment thereof (other than the United States)); (ii) any fee-owned Real Estate Assets located in the United States (or in respect of any Foreign Credit Party, located in the United States or in the jurisdiction of incorporation or establishment thereof) that do not constitute Material Real Estate Assets; and (iii) any Leasehold Property.

"**Excluded Subsidiary**" means (i) each Subsidiary of the Borrower that is not a wholly-owned (excluding directors' qualifying shares or shares or interests required to be held by foreign nationals or other third parties to the extent required by applicable law) Subsidiary (for so long as such Subsidiary remains a non-wholly-owned Subsidiary), (ii) each Domestic Subsidiary that is an Immaterial Subsidiary (provided that, to the extent any such Domestic Subsidiary no longer qualifies as an Immaterial Subsidiary, such Domestic Subsidiary shall cease to be an Excluded Subsidiary by virtue of this clause (ii)), (iii) any Foreign Subsidiary (other than a Foreign Credit Party) (provided that, to the extent any such Subsidiary shall become a Domestic Subsidiary, it shall cease to be an Excluded Subsidiary by virtue of this clause (iii)), (iv) each Foreign Subsidiary Holding Company (other than in respect of a Foreign Credit Party) (provided that, to the extent such Domestic Subsidiary ceases to be a Foreign Subsidiary Holding Company, such Domestic Subsidiary shall cease to be an Excluded Subsidiary by virtue of this clause (iv)), (v) each Domestic Subsidiary that is a Subsidiary of a Foreign Subsidiary (other than a Foreign Credit Party) that is a CFC (but excluding any Domestic Subsidiary that, as of the Restatement Date, is not a Subsidiary of a Foreign Subsidiary that is a CFC), (vi) each Domestic Subsidiary that is a captive insurance company, (vii) each special purpose entity and not-for-profit Subsidiary of Holdings, in each case, with the approval of the Requisite Lenders (such approval not to be unreasonably withheld, conditioned or delayed), (viii) each Domestic Subsidiary that is prohibited by any applicable law, rule or regulation, or by any contractual obligation existing on the Restatement Date or on the date any such Domestic Subsidiary is acquired (so long as, in respect of any such contractual prohibition, such prohibition is not incurred in contemplation of such acquisition), in each case from guaranteeing the Obligations or granting Liens to secure the Obligations (and for so long as such restriction or any replacement or renewal thereof is in effect), or which would require governmental (including regulatory) approval, license or authorization to provide a guarantee unless such consent, approval, license or authorization has been received, or for which the provision of a guarantee or grant of a Lien would result in material adverse tax consequences to Holdings or one of its Subsidiaries as reasonably determined in good faith by Holdings or the Borrower and the Requisite Lenders, (ix) [reserved], and (x) to the extent mutually determined by Holdings or the Borrower and the Requisite Lenders, each Domestic Subsidiary to the extent the cost or other consequences (including any adverse tax consequences) of providing a guarantee of the Obligations by such Domestic Subsidiary would be excessive in light of the benefits to be obtained by the Lenders therefrom.

"**Excluded Swap Obligation**" means, with respect to any Guarantor at any time, any obligation (a "**Swap Obligation**") to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act, if, and to the extent that, all or a portion of the guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any guarantee thereof) is illegal at such time under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time such guarantee or grant of a security interest becomes effective with respect to such related Swap Obligation.

"**Excluded Taxes**" means any of the following Taxes imposed on or with respect to the Administrative Agent or any Lender or required to be withheld or deducted from a payment to the Administrative Agent or any Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of the Administrative Agent or Lender being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Borrower under Section 2.20) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.17, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to a Lender's failure to comply with Section 2.17(c) or the Administrative Agent's failure to comply with Section 2.17(d) and (d) any Taxes imposed under FATCA.

"**Executive Officer**" means, as to any Person, any individual holding the position of chief executive officer, chief financial officer, chief operating officer, chief compliance officer, chief legal officer of such Person or any other executive officer of such Person having substantially the same authority and responsibility as any of the foregoing.

"**Existing Lenders**" as defined in the recitals to this Agreement.

"**Existing Assigned Loans**" as defined in Section 2.1(a)(iii).

"**Existing Loans**" as defined in Section 2.1(a)(i).

"**Exposure**" means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Loans of such Lender; provided, at any time prior to the making of the Loans, the Exposure of any Lender shall be equal to such Lender's Commitment.

"**External Administrator**" means an administrator, controller or managing controller (each as defined in the Australian Corporations Act), trustee, provisional liquidator, liquidator or any other person (however described) holding or appointed to an analogous office or acting or purporting to act in an analogous capacity.

"**Facility**" means any real property (including all buildings, fixtures or other improvements located thereon) now, hereafter or heretofore owned, leased, operated or used by Holdings or any of its Subsidiaries.

"**Fair Market Value**" means, with respect to any asset (including any Equity Interests of any Person), the price at which a willing buyer, not an Affiliate of the seller, and a willing seller who does not have to sell, would agree to purchase and sell such asset, as determined in good faith by the board of directors or, pursuant to a specific delegation of authority by such board of directors or a designated senior Executive Officer, of Holdings, or the Subsidiary of Holdings which is selling or owns such asset.

"**Fair Share**" as defined in Section 7.2.

"**Fair Share Contribution Amount**" as defined in Section 7.2.

"**FATCA**" means Sections 1471 through 1474 of the Internal Revenue Code (effective as of the Closing Date) (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any intergovernmental agreements (and any related laws) implementing or modifying the foregoing.

"**Floor**" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to Adjusted Term SOFR.

"**FCPA**" means the U.S. Foreign Corrupt Practices Act (15 U.S.C. §§78dd-1 et seq.).

"**Federal Funds Effective Rate**" means for any day, the rate *per annum* equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, (i) if such day is not a Business Day, the Federal Funds Effective Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if no such rate is so published on such next succeeding Business Day, the Federal Funds Effective Rate for such day shall be the average rate charged on such day on such transactions as determined by the Administrative Agent and the Requisite Lenders.

"**Fee Letter**" means that certain Fee Letter, dated as of the Closing Date, by and among the Borrower and the Lenders.

"**Financial Covenant**" as defined in Section 8.3.

"**Financial Covenant Sunset Date**" means the first date on which (i) the aggregate outstanding principal amount of all Loans has been reduced to an amount less than or equal to $100,000,000 (the aggregate amount of such reduction, the "Reduction Amount") and (ii) at least 90% of such Reduction Amount achieved from and after the Amendment No. 2 Effective Date results from the prepayment of the Loans with the proceeds of one or more issuances of the Equity Interests of Holdings (without, for purposes of this clause (ii), giving effect to any prepayment of the Loans made pursuant to Section 2.10(a) hereof).

"**Financial Officer Certification**" means, with respect to the financial statements for which such certification is required, the certification of the chief executive officer, chief financial officer, chief accounting officer or controller of Holdings that such financial statements fairly present, in all material respects, the financial condition of Holdings and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated, subject to changes resulting from audit and normal year-end adjustments.

"**Financial Plan**" as defined in Section 5.1(h).

"**First Priority**" means, with respect to any Lien purported to be created in any Collateral pursuant to any Collateral Document, that such Lien is the only Lien to which such Collateral is subject, other than Permitted Liens.

"**Fiscal Quarter**" means a fiscal quarter of any Fiscal Year.

"**Fiscal Year**" means the fiscal year of Holdings and its Subsidiaries ending on or about December 31st of each calendar year.

"**Flood Certificate**" means a "Standard Flood Hazard Determination Form" of the Federal Emergency Management Agency and any successor Governmental Authority performing a similar function.

"**Flood Hazard Property**" means any Real Estate Asset subject to a Mortgage and located in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards.

"**Flood Program**" means the National Flood Insurance Program created by the U.S. Congress pursuant to the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, the National Flood Insurance Reform Act of 1994 and the Flood Insurance Reform Act of 2004, in each case as amended from time to time, and any successor statutes.

"**Flood Zone**" means areas having special flood hazards as described in the National Flood Insurance Act of 1968, as amended from time to time, and any successor statute.

"**Foreign Credit Parties**" means, collectively, the English Credit Parties and the Australian Credit Parties.

"**Foreign Guaranty**" means a foreign guarantee agreement executed by the Foreign Credit Parties in favor of the Administrative Agent, in a form reasonably agreed by the Borrower, the Requisite Lenders and the Administrative Agent.

"**Foreign Perfection Requirements**" means the making or the procuring of any appropriate registration, filing, recordings, enrolments, registrations, notations in stock registries, notarisations, notifications, endorsements, and/or stampings of the Foreign Security Documents and/or the Liens created thereunder.

"**Foreign Plan**" means any employee benefit plan, program, policy, arrangement or agreement maintained or contributed to by, or required to be maintained or contributed to by, Holdings or any of its Subsidiaries primarily for the benefit of their respective employees residing outside the United States.

"**Foreign Plan Event**" means, with respect to any Foreign Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, (b) the failure by Holdings or its Subsidiaries to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (c) the receipt by Holdings or its Subsidiaries of a notice from a Governmental Authority relating to the intention to terminate any such Foreign Plan or to appoint a trustee or similar official to administer any such Foreign Plan, or alleging the insolvency of any such Foreign Plan, (d) the incurrence of any liability by Holdings or any of its Subsidiaries under applicable law due to the complete or partial termination of such Foreign Plan or the complete or partial withdrawal of any participating employer therein, or (e) the occurrence of any transaction that is prohibited under any applicable law and that could reasonably be expected to result in the incurrence of any liability by Holdings or any of its Subsidiaries, or the imposition on Holdings or any of its Subsidiaries of any fine, excise tax or penalty resulting from any noncompliance with any applicable law.

"**Foreign Security Documents**" means, collectively, the English Security Documents and the Australian Security Documents.

"**Foreign Subsidiary**" means any Subsidiary of Holdings that is not a Domestic Subsidiary.

"**Foreign Subsidiary Holding Company**" means any Domestic Subsidiary substantially all of the assets of which consist of the Equity Interests (or Equity Interests and Indebtedness) of one or more Foreign Subsidiaries that are CFCs.

"**Funding Guarantors**" as defined in Section 7.2.

"**Funding Notice**" means a notice substantially in the form of Exhibit A-1.

"**GAAP**" means, subject to the provisions of Section 1.2, United States generally accepted accounting principles in effect as of the date of determination thereof.

"**Governmental Authority**" means any federal, state, municipal, national or other government, governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity, officer or examiner exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government, any court, any securities exchange or any self-regulatory organization (including the National Association of Insurance Commissioners), in each case whether associated with a state of the United States, the United States, or a foreign entity or government (including any supra-national body exercising such powers or functions, such as the European Union or the European Central Bank).

"**Governmental Authorization**" means any permit, license, authorization, plan, directive, consent order or consent decree of or from any Governmental Authority.

"**Governmental Official**" includes, but is not limited to, any employee, agent, or instrumentality of any government, including departments or agencies of a government and businesses that are wholly or partially government-owned, and any employees of such businesses, as well as departments or agencies of public international organizations. This term includes, but is not limited to, all employees, agents, and instrumentalities of state-owned or state-controlled entities or businesses, including hospitals, laboratories, universities, and other research institutions. The term Governmental Official also applies to individuals who are members of political parties or hold positions in political parties.

"**Grantor**" as defined in the Security Agreement.

"**Guaranteed Obligations**" as defined in Section 7.1.

"**Guarantor**" means each of Holdings, each Domestic Subsidiary of Holdings and each Foreign Credit Party (other than the Borrower and any Excluded Subsidiary but including all Subsidiaries of Holdings that are Guarantor Subsidiaries as of the Restatement Date (including all Foreign Credit Parties), unless all of the Equity Interests of any such Guarantor Subsidiary are sold pursuant to an Asset Sale permitted under Section 6.8 to a Person that is not the Borrower or Guarantor Subsidiary).

"**Guarantor Subsidiary**" means each Guarantor other than Holdings.

"**Guaranty**" means the guaranty of each Guarantor set forth in Section 7.

"**Hazardous Materials**" means any chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority or which may or could pose a hazard to the health and safety of the owners, occupants or any Persons in the vicinity of any Facility or to the indoor or outdoor environment.

"**Hazardous Materials Activity**" means any past, current, proposed or threatened activity, event or occurrence involving any Hazardous Materials, including the use, manufacture, possession, storage, holding, presence, existence, location, Release, threatened Release, discharge, placement, generation, transportation, processing, construction, treatment, abatement, removal, remediation, disposal, disposition or handling of any Hazardous Materials, and any corrective action or response action with respect to any of the foregoing.

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

"**Hedging Obligations**" means obligations under or with respect to Hedging Agreements (including Secured Hedging Agreements).

"**Hedging Termination Value**" means, in respect of any one or more Hedging Agreements, after taking into account the effect of any netting agreements relating to such Hedging Agreements (to the extent, and only to the extent, such netting agreements are legally enforceable in insolvency proceedings against the applicable counterparty obligor thereunder), (i) for any date on or after the date such Hedging Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (ii) for any date prior to the date referenced in preceding clause (i), the amount(s) determined as the mark-to-market value(s) for such Hedging Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedging Agreements (which may include a Lender or any Affiliate of a Lender).

"**Highest Lawful Rate**" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to any Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

"**Historical Financial Statements**" means as of the Closing Date, (a) the audited consolidated balance sheets and related statements of income and cash flows of the Borrower for the Fiscal Years ended December 31, 2019 and December 31, 2020 and (b) the unaudited consolidated balance sheets and related statements of income and cash flows of Holdings for each fiscal quarter (other than the fourth fiscal quarter) ended after the most recent fiscal year of Holdings and at least forty-five (45) days prior to the Closing Date.

"**Holdings**" as defined in the preamble hereto.

"**Immaterial Subsidiary**" means on any date, any Subsidiary of Holdings (other than the Borrower) that has total assets of not more than 2.5% of the total assets of Holdings and its Subsidiaries as reflected on the most recent financial statements delivered pursuant to Section 5.1(a) prior to such date; provided that the total assets of all Immaterial Subsidiaries shall not at any time exceed 5.0% of the total assets of Holdings and its Subsidiaries.

"**Increased-Cost Lenders**" as defined in Section 2.20.

"**Increased Amount**" as defined in the definition of "MFN Adjustment."

"**Incremental Amendment**" as defined in Section 2.21(c).

"**Incremental Cap**" means an unlimited amount so long as (i) if such Incremental Facility is secured by a Lien on the Collateral that is pari passu with the Lien securing the Obligations on the Closing Date, the Senior Secured Leverage Ratio would not exceed 4.75:1.00, (ii) if such Incremental Facility is secured by a Lien on the Collateral that is junior to the Lien securing the Obligations on the Closing Date, the Secured Leverage Ratio would not exceed 5.25:1.00, (iii) if such Incremental Facility is unsecured, the Total Leverage Ratio would not exceed 5.75:1.00, in each case of each of clauses (i), (ii) and (iii), calculated at the time of incurrence on a Pro Forma Basis after giving effect thereto and the application of the proceeds thereof (other than any cash funded to the consolidated balance sheet of the Borrower) (and determined on the basis of the financial statements for the most recently ended Test Period at or prior to such time which have been delivered pursuant to Sections 5.1(a) or (b), as applicable) and (iv) if the relevant Incremental Facility consists of term loans in the form of a "delayed draw" term facility, the Secured Leverage Ratio test and/or Total Leverage Ratio test, as applicable, in the foregoing clauses (ii) and (iii) shall be determined, at the election of the Borrower, either (A) on the date of implementation, assuming a full drawing of such Incremental Term Facility or (B) on the date of each borrowing under such "delayed draw" term facility.

"**Incremental Facilities**" as defined in Section 2.21(a).

"**Incremental Lenders**" as defined in Section 2.21(a).

"**Incremental Term Commitments**" as defined in Section 2.21(a).

"**Incremental Term Facility**" as defined in Section 2.21(a).

"**Incremental Term Loans**" as defined in Section 2.21(a).

"**Indebtedness**" means, as applied to any Person, without duplication, (i) all indebtedness for borrowed money; (ii) all Capital Lease Obligations, Purchase Money Obligations and Synthetic Lease Obligations of such Person; (iii) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money (excluding trade and other current accounts payable incurred in the ordinary course of business and not more than 120 days past due or are being contested in good faith (collectively, "**Trade Payables**") and customer deposits in the ordinary course of business in respect of prepayments for purchases); (iv) any obligation owed for all or any part of the deferred purchase price of property or services that would appear as a liability on a balance sheet (excluding the footnotes thereto) of Holdings or any of its Subsidiaries prepared in accordance with GAAP (including any Earn-Out Indebtedness but excluding any Trade Payables); (v) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person; (vi) the face amount of any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; (vii) Disqualified Equity Interests; (viii) the direct or indirect guaranty, endorsement (otherwise than for collection or deposit in the ordinary course of business), co making, discounting with recourse or sale with recourse by such Person of Indebtedness of another Person of the type set forth in any other clause of this definition; (ix) any obligation of such Person the primary purpose or intent of which is to guaranty to an obligee that the Indebtedness of the obligor thereof will be paid or discharged, or any agreement relating thereto will be complied with, or the holders thereof will be protected (in whole or in part) against loss in respect thereof; (x) any liability of such Person for the Indebtedness of another through any agreement (contingent or otherwise) (a) to purchase, repurchase or otherwise acquire such obligation or any security therefor, or to provide funds for the payment or discharge of such Indebtedness (whether in the form of loans, advances, stock purchases, capital contributions or otherwise) or (b) to maintain the solvency or any balance sheet item, level of income or financial condition of another if, in the case of any agreement described under subclauses (a) or (b) of this clause (x), the primary purpose or intent thereof is as described in clause (ix) above; (xi) all Hedging Obligations, valued at the Hedging Termination Value of all Hedging Obligations; and (xii) all obligations of such Person in respect of the sale or factoring of receivables. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent that terms of such Indebtedness expressly provide that such Person is not liable therefor and such terms are effective under applicable law.

"**Indemnified Liabilities**" means, collectively, any and all liabilities, obligations, losses, damages (including natural resource damages), penalties, claims (including Environmental Claims), actions, judgments, suits, costs (including the costs of any investigation, study, sampling, testing, abatement, cleanup, removal, remediation or other response action necessary to remove, remediate, clean up or abate any Hazardous Materials Activity), reasonable expenses and disbursements of any kind or nature whatsoever (including the reasonable and documented fees, disbursements and other charges of one primary counsel for Indemnitees, local or special counsel in each appropriate jurisdiction and, in the case of an actual or perceived conflict of interest, where such conflicted party notifies the Borrower of the existence of such conflict and retains its own counsel, of another firm of counsel for all such similarly affected Indemnitees) in connection with any investigative, administrative or judicial proceeding or hearing commenced or threatened by any Person, whether or not any such Indemnitee shall be designated as a party or a potential party thereto, and any fees or expenses incurred by Indemnitees in enforcing this indemnity), whether direct, indirect, special or consequential and whether based on any federal, state or foreign laws, statutes, rules or regulations (including securities and commercial laws, statutes, rules or regulations and Environmental Laws), on common law or equitable cause or on contract or otherwise, that may be imposed on, incurred by, or asserted against any such Indemnitee, in any manner relating to or arising out of (i) this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby (including the syndication of the credit facilities provided for herein or the use or intended use of the proceeds thereof, any amendments, waivers or consents with respect to any provision of this Agreement or any of the other Credit Documents, or any enforcement of any of the Credit Documents (including any sale of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty or the Foreign Guaranty)); (ii) [reserved]; or (iii) any Environmental Claim or any Hazardous Materials Activity relating to or arising from, directly or indirectly, any past or present activity, operation, land ownership, or practice of Holdings or any of its Subsidiaries. For the avoidance of doubt, Indemnified Liabilities shall not include Taxes other than any Taxes that represent losses, damages, penalties, claims or costs arising from any non-Tax claim.

"**Indemnified Taxes**" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Credit Document and (b) to the extent not otherwise described in (a), Other Taxes.

"**Indemnitee**" as defined in Section 10.3(a).

"**Installment**" as defined in Section 2.8.

"**Intellectual Property**" as defined in the Security Agreement.

"**Intellectual Property Asset**" means, at the time of determination, any interest (fee, license or otherwise) then owned by any Credit Party in any Intellectual Property.

"**Intellectual Property Security Agreements**" has the meaning assigned to that term in the Security Agreement.

"**Intercompany Note**" means a promissory note substantially in the form of Exhibit K evidencing Indebtedness owed among Credit Parties and their Subsidiaries.

"**Interest Payment Date**" means with respect to (i) any Loan that is a Base Rate Loan, the last Business Day of March, June, September and December of each year, commencing on the first such date to occur after the Restatement Date and the final maturity date of such Loan; and (ii) any Loan that is a SOFR Loan, the last day of each Interest Period applicable to such Loan; provided that, in the case of each Interest Period of longer than three (3) months "Interest Payment Date" shall also include each date that is three (3) months, or an integral multiple thereof, after the commencement of such Interest Period.

"**Interest Period**" means, in connection with a SOFR Loan, an interest period of one, three or six months, as selected by the Borrower in the applicable Funding Notice or Conversion/Continuation Notice, (i) initially, commencing on the Borrowing Date or applicable Conversion/Continuation Date thereof, as the case may be; and (ii) thereafter, commencing on the day on which the immediately preceding Interest Period expires; provided that, (a) if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless no further Business Day occurs in such month, in which case such Interest Period shall expire on the immediately preceding Business Day; (b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to clause (c) of this definition, end on the last Business Day of a calendar month; and (c) no Interest Period shall extend beyond the Maturity Date.

"**Interest Rate Determination Date**" means, with respect to any Interest Period, the date that is two Business Days prior to the first day of such Interest Period.

"**Internal Revenue Code**" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter, and any successor statute.

"**Internally Generated Cash**" means, with respect to any period, any Cash of Holdings or any of its Subsidiaries generated during such period, excluding the proceeds of any Asset Sale, Casualty Event and any Cash that is generated from an incurrence of Indebtedness, an issuance of Equity Interests or a capital contribution (including any Equity Cure Contribution) (in each case, without regard to the exclusions from the definitions thereof, other than in the case of an Asset Sale, clause (i) of the proviso in the definition of "Asset Sale").

"**Investment**" means (i) any direct or indirect purchase or other acquisition by Holdings or any of its Subsidiaries of, or of a beneficial interest in, any of the Securities of any other Person (other than the Borrower or any Guarantor Subsidiary); (ii) any direct or indirect purchase or other acquisition for value, by any Subsidiary of Holdings from any Person (other than Holdings, the Borrower or any Guarantor Subsidiary), of any Equity Interests of such Person; (iii) any direct or indirect loan, advance or capital contributions by Holdings or any of its Subsidiaries to any other Person (other than Holdings, the Borrower or any Guarantor Subsidiary), including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business; and (iv) all investments consisting of any exchange traded or over the counter derivative transaction, including any Hedging Agreement, whether entered into for hedging or speculative purposes or otherwise. The amount of any Investment of the type described in clauses (i), (ii) and (iii) shall be the original cost of such Investment plus the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"**Joint Venture**" means a joint venture, partnership or other similar arrangement, whether in corporate, partnership or other legal form.

"**Landlord Waiver and Personal Property Collateral Access Agreement**" means a Landlord Waiver and Personal Property Collateral Access Agreement substantially in the form of Exhibit J with such amendments or modifications as may be reasonably approved by the Administrative Agent and the Requisite Lenders.

"**LCT Election**" as defined in Section 1.4(f).

"**LCT Test Date**" as defined in Section 1.4(f).

"**Laws**" means, with respect to any Person, (i) the common law and any federal, state, local, foreign, multinational or international statutes, laws, treaties, judicial decisions, standards, rules and regulations, guidances, guidelines, ordinances, rules, judgments, writs, orders, decrees, codes, plans, injunctions, permits, concessions, grants, franchises, governmental agreements and governmental restrictions (including administrative or judicial precedents or authorities), in each case whether now or hereafter in effect, and (ii) the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case whether or not having the force of law and that are applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Leasehold Property**" means any leasehold interest of any Credit Party as lessee under any lease of real property.

"**Legal Reservations**" means (a) the principle that equitable remedies may be granted or refused at the discretion of the court, the principle of reasonableness and fairness, the limitation on enforcement by laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws generally affecting the rights of creditors and secured creditors; (b) the time barring of claims under any applicable limitation statutes, the possibility that a court may strike out a provision of a contract for recession or oppression, undue influence or similar reason, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of stamp duty may be void, defences of acquiescence, set-off or counterclaim and similar principles; (c) the principles that in certain circumstances a security interest granted by way of fixed charge may be recharacterised as a floating charge or that a security interest purported to be constituted as an assignment may be recharacterised as a charge; (d) the principle that additional or default interest imposed pursuant to any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void; (e) the principle that a court may not give effect to an indemnity for legal costs incurred by an unsuccessful litigant; (f) the principle that the creation or purported creation of a security interest over any asset not beneficially owned by the relevant charging company at the date of the relevant security document or over any contract or agreement which is subject to a prohibition on transfer, assignment, charging or otherwise securing may be void, ineffective or invalid and may give rise to a breach of the contract or agreement over which a security interest has purportedly been created; (g) the principle that a court may not give effect to any parallel debt provisions, covenant to pay the Administrative Agent or other similar provisions; (h) similar principles, rights and defences under the laws of any jurisdiction in which the relevant obligation may have to be performed and (i) any other matters which are set out in the reservations or qualifications (however described) as to matters of law which are referred to in any legal opinion delivered under any provision of or otherwise in connection with the Credit Documents.

"**Lender**" means each financial institution listed on the signature pages hereto as a Lender, each Additional Lender, and any other Person that becomes a party hereto pursuant to an Assignment Agreement.

"**Lender Counterparty**" means each Lender, each Agent and each of their respective Affiliates counterparty to a Hedging Agreement with any Credit Party (including any Person who is an Agent or a Lender (and any Affiliate thereof) as of the Closing Date but subsequently, whether before or after entering into a Hedging Agreement, ceases to be an Agent or a Lender, as the case may be).

"**Lien**" means (i) any lien, mortgage, pledge, assignment, security interest (including any "security interest" for the purposes of sections 12(1) and 12(2) of the Australian PPSA), charge or encumbrance of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement, and any lease or license in the nature thereof) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing and (ii) in the case of Securities, any purchase option, call or similar right of a third party with respect to such Securities; provided that in no event shall a Lien include a "security interest" as defined in section 12(3) of the Australian PPSA that does not in substance secure the payment or performance of an obligation.

"**Limited Condition Transaction**" means (i) any Restricted Payment, acquisition or other Investment permitted hereunder by the Borrower or one or more of its Subsidiaries whose consummation is not conditioned on the availability of, or on obtaining, third party financing and (ii) any repayment, repurchase or refinancing of Indebtedness with respect to which a notice of repayment (or similar notice) has been delivered, which may be conditional.

"**Liquidation**" means (i) a winding up, dissolution, liquidation, provisional liquidation, administration, bankruptcy or other proceeding for which an External Administrator is appointed, or an analogous or equivalent event or proceeding in any jurisdiction, or (ii) an arrangement, moratorium, assignment or composition with or for the benefit of creditors or any class or group of them.

"**Loan**" means (i) a Loan made by a Lender to Borrower pursuant to Section 2.1 or (ii) an Incremental Term Loan made to Borrower pursuant to Section 2.21.

"**Margin Stock**" as defined in Regulation U.

"**Master Assignment Agreement**" means that certain Master Assignment Agreement dated as of June 24, 2014, by and between Playboy Enterprises International, Inc., as assignor, and Products Licensing LLC, as assignee.

"**Master License**" means that certain Master Trademark License Agreement dated as of June 24, 2014, by and between Playboy Enterprises International, Inc. and Products Licensing LLC.

"**Material Adverse Effect**" means a material adverse effect on and/or material adverse developments with respect to (i) the business, operations, properties, assets or condition (financial or otherwise) of Holdings and its Subsidiaries taken as a whole; (ii) the ability of the Borrower, or the ability of the Credit Parties taken as a whole, to fully and timely perform their respective Obligations; (iii) the legality, validity, binding effect or enforceability against the Borrower of any Credit Document to which it is a party, (iv) the legality, validity, binding effect or enforceability against the Credit Parties taken as a whole of the Credit Documents; or (v) the rights, remedies and benefits available to, or conferred upon, any Agent, any Lender or any Secured Party under any Credit Document.

"**Material Contract**" means each contract specified in Schedule 4.15.

"**Material Jurisdiction**" means any jurisdiction in which, on any date of determination, Holdings and its Subsidiaries have (a) aggregate revenues for the most recent period of four consecutive fiscal quarters ending prior to such date in excess of $5,000,000 or (b) assets with an aggregate value on such date in excess of 5.0% of the total assets of Holdings and its Subsidiaries.

"**Material Real Estate Asset**" means any fee-owned Real Estate Asset having a Fair Market Value in excess of $5,000,000, as of the date of the acquisition thereof; provided that that the Fair Market Value of all fee-owned Real Estate Assets that are not Material Real Estate Assets shall not exceed $15,000,000 in the aggregate.

"**Maturity Date**" means the earlier of (a) May 25, 2027 and (b) the date on which all Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"**MFN Adjustment**" means in the event that the applicable interest rate margin for any loans incurred by the Borrower under any Incremental Facility that are *pari passu* with the Loans in right of payment and security, is higher than the applicable interest rate margin for the Loans by more than 50 basis points, then the interest rate margin for the applicable Loans shall be increased to the extent necessary so that the applicable interest rate margin for such Loans is equal to the applicable interest rate margins for the loans under such Incremental Facility, minus 50 basis points (the number of basis points by which the then interest rate margin is increased, the "**Increased Amount**"); provided, that, in determining the applicable interest rate margins for the Loans and the loans under such Incremental Facility, as applicable:

(i) original issue discount ("**OID**") or upfront fees payable generally to all participating Lenders (which shall be deemed to constitute like amounts of OID) payable by the Borrower to the Lenders under such Loans or any loans under such Incremental Facility in the primary syndication (or placement) thereof shall be included (with OID and upfront fees being equated to interest based on an assumed four-year life to maturity) (provided that, if such loans are issued in a manner such that all such loans were not issued with a uniform amount of OID or upfront fees within the tranche of loans, the amount of OID and upfront fees attributable to the entire tranche of loans shall be determined on a weighted average basis for such tranche of loans),

(ii) any arrangement, structuring or other fees payable to any lead arranger in connection with the loans under such Incremental Facility that are not shared with all lenders providing such loans under such Incremental Facility shall be excluded,

(iii) any amendments to the Applicable Rate or the Applicable Additional Margin on the applicable Loans that became effective subsequent to the Restatement Date but prior to the time of such loans under such Incremental Facility shall also be included in such calculations,

(iv) if the loans under such Incremental Facility include an interest rate floor greater than the interest rate floor applicable to the Loans, such Increased Amount shall be equated to the applicable interest rate margin for purposes of determining whether an increase to the Applicable Rate for the Loans shall be required, to the extent an increase in the interest rate floor for the Loans would cause an increase in the interest rate then in effect thereunder, and in such case the interest rate floor (but not the Applicable Rate) applicable to the Loans shall be increased by such amount, and

(v) if the loans under such Incremental Facility include a pricing grid, the interest rate margins in such pricing grid which are not in effect at the time such Incremental Facility becomes effective shall also each be increased by an amount equal to the Increased Amount.

"**Minimum Cash Balance Cure Period**" as defined in Section 6.17(a).

"**Minimum Cash Balance Testing Period**" means each of (a) the period commencing with the Amendment No. 2 Effective Date and ending on March 31, 2026 and (b) the period commencing with the Financial Covenant Sunset Date and ending on the date when all Obligations are Paid in Full.

"**Moody's**" means Moody's Investors Service, Inc.

"**Mortgage**" means a mortgage substantially in form of Exhibit I, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Mortgaged Property**" as defined in Section 5.11(d).

"**Multiemployer Plan**" means any Employee Benefit Plan which is a "multiemployer plan" as defined in Section 3(37) of ERISA.

"**Net Asset Sale Proceeds**" means, with respect to any Asset Sale, an amount equal to: (i) Cash payments (including any Cash received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) received by Holdings or any of its Subsidiaries from such Asset Sale, minus (ii) any bona fide direct costs incurred in connection with such Asset Sale, including (a) income or gains taxes payable by the seller as a result of any gain recognized in connection with such Asset Sale, (b) payment of the outstanding principal amount of, premium or penalty, if any, and interest on any Indebtedness (other than (i) the Loans and (ii) any Indebtedness under any revolving loan facility) that is secured by a Lien on the stock or assets in question and that is required to be repaid under the terms thereof as a result of such Asset Sale and (c) a reasonable reserve for any indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of such Asset Sale undertaken by Holdings or any of its Subsidiaries in connection with such Asset Sale, provided that upon release of any such reserve, the amount released shall be considered Net Asset Sale Proceeds.

"**Net Equity Proceeds**" means an amount equal to any Cash proceeds from a capital contribution to, or the issuance of any Equity Interests of, Holdings or any of its Subsidiaries, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses.

"**Net Insurance/Condemnation Proceeds**" means an amount equal to: (i) any Cash payments or proceeds received by Holdings or any of its Subsidiaries (a) under any casualty insurance policy in respect of a covered loss thereunder or (b) as a result of the taking of any assets of Holdings or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking (any event of the type referenced in clauses (a) and (b) above being referred to as a "**Casualty Event**"), minus (ii) (a) any actual and reasonable costs incurred by Holdings or any of its Subsidiaries in connection with the adjustment or settlement of any claims of Holdings or such Subsidiary in respect thereof, and (b) any bona fide direct costs incurred in connection with any sale of such assets as referred to in clause (i)(b) of this definition, including taxes payable as a result of any gain recognized in connection therewith.

"**Net Mark-to-Market Exposure**" of a Person means, as of any date of determination, the excess (if any) of all unrealized losses over all unrealized profits of such Person arising from Hedging Agreements or other Indebtedness of the type described in clause (xi) of the definition thereof. As used in this definition, "unrealized losses" means the Fair Market Value of the cost to such Person of replacing such Hedging Agreement or such other Indebtedness as of the date of determination (assuming the Hedging Agreement or such other Indebtedness were to be terminated as of that date), and "unrealized profits" means the Fair Market Value of the gain to such Person of replacing such Hedging Agreement or such other Indebtedness as of the date of determination (assuming such Hedging Agreement or such other Indebtedness were to be terminated as of that date).

"**Net Working Capital**" means, at any time, Consolidated Current Assets at such time minus Consolidated Current Liabilities at such time; provided that the determination of Net Working Capital (and its component parts) shall exclude any "contra-revenue" or similar amounts arising from providing screens or screen credits to customers.

"**Non-Consenting Lender**" as defined in Section 2.20.

"**Non-Guarantor Subsidiary**" means a Subsidiary of Holdings (other than the Borrower) that is not a Guarantor Subsidiary.

"**Non-Public Information**" means material non-public information (within the meaning of United States federal, state or other applicable securities laws) with respect to Holdings or its Affiliates or their Securities.

"**Non-U.S. Lender**" means a Lender that is not a U.S. Person.

"**Not Otherwise Applied**" means, with reference to any amount of net cash proceeds of any transaction or event that is proposed to be applied to a particular use or transaction, that such amount has not previously been (and is not simultaneously being) applied to anything other than such particular use or transaction.

"**Note**" means a promissory note in the form of Exhibit B, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Obligations**" means all obligations of every nature of each Credit Party (including, without limitation, the PIK Amount), including obligations from time to time owed to the Agents (including former Agents), the Lenders or any of them and Lender Counterparties, under any Credit Document or Hedging Agreement, and obligations owing to Secured Hedging Counterparties under Secured Hedging Agreements, in each case, whether for principal, interest (including, without limitation, (i) interest which, but for the filing of a petition in bankruptcy with respect to such Credit Party, would have accrued on any Obligation, whether or not a claim is allowed against such Credit Party for such interest in the related bankruptcy proceeding, and (ii) the PIK Amount), payments for early termination of Hedging Agreements (including Secured Hedging Agreements), fees, premium expenses, indemnification or otherwise, excluding, with respect to any Guarantor, Excluded Swap Obligations with respect to such Guarantor.

"**Obligee Guarantor**" as defined in Section 7.7.

"**OFAC Lists**" means, collectively, the SDN List and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable executive orders of the United States.

"**Operating Credit Party**" means each Credit Party other than Holdings and "**Operating Credit Parties**" means, collectively, the Credit Parties other than Holdings.

"**Organizational Documents**" means (i) with respect to any corporation or company, its certificate, certificate of registration, constitution, memorandum or articles of incorporation, organization or association, as amended, and its by-laws, as amended, or equivalent document for a Foreign Credit Party (ii) with respect to any limited partnership, its certificate or declaration of limited partnership, as amended, and its partnership agreement, as amended, (iii) with respect to any general partnership, its partnership agreement, as amended, and (iv) with respect to any limited liability company, its articles of organization, as amended, and its operating agreement, as amended. In the event any term or condition of this Agreement or any other Credit Document requires any Organizational Document to be certified by a secretary of state or similar governmental official, the reference to any such Organizational Document shall only be to a document of a type customarily certified by such governmental official.

"**Other Connection Taxes**" means, with respect to the Administrative Agent or any Lender, Taxes imposed as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction imposing such Tax (other than connections arising from the Administrative Agent or such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Credit Document, or sold or assigned an interest in any Loan or Credit Document).

"**Other Taxes**" means any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes arising from any payment made hereunder or from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Credit Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.20).

"**Paid in Full**" or "**Payment in Full**" means:

(a) payment in full in cash of the principal of, premium and interest (including interest accruing on or after the commencement of any bankruptcy proceeding, whether or not such interest would be allowed in such bankruptcy proceeding) constituting the Obligations;

(b) payment in full in cash of all other amounts that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any contingent indemnification obligations for which no claim or demand for payment, whether oral or written, has been made at such time (such indemnification obligations, "**Unmatured Surviving Obligations**") with respect to the Obligations; and

(c) termination or expiration of all commitments of the holders of the Obligations, to extend credit or make loans or other credit accommodations to any of the Credit Parties.

"**Participant Register**" as defined in Section 10.6(g)(i).

"**Patents**" as defined in the Security Agreement.

"**PATRIOT Act**" as defined in Section 3.1(n).

"**PBGC**" means the Pension Benefit Guaranty Corporation or any successor thereto.

"**Pension Plan**" means any Employee Benefit Plan, other than a Multiemployer Plan, which is subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA.

"**Perfection Certificate**" means a certificate in form satisfactory to the Requisite Lenders that provides information with respect to the personal or mixed property of each Credit Party.

"**Permitted Acquisition**" means the purchase or other acquisition, by merger, consolidation or otherwise, by the Borrower or any Subsidiary of all Equity Interests in, or all or substantially all of the assets of (or all or substantially all of the assets constituting a business unit, division, product line or line of business of) any Person or of a majority of the outstanding Equity Interests of any Person (including any Investment which serves to increase the Borrower's or any Subsidiary's respective equity ownership in any Joint Venture to an amount in excess of the majority of the outstanding Equity Interests of such Joint Venture), together with other Investments necessary to consummate such Permitted Acquisition; provided that:

(a) subject to Section 1.4(f), immediately prior to, and after giving effect thereto, no Event of Default shall have occurred and be continuing or would result therefrom;

(b) after giving effect to such acquisition, Holdings and its Subsidiaries shall be in Pro Forma Compliance with the then-applicable financial covenant (if any) set forth in Section 6.7 for the Test Period most recently ended;

(c) with respect to each such purchase or other acquisition, all actions required to be taken with respect to any such newly created or acquired Subsidiary or assets to the extent applicable shall have been taken to the extent required by Sections 5.10 and 5.11 (or arrangements for the taking of such actions after the consummation of the Permitted Acquisition shall have been made that are reasonably satisfactory to the Administrative Agent) (unless such newly created or acquired Subsidiary constitutes an Immaterial Subsidiary or such newly created or acquired asset constitutes Excluded Property);

(d) the Borrower shall have delivered to the Administrative Agent (for furnishing to the Lenders), promptly upon request by the Administrative Agent or the Requisite Lenders (i) a copy of the purchase agreement related to the proposed Permitted Acquisition (and any related documents reasonably requested by the Administrative Agent or the Requisite Lenders) and (ii) quarterly and annual financial statements of the Person whose Equity Interests or assets are being acquired, including any audited financial statements, to the extent the same have been made available to the Borrower or the applicable acquiring Subsidiary; and

(e) the aggregate amount of Investments made in Persons that are not or do not become (or in assets that are not owned by) Credit Parties in connection with all such acquisitions shall not exceed at any time outstanding the greater of (i) $15,000,000 and (ii) 45% of Consolidated EBITDA determined at the time of such Investment (calculated on a Pro Forma Basis) as of the last day of the most recently ended Test Period.

"**Permitted Holders**" means (i) RT-ICON Holdings LLC and Drawbridge Special Opportunities Fund, and (ii) (x) any funds, limited partnerships or investment vehicles managed or advised by any of the Persons identified in clause (i), any of their respective Affiliates or direct or indirect Subsidiaries (or jointly managed by any such Person or over which any such Person exercises governance rights) and (y) any investors in the Persons identified in clause (i) who are investors in such Persons as of the Closing Date, and from time to time, invest directly or indirectly in Holdings (but excluding any portfolio companies of any of the foregoing).

"**Permitted Acquisition Consideration**" means the purchase consideration for any Permitted Acquisition or other Investment and all other payments by Holdings or any of its Subsidiaries in exchange for, or as part of, or in connection with, any Permitted Acquisition or other Investment, whether paid in Cash or by exchange of Equity Interests or of properties or otherwise and whether payable at or prior to the consummation of such Permitted Acquisition or other Investment or deferred for payment at any future time, whether or not any such future payment is subject to the occurrence of any contingency, and includes any and all payments representing the purchase price and any assumptions of Indebtedness, "earn-outs" and other agreements to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any Person or business, with that amount of any such "earn-outs" or other agreements to be the amount reasonably estimated by the Borrower in good faith, and determined in accordance with GAAP, as of the date of the consummation of such Permitted Acquisition or other Investment to become payable thereunder.

"**Permitted Equity Issuance**" means any issuance of Equity Interests of Holdings (other than Disqualified Equity Interests).

"**Permitted Liens**" means each of the Liens permitted pursuant to Section 6.2 (subject to the subordination and/or intercreditor provisions as contemplated thereby, to the extent applicable).

"**Permitted Refinancing Indebtedness**" means any Indebtedness of any Subsidiary of Holdings issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of such Subsidiary (other than intercompany Indebtedness); provided that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses reasonably incurred in connection therewith, including premiums, incurred in connection therewith), (b) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity, in each case of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, (c) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment, such Permitted Refinancing Indebtedness is subordinated in right of payment to Obligations on terms at least as favorable to the Secured Parties as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, (d) such Permitted Refinancing Indebtedness shall not have different obligors, or greater guarantees or security (if any), than the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, (e) such Permitted Refinancing Indebtedness shall have covenants and defaults that are (i) not materially more restrictive with respect to the obligors thereunder, as reasonably determined by the Borrower in good faith, than the covenants and defaults of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged or (ii) reflective of market terms and conditions for the type of Indebtedness issued or incurred at the time of issuance or incurrence thereof, as reasonably determined by the Borrower in good faith, (f) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is secured by any collateral (whether equally and ratably with, or junior to, the Secured Parties or otherwise), such Permitted Refinancing Indebtedness may be secured by such collateral on terms no more favorable to the holders of such Permitted Refinancing Indebtedness than those then in effect and applicable to the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, (g) the proceeds of such Permitted Refinancing Indebtedness are used concurrently with the issuance thereof to repay the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, and (h) such Permitted Refinancing Indebtedness shall have a final maturity date that is later than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

"**Person**" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, limited liability partnerships, joint stock companies, Joint Ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and Governmental Authorities.

"**PIK Amount**" means, as of any date of determination, the amount of all interest accrued with respect to the Loans that has been paid in kind by being added to the balance thereof at the election of the Borrower in accordance with Section 2.5(a).

"**PIK Option Period**" means the period commencing on the Amendment No. 1 Effective Date and ending on August 31, 2025.

"**Platform**" as defined in Section 5.1.

"**PLBY Board**" as defined in Section 5.15.

"**PLBY Board Observer**" as defined in Section 5.15.

"**Preferred Investor**" means Drawbridge DSO Securities LLC.

"**Prime Rate**" means the "U.S. Prime Lending Rate" as published in *The Wall Street Journal*.

"**Principal Office**" means, for the Administrative Agent's "Principal Office" as set forth on Appendix B, or such other office or office of a third party or sub-agent, as appropriate, as the Administrative Agent may from time to time designate in writing to the Borrower and each Lender.

"**Principal Payment Date**" means the last day of March, June, September and December in each calendar year commencing with September 30, 2021 through and including the Maturity Date.

"**Private Placement Prepayment Amount**" means, as of any date of determination, the aggregate amount of Loans repaid pursuant to Section 2.10(f)(ii) as of such date of determination.

"**Private-Side Information**" means any information with respect to Holdings and its Subsidiaries that is not Public-Side Information.

"**Pro Forma Basis**" and "**Pro Forma Compliance**" means, with respect to compliance with any test or covenant or calculation hereunder, the determination or calculation of such test, covenant or ratio (including in connection with Subject Transactions) in accordance with Section 1.4.

"**Pro Rata Share**" means, with respect to all payments, computations and other matters relating to the Loan of any Lender, the percentage obtained by dividing (a) the Exposure of that Lender by (b) the aggregate Exposure of all Lenders.

"**Projections**" as defined in Section 4.8.

"**Public Company Costs**" means costs relating to compliance with the Sarbanes-Oxley Act of 2002, as amended, and other expenses arising out of or incidental to Holdings' status as a public reporting company, including costs, fees and expenses (including legal, accounting and other professional fees) relating to compliance with provisions of the Securities Act and the Exchange Act, the rules of securities exchange companies with listed equity securities, directors' compensation, fees and expense reimbursement, shareholder meetings and reports to shareholders, directors' and officers' insurance and other executive costs, legal and other professional fees, and listing fees.

"**Public Lenders**" means Lenders that do not wish to receive Private-Side Information.

"**Public-Side Information**" means information that does not constitute material non-public information (within the meaning of United States federal, state or other applicable securities laws) with respect to Holdings or any of its Subsidiaries or any of their respective Securities.

"**Purchase Money Obligation**" means, for any Person, the obligations of such Person in respect of Indebtedness (including Capital Lease Obligations) incurred for the purpose of financing all or any part of the purchase price of any fixed or capital assets (including Equity Interests of any Person owning fixed or capital assets) or the cost of installation, construction or improvement of any fixed or capital assets; provided, however, that (a) such Indebtedness is incurred within one hundred twenty (120) days after such acquisition, installation, construction or improvement of such fixed or capital assets (including Equity Interests of any Person owning the applicable fixed or capital assets) by such Person and (b) the amount of such Indebtedness does not exceed 100% of the cost of such acquisition, installation, construction or improvement, as the case may be.

"**Qualified ECP Guarantor**" means, in respect of any Swap Obligation, each Credit Party that has total assets exceeding $10,000,000 at the time such Swap Obligation is incurred.

"**Qualifying Loans**" as defined in Section 10.6(j)(iii).

"**Reaffirmation Agreement**" means that certain Reaffirmation Agreement, dated as of the Restatement Date, made by the Credit Parties in favor of the Collateral Agent.

"**Real Estate Asset**" means, at any time of determination, any interest (fee, leasehold or otherwise) then owned by any Credit Party in any real property.

"**Register**" as defined in Section 2.4(b).

"**Regulation D**" means Regulation D of the Board of Governors, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"**Regulation S-X**" means Regulation S-X under the Securities Act.

"**Regulation T**" means Regulation T of the Board of Governors, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"**Regulation U**" means Regulation U of the Board of Governors, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"**Regulation X**" means Regulation X of the Board of Governors, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"**Related Fund**" means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"**Related Parties**" means, with respect to any specified Person, such Person's Affiliates and the officers, directors, employees, agents and advisors and other representatives of such Person and of each of such Person's Affiliates and successors and permitted assigns.

"**Related Transactions**" means, collectively, (a) the execution and delivery by the Credit Parties of the Credit Documents to which they are a party and the borrowings hereunder and the use of proceeds thereof and (b) the payment of fees, premiums, charges, costs and expenses in connection with the foregoing.

"**Release**" means any release, spill, emission, leaking, pumping, pouring, injection, escaping, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Material into the indoor or outdoor environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Material), including the movement of any Hazardous Material through the air, soil, surface water or groundwater.

"**Relevant Governmental Body**" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

"**Replacement Lender**" as defined in Section 2.20.

"**Required Prepayment Date**" as defined in Section 2.12(c).

"**Requisite Lenders**" means, at any time, one or more Lenders having or holding Exposure and representing more than 50% of the aggregate Exposure of all Lenders at such time.

"**Restatement Date**" means May 10, 2023.

"**Restatement Date Assignee**" means Drawbridge Special Opportunities Fund LP.

"**Restatement Date Assignment**" means that certain Assignment Agreement, dated as of the Restatement Date, by and between the Restatement Date Assignee and Stifel Syndicated Credit LLC.

"**Restatement Date Certificate**" means a Restatement Date Certificate substantially in the form of Exhibit F-1.

"**Restatement Date Security Agreement Supplement**" means a counterpart agreement to the Security Agreement, dated as of the Restatement Date, executed by each of the Foreign Credit Parties.

"**Restricted Payment**" means (i) any dividend or other distribution on account of any shares of any class of stock of Holdings or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in shares of stock to the holders of that class (other than Disqualified Equity Interests); (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value by Holdings or any of its Subsidiaries of any shares of any class of stock of Holdings or any of its Subsidiaries (or any direct or indirect parent thereof) now or hereafter outstanding; (iii) any payment by Holdings or any of its Subsidiaries made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Holdings or any of its Subsidiaries now or hereafter outstanding; (iv) any management or similar fees payable to any Affiliates of Holdings or any of its Subsidiaries; and (v) any payment or prepayment of principal of, premium, if any, or interest on, or redemption, purchase, retirement, defeasance (including in-substance or legal defeasance), sinking fund or similar payment with respect to (A) any Subordinated Indebtedness (other than payment on account of intercompany Indebtedness to the extent permitted by the Intercompany Note) and (B) any Earn Out Indebtedness.

"**Rolled Tranche B Loans**" as defined in Section 2.1(a)(v).

"**S&P**" means Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.

"**Sanctioned Country**" means, at any time, a country or territory which is the subject or target of any Sanctions.

"**Sanctions**" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by the U.S. government, including those administered by OFAC or the U.S. Department of State.

"**SDN List**" as defined in Section 4.21(d).

"**Secured Debt**" means, as of any date of determination, the aggregate principal amount of Total Debt outstanding on such date that is secured by a Lien on any asset or property of Holdings or any of its Subsidiaries.

"**Secured Hedging Agreement**" means any Hedge Agreement that is entered into by and between any Credit Party and any Secured Hedging Counterparty, which is (a) entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes and (b) designated by the Secured Hedging Counterparty and the Borrower to the Administrative Agent as a "Secured Hedge Agreement".

"**Secured Hedging Counterparty**" means any Person designated by the Borrower to be a counterparty to a Secured Hedging Agreement with any Credit Party.

"**Secured Hedging Obligations Cap**" means $10,000,000.

"Secured Leverage Ratio" means, with respect to any Test Period, the ratio of (a) Secured Debt as of the last day of such Test Period, to (b) Consolidated EBITDA for such Test Period, in each case for Holdings and its Subsidiaries.

"**Secured Parties**" has the meaning assigned to that term in the Security Agreement and, in any event, shall include any Secured Hedging Counterparties.

"**Securities**" means any stock, shares, partnership interests, voting trust certificates, certificates of interest or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Securities Account**" as defined in the UCC.

"**Securities Act**" means the Securities Act of 1933, as amended from time to time, and any successor statute.

"**Security Agreement**" means the Pledge and Security Agreement dated as of the Closing Date and executed by the Borrower and each Guarantor (other than the Foreign Credit Parties) substantially in the form of Exhibit H, as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Senior Secured Debt**" means, as of any date of determination, the aggregate principal amount of Total Debt outstanding on such date that is secured by a Lien on any asset or property of Holdings or any of its Subsidiaries that does not rank on a junior basis to the Liens securing the Obligations.

"**Senior Secured Net Debt**" means, as of any date of determination, (a) the aggregate principal amount of Senior Secured Debt outstanding on such date minus (b) the aggregate amount of Unrestricted Cash as of such date.

"**Senior Secured Leverage Ratio**" means, with respect to any Test Period, the ratio of (a) Senior Secured Debt as of the last day of such Test Period, to (b) Consolidated EBITDA for such Test Period, in each case for Holdings and its Subsidiaries.

"**Senior Secured Net Leverage Ratio**" means, with respect to any Test Period, the ratio of (a) Senior Secured Net Debt as of the last day of such Test Period, to (b) Consolidated EBITDA for such Test Period, in each case for Holdings and its Subsidiaries.

"**SOFR**" means a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).

"**SOFR Loan**" means a Loan that bears interest at a rate based on Adjusted Term SOFR, other than pursuant to clause (iii) of the definition of "Base Rate".

"**Solvency Certificate**" means a Solvency Certificate of the chief financial officer of Holdings or the Borrower substantially in the form of Exhibit F-2.

"**Solvent**" means that as of the date of determination, (i) the sum of the debt (including contingent liabilities) of Holdings and its Subsidiaries, taken as a whole, does not exceed the present fair saleable value (on a going concern basis) of the assets of Holdings and its Subsidiaries, taken as a whole; (ii) the capital of Holdings and its Subsidiaries, taken as a whole, is not unreasonably small in relation to the business of Holdings and its Subsidiaries, taken as a whole, contemplated as of the Closing Date; and (iii) Holdings and its Subsidiaries, taken as a whole, do not intend to incur, or believe that they will incur, debts including current obligations beyond their ability to pay such debt as they mature in the ordinary course of business. For the purposes hereof, the amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5).

"**Specified Non-Core Asset B**" means the "non-core" assets of Holdings and its Subsidiaries identified to the Administrative Agent and Requisite Lenders (or their counsel) in writing (which may be via email) on or prior to the Amendment No. 2 Effective Date (as defined in the Original Credit Agreement).

"**Subject Transaction**" means any Investment permitted pursuant to Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition), any Disposition that results in a Subsidiary (other than an Immaterial Subsidiary) of Holdings ceasing to be a Subsidiary of Holdings, any Disposition of a business unit, line of business or division of Holdings or any of its Subsidiaries or any incurrence or repayment of Indebtedness (other than Indebtedness incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes) or Restricted Payment that by the terms of this Agreement requires such test to be calculated on a "Pro Forma Basis" or subject to "Pro Forma Compliance".

"**Subordinated Indebtedness**" means any unsecured Indebtedness incurred by the Borrower or any Guarantor Subsidiary that is expressly subordinated in right of payment to the Obligations on terms reasonably acceptable to the Requisite Lenders; provided, that, solely for the purposes of Section 6.15, Subordinated Indebtedness shall not include intercompany Indebtedness subject to the Intercompany Note.

"**Subsidiary**" means, (i) with respect to any Person, any corporation, partnership, limited liability company, association, joint venture or other business entity of which more than 50% of the total voting power of shares of stock or other ownership interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Person or Persons (whether directors, managers, trustees or other Persons performing similar functions) having the power to direct or cause the direction of the management and policies thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof; provided, in determining the percentage of ownership interests of any Person controlled by another Person, no ownership interest in the nature of a "qualifying share" of the former Person shall be deemed to be outstanding, and (ii) in addition to and without limiting clause (i), with respect to any Person incorporated in Australia, a subsidiary as defined in section 46 of the Australian Corporations Act. Unless otherwise indicated in this Agreement, all references to a Subsidiary will mean a Subsidiary of the Borrower.

"**Supplemental Debenture**" means a supplemental English law debenture containing fixed and floating charges between the English Credit Parties and the Administrative Agent.

"**Supplemental English Security Documents**" means the Supplemental Debenture and the Supplemental Share Charge.

"**Supplemental Share Charge**" means a supplemental share charge over the shares in any English Credit Party (to the extent not satisfied via the Supplemental Debenture) between any Credit Party which owns shares in any English Credit Party and the Administrative Agent.

"**Swap Obligation**" as defined in the definition of "Excluded Swap Obligation."

"**Synthetic Lease**" means, as to any Person, (a) any lease (including leases that may be terminated by the lessee at any time) of any property (i) that is accounted for as an operating lease under GAAP and (ii) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor or (b)(i) a synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property, in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any insolvency laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"**Synthetic Lease Obligations**" means, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such Person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

"**Tax**" means any present or future tax, goods and services tax, levy, impost, duty, assessment, charge, fee, deduction or withholding (including backup withholding) (together with interest, penalties and other additions thereto) imposed by any Governmental Authority having the power to tax.

"**Tax Consolidated Group**" means a 'Consolidated Group' or 'MEC group' as those terms are defined in Part 3-90 of the *Income Tax Assessment Act 1997* (Cth) of Australia to which a Credit Party is or becomes a member.

"**Terminated Lender**" as defined in Section 2.20.

"**Term SOFR**" means, for the applicable corresponding tenor, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"**Term SOFR Adjustment**" means, for any calculation with respect to a Base Rate Loan or a SOFR Loan, 0.10% per annum.

"**Test Period**" in effect at any time means the most recent period of four consecutive Fiscal Quarters ended on or prior to such time (taken as one accounting period) in respect of which financial statements for each Fiscal Quarter or Fiscal Year in such period have been or were required to have been delivered pursuant to Sections 5.1(a) and 5.1(b), as applicable; provided that, prior to the first date that financial statements have been or are required to be delivered pursuant to Sections 5.1(a) or 5.1(b), the Test Period shall be the period of four consecutive Fiscal Quarters ended March 31, 2021.

"**Third Party**" means any Person other than Holdings or any Affiliate thereof.

"**Title Policy**" as defined in Section 5.11(c)(iii).

"**TLA Acquisition Corp.**" means TLA Acquisition Corp., a Delaware corporation.

"**TLA Disposition**" means the sale by the Borrower of 100% of the Equity Interests in TLA Acquisition Corp. pursuant to the TLA SPA.

"**TLA SPA**" means that certain Stock Purchase Agreement, dated as of October 3, 2023, by and among LV Holding, LLC, a California limited liability company, as the buyer, TLA Acquisition Corp., as the company, and the Borrower, as the seller, as in effect on the Amendment No. 1 Effective Date and as amended after the Amendment No. 1 Effective Date in a manner that is not materially adverse to the Agents and the Lenders without the prior written consent of the Agents.

"**Total Debt**" means as of any date of determination, the sum, without duplication, of (i) the aggregate principal amount of Loans outstanding as of such date, (ii) the aggregate principal amount of Indebtedness of the type described in clauses (i), (ii), (iii), (iv) (other than any Earn-Out Indebtedness to the extent the consideration therefor is payable by the issuance of Equity Interests of Holdings), (vi) (but solely in respect of unreimbursed obligations for letters of credit) and (vii) (other than any Disqualified Equity Interests that provide for scheduled payments or dividends in Cash with respect to which (A) the Lenders shall have first been afforded an opportunity (on a ratable basis) to participate (on terms specified by the applicable Credit Party), including a period of at least fifteen (15) Business Days for such then-existing Lenders to indicate their commitment to invest in such Disqualified Equity Interests, and (B) to the extent such Disqualified Equity Interests are not committed to be purchased by or issued to such Lenders, such Disqualified Equity Interests are either (1) purchased by or issued to other Persons on terms no more favorable to such other Persons than the terms on which such Disqualified Equity Interests were offered to such Lenders or (2) re-offered to such Lenders for a period of at least fifteen (15) Business Days to afford such Lenders the opportunity to indicate their commitment to participate in the new terms of such Disqualified Equity Interests), of the definition of "Indebtedness" outstanding as of such date, in each case, of Holdings and its Subsidiaries.

"**Total Leverage Ratio**" means, as of any date of determination, the ratio of (i) Total Debt as of such date to (ii) Consolidated EBITDA of Holdings and its Subsidiaries for the Test Period ending on such date or most recently ending prior to such date.

"**Total Net Leverage Ratio**" means, as of any date of determination, the ratio of (i) Total Debt as of such date minus the aggregate amount of Unrestricted Cash held in deposit accounts located in the United States or the United Kingdom as of such date in an aggregate amount not to exceed $12,500,000 to (ii) Consolidated EBITDA of Holdings and its Subsidiaries for the Test Period ending on such date or most recently ending prior to such date.

"**Trademarks**" as defined in the Security Agreement.

"**Tranche A Lender**" means each Lender that is the holder of a Tranche A Loan.

"**Tranche A Loan**" as defined in Section 2.1(a)(ii).

"**Tranche B Lender**" means each Lender that has a Tranche B Loan Commitment or is the holder of a Tranche B Loan.

"**Tranche B Loan**" means, collectively, the Discounted Tranche B Loans, the Exchanged Tranche B Loans, the Rolled Tranche B Loans and the Tranche B Restatement Date Loan.

"**Tranche B Restatement Date Loan**" means a loan made pursuant to Section 2.1(b).

"**Tranche B Restatement Date Loan Commitment**" means, as to any Lender, the obligation of such Lender, if any, to make a Tranche B Restatement Date Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche B Restatement Date Loan Commitment" opposite such Lender's name in Section 5 of Appendix A. The aggregate principal amount of the Tranche B Restatement Date Loan Commitments on the Restatement Date is $11,827,592.45.

"**Transaction Costs**" means the fees, costs and expenses payable by Holdings, the Borrower or any of the Borrower's Subsidiaries on or before the Restatement Date in connection with the transactions contemplated by the Credit Documents and the Related Transactions.

"**Transferred Assets**" means all assets required to be transferred to Products Licensing LLC by Playboy Enterprises International, Inc. pursuant to the Master License and Master Assignment Agreement.

"**Type of Loan**" means, with respect to any Loan, a Base Rate Loan or a SOFR Loan.

"**UCC**" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect from time to time in any applicable jurisdiction.

"**Unmatured Surviving Obligation**" as defined in the definition of "Paid in Full" or "Payment in Full".

"**Unrestricted Cash**" means, at any time, the aggregate amount of Cash and Cash Equivalents held in accounts of the Credit Parties that are subject to a First Priority Lien in favor of the Collateral Agent pursuant to the Collateral Documents, to the extent that the use of such cash or Cash Equivalents for application to the payment of the Obligations is not prohibited by law or any contract or other agreement.

"**U.S.**" or "**United States**" means the United States of America.

"**U.S. Person**" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Internal Revenue Code.

"**U.S. Tax Compliance Certificate**" as defined in Section 2.17(c)(ii)(B)(3).

"**Waivable Mandatory Prepayment**" as defined in Section 2.12(c).

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness.

"**wholly owned**" means, with respect to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director's qualifying shares and (b) nominal shares issued to another Person to the extent required by applicable Laws) are owned by such Person and/or by one or more wholly owned Subsidiaries of such Person.

1.2 Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall have the meanings assigned to them in conformity with GAAP. Financial statements and other information required to be delivered by Holdings to the Lenders pursuant to Section 5.1(a) and 5.1(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation (and delivered together with the reconciliation statements provided for in Section 5.1(d), if applicable). If any change in GAAP results in a change in the calculation of the financial covenant or interpretation of related provisions of this Agreement or any other Credit Document, then if either Holdings or the Requisite Lenders shall request an amendment to such provisions of this Agreement, then Holdings, the Borrower and the Requisite Lenders agree to negotiate an amendment to such provisions of this Agreement so as to equitably reflect such changes in GAAP with the desired result that the criteria for evaluating Holdings' financial condition shall be the same after such change in GAAP as if such change had not been made; provided that no change in the accounting principles used in the preparation of any financial statement hereafter adopted by Holdings shall be given effect for purposes of measuring compliance with financial covenant, unless Holdings, the Borrower and the Requisite Lenders agree to modify such provisions to reflect such changes in GAAP and, unless such provisions are modified, all financial statements provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change in GAAP. Until Holdings, the Borrower and the Requisite Lenders have agreed to any amendment referred to in the prior sentence, calculations in connection with the definitions, covenants and other provisions hereof shall utilize accounting principles and policies in conformity with those used to prepare the financial statements prior to the applicable change in GAAP.

1.3 Interpretation, Etc. Any of the terms defined herein may, unless the context otherwise requires, be used in the singular or the plural, depending on the reference. References herein to any Section, Appendix, Schedule or Exhibit shall be to a Section, an Appendix, a Schedule or an Exhibit, as the case may be, hereof unless otherwise specifically provided. The use herein of the word "include" or "including", when following any general statement, term or matter, shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that fall within the broadest possible scope of such general statement, term or matter. The terms lease and license shall include sub-lease and sub-license, as applicable. Except as otherwise expressly provided herein, any reference in this Agreement to any Credit Document or any other document or agreement shall mean such document or agreement as amended, restated, supplemented or otherwise modified from time to time, in each case, as permitted by the terms of this Agreement.

1.4 Pro Forma Calculations; Limited Condition Transactions.

(a) Notwithstanding anything to the contrary herein, the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio shall be calculated in the manner prescribed by this Section 1.4; provided that, when calculating the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio for purposes of (i) determining compliance with Section 6.7 and (ii) Section 2.10(e), any events described in this Section 1.4 that occurred subsequent to the end of the applicable Test Period shall not be given pro forma effect.

(b) For purposes of calculating the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio, Subject Transactions (other than any incurrence or repayment of any Indebtedness) that have been made (i) during the applicable Test Period or (ii) subsequent to such Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made shall be calculated on a pro forma basis assuming that all such Subject Transactions (and any increase or decrease in Consolidated EBITDA and the component financial definitions used therein attributable to any Subject Transaction) had occurred on the first day of the applicable Test Period. If since the beginning of any applicable Test Period any Person that subsequently became a Subsidiary of Holdings or was merged, amalgamated or consolidated with or into any Subsidiary of Holdings since the beginning of such Test Period shall have made any Subject Transaction that would have required adjustment pursuant to this Section 1.4, then the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio shall be calculated to give pro forma effect thereto in accordance with this Section 1.4.

(c) In the event that Holdings or any Subsidiary thereof incurs (including by assumption or guarantees) or repays (including by redemption, repayment, retirement or extinguishment) any Indebtedness (including in a connection with any Subject Transaction) included in the calculations of the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio (in each case, other than Indebtedness incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes), (i) during the applicable Test Period or (ii) subsequent to the end of the applicable Test Period and prior to or simultaneously with the event for which the calculation of any such ratio is made, then the Total Leverage Ratio, Total Net Leverage Ratio, Senior Secured Leverage Ratio, Senior Secured Net Leverage Ratio or Secured Leverage Ratio shall be calculated giving pro forma effect to such incurrence or repayment of Indebtedness, to the extent required, as if the same had occurred on the last day of the applicable Test Period.

(d) Pro forma calculations made pursuant to this Section 1.4 shall be made in good faith by an Executive Officer of Holdings or the Borrower and may include, solely with respect to any Investment permitted pursuant to Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition), an amount of cost savings or synergies projected by Holdings or the Borrower in good faith to be realized within twelve (12) months after consummation of such Investment; provided that (i) increases to Consolidated EBITDA shall be limited to cost savings or synergies for such Investment that (x) (A) would be includable in pro forma financial statements prepared in accordance with Regulation S-X or (B) would not be includable in pro forma financial statements prepared in accordance with Regulation S-X, but for which substantially all of the steps necessary for the realization thereof have been taken or are reasonably anticipated by Holdings or the Borrower to be taken within the one hundred and thirty-five (135) day period following the consummation thereof and are estimated on a good faith basis by an Executive Officer of Holdings or the Borrower, and (y) are quantifiable, factually supportable, reasonably identifiable and supported by an officer's certificate of an Authorized Officer delivered to the Administrative Agent and the Lenders, (ii) such cost savings and synergies shall be calculated on a pro forma basis as though such cost savings and synergies had been realized on the first day of such period and as if such cost savings and synergies were realized during the entirety of such period, (iii) such cost savings and synergies shall be calculated net of the amount of costs and expenses reasonably expected to be incurred to achieve such cost savings and synergies, (iv) such cost savings and synergies shall be calculated net of the amount of actual benefits realized during the relevant applicable period from such actions, (v) the aggregate amount of such cost savings and synergies that may be included in the calculation of Consolidated EBITDA in any Test Period, together with (I) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(vii) of the definition thereof for such Test Period, (II) the aggregate amount added to Consolidated EBITDA pursuant to clause (a)(xii) of the definition thereof for such Test Period, and (III) the aggregate amount of extraordinary or non-recurring losses excluded from Consolidated Net Income pursuant to clause (i) of the definition thereof for such Test Period, shall not exceed 20% of Consolidated EBITDA (in each case, calculated before giving effect to such addbacks) for such Test Period, and (vi) the effect of any such cost savings and synergies shall be without duplication of any other increase to Consolidated EBITDA) pursuant to this Section 1.4 or any of the provisions of the definition thereof.

(e) For purposes of determining Pro Forma Compliance with Section 6.7, if no Test Period with an applicable level cited in Section 6.7 has passed on the date of determination, the applicable level shall be the level for the first Test Period cited in Section 6.7 with an indicated level.

(f) Notwithstanding anything in this Agreement or any Credit Document to the contrary, when (i) calculating any applicable ratio in connection with the incurrence of Indebtedness, the creation of Liens, the making of any Disposition, the making of an Investment, the making of a Restricted Payment, the repayment of Indebtedness or for any other purpose, (ii) determining the accuracy of any representation or warranty, (iii) determining whether any Default or Event of Default has occurred, is continuing or would result from any action, or (iv) determining compliance with any other condition precedent to any action or transaction, in each case of clauses (i) through (iv) in connection with a Limited Condition Transaction, the date of determination of such ratio, the accuracy of such representation or warranty (but taking into account any earlier date specified therein), whether any Default or Event of Default has occurred, is continuing or would result therefrom, or the satisfaction of any other condition precedent shall, at the option of the Borrower (the Borrower's election to exercise such option in connection with any Limited Condition Transaction, an "**LCT Election**"), be deemed to be the date the definitive agreements for such Limited Condition Transaction are entered into (the "**LCT Test Date**"); provided that (x) no Event of Default described in Section 8.1(a), (f), (g) or (h) shall have occurred and be continuing on the date of consummation of such Limited Condition Transaction and (y) in the case of Restricted Payments in connection with a Limited Condition Transaction, clauses (i) and (ii) above shall be retested on the date of consummation of such Limited Condition Transaction. If on a Pro Forma Basis after giving effect to such Limited Condition Transaction and the other transactions to be entered into in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) such ratios, representations and warranties, absence of defaults, satisfaction of conditions precedent and other provisions are calculated as if such Limited Condition Transaction or other transactions had occurred at the beginning of the most recent Test Period ending prior to the LCT Test Date for which financial statements are available, the Borrower could have taken such action on the relevant LCT Test Date in compliance with the applicable ratios or other provisions, such provisions shall be deemed to have been complied with so long as such Limited Condition Transaction is consummated before the earlier to occur of (x) 180 days following the applicable LCT Test Date and (y) the date that the definitive agreements for such Limited Condition Transaction expire (it being agreed that any Limited Condition Transaction that has not be consummated within the foregoing time period following the applicable LCT Test Date shall cease to constitute a Limited Condition Transaction for purposes of this Section 1.4(f)). For the avoidance of doubt, (i) if any of such ratios, representations and warranties, absence of defaults, satisfaction of conditions precedent or other provisions are exceeded or breached as a result of fluctuations in such ratio (including due to fluctuations in Consolidated EBITDA), a change in facts and circumstances or other provisions at or prior to the consummation of the relevant Limited Condition Transaction, such ratios, representations and warranties, absence of defaults, satisfaction of conditions precedent and other provisions will not be deemed to have been exceeded, breached, or otherwise failed as a result of such fluctuations or changed circumstances solely for purposes of determining whether the Limited Condition Transaction and any related transactions is permitted hereunder and (ii) such ratios and compliance with such conditions shall not be tested at the time of consummation of such Limited Condition Transaction. If the Borrower has made an LCT Election for any Limited Condition Transaction, then in connection with any subsequent calculation of any ratio or basket availability with respect to any other Limited Condition Transaction or otherwise on or following the relevant LCT Test Date and prior to the earlier of the date on which such Limited Condition Transaction is consummated or the date that the definitive agreement for such Limited Condition Transaction is terminated or expires without consummation of such Limited Condition Transaction, any such ratio or basket shall be calculated on a Pro Forma Basis assuming such Limited Condition Transaction and other transactions in connection therewith (including any incurrence of Indebtedness and the use of proceeds thereof) have been consummated.

1.5 Australian Code of Banking Practice.

The parties agree that none of the Codes of Banking Practice or the Banking Code of Practice of the Australian Banking Association Inc. apply or will apply to the Credit Documents or the transactions under them.

1.6 Australian Terms.

In this Agreement, where it relates to an Australian Credit Party, a reference to insolvent includes "insolvent" within the meaning of section 95A of the Australian Corporations Act.

SECTION 2. LOANS

2.1 Loans.

(a) Cashless Roll of Existing Loans and Exchanged Stock.

(i) Pursuant to the Original Credit Agreement, the Existing Lenders thereunder (A) extended Loans (as defined in the Original Credit Agreement) under Section 2.1(a) of the Original Credit Agreement on the Closing Date (the "**Existing Initial Term Loans**") and (B) extended the Amendment No. 1 Incremental Term Loans (as defined in the Original Credit Agreement) on the Amendment No. 1 Effective Date (as defined in the Original Credit Agreement) (the "**Existing Amendment No. 1 Incremental Term Loans**" and together with the Existing Initial Term Loans, the "**Existing Loans**").

(ii) Each Tranche A Lender that is an Existing Lender agrees to exchange its Existing Loans, in each case, on a dollar-for-dollar cashless basis for term loans under this Agreement on the Restatement Date in the amounts set forth opposite such Lender's name in Section 1 of Appendix A hereto under the heading "Existing Term Loans" (the "**Tranche A Loans**"). As of the Restatement Date, the aggregate outstanding principal amount of Tranche A Loans is $20,620,814.15.

(iii) Pursuant to the Restatement Date Assignment, the Restatement Date Assignee acquired Existing Loans in the aggregate principal amount of $91,180,557.07 (the "**Existing Assigned Loans**"). The Restatement Date Assignee, in its capacity as a Tranche B Lender, agrees to exchange the Existing Assigned Loans on a cashless basis for term loans under this Agreement on the Restatement Date in an aggregate principal amount of $79,555,036.04, as set forth in Section 2 of Appendix A hereto (the "**Discounted Tranche B Loans**").

(iv) Pursuant to the Exchange Agreement, the Preferred Investor exchanged the Exchanged Stock for term loans under this Agreement on the Restatement Date in the aggregate principal amount of $53,787,500.00 (the "**Exchanged Tranche B Loans**"). The Preferred Investor, in its capacity as a Tranche B Lender, agrees that on the Restatement Date it exchanged the Exchanged Stock on a cashless basis for the Exchanged Tranche B Loans.

(v) Each Tranche B Lender that is an Existing Lender listed in Section 4 of Appendix A hereto agrees to exchange its Existing Loans hereunder, in each case, on a dollar-for-dollar cashless basis for term loans under this Agreement on the Restatement Date in the amounts set forth opposite such Lender's name in Section 4 of Appendix A hereto under the heading "Existing Term Loans" (the "**Rolled Tranche B Loans**").

(vi) As of the Restatement Date, the aggregate outstanding principal amount of Tranche B Loans hereunder consisting of the Discounted Tranche B Loans, Exchanged Tranche B Loans and the Rolled Tranche B Loans is $177,551,593.40. Each Credit Party hereby agrees and acknowledges that accrued but unpaid interest on any Existing Loan is certified, confirmed, and continued as an Obligation hereunder and shall be due and payable on the Restatement Date, and any corresponding accrued but unpaid fees thereon are certified, confirmed, and continued as Obligations hereunder and shall be due and payable on the Restatement Date.

(b) Tranche B Restatement Date Loan Commitments. Subject to the terms and conditions hereof, each Tranche B Lender with a Tranche B Restatement Date Loan Commitment severally agrees to make, on the Restatement Date, a Tranche B Restatement Date Loan to the Borrower in an amount equal to such Lender's Tranche B Restatement Date Loan Commitment. The Tranche B Restatement Date Loan, when borrowed, shall be fungible with and form part of the same class as the Tranche B Loans. The Borrower may make only one Borrowing under the Tranche B Restatement Date Loan Commitment which shall be on the Restatement Date and in accordance with Section 2.1(c). Each Lender's Tranche B Restatement Date Loan Commitment shall terminate immediately and without further action on the Restatement Date after giving effect to the funding of such Lender's Tranche B Restatement Date Loan Commitment on such date. As of the Restatement Date and after giving effect to the borrowing of the Tranche B Restatement Date Loan pursuant to Section 2.1(b), the aggregate outstanding principal amount of (i) Tranche B Restatement Date Loans hereunder is $11,827,592.45 and (ii) Tranche B Loans (including, for the avoidance of doubt, the Tranche B Restatement Date Loans) hereunder is $189,379,185.85.

(c) Borrowing Mechanics for Tranche B Restatement Date Loans.

(i) The Borrower shall deliver to the Administrative Agent a fully executed Funding Notice no later than one Business Day prior to the Restatement Date (or such shorter period as may be acceptable to the Requisite Lenders). Promptly upon receipt by the Administrative Agent of such Funding Notice, the Administrative Agent shall notify each Lender of the proposed borrowing.

(ii) Each Lender shall make its Tranche B Restatement Date Loan available to the Administrative Agent not later than 12:00 p.m. (New York City time) on the Restatement Date, by wire transfer of same day funds in Dollars, at the Principal Office designated by the Administrative Agent. Upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent shall remit the proceeds of the Tranche B Restatement Date Loans available to the Borrower on the Restatement Date by disbursing an amount of same day funds in Dollars equal to the proceeds of all such Tranche B Restatement Date Loans received by the Administrative Agent from the Lenders as set forth in the Disbursement Letter.

(d) Amount of Loans; Maturity of Loans. As of the Restatement Date and after giving effect to the borrowing of the Tranche B Restatement Date Loan pursuant to Section 2.1(b), the aggregate outstanding principal amount of Loans (including, for the avoidance of doubt, the Tranche B Restatement Date Loans) hereunder is $210,000,000.00. Any amount of Tranche A Loans or Tranche B Loans borrowed or exchanged under this Section 2.1 and subsequently repaid or prepaid may not be reborrowed. Subject to Sections 2.9(a) and 2.10, all amounts owed hereunder with respect to the Loans shall be paid in full no later than the Maturity Date.

(e) Accrued Interest; Existing Eurodollar Rate Loans; Restatement Date Interest Period Election. Concurrently with the effectiveness of this Agreement on the Restatement Date:

(i) the Borrower shall pay all accrued but unpaid interest and fees in respect of the Existing Loans under the Original Credit Agreement to the Administrative Agent for the account of the Existing Lenders in accordance with their Pro Rata Shares (as defined in the Original Credit Agreement);

(ii) all Interest Periods applicable to Eurodollar Rate Loans (as defined in the Original Credit Agreement) under the Original Credit Agreement shall automatically terminate (and the Borrower shall have no obligation to pay any amounts under Section 2.15 of the Original Credit Agreement in connection with such termination); and

(iii) the Borrower hereby elects that all of the Loans outstanding under this Agreement shall be SOFR Loans with an initial Interest Period of 6 month(s).

2.2 Pro Rata Shares; Availability of Funds.

(a) Pro Rata Shares. All Loans shall be made, and all participations purchased, by the Lenders simultaneously and proportionately to their respective Pro Rata Shares, it being understood that (i) no Lender shall be responsible for any default by any other Lender in such other Lender's obligation to make a Loan requested hereunder, (ii) no Commitment of any Lender shall be increased or decreased as a result of a default by any other Lender in such other Lender's obligation to make a Loan requested hereunder or purchase a participation required hereby and (iii) no Lender shall be relieved of its obligations to make a Loan requested hereunder as a result of any default by any other Lender in such other Lender's obligation to make a Loan requested hereunder.

(b) Availability of Funds. Unless the Administrative Agent shall have been notified by any Lender prior to the Borrowing Date that such Lender does not intend to make available to the Administrative Agent, the amount of such Lender's Loan requested on the Borrowing Date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on the Borrowing Date and the Administrative Agent may, in its sole discretion, but shall not be obligated to, make available to the Borrower a corresponding amount on the Borrowing Date. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest thereon, for each day from the Borrowing Date until the date such amount is paid to the Administrative Agent at the customary rate set by the Administrative Agent for the correction of errors among banks for three Business Days and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the demand of the Administrative Agent, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent, together with interest thereon, for each day from the Borrowing Date until the date such amount is paid to the Administrative Agent at the rate payable hereunder for such Loan at such time. Nothing in this Section 2.2(b) shall be deemed to relieve any Lender from its obligation to fulfill its Commitments hereunder or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder.

2.3 Use of Proceeds. The proceeds of the Loans made on the Restatement Date shall be applied by the Borrower (a) to fund the Transaction Costs, and (b) for general corporate purposes of the Borrower and its Subsidiaries. No part of the proceeds from the Loans made hereunder constitutes or will constitute funds obtained on behalf of any Blocked Person or will otherwise be used by the Borrower or any Controlled Entity, directly or indirectly, (i) in connection with any investment in, or any transactions or dealings with, any Blocked Person, or (ii) otherwise in violation of U.S. economic sanctions laws.

2.4 Evidence of Debt; Register; Lenders' Books and Records; Notes.

(a) Lenders' Evidence of Debt. Each Lender shall maintain on its internal records an account or accounts evidencing the Obligations of the Borrower to such Lender, including the amounts of the Loans made by it and each repayment and prepayment in respect thereof. Any such recordation shall be conclusive and binding on the Borrower, absent manifest error; provided, that the failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of any applicable Loans; and provided further, in the event of any inconsistency between the Register and any Lender's records, the recordations in the Register shall govern.

(b) Register. The Administrative Agent (or its agent or sub-agent appointed by it), acting solely for this purpose as an agent of the Borrower, shall maintain at its Principal Office a register for the recordation of the names and addresses of the Lenders and Loans (including both principal and stated interest) of each Lender from time to time (the "**Register**"). The Register shall be available for inspection by the Borrower or any Lender (with respect to (i) any entry relating to such Lender's Loans and (ii) the identity of the other Lenders (but not any information with respect to such other Lenders' Loans)) at any reasonable time and from time to time upon reasonable prior notice. The Administrative Agent shall record, or shall cause to be recorded, in the Register the Loans in accordance with the provisions of Section 10.6, and each repayment or prepayment in respect of the principal amount of the Loans, and any such recordation shall be conclusive and binding on the Borrower and each Lender, absent manifest error; provided, failure to make any such recordation, or any error in such recordation, shall not affect the Borrower's Obligations in respect of any Loan. The Borrower hereby designates the Administrative Agent to serve as the Borrower's agent solely for purposes of maintaining the Register as provided in this Section 2.4, and the Borrower hereby agrees that, to the extent the Administrative Agent serves in such capacity, the Administrative Agent and its officers, directors, employees, agents, sub-agents and affiliates shall constitute "Indemnitees."

(c) Notes. If so requested by any Lender by written notice to the Borrower (with a copy to the Administrative Agent) at least two Business Days prior to the Restatement Date, or at any time thereafter, the Borrower shall execute and deliver to such Lender (and/or, if applicable and if so specified in such notice, to any Person who is an assignee of such Lender pursuant to Section 10.6) on the Restatement Date (or, if such notice is delivered after the Restatement Date, promptly after the Borrower's receipt of such notice) a Note or Notes to evidence such Lender's Loans.

2.5 Interest on Loans.

(a) Except as otherwise set forth herein, the Loans shall bear interest on the unpaid principal amount thereof from the date made to but excluding the date of repayment (whether by acceleration or otherwise) thereof as follows:

(i) if a Base Rate Loan, at the Base Rate plus the Applicable Rate; or

(ii) if a SOFR Loan, at the Adjusted Term SOFR plus the Applicable Rate;

provided that, during the PIK Option Period, so long as no Event of Default has occurred and is continuing, interest accruing at a rate per annum up to the Applicable PIK Rate may be, at the Borrower's election, paid by capitalizing such interest and adding such capitalized interest to the then outstanding principal amount of the Loans. The Borrower shall provide the Administrative Agent with written notice of its election to capitalize interest pursuant to this clause (a) at least ten (10) Business Days (or such shorter period as the Administrative Agent may agree to in writing in its sole discretion) in advance of each Interest Payment Date; provided, further, that the Borrower hereby makes such an election at a rate per annum equal to the Applicable PIK Rate with respect to the first Interest Payment Date after the First Amendment Effective Date and the Administrative Agent hereby waives the foregoing requirement for written notice solely with respect to the Borrower's election for such Interest Payment Date. If the Borrower fails to provide such written notice or if an Event of Default has occurred and is continuing, all interest due and payable on such Interest Payment Date shall be due and payable in cash. Any interest to be so capitalized pursuant to this clause (a) shall be capitalized on each designated Interest Payment Date and added to the then outstanding principal amount of the Loans and, thereafter, shall bear interest as provided hereunder as if it had originally been part of the outstanding principal of the Loans.

(b) The basis for determining the rate of interest with respect to the Loans, and the Interest Period with respect to any SOFR Loan, shall be selected by the Borrower and notified to each Agent and the Lenders pursuant to the Funding Notice or applicable Conversion/Continuation Notice, as the case may be.

(c) In connection with SOFR Loans there shall be no more than five (5) Interest Periods outstanding at any time. In the event the Borrower fails to specify between a Base Rate Loan or a SOFR Loan in the applicable Funding Notice or Conversion/Continuation Notice, such Loan (if outstanding as a SOFR Loan) will be automatically converted into a Base Rate Loan on the last day of then-current Interest Period for such Loan (or if outstanding as a Base Rate Loan will remain as, or (if not then outstanding) will be made as, a Base Rate Loan). In the event the Borrower fails to specify an Interest Period for any SOFR Loan in the applicable Funding Notice or Conversion/Continuation Notice, the Borrower shall be deemed to have selected an Interest Period of one (1) month. As soon as practicable after 10:00 a.m. (New York City time) on each Interest Rate Determination Date, the Administrative Agent shall determine (which determination shall, absent manifest error, be final, conclusive and binding upon all parties) the interest rate that shall apply to the SOFR Loans for which an interest rate is then being determined for the applicable Interest Period and shall promptly give notice thereof (in writing or by telephone confirmed in writing) to the Borrower and each Lender holding Loans.

(d) Interest payable pursuant to Section 2.5(a) shall be computed (i) in the case of Base Rate Loans on the basis of a 365-day or 366-day year, as the case may be, and (ii) in the case of SOFR Loans, on the basis of a 360-day year, in each case for the actual number of days elapsed in the period during which it accrues. In computing interest on any Loan, the date of the making of such Loan or the first day of an Interest Period applicable to such Loan, the last Interest Payment Date with respect to such Loan or, with respect to a Base Rate Loan being converted from a SOFR Loan, the date of conversion of such SOFR Loan to such Base Rate Loan, as the case may be, shall be included, and the date of payment of such Loan or the expiration date of an Interest Period applicable to such Loan or, with respect to a Base Rate Loan being converted to a SOFR Loan, the date of conversion of such Base Rate Loan to such SOFR Loan, as the case may be, shall be excluded; provided, if a Loan is repaid on the same day on which it is made, one day's interest shall be paid on that Loan.

(e) Except as otherwise set forth herein, interest on each Loan: (i)(A) shall accrue on a daily basis and (B) shall be payable in cash in arrears on each Interest Payment Date with respect to interest accrued on and to each such payment date (other than the amount of such interest which is capitalized on such Interest Payment Date in accordance with Section 2.5(a)); (ii) shall accrue on a daily basis and shall be payable in cash in arrears upon any prepayment of that Loan, whether voluntary or mandatory, to the extent accrued on the amount being prepaid; and (iii) shall accrue on a daily basis and shall be payable in cash in arrears at maturity of the Loans, including final maturity of the Loans.

2.6 Conversion/Continuation.

(a) Subject to Section 2.15 and so long as no Event of Default shall have occurred and then be continuing, the Borrower shall have the option:

(i) to convert at any time all or any part of any Loan equal to $5,000,000 and integral multiples of $1,000,000 in excess of that amount from one Type of Loan to another Type of Loan; provided, a SOFR Loan may only be converted on the expiration of the Interest Period applicable to such SOFR Loan unless the Borrower shall pay all amounts due under Section 2.15 in connection with any such conversion; or

(ii) upon the expiration of any Interest Period applicable to any SOFR Loan, to continue all or any portion of such Loan equal to $5,000,000 and integral multiples of $1,000,000 in excess of that amount as a SOFR Loan.

(b) The Borrower shall deliver a Conversion/Continuation Notice to the Agents no later than 12:00 noon (New York City time) at least one Business Day in advance of the proposed conversion date (in the case of a conversion to a Base Rate Loan) and at least three Business Days in advance of the proposed Conversion/Continuation Date (in the case of a conversion to, or a continuation of, a SOFR Loan). Except as otherwise provided herein, a Conversion/Continuation Notice for conversion to, or continuation of, any SOFR Loans shall be irrevocable on and after the related Interest Rate Determination Date, and the Borrower shall be bound to effect a conversion or continuation in accordance therewith. If on any day a Loan is outstanding with respect to which a Funding Notice or Conversion/Continuation Notice has not been delivered to the Agents in accordance with the terms hereof specifying the applicable basis for determining the rate of interest, then for that day such Loan shall be a Base Rate Loan.

2.7 Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 8.1(a), (f), (g) or (h) or, with respect to the occurrence and during the continuance of any other Event of Default, at the written election of the Requisite Lenders, the principal amount (including the PIK Amount) of all Loans outstanding and, to the extent permitted by applicable law, any interest payments on the Loans or any fees or other amounts owed hereunder, shall thereafter bear interest (including post-petition interest in any proceeding under Debtor Relief Laws) payable on demand at a rate that is 2% *per annum* in excess of the interest rate otherwise payable hereunder with respect to the applicable Loans (or, in the case of any such fees and other amounts, at a rate which is 2% *per annum* in excess of the interest rate otherwise payable hereunder for Base Rate Loans); provided, in the case of SOFR Loans, upon the expiration of the Interest Period in effect at the time any such increase in interest rate is effective such SOFR Loans shall thereupon become Base Rate Loans and shall thereafter bear interest payable upon demand at a rate which is 2% *per annum* in excess of the interest rate otherwise payable hereunder for Base Rate Loans. If the Requisite Lenders elect that interest accrue at the increased rate pursuant to the immediately preceding sentence, the Requisite Lenders may also elect that such increased rate shall apply from the date of the occurrence of the applicable Event of Default. Payment or acceptance of the increased rates of interest provided for in this Section 2.7 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Administrative Agent or any Lender.

2.8 Scheduled Payments. The principal amounts of the Tranche A Loans shall be repaid in consecutive quarterly installments and at final maturity (each such payment, an "**Installment**") in the aggregate amounts set forth below on each Principal Payment Date:

Principal Payment Date	Installments
June 30, 2023	$75,902.81
September 30, 2023	$75,902.81
December 31, 2023	$75,902.81
March 31, 2024	$75,902.81
June 30, 2024	$75,902.81
September 30, 2024	$75,902.81
December 31, 2024	$75,902.81
March 31, 2025	$75,902.81
June 30, 2025	$75,902.81
September 31, 2025	$75,902.81
December 31, 2025	$75,902.81
March 31, 2026	$75,902.81
June 30, 2026	$75,902.81
September 30, 2026	$75,902.81
December 31, 2026	$75,902.81
March 31, 2027	$75,902.81
Maturity Date	Remainder

Notwithstanding the foregoing, such Installments of the Tranche A Loans shall be reduced in connection with any voluntary or mandatory prepayments of the Tranche A Loans in accordance with Sections 2.9, 2.10, and 2.12, as applicable. All Loans (including the Tranche B Loans), and all other amounts owed hereunder with respect thereto, shall be Paid in Full no later than the Maturity Date.

2.9 Voluntary Prepayments.

(a) At any time and from time to time:

(i) with respect to Base Rate Loans, the Borrower may prepay any such Loans on any Business Day in whole or in part, in an aggregate minimum amount of $3,000,000 and integral multiples of $1,000,000 in excess of that amount; and

(ii) with respect to SOFR Loans, the Borrower may prepay any such Loans on any Business Day in whole or in part in an aggregate minimum amount of $3,000,000 and integral multiples of $1,000,000 in excess of that amount.

(b) All such prepayments shall be made:

(i) upon not less than one (1) Business Day's prior written notice in the case of Base Rate Loans; and

(ii) upon not less than three (3) Business Days' prior written notice in the case of SOFR Loans;

in each case given to the Administrative Agent by 12:00 noon (New York City time) on the date required (and the Administrative Agent will notify each Lender). Upon the giving of any such notice, the principal amount of the Loans specified in such notice shall become due and payable on the prepayment date specified therein; provided that, if such prepayment notice specifies such prepayment is being made in connection with the consummation of another transaction, then such prepayment may be contingent on the consummation of such other transaction. Any such voluntary prepayment pursuant to this Section 2.9 shall be applied as specified in Section 2.12(a).

2.10 Mandatory Prepayments. Subject to Sections 2.12(c) and 2.12(d):

(a) Asset Sales. Not later than the tenth Business Day following the date of receipt by Holdings or any of its Subsidiaries of any Net Asset Sale Proceeds (other than any Net Asset Sale Proceeds from (x) the TLA Disposition and/or (y) any Dispositions of any Specified Non-Core Asset B, which Net Asset Sale Proceeds will not be subject to this Section 2.10(a)), the Borrower shall prepay the Loans in an aggregate amount equal to such Net Asset Sale Proceeds; provided that (i) so long as no Event of Default shall have occurred and be continuing and (ii) to the extent that aggregate Net Asset Sale Proceeds (excluding any Net Asset Sale Proceeds from (x) the TLA Disposition and/or (y) any Dispositions of any Specified Non-Core Asset B) from the Closing Date through the applicable date of determination do not exceed $25,000,000, the Borrower shall have the option, directly or through one or more of the Operating Credit Parties or any of their respective Subsidiaries, to invest Net Asset Sale Proceeds within three hundred sixty (360) days of receipt thereof (or within eighteen (18) months following receipt thereof if a contractual commitment to reinvest is entered into within three hundred sixty (360) days following receipt thereof) in long-term productive assets of the general type used in the business of Holdings and its Subsidiaries, in capital expenditures, in inventory or in other assets (other than Cash and Cash Equivalents) used or useful in the business of the Borrower and its Subsidiaries; provided that, if at the time that any such prepayment would be required the Borrower is also required to repay or repurchase or to offer to repurchase or repay Senior Secured Debt of the Borrower or any of its Subsidiaries permitted under Section 6.1 pursuant to the terms of the documentation governing such Senior Secured Debt with the proceeds of such Asset Sale (such Senior Secured Debt required to be repaid or repurchased or to be offered to be so repaid or repurchased, "**Other Applicable Indebtedness**"), then the Borrower may apply such Net Asset Sale Proceeds on a *pro rata* basis to the prepayment of the Loans and to the repayment or repurchase of Other Applicable Indebtedness, and the amount of prepayment of the Loans that would have otherwise been required pursuant to this Section 2.10(a) shall be reduced accordingly (for purposes of this proviso *pro rata* basis shall be determined on the basis of the aggregate outstanding principal amount of the Loans and Other Applicable Indebtedness at such time, with it being agreed that the portion of such net proceeds allocated to the Other Applicable Indebtedness shall not exceed the amount of such net proceeds required to be allocated to the Other Applicable Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such net proceeds shall be allocated to the Loans in accordance with the terms hereof); *provided*, *further*, that to the extent the holders of Other Applicable Indebtedness decline to have such indebtedness repurchased or prepaid, the declined amount shall promptly (and in any event within ten Business Days after the date of such rejection) be applied to prepay the Loans in accordance with the terms hereof.

(b) Insurance/Condemnation Proceeds. Not later than the tenth Business Day following the date of receipt by Holdings or any of its Subsidiaries, or the Collateral Agent, for the benefit of the Secured Parties, as loss payee, of any Net Insurance/Condemnation Proceeds, the Borrower shall prepay the Loans in an aggregate amount equal to such Net Insurance/Condemnation Proceeds; provided that (i) so long as no Event of Default shall have occurred and be continuing and (ii) to the extent that aggregate Net Insurance/Condemnation Proceeds from the Closing Date through the applicable date of determination do not exceed $25,000,000, the Borrower shall have the option, directly or through one or more of the Operating Credit Parties or any of their respective Subsidiaries, to invest such Net Insurance/Condemnation Proceeds within three hundred sixty (360) days of receipt thereof (or within eighteen (18) months following receipt thereof if a contractual commitment to reinvest is entered into within three hundred sixty (360) days following receipt thereof) in long term productive assets of the general type used in the business of Holdings and its Subsidiaries, which investment may include the repair, restoration or replacement of the applicable assets thereof, in capital expenditures or in assets (other than Cash and Cash Equivalents) used or useful in the business of the Borrower and its Subsidiaries; *provided* that, if at the time that any such prepayment would be required the Borrower is also required to repay or repurchase or to offer to repurchase or repay Senior Secured Debt of the Borrower or any of its Subsidiaries permitted under Section 6.1 pursuant to the terms of the documentation governing such Senior Secured Debt with the proceeds of such Net Insurance/Condemnation Proceeds (such Senior Secured Debt required to be repaid or repurchased or to be offered to be so repaid or repurchased, "**Other Applicable Insurance Indebtedness**"), then the Borrower may apply such Net Insurance/Condemnation Proceeds on a *pro rata* basis to the prepayment of the Loans and to the repayment or repurchase of Other Applicable Insurance Indebtedness, and the amount of prepayment of the Loans that would have otherwise been required pursuant to this Section 2.10(b) shall be reduced accordingly (for purposes of this proviso *pro rata* basis shall be determined on the basis of the aggregate outstanding principal amount of the Loans and Other Applicable Insurance Indebtedness at such time, with it being agreed that the portion of such net proceeds allocated to the Other Applicable Indebtedness shall not exceed the amount of such net proceeds required to be allocated to the Other Applicable Insurance Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such net proceeds shall be allocated to the Loans in accordance with the terms hereof); *provided*, *further*, that to the extent the holders of Other Applicable Insurance Indebtedness decline to have such indebtedness repurchased or prepaid, the declined amount shall promptly (and in any event within ten Business Days after the date of such rejection) be applied to prepay the Loans in accordance with the terms hereof.

(c) Cure Proceeds. Upon receipt of any Equity Cure Contribution, the Borrower shall prepay the Loans in an aggregate amount equal to 100% of such Equity Cure Contribution.

(d) Issuance of Debt. On the date of receipt by Holdings or any of its Subsidiaries of any Cash proceeds from the incurrence of any Indebtedness of Holdings or any of its Subsidiaries (other than with respect to any Indebtedness permitted to be incurred pursuant to Section 6.1), the Borrower shall prepay the Loans in an aggregate amount equal to 100% of such proceeds, net of underwriting discounts and commissions and other reasonable costs and expenses associated therewith, including reasonable legal fees and expenses.

(e) Excess Cash Flow. In the event that there shall be Excess Cash Flow in excess of $2,500,000 for any Fiscal Year, the Borrower shall, not later than the tenth Business Day following the date that is ninety days after the end of such Fiscal Year, prepay the Loans in an aggregate amount equal to 50% (provided that (i) such prepayment percentage shall be 25% if, as of the last day of the most recently ended Fiscal Year, the Senior Secured Net Leverage Ratio (determined for any such period by reference to the Compliance Certificate delivered pursuant to Section 5.1(c) calculating the Senior Secured Net Leverage Ratio as of the last day of such Fiscal Year) shall be 1.80:1.00 or less and (ii) no such prepayment shall be required by this clause (e) if the foregoing Senior Secured Net Leverage Ratio as of the last day of such Fiscal Year shall be 1.30:1.00 or less) of the entire Excess Cash Flow for such Fiscal Year minus 100% of voluntary repayments of the Loans made during such Fiscal Year with Internally Generated Cash; provided, that, if at the time that any such prepayment would be required, the Borrower is required to repay or repurchase or to offer to repurchase or repay Senior Secured Debt permitted pursuant to Section 6.1 pursuant to the terms of the documentation governing such Indebtedness with all or a portion of such Excess Cash Flow (such Senior Secured Debt required to be repaid or repurchased or to be offered to be so repaid or repurchased, "**Other Applicable ECF Indebtedness**"), then the Borrower may apply such Excess Cash Flow on a *pro rata* basis to the prepayment of the Loans and to the repayment or re-purchase of Other Applicable ECF Indebtedness, and the amount of prepayment of the Loans that would have otherwise been required pursuant to this Section 2.10(e) shall be reduced accordingly (for purposes of this proviso *pro rata* basis shall be determined on the basis of the aggregate outstanding principal amount of the Loans and Other Applicable ECF Indebtedness at such time, with it being agreed that the portion of Excess Cash Flow allocated to the Other Applicable ECF Indebtedness shall not exceed the amount of such Excess Cash Flow required to be allocated to the Other Applicable ECF Indebtedness pursuant to the terms thereof, and the remaining amount, if any, of such net proceeds shall be allocated to the Loans in accordance with the terms hereof); *provided* further, that to the extent the holders of Other Applicable ECF Indebtedness decline to have such indebtedness repurchased or prepaid, the declined amount shall promptly (and in any event within ten Business Days after the date of such rejection) be applied to prepay the Loans in accordance with the terms hereof.

(f) Prepayment Certificate. By 12:00 pm (New York City time) one Business Day in advance of any prepayment of the Loans pursuant to Sections 2.10(a) through 2.10(e), the Borrower shall deliver to the Administrative Agent a certificate of an Authorized Officer demonstrating the calculation of the amount of the applicable net proceeds or Excess Cash Flow, as the case may be. In the event that the Borrower shall subsequently determine that the actual amount received exceeded the amount set forth in such certificate, the Borrower shall promptly make an additional prepayment of the Loans in an amount equal to such excess, and the Borrower shall concurrently therewith deliver to the Administrative Agent a certificate of an Authorized Officer demonstrating the derivation of such excess.

(g) Application. Any such prepayments pursuant to this Section 2.10 shall be applied as specified in Section 2.12(b).

2.11 [Reserved].

2.12 Application of Prepayments.

(a) Application of Voluntary Prepayments by Type of Loans. Any prepayment of any Loan pursuant to Section 2.9(a) shall be applied on a pro rata basis to the Tranche A Loans and the Tranche B Loans and, in the case of the Tranche A Loans, to the remaining scheduled amortization Installments of principal of the Tranche A Loans (including the final payment).

(b) Application of Mandatory Prepayments by Type of Loans. Any amount required to be paid pursuant to Sections 2.10(a) through 2.10(e) shall be applied on a pro rata basis to the Tranche A Loans and the Tranche B Loans and, in the case of the Tranche A Loans, to the remaining scheduled amortization Installments of principal of the Tranche A Loans (including the final payment).

(c) Waivable Mandatory Prepayment. Anything contained herein to the contrary notwithstanding, so long as any Loans are outstanding, in the event the Borrower is required to make any mandatory prepayment other than a prepayment required under Section 2.10(d) (a "**Waivable Mandatory Prepayment**") of the Loans, not less than five Business Days prior to the date (the "**Required Prepayment Date**") on which the Borrower is required to make such Waivable Mandatory Prepayment, the Borrower shall notify the Administrative Agent of the amount of such prepayment, and the Administrative Agent will promptly thereafter notify each Lender holding an outstanding Loan of the amount of such Lender's Pro Rata Share of such Waivable Mandatory Prepayment and such Lender's option to refuse such amount (such amounts, if any, refused by the Lenders pursuant to this Section 2.12(c), "**Declined Mandatory Prepayment Proceeds**"). Each such Lender may exercise such option by giving written notice to the Administrative Agent of its election to do so on or before the third Business Day prior to the Required Prepayment Date (it being understood that any Lender which does not notify the Administrative Agent of its election to exercise such option on or before the third Business Day prior to the Required Prepayment Date shall be deemed to have elected, as of such date, not to exercise such option). On the Required Prepayment Date, the Borrower shall pay to the Administrative Agent the amount of the Waivable Mandatory Prepayment not declined by the Lenders, which amount shall be applied in an amount equal to that portion of the Waivable Mandatory Prepayment payable to those Lenders that have elected not to exercise such option, to prepay the Loans of such Lenders (which prepayment shall be applied to the Loans in accordance with Section 2.12(b)). In connection with each Waivable Mandatory Prepayment, the Borrower shall make a representation to the Lenders that it does not possess Private-Side Information that has not been disclosed to Private Lenders and that may be material to the decision of a Lender to participate in such Waivable Mandatory Prepayment.

(d) Repatriation. Notwithstanding anything to the contrary pursuant to Section 2.10, to the extent that Holdings or the Borrower has reasonably determined in good faith that:

(i) any or all of the Net Asset Sale Proceeds received by a Foreign Subsidiary (other than any Foreign Credit Party) giving rise to a prepayment event pursuant to Section 2.10(a) (a "Foreign Disposition"), the Net Insurance/Condemnation Proceeds received from a Foreign Subsidiary (other than any Foreign Credit Party) (a "Foreign Casualty Event") or Excess Cash Flow of a Foreign Subsidiary (other than any Foreign Credit Party) are prohibited or delayed by applicable local law from being repatriated to the United States, the portion of such Net Cash Proceeds or Excess Cash Flow so affected will not be required to be applied to repay Loans at the times provided in this Section 2.12 but may be retained by such Foreign Subsidiary so long, but only so long, as the applicable local law will not permit repatriation to the United States (the Borrower hereby agreeing to cause such Foreign Subsidiary to use its commercially reasonable efforts to promptly take all actions reasonably required by the applicable local law to permit such repatriation), and once such repatriation of any of such affected Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow is permitted under the applicable local law, such repatriation will be immediately effected and such repatriated Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow will be promptly (and in any event not later than two Business Days after such repatriation) applied (net of additional taxes payable or reserved against as a result thereof) to the repayment of the Loans pursuant to this Section 2.12 to the extent provided herein, or

(ii) repatriation to the United States of any or all of the Net Cash Proceeds of any Foreign Disposition or any Foreign Casualty Event or any or all of the Excess Cash Flow of a Foreign Subsidiary (other than any Foreign Credit Party) would have material adverse tax consequences (relative to the relevant Foreign Disposition, Foreign Casualty Event or Excess Cash Flow and taking into account any foreign tax credit, benefit actually realized in connection with such repatriation and any deductions permitted under Sections 243, 245 or 245A of the Code or any similar Code provision with respect to actual distributions by such Foreign Subsidiary) with respect to such Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow, the Net Asset Sale Proceeds, the Net Insurance/Condemnation Proceeds or Excess Cash Flow so affected may be retained by such Foreign Subsidiary; provided that, in the case of this clause (ii), on or before the date on which any Net Asset Sale Proceeds or Net Insurance/Condemnation Proceeds, as applicable, so retained would otherwise have been required to be applied to reinvestments or prepayments pursuant to this Section 2.12 (or such Excess Cash Flow would have been required to be applied to prepayments pursuant to this Section 2.12), the Borrower applies an amount equal to such Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow to such reinvestments or prepayments (in the case of Net Asset Sale Proceeds) and to such prepayments (in the case of Excess Cash Flow) as if such Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow had been received by the Borrower rather than such Foreign Subsidiary, less the amount (the "Netted Tax Amount") of additional taxes that would have been payable or reserved against it if such Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow had been repatriated to the United States by such Foreign Subsidiary; provided that, in the case of this clause (ii), to the extent that the repatriation of any Net Asset Sale Proceeds, Net Insurance/Condemnation Proceeds or Excess Cash Flow from such Foreign Subsidiary would no longer have material adverse tax consequences (relative to the relevant Foreign Disposition, Foreign Casualty Event or Excess Cash Flow), such Foreign Subsidiary shall promptly repatriate an amount equal to the Netted Tax Amount to the Administrative Agent, which amount shall be applied to the pro rata prepayment of the Loans pursuant to this Section 2.12.

(e) Application of Prepayments of Loans to Base Rate Loans and SOFR Loans. Any prepayment of Loans shall be applied first to Base Rate Loans to the full extent thereof before application to SOFR Loans, in each case in a manner which minimizes the amount of any payments required to be made by the Borrower pursuant to Section 2.15(c).

2.13 General Provisions Regarding Payments.

(a) All payments by the Borrower of principal, interest, fees and other Obligations shall be made in Dollars in same day funds, without defense, recoupment, set-off or counterclaim, free of any restriction or condition, and delivered to the Administrative Agent not later than 1:00 p.m. (New York City time) on the date due at the Principal Office of the Administrative Agent for the account of the Lenders; for purposes of computing interest and fees, funds received by the Administrative Agent after that time on such due date may, in the sole discretion of the Administrative Agent, be deemed to have been paid by the Borrower on the next succeeding Business Day.

(b) All payments in respect of the principal amount of any Loan shall be accompanied by payment of accrued interest on the principal amount being repaid or prepaid, and all such payments (and, in any event, any payments in respect of any Loan on a date when interest is due and payable with respect to such Loan) shall be applied to the payment of interest then due and payable before application to principal.

(c) The Administrative Agent (or its agent or sub-agent appointed by it) shall promptly distribute to each Lender at such address as such Lender shall indicate in writing, such Lender's applicable Pro Rata Share of all payments and prepayments of principal and interest due hereunder, together with all other amounts due thereto, including all fees payable with respect thereto, to the extent received by the Administrative Agent.

(d) Notwithstanding the foregoing provisions hereof, if any Conversion/ Continuation Notice is withdrawn as to any Affected Lender or if any Affected Lender makes Base Rate Loans in lieu of its Pro Rata Share of any SOFR Loans, the Administrative Agent shall give effect thereto in apportioning payments received thereafter.

(e) The Administrative Agent (at the direction of the Requisite Lenders) may, in its sole discretion, deem any payment by or on behalf of the Borrower hereunder that is not made in same day funds prior to 1:00 p.m. (New York City time) to be a non-conforming payment. Any such payment may, in the sole discretion of the Administrative Agent (at the direction of the Requisite Lenders), be deemed to have been received by the Administrative Agent until the later of (i) the time such funds become available funds, and (ii) the applicable next Business Day. The Administrative Agent shall give prompt written notice to the Borrower and each applicable Lender if any payment is non-conforming. Any non-conforming payment may constitute or become a Default or Event of Default in accordance with the terms of Section 8.1(a). Interest shall continue to accrue on any principal as to which a non-conforming payment is made until such funds become available funds (but in no event less than the period from the date of such payment to the next succeeding applicable Business Day) at the rate determined pursuant to Section 2.7 from the date such amount was due and payable until the date such amount is paid in full.

(f) If an Event of Default shall have occurred and not otherwise been waived or cured, and the maturity of the Obligations shall have been accelerated pursuant to Section 8.1 or pursuant to any sale of, any collection from, or other realization upon all or any part of the Collateral, all payments or proceeds received by the Agents in respect of any of the Obligations, shall be applied in accordance with the application arrangements described in Section 8.2.

2.14 Ratable Sharing. The Lenders hereby agree among themselves that, except as otherwise provided in the Collateral Documents with respect to amounts realized from the exercise of rights with respect to Liens on the Collateral, if any of them shall, whether by voluntary payment (other than a voluntary prepayment of Loans made and applied in accordance with the terms hereof), through the exercise of any right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Credit Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to such Lender hereunder or under the other Credit Documents (collectively, the "**Aggregate Amounts Due**" to such Lender) which is greater than the proportion received by any other Lender in respect of the Aggregate Amounts Due to such other Lender, then the Lender receiving such proportionately greater payment shall (a) notify the Administrative Agent and each other Lender of the receipt of such payment and (b) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Lenders so that all such recoveries of Aggregate Amounts Due shall be shared by all Lenders in proportion to the Aggregate Amounts Due to them; provided, if all or part of such proportionately greater payment received by such purchasing Lender is thereafter recovered from such Lender upon the bankruptcy or reorganization of the Borrower or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Lender ratably to the extent of such recovery, but without interest. The Borrower expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, consolidation, set-off or counterclaim with respect to any and all monies owing by the Borrower to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder. The provisions of this Section 2.14 shall not be construed to apply to (a) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement, (b) any payment obtained by any Lender as consideration for the assignment or sale of a participation in any of its Loans or other Obligations owed to it or (c) acceptance of the Waivable Mandatory Prepayment.

2.15 Making or Maintaining SOFR Loans.

(a) Inability to Determine Applicable Interest Rate. In the event that the Administrative Agent shall have determined (which determination shall be final and conclusive and binding upon all parties hereto), on any Interest Rate Determination Date with respect to any SOFR Loans, that fair means do not exist for ascertaining the interest rate applicable to such Loans on the basis provided for in the definition of "Adjusted Term SOFR" or the rates referenced in the definition of "Adjusted Term SOFR" are otherwise not available, the Administrative Agent shall on such date give notice to the Borrower and each Lender of such determination, whereupon (i) no Loans may be made as, or converted to, SOFR Loans until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, and (ii) any Funding Notice or Conversion/Continuation Notice given by the Borrower with respect to the Loans in respect of which such determination was made shall be deemed to be rescinded by the Borrower.

(b) Illegality or Impracticability of SOFR Loans. In the event that on any date (i) any Lender shall have determined (which determination shall be final and conclusive and binding upon all parties hereto) that the making, maintaining, converting to or continuation of its SOFR Loans has become unlawful as a result of compliance by such Lender in good faith with any law, treaty, governmental rule, regulation, guideline or order (or would conflict with any such treaty, governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or (ii) the Administrative Agent is advised by the Requisite Lenders (which determination shall be final and conclusive and binding upon all parties hereto) that the making, maintaining, converting to or continuation of its SOFR Loans has become impracticable, as a result of contingencies occurring after the date hereof, then, and in any such event, such Lenders (or in the case of the preceding clause (i), such Lender) shall be an "**Affected Lender**" and such Affected Lender shall on that day give written notice to the Borrower and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each other Lender). If (A) the Administrative Agent receives a notice in writing from (x) any Lender pursuant to clause (i) of the preceding sentence or (y) a notice from Lenders constituting Requisite Lenders pursuant to clause (ii) of the preceding sentence or (B) the circumstances set forth in this clause (b)(i) or (ii) have not arisen but the supervisor for the administrator of the Adjusted Term SOFR or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying specific date after which the Adjusted Term SOFR shall no longer be used for determining interest rates for loans, then (1) the obligation of the Lenders (or, in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender) to make Loans as, or to convert Loans to, SOFR Loans shall be suspended until such notice shall be withdrawn by (x) in the case of a notice pursuant to clause (i), the applicable Affected Lender or (y) in the case of any notice pursuant to clause (ii), by sufficient Lenders such that the Lenders which have not withdrawn such notice do not constitute the Requisite Lenders, (2) to the extent such determination by the Affected Lender relates to a SOFR Loan then being requested by the Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, the Lenders (or in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender) shall make such Loan as (or continue such Loan as or convert such Loan to, as the case may be) a Base Rate Loan, (3) the Lenders' (or in the case of any notice pursuant to clause (i) of the preceding sentence, such Lender's) obligations to maintain their respective outstanding SOFR Loans (the "**Affected Loans**") shall be terminated at the earlier to occur of the expiration of the Interest Period then in effect with respect to the Affected Loans or when required by law, and (4) the Affected Loans shall automatically convert into Base Rate Loans on the date of such termination. Notwithstanding the foregoing, to the extent a determination by an Affected Lender as described above relates to a SOFR Loan then being requested by the Borrower pursuant to a Funding Notice or a Conversion/Continuation Notice, the Borrower shall have the option, subject to the provisions of Section 2.15(c), to rescind such Funding Notice or Conversion/Continuation Notice as to all Lenders by giving written or telephonic notice (promptly confirmed by delivery of written notice thereof) to the Administrative Agent of such rescission on the date on which the Affected Lender gives notice of its determination as described above (which notice of rescission the Administrative Agent shall promptly transmit to each other Lender).

(c) Compensation for Breakage or Non-Commencement of Interest Periods. The Borrower shall compensate each Lender, upon written request by such Lender (which request shall set forth the basis for requesting such amounts), for all reasonable losses, expenses and liabilities (including any interest paid or payable by such Lender to Lenders of funds borrowed by it to make or carry its SOFR Loans and any loss, expense or liability sustained by such Lender in connection with the liquidation or re-employment of such funds but excluding loss of anticipated profits) which such Lender may sustain: (i) if for any reason (other than a default by such Lender) a borrowing of any SOFR Loan does not occur on a date specified therefor in a Funding Notice or a telephonic request for borrowing, or a conversion to or continuation of any SOFR Loan does not occur on a date specified therefor in a Conversion/Continuation Notice or a telephonic request for conversion or continuation; (ii) if any prepayment or other principal payment of, or any conversion of, any of its SOFR Loans occurs on a date prior to the last day of an Interest Period applicable to that Loan; or (iii) if any prepayment of any of its SOFR Loans is not made on any date specified in a notice of prepayment given by the Borrower.

2.16 Increased Costs; Capital Adequacy.

(a) Compensation For Increased Costs. Subject to the provisions of Section 2.17 (which shall be controlling with respect to the matters covered thereby), in the event that any Lender shall determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that (A) any law, treaty or governmental rule, regulation or order, or any change therein or in the interpretation, administration or application thereof (regardless of whether the underlying law, treaty or governmental rule, regulation or order was issued or enacted prior to the date hereof), including the introduction of any new law, treaty or governmental rule, regulation or order but excluding solely proposals thereof, or any determination of a court or Governmental Authority, in each case that becomes effective after the date hereof, or (B) any guideline, request or directive by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law) or any implementation rules or interpretations of previously issued guidelines, requests or directives, in the case of each of clauses (A) and (B) that is issued or made after the date hereof: (i) subjects such Lender (or its applicable lending office) or any company controlling such Lender to any additional Tax (other than (1) Indemnified Taxes, (2) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (3) Connection Income Taxes) with respect to this Agreement or any of the other Credit Documents or any of its obligations hereunder or thereunder, or its deposits, reserves, other liabilities or capital attributable thereto, or any payments to such Lender (or its applicable lending office) of principal, interest, fees or any other amount payable hereunder; (ii) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, liquidity, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of such Lender (other than any such reserve or other requirements with respect to SOFR Loans that are reflected in the definition of "Adjusted Term SOFR") or any company controlling such Lender; or (iii) imposes any other condition (other than with respect to a Tax matter) on or affecting such Lender (or its applicable lending office) or any company controlling such Lender or such Lender's obligations hereunder; and the result of any of the foregoing is to increase the cost to such Lender of agreeing to make, making or maintaining Loans hereunder or to reduce any amount received or receivable by such Lender (or its applicable lending office) with respect thereto (whether of principal, interest or any other amount); then, in any such case, the Borrower shall promptly pay to such Lender, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or in a lump sum or otherwise as such Lender in its sole discretion shall determine) as may be necessary to compensate such Lender for any such increased cost or reduction in amounts received or receivable hereunder. Such Lender shall deliver to the Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Lender under this Section 2.16(a), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

(b) Capital Adequacy Adjustment. In the event that any Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that (A) the adoption, effectiveness, phase-in or applicability of any law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change therein or in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or (B) compliance by any Lender (or its applicable lending office) or any company controlling such Lender with any guideline, request or directive regarding capital adequacy or liquidity (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, in the case of each of clauses (A) and (B) after the date hereof, has or would have the effect of reducing the rate of return on the capital of such Lender or any company controlling such Lender as a consequence of, or with reference to, such Lender's Loans, or participations therein or other obligations hereunder with respect to the Loans to a level below that which such Lender or such controlling company could have achieved but for such adoption, effectiveness, phase-in, applicability, change or compliance (taking into consideration the policies of such Lender or such controlling company with regard to capital adequacy), then from time to time, within ten Business Days after receipt by the Borrower from such Lender of the statement referred to in the next sentence, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such controlling company on an after-tax basis for such reduction. Such Lender shall deliver to the Borrower (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to Lender under this Section 2.16(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error. For the avoidance of doubt, subsections (a) and (b) of this Section 2.16 shall apply to all requests, rules, guidelines or directives concerning liquidity and capital adequacy issued by any United States regulatory authority (i) under or in connection with the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and (ii) in connection with the implementation of the recommendations of the Bank for International Settlements or the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority), regardless of the date adopted, issued, promulgated or implemented.

(c) Delay in Delivery of Certificates. Notwithstanding anything to the contrary contained in Section 2.16(b) or 2.16(c) above, the Borrower shall not be required to compensate any Lender pursuant to this Section 2.16 for any amounts incurred more than 270 days prior to the date that such Lender notifies the Borrower, in writing of the amounts and of such Lender's intention to claim compensation thereof; provided that, if the event giving rise to such increase is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

2.17 Taxes; Withholding, Etc.

(a) Payments to Be Free and Clear. All sums payable by or on behalf of any Credit Party hereunder and under the other Credit Documents shall (except to the extent required by law) be paid free and clear of, and without any deduction or withholding on account of, any Tax imposed, levied, collected, withheld or assessed by any Governmental Authority.

(b) Withholding of Taxes. If any Credit Party or any other Person (acting as a withholding agent) is (in such withholding agent's reasonable good faith discretion) required by law to make any deduction or withholding on account of any such Tax from any sum paid or payable by any Credit Party to the Administrative Agent or any Lender under any of the Credit Documents: (i) the applicable withholding agent shall notify the Administrative Agent, and the Administrative Agent shall notify such Lender, of any such requirement or any change in any such requirement as soon as the Borrower becomes aware of it; (ii) the applicable withholding agent shall be entitled to make such deduction or withholding and shall timely pay, or cause to be timely paid, the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law; (iii) if such Tax is an Indemnified Tax, then the sum payable by such Credit Party in respect of which the relevant deduction, withholding or payment is required shall be increased to the extent necessary to ensure that, after the making of that deduction, withholding or payment (including such deductions or withholdings applicable to additional amounts payable under this Section 2.17 such Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made; and (iv) within thirty (30) days after any payment of any Tax pursuant to this Section 2.17(b), the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the other affected parties of such deduction, withholding or payment and of the remittance thereof to the relevant Governmental Authority.

(c) Status of Lenders. (i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Credit Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(c)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of Internal Revenue Service Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Credit Document, executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Credit Document, Internal Revenue Service Form W-8BEN or W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of Internal Revenue Service Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of Exhibit E-1 to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "**U.S. Tax Compliance Certificate**") and (y) executed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E; or

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of Internal Revenue Service Form W-8IMY, accompanied by Internal Revenue Service Form W-8ECI, Internal Revenue Service Form W-8BEN or W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-2 or Exhibit E-3, Internal Revenue Service Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit E-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made;

(D) if a payment made to a Lender under any Credit Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement; and

(E) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(d) On or before the date of this Agreement (and on or before the date any successor or replacement Administrative Agent becomes the Administrative Agent hereunder), to the extent copies thereof have not previously been so delivered, the Administrative Agent shall deliver to the Borrower, to the extent it is legally able to do so, two duly executed copies of either (i) Internal Revenue Service Form W-9 (or any subsequent versions thereof or successors thereto) or (ii) Internal Revenue Service Form W-8IMY (or any subsequent versions thereof or successors thereto) certifying that it is a "U.S. branch" of a foreign bank and evidencing its agreement with the Borrower to be treated as a U.S. person with respect to payments made to it by Borrower.

(e) Without limiting the provisions of Section 2.17(b), the Borrower shall timely pay all Other Taxes to the relevant Governmental Authorities in accordance with applicable law. The Borrower shall deliver to the Administrative Agent official receipts or other evidence of such payment reasonably satisfactory to the Requisite Lenders in respect of any Other Taxes payable hereunder promptly after payment of such Other Taxes.

(f) The Borrower shall indemnify the Administrative Agent and each Lender for the full amount of any Indemnified Taxes (including any Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17) paid or payable by the Administrative Agent or such Lender or any of their respective Affiliates or required to be withheld or deducted from a payment to such Administrative Agent or Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower shall be conclusive absent manifest error. Such payment shall be due within thirty (30) days of the Borrower's receipt of such certificate.

(g) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including by the payment of additional amounts pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 2.17 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (g) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (g), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (g) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(h) Notwithstanding anything herein to the contrary, each party's obligations under this Section 2.17 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Credit Document.

2.18 Obligation to Mitigate. Each Lender agrees that, as promptly as practicable after the officer of such Lender responsible for administering its Loans becomes aware of the occurrence of an event or the existence of a condition that would cause such Lender to become an Affected Lender or that would entitle such Lender to receive payments under Section 2.15, 2.16 or 2.17, it will, to the extent not inconsistent with the internal policies of such Lender and any applicable legal or regulatory restrictions, use reasonable efforts to (a) make, issue, fund or maintain its Loans, including any Affected Loans, through another office of such Lender, or (b) take such other measures as such Lender may deem reasonable, if as a result thereof the circumstances which would cause such Lender to be an Affected Lender would cease to exist or the additional amounts which would otherwise be required to be paid to such Lender pursuant to Section 2.15, 2.16 or 2.17 would be materially reduced and if, as determined by such Lender in its sole discretion, the making, issuing, funding or maintaining of such Loans through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such Loans or the interests of such Lender; provided, such Lender will not be obligated to utilize such other office pursuant to this Section 2.18 unless the Borrower agrees to pay all incremental expenses incurred by such Lender as a result of utilizing such other office as described above. A certificate as to the amount of any such expenses payable by the Borrower pursuant to this Section 2.18 (setting forth in reasonable detail the basis for requesting such amount) submitted by such Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive absent manifest error.

2.19 Fees. The Borrower agrees to pay (a) the Administrative Agent all fees in the amounts and at the times separately agreed upon in the Agency Fee Letter and (b) the Lenders all fees in the amounts and at the times separately agreed upon in the Fee Letter.

2.20 Removal or Replacement of a Lender. Anything contained herein to the contrary notwithstanding, in the event that: (a) (i) any Lender (an "**Increased-Cost Lender**") shall give notice to the Borrower that such Lender is an Affected Lender or that such Lender is entitled to receive payments under Section 2.15, 2.16 or 2.17, (ii) the circumstances which have caused such Lender to be an Affected Lender or which entitle such Lender to receive such payments shall remain in effect, and (iii) such Lender shall fail to withdraw such notice within five Business Days after the Borrower's request for such withdrawal; or (b) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any of the provisions hereof as contemplated by Section 10.5(b), the consent of Requisite Lenders shall have been obtained but the consent of one or more of such other Lenders (each a "**Non-Consenting Lender**") whose consent is required shall not have been obtained; then, with respect to each such Increased-Cost Lender or Non-Consenting Lender that is not (or not affiliated with) the Administrative Agent, but including any Increased-Cost Lender that is an Affiliate of the Administrative Agent to the extent it does not waive the applicable payment under Section 2.15, 2.16 or 2.17 upon the request of the Borrower (the "**Terminated Lender**"), the Borrower may, by giving written notice to the Administrative Agent and any Terminated Lender of its election to do so, elect to cause such Terminated Lender (and such Terminated Lender hereby irrevocably agrees) to assign its outstanding Loans in full to one or more Eligible Assignees (each, a "**Replacement Lender**") in accordance with the provisions of Section 10.6 and the Borrower shall pay, or cause to be paid, the fees, if any, payable thereunder in connection with any such assignment from an Increased-Cost Lender or a Non-Consenting Lender; provided, (1) on the date of such assignment, the Replacement Lender shall pay to Terminated Lender an amount equal to the sum of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans of the Terminated Lender and (B) an amount equal to all unreimbursed drawings that have been funded by such Terminated Lender, together with all then unpaid interest with respect thereto at such time; (2) on the date of such assignment, the Borrower shall pay any amounts payable to such Terminated Lender pursuant to Section 2.15(c), 2.16 or 2.17; or otherwise as if it were a prepayment pursuant to Section 2.9(c); and (3) in the event such Terminated Lender is a Non-Consenting Lender, each Replacement Lender shall consent, at the time of such assignment, to each matter in respect of which such Terminated Lender was a Non-Consenting Lender. Each Lender agrees that if the Borrower exercises its option hereunder to cause an assignment by such Lender as a Non-Consenting Lender or Terminated Lender, such Lender shall, promptly after receipt of written notice of such election, execute and deliver all documentation necessary to effectuate such assignment in accordance with Section 10.6. In the event that a Lender does not comply with the requirements of the immediately preceding sentence within one Business Day after receipt of such notice, each Lender hereby authorizes and directs the Administrative Agent (with the consent of the Requisite Lenders) to execute and deliver such documentation as may be required to give effect to an assignment in accordance with Section 10.6 on behalf of a Non-Consenting Lender or Terminated Lender and any such documentation so executed by the Administrative Agent shall be effective for purposes of documenting an assignment pursuant to Section 10.6.

2.21 Incremental Facilities.

(a) The Borrower may at any time or from time to time after the Restatement Date, by notice to the Administrative Agent (whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders), request:

(i) one or more new term loan commitments of the same Type as any outstanding Loan (each, a "Term Loan Increase"), or

(ii) the addition of one or more new tranches of term loans (each, an "Incremental Term Facility"; the commitments in respect thereof "Incremental Term Commitments"; the loans made pursuant to such commitments, "Incremental Term Loans"); and the Incremental Term Facilities, together with the Term Loan Increases, the "Incremental Facilities") in favor of the Borrower in an amount not to exceed the Incremental Cap at the time of effectiveness of any such Incremental Facility; provided that, in the case of each of clauses (i) and (ii):

(A) subject to Section 1.4(f), upon the effectiveness of any Incremental Facility, (x) no Event of Default shall have occurred and be continuing or would result therefrom and (y) the representations and warranties of the Borrower and each other Credit Party contained in Article 4 or any other Credit Document shall be true and correct in all material respects (except for representations and warranties that are already qualified by materiality, which representations and warranties will be true and correct in all respects) immediately prior to, and after giving effect to, the incurrence of such Incremental Facility; provided that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date,

(B) the maturity date of any Incremental Facility (i) that ranks *pari passu* in right of payment and of security with the Loans shall be no earlier than the Maturity Date and (ii) that ranks junior in right of payment and of security with the Loans or is unsecured shall be no earlier than the date that is 91 days following the Maturity Date,

(C) any Incremental Facility shall not have a Weighted Average Life to Maturity shorter than the then-remaining Weighted Average Life to Maturity of the Loans,

(D) subject to clause (K) below, any Incremental Facility shall be on the same terms as the Commitments and the Loans,

(E) subject to clause (I) below, any Incremental Facility may be on the same terms as any class or tranche of Loans then outstanding (in which case the loans made pursuant to such Incremental Facility shall be deemed to be included in such class or tranche of Loans for all purposes of this Agreement),

(F) without limiting clauses (A), (B) and (C) above and clause (G) below, borrowings under any Incremental Facility in the form of a "delayed draw" facility may be subject to such conditions to borrowing as the Borrower and the lenders under such Incremental Facility may agree,

(G) the Incremental Facilities may rank *pari passu* or junior in right of payment and of security with the other Loans and, if secured, shall not be secured by any property or assets of Holdings, the Borrower or any Subsidiary other than the Collateral or may be unsecured (and to the extent unsecured, subordinated or junior in right of payment or security and documented in a separate facility, subject to an intercreditor agreement), and, if guaranteed, shall not be guaranteed by any Subsidiaries other than the Subsidiary Guarantors,

(H) subject to this subclause (a)(ii) and to clause (c) below and the preceding subclause (b), the interest rates and amortization schedule applicable to the Incremental Facility shall be determined by the Borrower and the lenders thereof,

(I) any fees payable in connection with such Incremental Facilities shall be determined by the Borrower and the applicable Lender or Additional Lender providing such Incremental Facilities (the "Incremental Lenders"),

(J) any such Incremental Facilities that are *pari passu* with the Loans in right of payment and security shall share ratably in any prepayments with the Loans unless the Borrower and the applicable Incremental Lenders elect lesser payments, and

(K) to the extent that the terms and conditions of any Incremental Facility are not, in the good faith determination of the Borrower, substantially consistent with the terms of the Loans (except as provided for in the preceding clauses (B), (C), (G), (H), (I) or (J)), such terms and conditions shall be reasonably satisfactory to the Requisite Lenders; it being understood that (1) any Incremental Facility may provide for the ability to participate with respect to repayments on a pro rata basis or less than pro rata basis (but not greater than pro rata basis) with other then-outstanding Loans, (2) terms not substantially consistent with the terms of the Loans which are applicable only after the then-existing Maturity Date shall be deemed satisfactory to the Requisite Lenders and (3) terms contained in such Incremental Facility that are more favorable to the lenders or the agent under such Incremental Facility than those contained in the Credit Documents and are then conformed in (or added to) the Credit Documents for the benefit of the Lenders under the Credit Documents pursuant to the applicable Incremental Amendment shall, in each case, be deemed to be satisfactory to the Requisite Lenders.

(b) Each tranche of Incremental Facilities shall be in an aggregate principal amount that is not less than $5,000,000, and in an integral multiple of $500,000 in excess thereof (provided that such amount may be less than $5,000,000 or $2,500,000, as the case may be, if such amount represents all remaining availability under the Incremental Cap). Each notice from the Borrower pursuant to this Section 2.21 shall set forth the requested amount and proposed terms of the relevant Incremental Facilities. Incremental Facilities may be made by any existing Lender (it being understood that no existing Lender will have an obligation to provide or make any portion of the commitments or loans under any Incremental Facility) or by any Additional Lender; provided, that the then-existing Lenders shall be offered an opportunity to participate in any Incremental Facility prior to any Additional Lender being offered such opportunity (it being agreed and understood that if such then-existing Lenders fail to deliver a commitment to participate in such Incremental Facility within ten (10) Business Days after receipt of such offer, such then-existing Lenders shall be deemed to have declined such opportunity and the Borrower shall be deemed to have complied with its obligations under this proviso). Commitments in respect of Incremental Facilities shall become Commitments under this Agreement, and any loans made pursuant to an Incremental Facility shall become Loans under this Agreement, pursuant to an amendment (an "**Incremental Amendment**") to this Agreement and, as appropriate, the other Credit Documents, executed by the Borrower, each Lender agreeing to provide such Commitment or term loan, if any, each Additional Lender, if any, and the Administrative Agent. Upon the effectiveness of any Incremental Amendment, each Additional Lender, if any, shall become a "Lender" under this Agreement with respect to its Commitments under such Incremental Amendment, and the commitments of the Lenders agreeing to provide such Incremental Facilities shall become "Commitments" hereunder; and any Incremental Facilities shall, when made, constitute "Loans" under this Agreement. The Incremental Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Credit Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.21, including increases to scheduled amortization to provide that any such Incremental Facility will be fungible with any tranche of existing Loans. The Borrower and its Subsidiaries shall use the proceeds of the Incremental Facilities for any purpose not prohibited by this Agreement.

(c) Any loans incurred by the Borrower under any Incremental Facility that are *pari passu* with the Loans in right of payment and security shall, if applicable, be subject to an MFN Adjustment.

(d) This Section 2.21 shall supersede any provisions in Section 2.14 or Section 10.5 to the contrary.

2.22 Benchmark Replacement Setting. Notwithstanding anything to the contrary herein or in any other Credit Document:

(a) [Reserved].

(b) Replacing Future Benchmarks. Upon the occurrence of a Benchmark Transition Event, the Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Credit Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Credit Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from the Requisite Lenders. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the Borrower may revoke any request for a borrowing of, conversion to or continuation of Loans to be made, converted or continued that would bear interest by reference to such Benchmark until the Borrower's receipt of notice from the Administrative Agent that a Benchmark Replacement has replaced such Benchmark, and, failing that, the Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During the period referenced in the foregoing sentence, the component of the Base Rate based upon the Benchmark will not be used in any determination of the Base Rate. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a quarterly basis.

(c) Benchmark Replacement Conforming Changes. In connection with the implementation and administration of a Benchmark Replacement, the Administrative Agent (at the direction of the Requisite Lenders and in consultation with the Borrower) will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Credit Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement.

(d) Notices; Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Borrower of (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Administrative Agent (at the direction of the Requisite Lenders) pursuant to this Section 2.22, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 2.22.

(e) Unavailability of Tenor Benchmark. At any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR), then the Administrative Agent (at the direction of the Requisite Lenders) may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and (ii) the Administrative Agent (at the direction of the Requisite Lenders) may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.

(f) Notwithstanding anything herein to the contrary, the parties hereto shall each use commercially reasonable efforts to ensure that any Benchmark Replacement and Benchmark Replacement Conforming Changes do not result in a deemed exchange of any loans for purposes of United States Treasury Regulations Section 1.1001-3 (or any successor provisions).

SECTION 3. CONDITIONS PRECEDENT

3.1 Restatement Date. The effectiveness of this Agreement and the obligation of each Lender to make a Loan on the Restatement Date are subject to the satisfaction, or waiver in accordance with Section 10.5, of the following conditions on or before the Restatement Date:

(a) Credit Documents. The Administrative Agent and the Lenders shall have received copies of (i) this Agreement, (ii) the Reaffirmation Agreement, (iii) the Disbursement Letter, (iv) the Intellectual Property Security Agreements, (v) the Supplemental English Security Documents, (v) the Restatement Date Security Agreement Supplement and (vi) the Notes, if any, in each case, executed and delivered by each Credit Party which is a party thereto.

(b) Organizational Documents; Incumbency; Resolutions; Good Standing Certificates. The Administrative Agent and the Lenders shall have received, in respect of each Credit Party, (i) either (A) copies of each Organizational Document of each Credit Party, and, to the extent applicable, certified as of a recent date prior to the Restatement Date by the appropriate Governmental Authority or (B) a certificate certifying that no changes to the Organizational Documents of each Credit Party have been made since the Closing Date, September 24, 2021, November 12, 2021, or December 17, 2021, as applicable; (ii) signature and incumbency certificates of the officers of such Credit Party or of the managing member or general party of such Credit Party; (iii) resolutions of the board of directors or similar governing body of such Credit Party, in form and substance reasonably satisfactory to the Requisite Lenders, approving and authorizing the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party or by which it or its assets may be bound as of the Restatement Date, certified as of the Restatement Date by its secretary or an assistant secretary as being in full force and effect without modification or amendment; (iv) a good standing certificate from the applicable Governmental Authority of such Credit Party's jurisdiction of incorporation, organization or formation; and (v) signature and incumbency certificates of one or more officers of the Borrower who are authorized to execute Funding Notices delivered under this Agreement.

(c) Organizational and Capital Structure. The organizational structure and capital structure of Holdings and its Subsidiaries, both before and after giving effect to the Related Transactions, shall be as set forth on Schedule 4.2.

(d) No Indebtedness. On the Restatement Date, after giving effect to the Related Transactions, Holdings and its Subsidiaries shall have outstanding no existing Indebtedness (other than the Indebtedness expressly permitted to be outstanding under this Agreement) and the Administrative Agent and the Lenders shall have received evidence reasonably satisfactory to the Requisite Lenders of the termination of any existing Indebtedness (including any and all commitments relating thereto, but excluding any existing Indebtedness expressly permitted to be outstanding under this Agreement) and the release of all Liens in connection therewith, in each case on terms reasonably satisfactory to the Requisite Lenders.

(e) Lien and Judgment Searches. Each of the Administrative Agent and the Lenders shall have received:

(i) the results of a Lien search (including a search as to judgments, pending litigation, bankruptcy and Tax matters), in form reasonably satisfactory to the Requisite Lenders, made against the Credit Parties under the UCC (or applicable judicial docket) as in effect in each jurisdiction in which filings or recordations under the UCC should be made to evidence or perfect security interests in all assets of such Credit Party, indicating among other things that the assets of each such Credit Party are free and clear of any Lien (except for Permitted Liens); and

(ii) searches of ownership of intellectual property in the appropriate governmental offices and such patent, trademark and/or copyright filings as may be requested by the Requisite Lenders to the extent necessary or reasonably advisable to perfect the Collateral Agent's security interest in intellectual property Collateral.

(f) Personal Property Collateral. Each Credit Party shall have delivered to the Collateral Agent and the Lenders:

(i) UCC-1 financing statements in respect of the security interests granted by each Foreign Credit Party pursuant to the Restatement Date Security Agreement Supplement;

(ii) a completed Perfection Certificate dated the Restatement Date and executed by an Authorized Officer of each Credit Party, together with all attachments contemplated thereby; and

(iii) a fully executed Intellectual Property Security Agreement, in proper form for filing or recording in all appropriate places in all applicable jurisdictions, memorializing and recording the encumbrance of the Intellectual Property Assets listed in Schedule 4.26 (in each case, to the extent there is no existing Intellectual Property Security Agreement in place for such Intellectual Property Assets).

(g) Exchange Agreement. The Agents and the Lenders shall have received the Exchange Agreement, duly executed by the parties thereto.

(h) Opinions of Counsel. Agents and Lenders and their respective counsel shall have received executed copies of the favorable written opinions, each dated the Restatement Date, of (i) Latham & Watkins LLP, special counsel for the Credit Parties, (ii) Proskauer Rose (UK) LLP, UK counsel to the Requisite Lenders, and (iii) Minter Ellison, Australian counsel to the Requisite Lenders, in each case, as to such matters as the Requisite Lenders may reasonably request and in form and substance reasonably satisfactory to the Requisite Lenders (and each Credit Party hereby instructs such counsel to deliver such opinions to the Agents and Lenders).

(i) Fees. All closing payments, costs, fees, expenses (including reasonable, documented, out-of-pocket legal fees and expenses) and other compensation due and payable to each Agent and the Lenders shall have been paid (or shall concurrently be paid) to the extent then due; provided that, in the case of costs and expenses, an invoice of such costs and expenses shall have been presented not less than two Business Days prior to the Closing Date.

(j) Solvency Certificate. On the Restatement Date, the Administrative Agent and the Lenders shall have received a Solvency Certificate from the chief financial officer, treasurer or similar officer of Holdings or the Borrower, demonstrating that after giving effect to the consummation of the Related Transactions the Credit Parties are and will be, on a consolidated basis, Solvent.

(k) Restatement Date Certificate. Borrower shall have delivered to the Administrative Agent and the Lenders an executed Restatement Date Certificate, together with all attachments thereto.

(l) Assignment Agreement. The Agents and the Lenders shall have received the Restatement Date Assignment, duly executed by the parties thereto.

(m) "Know-Your-Customer". To the extent requested in writing at least 10 Business Days prior to the Restatement Date, the Agents and Lenders shall have received at least 5 Business Days prior to the Restatement Date all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001) the "**PATRIOT Act**").

(n) Funding Notice. The Administrative Agent shall have received a fully executed and delivered Funding Notice as required pursuant to Section 2.1(c), which Funding Notice may be delivered on or prior to the Restatement Date; provided that all certifications made under such Funding Notice shall be made (or deemed made) as of the Restatement Date.

(o) Representations and Warranties. The representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects (or, if qualified by "materiality", "Material Adverse Effect" or similar language, in all respects (after giving effect to such qualification)) on and as of the Restatement Date;

(p) No Default. No event shall have occurred and be continuing or would result from the consummation of the borrowing of the Loans on the Restatement Date or the Related Transactions that would constitute an Event of Default or a Default.

SECTION 4. REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement, each Credit Party represents and warrants to the Administrative Agent and the Lenders, on the Restatement Date, that the following statements are true and correct (it being understood and agreed that the representations and warranties made on the Restatement Date are deemed to be made concurrently with, and after giving effect to, the consummation of the Related Transactions):

4.1 Organization; Requisite Power and Authority; Qualification. Each of Holdings and its Subsidiaries (a) is duly organized, registered, validly existing and, if applicable, in good standing under the laws of its jurisdiction of organization which, as of the Restatement Date, is identified in Schedule 4.1, (b) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into the Credit Documents to which it is a party and to carry out the transactions contemplated thereby, (c) is qualified to do business and, if applicable, in good standing in every jurisdiction where its assets are located and wherever necessary to carry out its business and operations, except in jurisdictions where the failure to be so qualified or, if applicable, in good standing has not had, and could not be reasonably expected to have, a Material Adverse Effect and (d) in the case of an Australian Credit Party, it does not enter into any Credit Document as a trustee.

4.2 Equity Interests and Ownership. The Equity Interests of each of Holdings and its Subsidiaries has been duly authorized and validly issued and is fully paid and non-assessable. Except as set forth on Schedule 4.2, as of the Restatement Date, there is no existing option, warrant, call, right, commitment or other agreement to which Holdings or any of its Subsidiaries is a party requiring, and there is no membership interest or other Equity Interests of Holdings or any of its Subsidiaries outstanding which upon conversion or exchange would require, the issuance by Holdings or any of its Subsidiaries of any additional membership interests or other Equity Interests of Holdings or any of its Subsidiaries or other Securities convertible into, exchangeable for or evidencing the right to subscribe for or purchase, a membership interest or other Equity Interests of Holdings or any of its Subsidiaries. Schedule 4.2 correctly sets forth the ownership interest of Holdings and each of its Subsidiaries in their respective Subsidiaries as of the Restatement Date both before and after giving effect to the Related Transactions.

4.3 Due Authorization. The execution, delivery and performance of the Credit Documents have been duly authorized by all necessary corporate or other action on the part of each Credit Party that is a party thereto.

4.4 No Conflict. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents do not and will not (a) violate (i) any provision of any law or any governmental rule or regulation applicable to Holdings or any of its Subsidiaries in any material respect, (ii) any of the Organizational Documents of Holdings or any of its Subsidiaries, or (iii) any order, judgment or decree of any court or other agency of government binding on Holdings or any of its Subsidiaries in any material respect; (b) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any Contractual Obligation of Holdings or any of its Subsidiaries; (c) result in or require the creation or imposition of any Lien upon any of the properties or assets of Holdings or any of its Subsidiaries (other than any Liens created under any of the Credit Documents in favor of the Collateral Agent, for the benefit of the Secured Parties); or (d) require any approval of stockholders, members or partners or any approval or consent of any Person under any Contractual Obligation of Holdings or any of its Subsidiaries, except for such approvals or consents which will be obtained on or before the Restatement Date and disclosed in writing to Lenders.

4.5 Governmental Consents. The execution, delivery and performance by Credit Parties of the Credit Documents to which they are parties and the consummation of the transactions contemplated by the Credit Documents on the Restatement Date do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by, any Governmental Authority, and except for (a) filings and recordings with respect to the Collateral to be made, or otherwise delivered to the Collateral Agent for filing and/or recordation, as of the Restatement Date and (b) registrations, consents, approvals, notice or other action with respect to which any such failure could not reasonably be expected to have a Material Adverse Effect.

4.6 Binding Obligation. Each Credit Document has been duly executed and delivered by each Credit Party that is a party thereto and is the legally valid and binding obligation of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability and, in the case of each Foreign Credit Party and each Foreign Security Document, subject to the Legal Reservations and the Foreign Perfection Requirements.

4.7 Historical Financial Statements. The Historical Financial Statements were prepared in conformity with GAAP and fairly present, in all material respects, the financial position, on a consolidated basis, of the Persons described in such financial statements as at the respective dates thereof and the results of operations and cash flows, on a consolidated basis, of the entities described therein for each of the periods then ended, subject, in the case of any such unaudited financial statements, to changes resulting from audit and normal year-end adjustments. As of the Closing Date, neither Holdings nor any of its Subsidiaries has any contingent liability, long-term lease or unusual forward or long-term commitment that is not reflected in the Historical Financial Statements or the notes thereto and which in any such case is material in relation to the business, operations, properties, assets, condition (financial or otherwise) of Holdings and any of its Subsidiaries taken as a whole.

4.8 Projections. On and as of the Closing Date, the projections of Holdings and its Subsidiaries for the Fiscal Year ending on December 31, 2021 through and including the Fiscal Year ending December 31, 2025 (the "**Projections**") have been prepared in good faith based on assumptions believed by the management of Holdings and its Subsidiaries to be reasonable at the time prepared and at the time furnished to the Administrative Agent and the Lenders; provided that the Projections are not to be viewed as facts and that actual results during the period or periods covered by the Projections may differ from such Projections and that the differences may be material.

4.9 No Material Adverse Effect. Since December 31, 2022, no event, circumstance or change has occurred that has caused or evidences, or could reasonably be expected to result in, either in any case or in the aggregate, a Material Adverse Effect.

4.10 Adverse Proceedings, Etc. Except as set forth on Schedule 4.10, there are no Adverse Proceedings, individually or in the aggregate, that could reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 4.10, neither Holdings nor any of its Subsidiaries (a) is in violation of any applicable laws (including Environmental Laws) that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect, or (b) is subject to or in default with respect to any final judgments, writs, injunctions, decrees, rules or regulations of any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

4.11 Payment of Taxes. Except as otherwise permitted under Section 5.3, all Tax returns and reports of Holdings and its Subsidiaries required to be filed by any of them have been timely filed, and all Taxes shown on such tax returns to be due and payable, and all other taxes, assessments, fees and other governmental charges upon Holdings and its Subsidiaries and upon their respective properties, assets, income, businesses and franchises which are due and payable have been paid when due and payable, except in each case to the extent that the failure to so file or pay would not reasonably be expected to have a Material Adverse Effect. Except for Tax assessments that would not reasonably be expected to have a Material Adverse Effect, there is no proposed Tax assessment in writing against Holdings or any of its Subsidiaries which is not being actively contested by Holdings or such Subsidiary in good faith and by appropriate proceedings; provided, such reserves or other appropriate provisions, if any, as shall be required in conformity with GAAP shall have been made or provided therefor. No Australian Credit Party is a member of a Tax Consolidated Group other than a Tax Consolidated Group where the only members are Subsidiaries of Holdings and the Tax Consolidated Group is the subject of a valid tax sharing agreement and a tax funding agreement.

4.12 Properties.

(a) Title. Each of Holdings and its Subsidiaries has (i) good, sufficient and legal title to (in the case of fee interests in real property), (ii) valid leasehold interests in (in the case of leasehold interests in real or personal property), (iii) valid licensed rights in (in the case of licensed interests in intellectual property) and (iv) (A) as of the Closing Date, good title to (in the case of all other personal property) all of their respective material properties and assets reflected in the most recent Historical Financial Statements for the Fiscal Year ending December 31, 2020, except for assets Disposed of since the date of such financial statements in the ordinary course of business, and (B) after the Closing Date, good title to (in the case of all other personal property) all of their respective material properties and assets reflected in the most recent financial statements delivered pursuant to Section 5.1, except for assets Disposed of since the date of such financial statements in the ordinary course of business or as otherwise permitted under Section 6.8. Except as permitted by this Agreement, all such properties and assets are free and clear of Liens other than Permitted Liens.

(b) Real Estate. As of the Restatement Date, Schedule 4.12 contains a true, accurate and complete list of (i) all Real Estate Assets, and (ii) all leases, subleases or assignments of leases (together with all amendments, modifications, supplements, renewals or extensions of any thereof) affecting each Real Estate Asset of any Credit Party, regardless of whether such Credit Party is the landlord or tenant (whether directly or as an assignee or successor in interest) under such lease, sublease or assignment; except, in each case, excluding leased locations that (A) are not the chief executive office of any Credit Party and (B) contain Collateral with an aggregate fair market value (as reasonably determined by the Credit Parties acting in good faith) at such location that is less than $2,000,000. Except as could not reasonably be expected to have a Material Adverse Effect, each agreement listed in clause (ii) of the immediately preceding sentence is in full force and effect and Holdings does not have knowledge of any default that has occurred and is continuing thereunder, and each such agreement constitutes the legally valid and binding obligation of each applicable Credit Party, enforceable against such Credit Party in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles.

4.13 Environmental Matters. Neither Holdings nor any of its Subsidiaries nor any of their respective Facilities (including any facilities of any of their predecessors) or operations are subject to any outstanding written order, consent decree or settlement agreement with any Person relating to any Environmental Law, any Environmental Claim, or any Hazardous Materials Activity that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Except as could not reasonably be expected to have a Material Adverse Effect, neither Holdings nor any of its Subsidiaries has received any letter or request for information under Section 104 of the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9604) or any comparable state law. There are and, to each of Holdings' and its Subsidiaries' knowledge, have been, no conditions, occurrences, or Hazardous Materials Activities which could reasonably be expected to form the basis of an Environmental Claim against Holdings or any of its Subsidiaries that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Neither Holdings nor any of its Subsidiaries nor, to any Credit Party's knowledge, any predecessor of Holdings or any of its Subsidiaries has filed any notice under any Environmental Law indicating past or present treatment of Hazardous Materials at any Facility (including any facilities of any of their predecessors), and none of Holdings' or any of its Subsidiaries' operations involves the generation, transportation, treatment, storage or disposal of hazardous waste, as defined under 40 C.F.R. Parts 260-270 or any state equivalent which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Compliance with all current or reasonably foreseeable future requirements pursuant to or under Environmental Laws could not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. No event or condition has occurred or is occurring with respect to Holdings or any of its Subsidiaries relating to any Environmental Law, any Release of Hazardous Materials, or any Hazardous Materials Activity which individually or in the aggregate has had, or could reasonably be expected to have, a Material Adverse Effect.

4.14 No Defaults. Neither Holdings nor any of its Subsidiaries is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any of its Contractual Obligations, and no condition exists which, with the giving of notice or the lapse of time or both, could constitute such a default, except where the consequences, direct or indirect, of such default or defaults, if any, could not reasonably be expected to have a Material Adverse Effect.

4.15 Material Contracts. As of the Restatement Date, there are no contracts material to the business of the Credit Parties and their respective Subsidiaries other than the contracts listed on Schedule 4.15. All Material Contracts are in full force and effect and no material defaults currently exist thereunder that could reasonably be expected to result in a termination of such Material Contract by the applicable Credit Party's counterparty thereto.

4.16 Governmental Regulation. Neither Holdings nor any of its Subsidiaries is subject to regulation under the Federal Power Act or the Investment Company Act of 1940 or under any other federal or state statute or regulation which may limit its ability to incur Indebtedness or which may otherwise render all or any portion of the Obligations unenforceable. Neither Holdings nor any of its Subsidiaries is a "registered investment company" or a company "controlled" by a "registered investment company" or a "principal underwriter" of a "registered investment company" as such terms are defined in the Investment Company Act of 1940.

4.17 Federal Reserve Regulations; Exchange Act.

(a) None of Holdings, the Borrower or any of their respective Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(b) No portion of the proceeds of any Loan shall be used in any manner, whether directly or indirectly, that causes or could reasonably be expected to cause, such Loan or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors or any other regulation thereof or to violate the Exchange Act.

4.18 Employee Matters. Neither Holdings nor any of its Subsidiaries is engaged in any unfair labor practice that could reasonably be expected to have a Material Adverse Effect. There is (a) no unfair labor practice complaint pending or, to the knowledge of Holdings and the Borrower, threatened against Holdings or any of its Subsidiaries before the National Labor Relations Board and no grievance or arbitration proceeding arising out of or under any collective bargaining agreement to which Holdings or any of its Subsidiaries is a party is pending or, to the knowledge of Holdings and the Borrower, threatened against Holdings or any of its Subsidiaries, (b) no strike or work stoppage in existence or, to the knowledge of Holdings and the Borrower, threatened involving Holdings or any of its Subsidiaries, and (c) to the knowledge of Holdings and the Borrower, no union representation question existing with respect to the employees of Holdings or any of its Subsidiaries and, to the knowledge of Holdings and the Borrower, no union organization activity that is taking place, except (with respect to any matter specified in clause (a), (b) or (c) above, either individually or in the aggregate) as is not reasonably likely to have a Material Adverse Effect.

4.19 Employee Benefit Plans. Except as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect:

(a) Holdings, each of its Subsidiaries and each of their respective ERISA Affiliates are in compliance with all applicable provisions and requirements of ERISA and the Internal Revenue Code and the regulations and published interpretations thereunder with respect to each Employee Benefit Plan.

(b) Each Employee Benefit Plan which is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service indicating that such Employee Benefit Plan is so qualified and, to the knowledge of Holdings and the Borrower, nothing has occurred subsequent to the issuance of such determination letter which would cause such Employee Benefit Plan to lose its qualified status.

(c) No liability under Title IV of ERISA with respect to any Pension Plan has been or is reasonably expected to be incurred by Holdings, any of its Subsidiaries or any of their ERISA Affiliates.

(d) No ERISA Event has occurred or is reasonably expected to occur.

(e) The present value of the aggregate benefit liabilities under each Pension Plan sponsored, maintained or contributed to by Holdings, any of its Subsidiaries or any of their ERISA Affiliates (determined as of the end of the most recent plan year on the basis of the actuarial assumptions specified for funding purposes in the most recent actuarial valuation for such Pension Plan), did not exceed the aggregate current value of the assets of such Pension Plan.

(f) As of the most recent valuation date for each Multiemployer Plan for which the actuarial report is available, Holdings, its Subsidiaries and their respective ERISA Affiliates do not have any potential liability for a complete withdrawal from such Multiemployer Plan (within the meaning of Section 4203 of ERISA), based on information available pursuant to Section 4221(e) of ERISA.

(g) Each Foreign Plan which is required under all applicable laws, rules, regulations and orders of any Governmental Authority to be funded satisfies in all material respects any applicable funding standard under all applicable laws, rules, regulations and orders of any Governmental Authority.

4.20 Solvency. The Credit Parties are and, upon the incurrence of any Obligation by any Credit Party on any date on which this representation and warranty is made, will be, on a consolidated basis, Solvent.

4.21 Compliance with Laws.

(a) Generally. Each of Holdings and its Subsidiaries is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and the ownership of its property (including compliance with all applicable Environmental Laws with respect to any Real Estate Asset or governing its business and the requirements of any permits issued under such Environmental Laws with respect to any such Real Estate Asset or the operations of Holdings or any of its Subsidiaries), except such non-compliance that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Anti-Terrorism Laws, Etc. Without limiting the foregoing, no Credit Party nor any of its Subsidiaries (i) is in violation in any material respect of any Anti-Terrorism Law, (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, or (iii) is a Blocked Person. No Credit Party nor any of its Subsidiaries (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (y) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law. No part of the proceeds of any Loan will be used for any payments to any Governmental Authority or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the FCPA. The Borrower has established procedures and controls which it reasonably believes are adequate (and otherwise comply with applicable law) to ensure that the Credit Parties and each of their Subsidiaries is and will continue to be in compliance with all applicable current and future Anti-Terrorism Laws and U.S. economic sanctions laws.

(c) Anti-Corruption Laws, Etc.

(i) Since the Closing Date, there has been no action taken by any Credit Party or any of its Subsidiaries or, to the knowledge of Holdings and the Borrower, any officer, director, or employee, or any agent, representative, sales intermediary, or other third party of any Credit Party or any of its Subsidiaries, in each case, acting on behalf of any Credit Party or any of its Subsidiaries in violation of any applicable Anti-Corruption Law. Since the Closing Date, none of the Credit Parties or any of their Subsidiaries has been convicted of violating any Anti-Corruption Laws or, to the knowledge of Holdings and the Borrower, subjected to any investigation by a Governmental Authority for violation of any applicable Anti-Corruption Laws. There is no material suit, litigation, arbitration, claim, audit, action, proceeding or investigation pending or, to the knowledge of any Executive Officer of the Borrower, threatened against or affecting the Credit Parties or any of their Subsidiaries related to any applicable Anti-Corruption Law, before or by any Governmental Authority. Since the Closing Date, none of the Credit Parties nor any of their respective Subsidiaries has conducted or initiated any internal investigation or made a voluntary, directed, or involuntary disclosure to any Governmental Authority with respect to any alleged act or omission arising under or relating to any noncompliance with any Anti-Corruption Law. Since the Closing Date, none of the Credit Parties nor any of their respective Subsidiaries has received any written notice, request or citation for any actual or potential noncompliance in any material respect with any of the foregoing.

(ii) To the actual knowledge of the Credit Parties and their Subsidiaries after making due inquiry, none of the Credit Parties nor any of their Subsidiaries has, since the Closing Date, directly or indirectly offered, promised, given, paid or authorized the offer, promise, giving or payment of anything of value to a Governmental Official or a commercial counterparty for the purposes of: (1) influencing any act, decision or failure to act by such Governmental Official in his or her official capacity or such commercial counterparty, (2) inducing a Governmental Official to do or omit to do any act in violation of the Governmental Official's lawful duty, or (3) inducing a Governmental Official or a commercial counterparty to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity; in each case in order to obtain, retain or direct business or to otherwise secure an improper advantage in violation of any applicable law or regulation or which would cause any holder to be in violation of any law or regulation applicable to such holder.

(d) Foreign Assets Control Regulations and Anti-Money Laundering. Each Credit Party and its Subsidiaries is and will remain in compliance in all material respects with all U.S. economic sanctions laws, executive orders and implementing regulations as promulgated by OFAC, and all applicable anti-money laundering and counter-terrorism financing provisions of the Bank Secrecy Act and all regulations issued pursuant to it. No Credit Party and no Subsidiary of a Credit Party (i) is a Person designated by the U.S. government on the list of the Specially Designated Nationals and Blocked Persons (the "**SDN List**") with which a U.S. Person cannot deal or otherwise engage in business transactions, (ii) is a Person who is otherwise the target of U.S. economic sanctions laws such that a U.S. Person cannot deal or otherwise engage in business transactions with such Person or (iii) is controlled by (including without limitation by virtue of such Person being a director or owning voting shares or interests), or acts, directly or indirectly, for or on behalf of, any Person or entity on the SDN List or a foreign government that is the target of U.S. economic sanctions prohibitions such that the entry into, or performance under, this Agreement or any other Credit Document would be prohibited under U.S. law. None of the Credit Parties nor any of their Subsidiaries has been notified that its name appears or may in the future appear on a state list of Persons that engage in investment or other commercial activities in any country that is subject to U.S. economic sanctions laws.

4.22 Disclosure. No representation or warranty of any Credit Party contained in any Credit Document or in any other documents, certificates or written statements furnished to any Agent or Lender by or on behalf of Holdings or any of its Subsidiaries for use in connection with the transactions contemplated hereby contains any untrue statement of a material fact or omits to state a material fact (known to Holdings or the Borrower, in the case of any document not furnished by either of them) necessary in order to make the statements contained herein (taken as a whole) or therein not misleading in light of the circumstances in which the same were made. Any projections, budgets and forward looking information and pro forma financial information contained in such materials are based upon good faith estimates and assumptions believed by Holdings or the Borrower to be reasonable at the time made, it being recognized by Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results.

4.23 Use of Proceeds. The proceeds of the Loans shall be used for the purposes set forth in Section 2.3.

4.24 Collateral Documents. The provisions of each of the Collateral Documents (whether executed and delivered prior to or on the Closing Date or thereafter) are and will be effective to create in favor of the Collateral Agent, for its benefit and the benefit of the Secured Parties, a valid and enforceable security interest in and Lien upon all right, title and interest of each Credit Party in and to the Collateral purported to be pledged, charged, mortgaged or assigned by it thereunder and described therein, and upon (i) the making of Loans hereunder, (ii) the filing of appropriately completed UCC financing statements and continuations thereof in the jurisdictions specified in Schedule I to the Perfection Certificate, (iii) with respect to United States Copyright registrations and licenses, the recordation of an appropriately completed short-form Intellectual Property Security Agreement in the United States Copyright Office, and (iv) with respect to Deposit Accounts, the taking by the Collateral Agent of "control" within the meaning of Section 9-104 of the applicable UCC, such security interest and Lien shall constitute a fully perfected and First Priority security interest in and Lien upon such right, title and interest of such Credit Party, in and to such Collateral, to the extent that such security interest and Lien can be perfected by such actions; provided, that, with respect to the Foreign Security Documents, the foregoing representation shall be qualified by the Agreed Security Principles, the Legal Reservations, and the Foreign Perfection Requirements.

4.25 Insurance. Holdings and its Subsidiaries maintains the insurance required by Section 5.5. All material insurance maintained by Holdings and its Subsidiaries on the Closing Date has been disclosed to the Collateral Agent and the Lenders in writing prior to the Closing Date.

4.26 Intellectual Property; Licenses, Etc. Except as set forth on Schedule 4.26, each of Holdings and its Subsidiaries owns or licenses or otherwise has the right to use all Patents, Patent applications, Trademarks, Trademark applications, service marks, trade names, Copyrights, Copyright applications and other Intellectual Property rights that are reasonably necessary in all material respects for the operation of its business, without infringement upon or conflict with the rights of any other Person with respect thereto, and all such Intellectual Property owned by a Credit Party is subsisting and, to the knowledge of such party, valid and enforceable, has not been abandoned, and is not subject to any outstanding order, judgment or decree restricting its use or adversely affecting such party's rights thereto, except, in each case, for such failure to possess such rights, infringements, conflicts, nonsubsistence, invalidity, unenforceability, abandonment or outstanding orders, judgments or decrees, which, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. As of the Restatement Date, except as set forth in Schedule 4.26, no such Intellectual Property is the subject of any material licensing agreement as to which any of Holdings or its Subsidiaries is a party. To the knowledge of any of Holdings or its Subsidiaries, no slogan or other advertising device, product, process, method, substance or other Intellectual Property or goods bearing or using any Intellectual Property presently contemplated to be sold by or employed by any of Holdings or its Subsidiaries infringes any Patent, Trademark, service mark, trade name, Copyright, license or other Intellectual Property owned by any other Person in any material respect, and no claim or litigation regarding any of the foregoing is pending or, to the knowledge of any Credit Party, threatened in writing, except for such infringements and conflicts which could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.27 Holding Company. Holdings does not (a) conduct, transact or otherwise engage in any business or operations other than those incidental to (i) its ownership of the Equity Interests of the Borrower, (ii) the maintenance of its legal existence, (iii) the performance of the Credit Documents, (iv) any transaction that Holdings is expressly permitted to enter into or consummate under Section 6 (including pursuant to Section 6.13) and (v) its status as a public company or (b) own, hold or maintain any material assets (including Equity Interests in Subsidiaries) other than (i) the Equity Interests of the Borrower and (ii) assets it is permitted to hold pursuant to Section 6.13.

4.28 COMI. For the purposes of European Union Council Regulation number 2015/848 of 20 May 2015 on insolvency proceedings (recast) as incorporated into applicable Law by the European Union (Withdrawal) Act of 2018 (the **"COMI Regulation"**), each Credit Party formed in a country that is a member of the European Union has its center of main interests (as that term is used in Section 3(1) of the COMI Regulation) in its jurisdiction of incorporation or formation, as applicable, and it has no establishment (as that term is used in Article 2(10) of the COMI Regulation) in any other jurisdiction.

SECTION 5. AFFIRMATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Commitment is in effect and until Payment in Full of all Obligations, each Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5.

5.1 Financial Statements and Other Reports. Holdings will deliver to the Administrative Agent (for furnishing to the Lenders):

(a) Quarterly Financial Statements. (i) As soon as available, and in any event within forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year, the consolidated balance sheets of Holdings and its Subsidiaries as at the end of such Fiscal Quarter and the related consolidated statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries for such Fiscal Quarter and for the period from the beginning of the current Fiscal Year to the end of such Fiscal Quarter, setting forth in each case in comparative form the corresponding figures for the corresponding periods of the previous Fiscal Year, all in reasonable detail, together with a Financial Officer Certification, and (ii) as soon as available, and in any event within forty-five (45) days after the end of the fourth Fiscal Quarter of each Fiscal Year, a flash report of the consolidated statement of income of Holdings and its Subsidiaries for such fourth Fiscal Quarter;

(b) Annual Financial Statements. As soon as available, and in any event within ninety (90) days after the end of each Fiscal Year, (i) the consolidated balance sheets of Holdings and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flows of Holdings and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the corresponding figures for the previous Fiscal Year, in reasonable detail, together with a Financial Officer Certification and (ii) with respect to such consolidated financial statements a report thereon by Praeger Metis CPAs LLP or any other independent certified public accountants of recognized national standing selected by Holdings (which report and/or the accompanying financial statements shall be unqualified as to going concern (except for any such "going concern" qualification resulting from the upcoming maturity of or a potential breach of a financial covenant in respect of any Indebtedness permitted under this Agreement) and scope of audit), and shall state that such consolidated financial statements fairly present, in all material respects, the consolidated financial position of Holdings and its Subsidiaries as at the dates indicated and the results of their operations and their cash flows for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except as otherwise disclosed in such financial statements) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards);

(c) Compliance Certificate. Together with each delivery of financial statements of Holdings and its Subsidiaries pursuant to Sections 5.1(a) and 5.1(b), a duly executed and completed Compliance Certificate;

(d) Statements of Reconciliation after Change in Accounting Principles. If and to the extent required pursuant to Section 1.2 (or as may be requested by the Requisite Lenders for purposes of Section 1.2), one or more statements of reconciliation for all such prior financial statements in form and substance reasonably satisfactory to the Requisite Lenders;

(e) Notice of Default. Promptly upon any Executive Officer of Holdings or the Borrower obtaining knowledge (i) of any condition or event that constitutes a Default or an Event of Default under any Credit Document; (ii) that any Person has given any notice to Holdings or any of its Subsidiaries or taken any other action with respect to any event or condition set forth in Section 8.1(b); or (iii) of the occurrence of any event or change that has caused or evidences, either in any case or in the aggregate, a Material Adverse Effect, a certificate of an Authorized Officer specifying the nature and period of existence of such condition, event or change, or specifying the notice given and action taken by any such Person and the nature of such claimed Event of Default, Default, default, event or condition, and what action Holdings or the Borrower has taken, is taking and proposes to take with respect thereto;

(f) Notice of Litigation. Promptly upon any Executive Officer of Holdings or the Borrower obtaining knowledge of (i) any Adverse Proceeding not previously disclosed in writing by the Borrower to Lenders, or (ii) any development in any Adverse Proceeding that, in the case of either clause (i) or (ii), could be reasonably expected to have a Material Adverse Effect, or seeks to enjoin or otherwise prevent the consummation of, or to recover any damages or obtain relief as a result of, the funding of the Loans or the performance of the payment obligations of the Credit Parties under the Credit Documents, written notice thereof together with such other information as may be reasonably available to Holdings or the Borrower (including delivery of copies of notices received by the Borrower) to enable Lenders and their counsel to evaluate such matters;

(g) Pension Plans; ERISA.

(A) Promptly after receipt thereof, copies of any actuarial reports relating to the Pension Plans that are prepared in order to comply with then statutory or auditing requirements;

(B) Promptly (but in any event within ten (10) days) upon becoming aware of the occurrence of (i) any ERISA Event, or (ii) the adoption of, or commencement of contributions to, any new Pension Plan by Holdings, any of its Subsidiaries or any of their ERISA Affiliates or the adoption of, or commencement of contributions to, any new Foreign Plan that provides defined benefit pension benefits by Holdings or any of its Subsidiaries or the commencement of contributions by Holdings, any of its Subsidiaries or any of their ERISA Affiliates to a new Multiemployer Plan, a written notice specifying the nature thereof, what action Holdings, any of its Subsidiaries or any of their respective ERISA Affiliates has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; and (y) with reasonable promptness (but in any event within ten (10) days after filing), copies of (1) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by Holdings or any of its Subsidiaries with the Internal Revenue Service with respect to each Pension Plan; and (2) all notices received by Holdings or any of its Subsidiaries from a Multiemployer Plan sponsor concerning an ERISA Event;

(h) Financial Plan. As soon as practicable and in any event no later than ninety (90) days after the beginning of each Fiscal Year (commencing with the Fiscal Year beginning January 1, 2022), a consolidated plan and financial forecast for such Fiscal Year in substantially the same form and detail as customarily prepared by management for its internal use (a "**Financial Plan**"), including a forecasted consolidated statement of income and a high-level cash flow statement of Holdings and its Subsidiaries for each quarter of such Fiscal Year;

(i) Insurance Report. If requested by the Administrative Agent or the Requisite Lenders, a summary from the Borrower to the Administrative Agent outlining all material insurance coverage maintained as of the date of such certificate by Holdings and its Subsidiaries;

(j) Information Regarding Collateral. The Borrower will furnish to the Collateral Agent prompt written notice of any change (i) in any Credit Party's corporate name, (ii) in any Credit Party's identity or corporate structure, (iii) in any Credit Party's jurisdiction of organization or incorporation or (iv) in any Credit Party's Federal Taxpayer Identification Number or state organizational identification number. The Borrower agrees not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the UCC or otherwise that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral as contemplated in the Collateral Documents;

(k) Annual Collateral Verification. Concurrently with the delivery of the financial statements under Section 5.1(b) for each Fiscal Year, the Borrower shall deliver to the Collateral Agent a certificate of its Authorized Officer (i) either confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the Restatement Date or the date of the most recent certificate delivered pursuant to this Section 5.1 and/or identifying such changes and (ii) certifying that all UCC financing statements (including fixtures filings, as applicable) and all supplemental intellectual property security agreements or other appropriate filings, recordings or registrations, have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (i) above (or in such Perfection Certificate) to the extent necessary to effect, protect and perfect the security interests under the Collateral Documents for a period of not less than eighteen (18) months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period);

(l) OFAC, Etc. The Borrower shall immediately notify the Administrative Agent if (i) an Executive Officer of the Borrower has knowledge that any Credit Party or any of its Subsidiaries is listed on the OFAC Lists, or (ii) any Credit Party or any of its Subsidiaries is convicted on, pleads nolo contendere to, is indicted on, or is arraigned and held over on, charges involving money laundering or predicate crimes to money laundering; and

(m) Other Information. (A) Promptly upon their becoming available, copies of (i) all regular and periodic reports, proxy statements and registration statements and prospectuses, if any, filed by Holdings or any of its Subsidiaries with any securities exchange or with the Securities and Exchange Commission or any other Governmental Authority (other than amendments to any registration statement (to the extent such registration statement, in the form it became effective, is delivered to the Administrative Agent), exhibits to any registration statement and, if applicable, any registration statement on Form S-8), and in any case not otherwise required to be delivered to the Administrative Agent pursuant to any other clause of this Section 5.1, and (ii) all press releases and other statements made available generally by Holdings or any of its Subsidiaries to the public concerning material developments in the business of Holdings or any of its Subsidiaries, and (B) such other information and data with respect to Holdings or any of its Subsidiaries as from time to time may be reasonably requested by any Agent or any Lender, provided that no Credit Party shall be required to provide information under this clause (B) to the extent such information is subject to attorney/client privilege or (to the extent not created in contemplation of such Credit Party's obligations under this Section 5.1) is subject to confidentiality obligations pursuant to Contractual Obligations with Third Parties, provided further that, the Credit Parties shall use their commercially reasonable efforts to provide such information in a manner which would comply with such confidentiality obligations.

Notwithstanding the foregoing, the obligations in Section 5.1(a) and Section 5.1(b) may be satisfied with respect to financial information of Holdings and its Subsidiaries by furnishing Form 10-K or 10-Q of Holdings, as applicable, filed with the SEC; provided that to the extent such information is in lieu of information required to be provided under Section 5.1(b), such materials are accompanied by a report and opinion of Holdings' auditor or any other independent registered public accounting firm of nationally recognized standing or another accounting firm reasonably acceptable to the Requisite Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any qualification as to Holdings' ability to continue as a "going concern" (other than any such qualification resulting from an anticipated financial covenant default or an upcoming maturity date of Indebtedness permitted under this Agreement) or any qualification or exception as to the scope of such audit.

Any financial statements required to be delivered pursuant to this Section 5.1 shall not be required to contain purchase accounting adjustments to the extent it is not practicable to include any such adjustments in such financial statements.

The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "**Borrower Materials**") by posting the Borrower Materials on Merrill Datasite One, Syndtrak or another similar electronic system (the "**Platform**") and (b) certain of the Lenders may have personnel who do not wish to receive any information with respect to the Borrower or its Subsidiaries, or the respective securities of any of the foregoing, that is not Public-Side Information, and who may be engaged in investment and other market-related activities with respect to such Person's securities. The Borrower hereby agrees that (i) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "**PUBLIC**" which, at a minimum, shall mean that the word "**PUBLIC**" shall appear prominently on the first page thereof (and by doing so shall be deemed to have represented that such information contains only Public-Side Information), (ii) by marking Borrower Materials "**PUBLIC,**" the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as containing only Public- Side Information (provided, however, that to the extent such Borrower Materials constitute confidential information, they shall be treated as set forth in Section 10.17), (iii) all Borrower Materials marked "**PUBLIC**" are permitted to be made available through a portion of the Platform designated "**Public-Side Information**" and (iv) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "**PUBLIC**" as being suitable only for posting on a portion of the Platform not designated "**Public-Side Information**"; provided that, for purposes of the foregoing, all information and materials provided pursuant to Section 5.1(a) or (b) shall be deemed to be suitable for posting to Public Lenders.

5.2 Existence. Except as otherwise permitted under Section 6.8, each Credit Party will, and will cause each of its Subsidiaries to, at all times preserve and keep in full force and effect its existence and all rights and franchises, licenses and permits material to its business; provided, no Credit Party (other than the Borrower with respect to its existence) or any of its Subsidiaries shall be required to preserve any such existence, right or franchise, licenses and permits if such Person's board of directors (or similar governing body) shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Person, and that the loss thereof is not disadvantageous in any material respect to such Person or to Lenders.

5.3 Payment of Taxes and Claims. Each Credit Party will, and will cause each of its Subsidiaries to, pay all material Taxes imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty or fine accrues thereon, and all material claims (including claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, no such Tax or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (a) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor, and (b) in the case of a Tax or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax or claim. No Credit Party will, nor will it permit any of its Subsidiaries to, file or consent to the filing of any consolidated income tax return with any Person (other than Holdings or any of its Subsidiaries). An Australian Credit Party shall not become a member of a Tax Consolidated Group unless (i) a valid tax sharing agreement and a tax funding agreement are maintained in full force and effect in respect of that Tax Consolidated Group, (ii) it and each other member of the Tax Consolidated Group complies with such tax sharing agreement and such tax funding agreement, and (iii) each member of the Tax Consolidated Group is a Subsidiary of Holdings.

5.4 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear and casualty and condemnation excepted) all properties used or useful in the business of Holdings and its Subsidiaries and from time to time will make or cause to be made all appropriate repairs, renewals and replacements thereof reasonably required to maintain such working order and condition, except where the failure to maintain such properties in good repair and working order or to make such repairs or replacements could not reasonably be expected to have a Material Adverse Effect.

5.5 Insurance. Holdings will maintain or cause to be maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of Holdings and its Subsidiaries as may customarily be carried or maintained under similar circumstances by Persons of established reputation and similar size engaged in similar businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for such Persons. Without limiting the generality of the foregoing, Holdings will maintain or cause to be maintained (a) flood insurance with respect to each Flood Hazard Property that is located in a community that participates in the Flood Program, in each case in compliance in all material respects with any applicable regulations of the Board of Governors, and (b) replacement value casualty insurance on the Collateral under such policies of insurance, with such insurance companies, in such amounts, with such deductibles, and covering such risks as are at all times carried or maintained under similar circumstances by Persons of established reputation engaged in similar businesses. Each such policy of insurance shall (i) name the Collateral Agent, for the benefit of the Secured Parties, as an additional insured thereunder as its interests may appear, (ii) in the case of each casualty insurance policy, contain a loss payable clause or endorsement, reasonably satisfactory in form and substance to the Collateral Agent and the Requisite Lenders, that names the Collateral Agent, for the benefit of the Secured Parties, as the loss payee thereunder and provide for at least thirty (30) days' prior written notice to the Collateral Agent of any cancellation of such policy (or ten (10) days' prior written notice in the case of the failure to pay any premiums thereunder).

5.6 Books and Records; Inspections. Each Credit Party will, and will cause each of its Subsidiaries to, keep proper books of record and accounts in which full, true and correct entries in conformity in all material respects with GAAP shall be made of all dealings and transactions in relation to its business and activities. Each Credit Party will, and will cause each of its Subsidiaries to, permit any authorized representatives designated by the Administrative Agent at the request of the Requisite Lenders (including the right to appoint third party agents), at the Borrower's expense (subject to the proviso below), to visit and inspect any of the properties of any Credit Party and any of its respective Subsidiaries, to inspect, copy and take extracts from its and their financial and accounting records, and to discuss its and their affairs, finances and accounts with its and their officers and independent public accountants (and an authorized representative of the Borrower shall be allowed to be present during such discussions), all upon reasonable notice and at such reasonable times during normal business hours and as often as may reasonably be requested, in each case, in a manner that does not unduly interfere with the business and operations of the Credit Parties and their Subsidiaries; provided that (i) the Borrower shall only be obligated to reimburse the Administrative Agent and the Requisite Lenders for the expenses of one such inspection per calendar year prior to the occurrence of an Event of Default; and (ii) any authorized representatives designated by any Lender (including the right to appoint third party agents) may accompany the Administrative Agent or its representative in connection with any inspection, in each case at such Lender's sole expense; provided, further, that, notwithstanding anything to the contrary in this Section 5.6, none of Holdings or any of its Subsidiaries will be required to disclose, permit the inspection, examination or making copies or abstracts of, or discussion of, any document, information or other matter (a) in respect of which disclosure to the Administrative Agent or any Lender (or their respective representatives or contractors) is prohibited by law or any binding confidentiality obligation pursuant to any Contractual Obligation with any Third Party in effect prior to (and not entered into in contemplation of) such Credit Party's or Subsidiary's obligations under this Section 5.6 (it being understood and agreed that the Credit Parties shall use their commercially reasonable efforts to provide such information in a manner which would comply with such confidentiality obligation) or (b) that is subject to attorney-client or similar privilege or constitutes attorney work product.

5.7 Lenders Calls. Holdings and the Borrower will, upon the request of the Requisite Lenders, participate in quarterly conference calls of the Administrative Agent and Lenders in connection with the delivery of the financial statements of Holdings and its Subsidiaries pursuant to Sections 5.1(a) and (b) at such time as may be agreed to by the Borrower, the Administrative Agent and the Requisite Lenders; provided that, unless an Event of Default has occurred and is continuing, the requirements of this Section 5.7 may be satisfied by Holdings and the Borrower holding regularly scheduled shareholder earnings conference calls to which the Lenders have access.

5.8 Compliance with Laws and Contractual Obligations. Each Credit Party will comply, and shall cause each of its Subsidiaries and all other Persons, if any, on or occupying any Facilities to comply (i) with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority (including all applicable ERISA and all Environmental Laws, OFAC, the PATRIOT Act, the FCPA, and/or any Anti-Terrorism Law and any applicable Anti-Corruption Law) and (ii) Contractual Obligations, in each case, noncompliance with which could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. For all purposes under the Credit Documents (including this Section) in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws), if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

5.9 Environmental.

(a) Environmental Disclosure. Holdings will deliver to the Administrative Agent and Lenders:

(i) as soon as practicable following receipt thereof, copies of all environmental audits, investigations, analyses and reports of any kind or character, whether prepared by personnel of Holdings or any of its Subsidiaries or by independent consultants, Governmental Authorities or any other Persons, with respect to significant environmental matters at any Facility or with respect to any Environmental Claims;

(ii) promptly upon the occurrence thereof, written notice describing in reasonable detail (1) any material Release required to be reported to any Governmental Authority under any applicable Environmental Laws, (2) any remedial action taken by Holdings or any other Person in response to (A) any Hazardous Materials Activities the existence of which has a reasonable possibility of resulting in one or more Environmental Claims having, individually or in the aggregate, a Material Adverse Effect, or (B) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of resulting in a Material Adverse Effect, and (3) any Executive Officer of Holdings or the Borrower obtaining knowledge of any occurrence or condition on any real property adjoining or in the vicinity of any Facility that could reasonably be expected to cause such Facility or any part thereof to be subject to any material restrictions on the ownership, occupancy, transferability or use thereof under any Environmental Laws;

(iii) as soon as practicable following the sending or receipt thereof by Holdings or any of its Subsidiaries, a copy of any and all written communications with respect to (1) any Environmental Claims that, individually or in the aggregate, have a reasonable possibility of giving rise to a Material Adverse Effect, (2) any material Release required to be reported to any Governmental Authority, and (3) any request for information from any Governmental Authority that suggests such Governmental Authority is investigating whether Holdings or any of its Subsidiaries may be potentially responsible for any Hazardous Materials Activity;

(iv) prompt written notice describing in reasonable detail of (1) any proposed acquisition of stock, assets, or property by Holdings or any of its Subsidiaries that could reasonably be expected to (A) expose Holdings or any of its Subsidiaries to, or result in, Environmental Claims that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (B) affect the ability of Holdings or any of its Subsidiaries to maintain in full force and effect all material Governmental Authorizations required under any Environmental Laws for their respective operations and (2) any proposed action to be taken by Holdings or any of its Subsidiaries to modify current operations in a manner that could reasonably be expected to subject Holdings or any of its Subsidiaries to any additional material obligations or requirements under any Environmental Laws; and

(v) with reasonable promptness, such other documents and information as from time to time may be reasonably requested by any Lender in relation to any matters disclosed pursuant to this Section 5.9(a).

(b) Hazardous Materials Activities, Etc. Each Credit Party shall promptly take, and shall cause each of its Subsidiaries promptly to take, any and all actions necessary to (i) cure any violation of applicable Environmental Laws by such Credit Party or its Subsidiaries that could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and (ii) make an appropriate response to any Environmental Claim against such Credit Party or any of its Subsidiaries and discharge any obligations it may have to any Person thereunder where failure to do so could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.10 Covenant to Guarantee Obligations and Provide Security. In the event that any Person becomes a Domestic Subsidiary (including by division) (other than an Excluded Subsidiary) of Holdings or is a Domestic Subsidiary that ceases to be an Excluded Subsidiary, Holdings and the Borrower shall (a) promptly (and in any event, within thirty (30) days thereof or such later date as agreed to by the Requisite Lenders) cause such Domestic Subsidiary to become a Guarantor hereunder and a Grantor under the Security Agreement by executing and delivering to the each Agent a Counterpart Agreement and deliver the documents and take such actions as are described in Sections 3.1(b) and (f), and (b) promptly (and in any event, within thirty (30) days of such request (or such later date as agreed to by the Requisite Lenders) take all such actions and execute and deliver, or cause to be executed and delivered, all such documents, instruments, agreements, legal opinions and certificates or as otherwise reasonably requested by the Requisite Lenders. With respect to any Foreign Subsidiary or a Foreign Subsidiary Holding Company of Holdings (including any such Person that is a Subsidiary of Holdings as of the Closing Date or becomes a Subsidiary (including by division) of Holdings after the Closing Date), the ownership interests of which Foreign Subsidiary or Foreign Subsidiary Holding Company are directly owned by Holdings, the Borrower or by any Guarantor Subsidiary, Holdings and the Borrower shall, or shall cause such Guarantor Subsidiary to, deliver, all such documents, instruments, agreements, legal opinions and certificates or as otherwise reasonably requested by the Requisite Lenders (including taking all of the actions referred to in Section 3.1(f)(i) or Section 3.1(f)(ii)) and, to the extent such Foreign Subsidiary or a Foreign Subsidiary Holding Company is organized in a Material Jurisdiction, Holdings and the Borrower shall, or shall cause such Guarantor Subsidiary to, provide each Agent with (i) foreign share pledge agreements concerning the pledged Equity Interests of each such Subsidiary and (ii) opinions of foreign counsel reasonably requested by the Requisite Lenders in connection therewith, each addressed to each Agent and each Lender, and in each case, in form and substance reasonably satisfactory to the Requisite Lenders, necessary to grant to the Collateral Agent for the benefit of the Secured Parties a valid and perfected First Priority Lien in favor of the Collateral Agent, for the benefit of Secured Parties, under the Security Agreement in 65% of the voting stock and 100% of the non-voting stock of such ownership interests (or, in the case of any Foreign Credit Party, 100% of all such voting and non-voting stock). With respect to each such Subsidiary, the Borrower shall concurrently with the delivery of the quarterly financial statements and/or reports pursuant to Section 5.1(a) with respect to the calendar quarter in which such Subsidiary became a Subsidiary of Holdings, send to the Administrative Agent written notice setting forth with respect to such Person (i) the date on which such Person became a Subsidiary of Holdings, and (ii) all of the data required to be set forth in Schedules 4.1 and 4.2 with respect to all Subsidiaries of Holdings; and such written notice shall be deemed to supplement Schedule 4.1 and 4.2 for all purposes hereof. For all purposes under the Credit Documents (including this Section) in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws), if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time. The Borrower may, at its election, voluntarily join any Subsidiary that would otherwise be an Excluded Subsidiary as a Guarantor hereunder (or under another guaranty agreement) and a Grantor under the Security Agreement (or under another security agreement, including a foreign law governed security agreement) by executing and delivering to the Collateral Agent such documents and deliverables as reasonably requested by the Collateral Agent or the Requisite Lenders.

5.11 Additional Material Real Estate Assets.

(a) In the event that any Credit Party acquires a Material Real Estate Asset or a Real Estate Asset owned or leased on the Closing Date becomes a Material Real Estate Asset, in each case (other than with respect to a Foreign Credit Party), located in the United States, and such interest in such Material Real Estate Asset has not otherwise been made subject to the Lien of the Collateral Documents in favor of the Collateral Agent, for the benefit of Secured Parties, then such Credit Party shall promptly take all such actions and execute and deliver, or cause to be executed and delivered, all such mortgages, documents, instruments, agreements, opinions and certificates, including the items specified in Section 5.11(c), that the Requisite Lenders shall reasonably request to create in favor of the Collateral Agent, for the benefit of Secured Parties, a valid and, subject to any filing and/or recording referred to herein, perfected First Priority security interest in such Material Real Estate Assets.

(b) The Borrower shall, at the request of the Requisite Lenders, deliver, from time to time, to the Collateral Agent and the Lenders such appraisals as are required by law or regulation of Real Estate Assets with respect to which the Collateral Agent has been granted a Lien.

(c) In the case of any Material Real Estate Asset referred to in Section 5.11(a), the applicable Credit Party shall provide the Collateral Agent with Mortgages with respect to such Real Estate Asset (each, a "**Mortgaged Property**"), as the case may be, within sixty (60) days (or such longer period as shall be agreed by the Requisite Lenders) of the acquisition of such Real Estate Asset (or the date a Real Estate Asset owned or leased on the Closing Date becomes a Material Real Estate Asset) together with:

(i) evidence that counterparts of any such Mortgage has been duly executed, acknowledged and delivered and such Mortgage is in form suitable for filing or recording in all filing or recording offices that the Requisite Lenders may deem reasonably necessary or desirable in order to create a valid and subsisting perfected Lien on the property and/or rights described therein in favor of the Collateral Agent for the benefit of the Secured Parties and that all filing and recording taxes and fees that are due and payable have been paid or otherwise provided for in a manner reasonably satisfactory to the Requisite Lenders;

(ii) upon the reasonable request of the Administrative Agent (at the direction of the Requisite Lenders), an opinion of counsel (which counsel shall be reasonably satisfactory to the Requisite Lenders) in each state in which a Mortgaged Property is located with respect to the enforceability of the form(s) of Mortgages to be recorded in such state and such other matters as the Requisite Lenders may reasonably request, in each case in form and substance reasonably satisfactory to the Requisite Lenders;

(iii) mortgagee title insurance policies or unconditional commitments therefor issued by one or more title companies reasonably satisfactory to the Requisite Lenders with respect to each Mortgaged Property (each, a "**Title Policy**"), in amounts not less than the Fair Market Value of each Mortgaged Property, together with a title report issued by a title company with respect thereto and copies of all recorded documents listed as exceptions to title or otherwise referred to therein, each in form and substance reasonably satisfactory to the Requisite Lenders (it being understood that any exceptions listed in a Title Policy constituting Permitted Liens shall be satisfactory) and (B) evidence reasonably satisfactory to the Requisite Lenders that such Credit Party has paid to the title company or to the appropriate Governmental Authorities all expenses and premiums of the title company and all other sums required in connection with the issuance of each Title Policy and all recording and stamp taxes (including mortgage recording and intangible taxes) payable in connection with recording the Mortgages for each Mortgaged Property in the appropriate real estate records;

(iv) (A) a completed Flood Certificate with respect to each Mortgaged Property, which Flood Certificate shall (x) be addressed to the Collateral Agent and (y) otherwise comply in all material respects with the Flood Program; (B) if the Flood Certificate states that such Mortgaged Property is located in a Flood Zone, the Borrower's written acknowledgment of receipt of written notification from the Collateral Agent (x) as to the existence of such Mortgaged Property and (y) as to whether the community in which each Mortgaged Property is located is participating in the Flood Program; and (C) if such Mortgaged Property is located in a Flood Zone and is located in a community that participates in the Flood Program, evidence that the Borrower has obtained a policy of flood insurance that is in compliance in all material respects with all applicable requirements of the Flood Program; and

(v) such surveys, abstracts, appraisals and other documents as the Requisite Lenders may reasonably request.

5.12 Further Assurances. At any time or from time to time upon the request of the Requisite Lenders, subject to the Agreed Security Principles in the case of any Foreign Credit Party or Foreign Security Document, each Credit Party will, at its expense, promptly execute, acknowledge and deliver such further documents and do such other acts and things as the Requisite Lenders may reasonably request in order to effect fully the provisions of the Credit Documents. In furtherance and not in limitation of the foregoing, subject to the Agreed Security Principles in the case of any Foreign Credit Party or Foreign Security Document, each Credit Party shall take such actions as the Requisite Lenders may reasonably request from time to time to ensure that the Obligations are guaranteed by the Guarantors and are secured by substantially all of the assets of Holdings and the other Credit Parties and all of the outstanding Equity Interests of each Subsidiary of Holdings owned directly by a Credit Party (subject, in the case of this Section 5.12, to the limitations contained in the Credit Documents with respect to Foreign Subsidiaries and Foreign Subsidiary Holding Companies (including, with respect to providing foreign law share pledges, the second sentence of Section 5.10) and excluding Excluded Property and Excluded Real Estate Assets).

5.13 Cash Management. The Credit Parties (other than the Foreign Credit Parties) shall maintain at all times all Cash and Cash Equivalents at Deposit Accounts, Securities Accounts or Commodity Accounts with any financial institution that has entered into a Control Agreement other than Cash and Cash Equivalents held in Excluded Accounts; provided that Control Agreements with respect to Deposit Accounts, Securities Accounts and Commodity Accounts of any Person that becomes a Credit Party (other than a Foreign Credit Party) as a result of a Permitted Acquisition or other Investment pursuant to Section 6.6 shall be required to be delivered under this Section 5.13 within sixty (60) days after the date such Person becomes a Subsidiary of Holdings pursuant to such acquisition or Investment.

5.14 Post-Closing Obligations.

(a) Within sixty (60) days following the Restatement Date (or such later date as the Requisite Lenders shall approve; provided, that such date shall automatically be extended if the Credit Parties have been working in good faith to complete the requirements in this Section 5.14(a) during the initial sixty-day period after the Restatement Date), the Credit Parties shall have used commercially reasonable efforts to execute and deliver all documentation reasonably requested by the Requisite Lenders to replace the Administrative Agent and the Collateral Agent with Fortress Credit Corp. (or an Affiliate thereof), including, without limitation, (i) all necessary amendments and bring-down schedules to the Collateral Documents and (ii) reasonable amendments to the operating agreements of the Credit Parties that are limited liability companies, in each case, in form and substance reasonably satisfactory to the Requisite Lenders.

(b) Within thirty (30) days following the Restatement Date (or such later date as the Requisite Lenders shall approve), the Credit Parties shall have used commercially reasonable efforts to deliver satisfactory evidence to the Requisite Lenders that all tax Liens against the Credit Parties as of the Restatement Date have been released in full.

(c) Within forty-five (45) days (or such later date as the Requisite Lenders shall approve) following receipt by the Borrower of a written statement signed by the Collateral Agent (or other responsible Person) that provides in respect of each of share certificate number 1 (in respect of 100 ordinary shares) and share certificate number 2 (in respect of 127 ordinary shares) held by PB Global Acquisition Corp in PLBY Australia Pty Ltd and share certificate number 9 in respect of 1,000 ordinary shares held by PLBY Australia Pty Ltd in Honey Birdette (Aust.) Pty Ltd and the corresponding executed blank stock transfer forms, (i) that such certificate or other document has been lost or destroyed and has not been pledged, sold, or otherwise disposed of, (ii) if such certificate or other document has been lost, that proper searches have been made, and (iii) if such certificate or other document is found or received by the Collateral Agent, that the Collateral Agent agrees to promptly return such certificate to the Borrower, (A) PLBY Australia Pty Ltd shall deliver to the Collateral Agent a wet-ink signed share certificate number 3 (in respect of 100 ordinary shares) and a wet-ink signed share certificate number 4 (in respect of 127 ordinary shares) held by PB Global Acquisition Corp in PLBY Australia Pty Ltd together with a certified copy of an up-to-date register of members for PLBY Australia Pty Ltd and the corresponding executed blank stock transfer form, and (B) Honey Birdette (Aust.) Pty Ltd shall deliver to the Collateral Agent, a wet-ink signed share certificate number 10 in respect of 1,000 ordinary shares held by PLBY Australia Pty Ltd in Honey Birdette (Aust.) Pty Ltd together with a certified copy of an up-to-date register of members for Honey Birdette (Aust.) Pty Ltd and the corresponding executed blank stock transfer form.

5.15 Board Observation Rights. From and after the Restatement Date, Holdings shall permit one authorized representative designated by the Requisite Lenders and notified in writing to Holdings (each, a "**PLBY Board Observer**") to attend and participate (in the capacity of a non-voting observer) in all meetings of Holdings' Board of Directors (the "**PLBY Board**"), whether in person, by telephone, or otherwise. Holdings shall provide such PLBY Board Observers the same notice of all such meetings and copies of all such meeting materials distributed to members of the PLBY Board concurrently with provision of such notice and materials to the PLBY Board; provided, however, that each such PLBY Board Observer (i) prior to attendance and participation at meetings of the PLBY Board, shall be subject to customary background checks, execution of a customary non-disclosure agreement, and execution of any other documentation reasonably required by the Borrower, (ii) shall hold all information and materials disclosed or delivered to such PLBY Board Observer in confidence in accordance with but subject to the provisions of Section 10.17 and (iii) may be excluded from access to any material (or such materials may be redacted) or meeting or portion thereof (A) if the PLBY Board determines in good faith, with advice from legal counsel, that such exclusion is reasonably necessary to preserve the attorney-client privilege or if such PLBY Board Observer's access or attendance could materially and adversely affect the PLBY Board's fiduciary duties, (B) if such material relates to, or such meeting or portion thereof involves discussions regarding, the refinancing or restructuring of, or interpretation of any legal matter regarding, the Loans or the Credit Documents, or (C) during any executive session of the PLBY Board. The Credit Parties shall reimburse the PLBY Board Observer for all reasonable and documented out-of-pocket costs and expenses incurred in connection with its participation in any meeting of the PLBY Board. If it is proposed that any action be taken by written consent in lieu of a meeting of the PLBY Board, Holdings shall provide such PLBY Board Observers a copy of the written consent at the time such written consent is distributed to members of the PLBY Board. The PLBY Board Observers shall be free to contact the members of the PLBY Board and discuss the proposed written consent.

SECTION 6. NEGATIVE COVENANTS

Each Credit Party covenants and agrees that, so long as any Commitment is in effect and until Payment in Full of all Obligations, such Credit Party shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 6.

6.1 Indebtedness. No Credit Party shall, nor shall it permit any of its Subsidiaries to, create, incur, assume or guaranty, or otherwise become or remain liable with respect to any Indebtedness, except:

(a) the Obligations;

(b) Indebtedness of any Subsidiary of Holdings to any other Subsidiary of Holdings; provided, (i) all such Indebtedness shall be evidenced by the Intercompany Note, and, if owed to a Credit Party, shall be subject to a First Priority Lien pursuant to the Security Agreement, (ii) all such Indebtedness shall be unsecured and, if owed by a Credit Party, shall be subordinated in right of payment to the Payment in Full of the Obligations pursuant to the terms of the Intercompany Note, (iii) any payment by any such Guarantor Subsidiary under any guaranty of the Obligations shall result in a pro rata reduction of the amount of any Indebtedness owed by such Subsidiary to the Borrower or to any other Credit Parties for whose benefit such payment is made and (iv) such Indebtedness is permitted as an Investment under Section 6.6(d);

(c) [Reserved];

(d) Indebtedness which may be deemed to exist pursuant to any workers' compensation claims, self-insurance obligations, guaranties, performance, surety, statutory, appeal bonds or similar obligations incurred in the ordinary course of business;

(e) Indebtedness consisting of (i) any treasury or other cash management services, including deposit accounts, automated clearing house (ACH) origination and other funds transfer, depository (including cash vault and check deposit), zero balance accounts and sweeps, return items processing, controlled disbursement accounts, positive pay, lockboxes and lockbox accounts, account reconciliation and information reporting, payables outsourcing, payroll processing, trade finance services, endorsements of instruments for deposit, investment accounts and securities accounts, and (ii) card services, including credit card (including purchasing card and commercial card), purchase cards (including so-called "procurement cards" or "P-Cards"), prepaid cards, including payroll, stored value and gift cards, merchant services processing, and debit card services, in each case incurred in the ordinary course of business;

(f) guaranties in the ordinary course of business of the obligations of suppliers, customers, franchisees and licensees of Subsidiaries of Holdings;

(g) guaranties by the Borrower of Indebtedness of a Guarantor Subsidiary or guaranties by the Borrower or a Guarantor Subsidiary of Indebtedness of the Borrower or another Subsidiary with respect, in each case, to Indebtedness otherwise permitted to be incurred pursuant to this Section 6.1; provided, that (i) no Non-Guarantor Subsidiary shall be permitted to guaranty any Indebtedness of a Credit Party that is unsecured and/or subordinated to the Obligations, (ii) if the Indebtedness that is being guarantied is unsecured and/or subordinated to the Obligations, the guaranty must also be unsecured and/or subordinated to the Obligations, and (iii) such Indebtedness shall permitted as an Investment under Section 6.6(d);

(h) Indebtedness existing as of the Restatement Date described in Schedule 6.1, and Permitted Refinancing Indebtedness relating thereto;

(i) Indebtedness of Subsidiaries of Holdings with respect to Capital Lease Obligations and Purchase Money Obligations in an aggregate principal amount not to exceed at any time outstanding the greater of (x) $5,000,000 and (y) 15% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period; provided that any such Indebtedness (i) is issued and any Liens securing such Indebtedness are created within 180 days after the acquisition, construction, lease or improvement of the asset financed and (ii) shall be secured only by the asset acquired, constructed, leased or improved in connection with the incurrence of such Indebtedness, and any Permitted Refinancing Indebtedness relating thereto;

(j) (i) Indebtedness of a Person or Indebtedness attaching to assets of a Person that, in either case, becomes a Subsidiary of Holdings or Indebtedness attaching to assets that are acquired by any Operating Credit Party or any of its Subsidiaries, in each case after the Closing Date as the result of any Investment permitted pursuant to Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition) and (ii) any Permitted Refinancing Indebtedness relating to the Indebtedness specified in subclause (i) of this Section 6.1(j); provided that (A) any outstanding principal amount of Indebtedness permitted under this Section 6.1(j) shall not exceed an aggregate principal amount at any one time outstanding equal to the greater of (x) $15,000,000 and (y) 45% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period, and (B) in the case of Indebtedness referred to in subclause (i) of this Section 6.1(j), (x) such Indebtedness existed at the time such Person became a Subsidiary of Holdings or at the time such assets were acquired and, in each case, was not created in anticipation thereof and (y) such Indebtedness is not guaranteed in any respect by Holdings or any Subsidiary of Holdings (other than by any such Person that so becomes a Subsidiary of Holdings in connection with such Investment);

(k) Indebtedness owing under Hedging Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(l) Indebtedness representing deferred compensation to employees and directors or former employees or directors of Holdings and its Subsidiaries in the ordinary course of business;

(m) Indebtedness for overdraft protections in the ordinary course of business; provided, however, that such Indebtedness is promptly extinguished;

(n) Indebtedness under letters of credit in an aggregate principal amount outstanding not to exceed the greater of (x) $7,500,000 and (y) 25% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period;

(o) Indebtedness consisting of the financing of (i) insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business;

(p) Indebtedness consisting of promissory notes issued by Holdings to any stockholder of Holdings or any current or former director, officer, employee, member of management, manager or consultant of Holdings, the Borrower or any Subsidiary of Holdings (or their respective immediate family members) to finance the purchase or redemption of Equity Interests permitted by Section 6.4(e);

(q) Indebtedness incurred by Holdings or any of its Subsidiaries arising from agreements providing for indemnification, adjustment or purchase price or similar obligations, or from guaranties or letters of credit, surety bonds or performance bonds securing the performance of any Subsidiary of Holdings pursuant to such agreements, in connection with Permitted Acquisitions, other Investments permitted pursuant to Section 6.6 or permitted Dispositions of any business, assets or Subsidiary of Holdings;

(r) (A) Indebtedness (the Indebtedness incurred pursuant to this Section 6.1(r), the "**Ratio Indebtedness**") of Holdings, the Borrower or any Subsidiary; provided that (1) at the time of the incurrence thereof and on a Pro Forma Basis after giving effect to the use of the proceeds thereof, no Event of Default shall have occurred or be continuing, and (2) the aggregate principal amount of Indebtedness outstanding in reliance on this clause (r) shall not exceed the sum of:

(i) additional unlimited amounts so long as after giving effect to the incurrence of such Ratio Indebtedness and the use of proceeds thereof, calculated on a Pro Forma Basis as of the Test Period most recently ended on or prior to such date of incurrence (measured as of the date such Indebtedness is incurred based upon the financial statements most recently delivered on or prior to such date pursuant to Section 5.1(a) or (b)) (but excluding from the computation thereof the proceeds of such Indebtedness), (A) in the case of unsecured Ratio Indebtedness, the Total Leverage Ratio would not exceed 5.75:1.00 calculated on a Pro Forma Basis after giving effect to all other transactions consummated in connection therewith, (B) in the case of Ratio Indebtedness that is Secured Debt secured by Liens that rank (or are intended to rank) junior to the Liens on the Collateral securing the Obligations or secured by Liens on assets not constituting Collateral, the Secured Leverage Ratio would not exceed 5.25:1.00 calculated on a Pro Forma Basis after giving effect to all other transactions consummated in connection therewith and (C) in the case of Ratio Indebtedness that is Senior Secured Debt, the Senior Secured Leverage Ratio would not exceed 4.75:1.00 calculated on a Pro Forma Basis after giving effect to all other transactions consummated in connection therewith; provided that:

(1) if such Indebtedness is Senior Secured Debt, such Indebtedness (x) does not mature prior to the Maturity Date of, or have a Weighted Average Life to Maturity shorter than the Weighted Average Life to Maturity of, any Loan outstanding at the time such Indebtedness is incurred or issued, (y) shall not be subject to any mandatory prepayment, repurchase or redemption provisions, unless the prepayment, repurchase or redemption of such Indebtedness is accompanied by the prepayment of a pro rata portion of the outstanding principal of the Loans hereunder and (z) shall otherwise be subject to the provisions of Section 2.21(a)(ii)(A), (G) and (K) and Section 2.21(c) as if such Ratio Indebtedness was an Incremental Facility;

(2) if such Indebtedness is Secured Debt secured by Liens that rank (or are intended to rank) junior to the Liens on the Collateral securing the Obligations or secured by Liens on assets not constituting Collateral, such Indebtedness (x) does not mature prior to the date that is 180 days after the latest Maturity Date of any Loan outstanding at the time such Indebtedness is incurred or issued and (y) does not require any scheduled amortization, mandatory prepayments, redemptions, sinking fund payments or purchase offers prior to maturity (other than pursuant to customary asset sale, event of loss, excess cash flow (provided that such excess cash flow sweep does not require the application of any excess cash flow that would otherwise be required to be applied to the prepayments of the Loans hereunder pursuant to Section 2.10(e)) and change of control prepayment provisions and a customary acceleration right after an event of default), in each case prior to the date that is 180 days after the latest Maturity Date of any Loan outstanding at the time such Indebtedness is incurred);

(3) if such Indebtedness is unsecured, such Indebtedness does not mature prior to the date that is 180 days after the latest Maturity Date of any Loan outstanding at the time such Indebtedness is incurred or issued and does not require any scheduled amortization, mandatory prepayments, redemptions, sinking fund payments or purchase offers prior to maturity (other than pursuant to customary asset sale and change of control offers); and

(4) in the case of any Indebtedness described in clause (2) or (3) above, such Indebtedness shall have covenants and defaults that are (x) not materially more restrictive with respect to the obligors thereunder, as reasonably determined by the Borrower in good faith, than the covenants and defaults under the Credit Documents or (y) reflective of market terms and conditions for the type of Indebtedness issued or incurred at the time of issuance or incurrence thereof, as reasonably determined by the Borrower in good faith; and

(B) any Permitted Refinancing Indebtedness in respect of Indebtedness incurred pursuant to Section 6.1(r)(A) above;

(s) Indebtedness of Foreign Subsidiaries in respect of local lines of credit, letters of credit, bank guarantees, factoring arrangements, sale and leaseback transactions and similar extensions of credit in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) $5,000,000 and (y) 15% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period;

(t) other Indebtedness of Subsidiaries of Holdings (which may be secured on assets of any Subsidiary of Holdings that do not constitute Collateral) in an aggregate amount not to exceed at any time outstanding the greater of (x) $2,500,000 and (y) 7.5% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period; provided that immediately prior to, and after giving effect to, the incurrence of such Indebtedness, no Event of Default shall have occurred and be continuing or would result therefrom; and

(u) all premium (if any), interest (including post-petition interest), fees, expenses, charges, amortization of original issue discount, interest paid in kind and additional or contingent interest on obligations described in Section 6.1(a) through Section 6.1(t) above.

Notwithstanding anything to the contrary contained in this Section 6.1, at no time shall the aggregate amount of Indebtedness incurred by Non-Guarantor Subsidiaries pursuant to clauses (j), (r), (s) and (t) of this Section 6.1 exceed the greater of (i) $15,000,000 and (ii) 45% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period.

6.2 Liens. No Credit Party shall, nor shall it permit any of its Subsidiaries to create, incur, assume or permit to exist any Lien on or with respect to any property or asset of any kind (including any document or instrument in respect of goods or accounts receivable) of Holdings or any of its Subsidiaries, whether now owned or hereafter acquired or licensed, or any income, profits or royalties therefrom, or file or permit the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to any such property, asset, income, profits or royalties under the UCC of any State or under any similar recording or notice statute or under any applicable intellectual property laws, rules or procedures, except:

(a) Liens in favor of the Collateral Agent for the benefit of Secured Parties granted pursuant to any Credit Document;

(b) Liens for Taxes (i) not yet due and payable (or, in the case of real estate Taxes which become due or payable prior to a penalty attaching or other de minimis Taxes, not yet subject to a penalty) or (ii) if obligations with respect to such Taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (A) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor, and (B) in the case of a Tax which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such Tax;

(c) statutory Liens of landlords, banks (and rights of set-off), of carriers, warehousemen, mechanics, repairmen, workmen and materialmen, and other Liens imposed by law (other than any such Lien imposed pursuant to Section 430(k) of the Internal Revenue Code or ERISA or a violation of Section 436 of the Internal Revenue Code), in each case incurred in the ordinary course of business (i) for amounts not yet overdue or (ii) for amounts that are overdue and that (in the case of any such amounts overdue for a period in excess of 15 days) are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (A) adequate reserve or other appropriate provision, as shall be required in conformity with GAAP shall have been made therefor, and (B) in the case of a claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such claim;

(d) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance, other types of social security and similar charges, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money or other Indebtedness), so long as no foreclosure, sale or similar proceedings have been commenced with respect to any portion of the Collateral on account thereof;

(e) easements, rights-of-way, restrictions, encroachments, covenants, licenses, and other restrictions, minor defects or irregularities in title, in each case which do not and will not interfere in any material respect with the ordinary conduct of the business of Holdings or its Subsidiaries;

(f) any interest or title of a lessor, sublessor, licensor, licensee, sublicensor or sublicensee under any leases, subleases, licenses or sublicenses, as applicable, entered into by any Subsidiary of Holdings in the ordinary course of business and not in violation of this Agreement;;

(g) Liens solely on any cash earnest money deposits made by any Subsidiary of Holdings in connection with any letter of intent or purchase agreement permitted hereunder;

(h) purported Liens evidenced by the filing of precautionary UCC financing statements (or similar statements, filings, or charges under foreign law, including but not limited to the Australian PPSA) relating solely to operating leases of personal property or consignment of goods entered into in the ordinary course of business;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) any zoning or similar law or right reserved to or vested in any governmental office or agency to control or regulate the use of any real property;

(k) (i) non-exclusive outbound licenses of patents, copyrights, trademarks and other intellectual property rights granted by Holdings or any of its Subsidiaries in the ordinary course of business and not interfering in any respect with the ordinary conduct of or materially detracting from the value of the business of Holdings and its Subsidiaries, and (ii) licensing of Intellectual Property on an exclusive basis with respect to particular geographic areas and particular product categories, so long as such exclusive licenses do not interfere in any respect with the ordinary conduct of, or materially detract from the value of, the business of Holdings and its Subsidiaries;

(l) Liens existing as of the Restatement Date described in Schedule 6.2 and Liens securing any Permitted Refinancing Indebtedness relating thereto;

(m) Liens securing Indebtedness permitted pursuant to Section 6.1(i); provided, any such Lien shall encumber only the asset acquired, constructed, leased or improved with the proceeds of such Indebtedness;

(n) Liens securing Indebtedness permitted by subclauses (i) and (ii) of Section 6.1(j), provided any such Lien shall encumber only those assets which secured such Indebtedness at the time such assets were acquired by any Subsidiary of Holdings;

(o) Liens on (i) assets of Foreign Subsidiaries or (ii) the Equity Interests of Foreign Subsidiaries, in each case, not constituting Collateral and securing Indebtedness or other obligations of Foreign Subsidiaries permitted by Section 6.1, including Indebtedness permitted by Section 6.1(s);

(p) Liens on cash, or on a Deposit Account, that is cash collateral for Indebtedness permitted pursuant to Section 6.1(n);

(q) Liens on the Collateral securing Indebtedness permitted to be incurred pursuant to Section 6.1(r); provided, that, such Liens that are (i) pari passu in priority with the Liens securing the Obligations shall be subject to a pari passu intercreditor agreement in form and substance reasonably satisfactory to the Requisite Lenders entered into on or prior to the date of such incurrence and (ii) junior in priority to the Liens securing the Obligations shall be subject to a junior lien intercreditor agreement in form and substance reasonably satisfactory to the Requisite Lenders entered into on or prior to the date of such incurrence;

(r) Liens consisting of judgment or judicial attachment or similar liens which does not constitute an Event of Default under Section 8.1(i); provided that (i) such Liens are being contested in good faith and by appropriate proceedings diligently pursued and (ii) adequate reserves have been made therefor in accordance with GAAP;

(s) Liens that are contractual or statutory rights of set off (i) not given in connection with the issuance of Indebtedness and which are customary to the banking industry relating to (A) the establishment of depository relations with banks or (B) pooled deposit or sweep accounts of any Credit Party or any Subsidiary of any Credit Party to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of any Credit Party or any Subsidiary of any Credit Party or (ii) relating to purchase orders and other agreements entered into with customers of any Credit Party or any of its Subsidiaries in the ordinary course of business;

(t) Liens on securities that are the subject of repurchase agreements constituting Cash Equivalents;

(u) Liens securing insurance premiums financing arrangements; provided that such Liens are limited to the applicable unearned insurance premiums;

(v) Liens to the extent consisting of an agreement to Dispose of any property in a Disposition permitted under Section 6.8;

(w) Liens on assets acquired pursuant to any Investment permitted pursuant to Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition) (and the proceeds thereof) or assets of a Subsidiary in existence at the time such Subsidiary is acquired pursuant to such Investment; *provided* that (i) such Lien was not created in contemplation thereof, (ii) such Lien does not extend to or cover any additional assets, (iii) the amount of Indebtedness secured thereby is not increased and (iv) the Indebtedness secured thereby is permitted under Section 6.1(j);

(x) [reserved]; and

(y) other liens securing obligations not exceeding the greater of (x) $1,500,000 and (y) 5% of Consolidated EBITDA, on a Pro Forma Basis, for the most recently ended Test Period.

6.3 No Further Negative Pledges. Except with respect to (a) specific property encumbered to secure payment of particular Indebtedness or to be sold pursuant to an executed agreement with respect to a permitted Disposition, (b) restrictions by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be), (c) restrictions identified on Schedule 6.3, (d) restrictions in any agreement or document in effect at the time any Person becomes a Subsidiary of Holdings, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary of Holdings, (e) restrictions contained in joint venture agreements, Organizational Documents of Non-Guarantor Subsidiaries and other similar agreements and applicable solely to the assets of such joint ventures and Non-Guarantor Subsidiaries or Equity Interests in such joint ventures or Non-Guarantor Subsidiaries, (f) restrictions in any agreement or other instrument of a Person acquired by the Borrower or any Subsidiary which was in existence at the time of such acquisition (but not created in contemplation thereof or to provide all or any portion of the funds or credit support utilized to consummate such acquisition other than in connection with the incurrence of Indebtedness of the type contemplated by Section 6.1(r)), which restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired, (g) prohibitions that apply by reason of any applicable Law, rule, regulation or order or are required by any Governmental Authority having jurisdiction over Holdings or any of its Subsidiaries, (h) restrictions or prohibitions that arise in connection with any Lien permitted by Section 6.2, (i) restrictions relating to secured Indebtedness permitted pursuant to Sections 6.1(e), (h), (i), (j), (r) and (s), in each case, to the extent that such restrictions or prohibitions apply only to the property or assets securing such Indebtedness, (j) restrictions and prohibitions under the Credit Documents and (k) cash or other deposits permitted under Section 6.2, no Credit Party nor any of its Subsidiaries shall enter into any agreement prohibiting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired, to secure the Obligations.

6.4 Restricted Payments. No Credit Party shall, nor shall it permit any of its Subsidiaries through any manner or means or through any other Person to, declare, order, pay, make or set apart, or agree to declare, order, pay, make or set apart, any sum for any Restricted Payment except that:

(a) any Subsidiary may declare and pay dividends or make other distributions ratably to its equity holders;

(b) payments of Earn Out Indebtedness will be permitted; provided that, (i) both immediately prior to and after giving effect to such payments, Holdings will be in Pro Forma Compliance with the covenant set forth in Section 6.7 for the Test Period most recently ended and (ii) immediately prior to and after giving effect to such payments, no Event of Default under Sections 8.1(a), (f), (g) or (h) shall exist or result therefrom;

(c) the Borrower may make Restricted Payments to Holdings:

(i) the proceeds of which will be used to pay operating costs and expenses (including, Public Company Costs) of Holdings incurred in the ordinary course of business and other corporate overhead costs and expenses (including administrative, legal, accounting and similar expenses provided by third parties), which are reasonable and customary and incurred in the ordinary course of business, attributable to the ownership or operations of the Borrower and its Subsidiaries;

(ii) the proceeds of which will be used to pay fees, taxes and expenses required to maintain Holdings' corporate or legal existence;

(iii) the proceeds of which shall be used to pay costs, fees and expenses (other than to Affiliates) related to any successful or unsuccessful equity or debt offering permitted by this Agreement; provided, that, both immediately prior to and after giving effect to such payments, no Event of Default under Sections 8.1(a), (f), (g) or (h) shall exist or result therefrom; and

(iv) the proceeds of which will be used to pay reasonable and customary salary, bonus and other benefits payable to officers and employees of Holdings in the ordinary course of business to the extent such salaries, bonuses and other benefits are attributable to the ownership or operation of the Borrower and the Restricted Subsidiaries;

(d) each of the Borrower and Holdings may declare and pay dividends with respect to its Equity Interests payable solely in additional shares of its common stock;

(e) the Borrower may make Restricted Payments to Holdings in an aggregate amount not to exceed $3,000,000 in any Fiscal Year (provided that any unused portion for such Fiscal Year may be carried forward to the immediately following Fiscal Year), and Holdings may use the proceeds of such Restricted Payments (i) to redeem or purchase from current or former directors, officers, employees, members of management, managers or consultants of Holdings or any Subsidiary of Holdings (or any spouses, former spouses, transferees, estates or beneficiaries under their estates of any of the foregoing) of Equity Interests or (ii) to make payments on promissory notes issued by Holdings pursuant to Section 6.1(p); provided, that, both immediately prior to and after giving effect to such payments, no Event of Default under Sections 8.1(a), (f), (g) or (h) shall exist or result therefrom;

(f) so long as the Borrower is a member of a consolidated or combined group for U.S. federal and relevant state and local income Tax purposes of which the Borrower is not the common parent corporation, the Borrower may declare and pay dividends or make other distributions to Holdings or such other common parent (either directly or indirectly through intermediate entities, as the case may be) in respect of Taxes in an amount equal to the portion of the Consolidated Tax Expense attributable to the Borrower and its Subsidiaries for such taxable period that are due and payable (including for that purpose any quarterly estimated tax payments) by Holdings or such common parent on behalf of such consolidated or combined group, reduced by any such Taxes paid directly by any Credit Party to the relevant Governmental Authority; provided that, the amount of such payments with respect to any fiscal year does not exceed the lesser of (i) the amount of the U.S. federal, state and local income Taxes that the Credit Parties would have been required to pay for such fiscal year were the Credit Parties to file as part of a consolidated or combined group for income tax purposes with the Borrower as the common parent of such group and (ii) the actual Tax liability of Holdings or such common parent; provided further that any such payments attributable to a Subsidiary of the Borrower that is not a Credit Party shall be limited to the amount of any cash paid by such Subsidiary to any Credit Party for such purpose;

(g) the Borrower may make Restricted Payments to Holdings to permit Holdings to pay franchise Taxes and other similar licensing expenses of Holdings incurred in the ordinary course of business;

(h) the Borrower or any of its Subsidiaries may (i) pay (and the Borrower may make a Restricted Payment to Holdings to enable Holdings to pay) cash in lieu of fractional Equity Interests of Holdings in connection with any dividend, split or combination thereof, but only with respect to such fractional Equity Interest, and (ii) make Restricted Payments to allow cash payments in connection with any conversion request by a holder of convertible Indebtedness in lieu of the issuance of fractional Equity Interests of Holdings in connection with any such conversion of such convertible Indebtedness to Equity Interests of Holdings in accordance with its terms, but only with respect to such fractional Equity Interest;

(i) repurchases of Equity Interests (i) deemed to occur on the exercise of options by the delivery of Equity Interests in satisfaction of the exercise price of such options or (ii) in consideration of withholding taxes payable by any future, present or former employee, director, manager or consultant (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing), including deemed repurchases in connection with the exercise of stock options or the vesting of any equity awards;

(j) the Borrower may make Restricted Payments to Holdings (and Holdings may make Restricted Payments) in respect of withholding taxes payable upon exercise of Equity Interests of Holdings (and options and settlement agreements in respect thereof) by any future, present or former employee, director, officer, member of management or consultant (or their respective family members) of Holdings, the Borrower or any Subsidiary;

(k) the Borrower may make Restricted Payments to Holdings (and Holdings may make Restricted Payments) so long as (i) no Event of Default has occurred and is continuing or would result therefrom and (ii) the Total Leverage Ratio, on a Pro Forma Basis after giving effect to such Restricted Payment, would not exceed 4.00:1.00 as of the last day of the most recently ended Test Period;

(l) the Borrower and Holdings may make additional Restricted Payments in an aggregate amount not to exceed the Available Amount immediately prior to giving effect to such Restricted Payment subject, solely with respect to any portion of the relevant Restricted Payment that is made with the portion of the Available Amount that is attributable to the Cumulative Retained Excess Cash Flow Amount, to (i) no continuing Event of Default immediately prior to giving effect to such Restricted Payment or Event of Default resulting therefrom and (ii) compliance with a Total Leverage Ratio, on a Pro Forma Basis after giving effect to such Restricted Payment, not to exceed 4.00:1.00 as of the last day of the most recently ended Test Period;

(m) the Borrower may make Restricted Payments to Holdings, and Holdings may make Restricted Payments, in an aggregate amount not to exceed $15,000,000 during the term of this Agreement; provided, that immediately prior to, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing or would result therefrom; and

(n) a payment from a Credit Party to the head of a Tax Consolidated Group of that Credit Party's liability under a Tax law, tax sharing agreement, or tax funding agreement; provided, that Credit Party's tax liability is limited to its sole liability or an amount determined as its contribution amount as part of a clear exit from the Tax Consolidated Group.

6.5 Restrictions on Subsidiary Distributions. Except as provided herein, no Credit Party shall, nor shall it permit any of its Subsidiaries to, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind on the ability of any Subsidiary of Holdings to (a) pay dividends or make any other distributions on any of such Subsidiary's Equity Interests owned by any Subsidiary of Holdings, (b) repay or prepay any Indebtedness owed by such Subsidiary to any Subsidiary of Holdings, (c) make loans or advances to any Subsidiary of Holdings, or (d) transfer, lease or license any of its property or assets to any Subsidiary of Holdings other than restrictions (i) in agreements evidencing Indebtedness permitted by Sections 6.1(i), 6.1(j), 6.1(r) and 6.1(s), in each case, that impose restrictions on the property subject to the Liens securing such Indebtedness; (ii) that are or were created by virtue of any transfer or sale of, agreement to transfer or sell or option or right with respect to any property, assets or Equity Interests not otherwise prohibited under this Agreement; (iii) described on Schedule 6.5; (iv) by reason of customary provisions restricting assignments, subletting or other transfers contained in leases, licenses and similar agreements entered into in the ordinary course of business (provided that such restrictions are limited to the property or assets secured by such Liens or the property or assets subject to such leases, licenses or similar agreements, as the case may be); (v) imposed by applicable Law; (vi) in any agreement or document in effect at the time any Person becomes a Subsidiary of Holdings, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary of Holdings and is applicable to such Subsidiary and (vii) contained in joint venture agreements, Organizational Documents of Non-Guarantor Subsidiaries and other similar agreements and applicable solely to such joint ventures and Non-Guarantor Subsidiaries.

6.6 Investments. No Credit Party shall, nor shall it permit any of its Subsidiaries to, make or own any Investment in any Person, including any Joint Venture, except:

(a) Investments in Cash and Cash Equivalents;

(b) Investments owned as of the Restatement Date in the Borrower or any Subsidiary thereof;

(c) Investments (i) in any Securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors and (ii) deposits, prepayments and other credits to suppliers made in the ordinary course of business consistent with the past practices of the Borrower and its Subsidiaries;

(d) Investments made after the Closing Date in any Subsidiary of Holdings, provided that (i) any Investment that is an intercompany loan or advance shall be permitted under Section 6.1(b) and (ii) Investments by Credit Parties in Non-Guarantor Subsidiaries shall not exceed an aggregate outstanding amount at any time equal to $1,000,000;

(e) capital contributions made by Holdings in the Borrower after the Closing Date;

(f) advances of payroll payments to employees of the Borrower or any Subsidiary in the ordinary course of business;

(g) Permitted Acquisitions;

(h) Investments existing as of the Restatement Date described in Schedule 6.6 (but no increases or additional Investments thereunder);

(i) Hedging Agreements which constitute Investments entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(j) Investments comprised of Indebtedness permitted by Section 6.1(g);

(k) Investments constituting Transferred Assets;

(l) Investments made after the Closing Date so long as (i) no Event of Default has occurred and is continuing or would result therefrom (subject to, in the case of a Limited Condition Transaction, Section 1.4(f)) and (ii) the Total Leverage Ratio, on a Pro Forma Basis after giving effect to such Investment, would not exceed 4.00:1.00 as of the last day of the most recently ended Test Period;

(m) Investments received as the non-cash or deferred portion of consideration received in connection with transactions permitted pursuant to Section 6.8(c);

(n) Investments constituting (i) accounts receivable arising, (ii) trade debt granted, (iii) deposits made in connection with the purchase price of goods or services or (iv) settlements received, in each case, in the ordinary course of business;

(o) the maintenance of deposit accounts, securities accounts and commodity accounts in the ordinary course of business;

(p) earnest money deposits made in connection with any Investment permitted pursuant to this Section 6.6 that results in a Person becoming a Subsidiary of Holdings (including any Permitted Acquisition);

(q) Investments of any Person in existence at the time such Person becomes a Subsidiary of Holdings or consolidates or merges with any Credit Party or any Subsidiary of a Credit Party; provided that such Investment was not made in connection with or in anticipation of such Person becoming a Subsidiary of Holdings or of such consolidation or merger;

(r) Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business;

(s) deposits of cash or Cash Equivalents in the ordinary course of business to secure performance of (i) operating leases and (ii) other Contractual Obligations that do not constitute Indebtedness for borrowed money;

(t) Investments made by Operating Credit Parties and their respective Subsidiaries in a type of business not prohibited by Section 6.12 to the extent that payment for such Investments is made solely with any cash capital contribution or the Net Equity Proceeds from the sale or issuance of Equity Interests (other than Disqualified Equity Interests and any Equity Cure Contributions) received or made by Holdings (or any direct or indirect parent thereof) and contributed to an Operating Credit Party, to the extent Not Otherwise Applied;

(u) Investments consisting of (i) the non-exclusive licensing, sublicensing, or contribution of Intellectual Property in the ordinary course of business and not interfering in any material respect with the ordinary conduct of or the value of the business of Holdings and its Subsidiaries, and (ii) the licensing of Intellectual Property on an exclusive basis with respect to particular geographic areas and particular product categories, so long as such exclusive licenses do not interfere in any respect with the ordinary conduct of, or materially detract from the value of, the business of Holdings and its Subsidiaries;

(v) Investments consisting of non-cash loans made by Holdings or its Subsidiaries in the ordinary course of business to officers, directors (or comparable Persons) and employees of a Credit Party or any of its Subsidiaries (whether or not currently serving as such) which are used by such Persons to purchase simultaneously Equity Interests of Holdings (or any of its direct or indirect parent entities);

(w) to the extent constituting Investments, (i) pledges, deposits and Liens permitted by Section 6.2 and (ii) fundamental changes and asset sales permitted by Section 6.8 (other than Section 6.8(f));

(x) promissory notes and other non-cash consideration that is permitted to be received in connection with Dispositions;

(y) [reserved];

(z) (i) Investments made with the proceeds of any cash capital contributions or net cash proceeds contributed by Holdings to the Borrower in respect of Permitted Equity Issuances of Holdings so long as such Investments are made substantially contemporaneously with the receipt by the Borrower of such proceeds from Holdings and are Not Otherwise Applied and (ii) Investments of the type described in clauses (i) and (ii) of the definition of "Investment" the consideration for which is paid solely in the form of Equity Interests (other than Disqualified Equity Interests) of Holdings; and

(aa) other Investments that do not exceed in the aggregate at any time outstanding the sum of (i) the greater of $2,500,000 and 7.5% of Consolidated EBITDA as of the most recently ended Test Period, determined as of the date of such Investment, plus (ii) the Available Amount immediately prior to giving effect to such Investment.

Notwithstanding the foregoing, in no event shall any Credit Party make any Investment which results in or facilitates in any manner any Restricted Payment not otherwise permitted under the terms of Section 6.4.

Notwithstanding anything to the contrary contained in this Section 6.6, (a) at no time shall the aggregate amount of Investments made by Credit Parties in Non-Guarantor Subsidiaries on or after the Amendment No. 2 Effective Date (as defined in the Original Credit Agreement) pursuant to clauses (d), (g), (j), (l) (except, in the case of clause (l), to the extent that the Total Leverage Ratio, on a Pro Forma Basis after giving effect to such Investment, would not exceed 3.00:1.00 as of the last day of the most recently ended Test Period) and (aa) of this Section 6.6 exceed $1,000,000 (as used herein, the "**Non-Guarantor Cap**") (it being agreed and understood that Investments made by Credit Parties in Non-Guarantor Subsidiaries pursuant to clause (z) shall not be subject to the Non-Guarantor Cap) and (b) no Permitted Acquisition or other Investment permitted pursuant to this Section 6.6 shall be made with Permitted Acquisition Consideration that includes any "earn-out" or other agreement to make any payment the amount of which is, or the terms of payment of which are, in any respect subject to or contingent upon the revenues, income, cash flow or profits (or the like) of any Person or business, if the payment thereof (including, for the avoidance of doubt, such "earn-out" or other agreement to make any payment) would cause the Total Leverage Ratio, tested on the closing date for such Permitted Acquisition or other Investment, on a pro forma basis assuming that such payment (including, for the avoidance of doubt, such "earn-out" or other agreement to make any payment) is being made on the closing date for such Permitted Acquisition or other Investment in accordance with the agreement governing such Permitted Acquisition or Investment, to be greater than 4.50:1.00.

For purposes of determining compliance with this Section 6.6, in the event that any Investment (or any portion thereof) meets the criteria of more than one of the categories set forth in this Section 6.6, the Borrower may, in its sole discretion, on the date of such Investment, divide or classify (but, for the avoidance of doubt, not reclassify on any later date) such Investment (or any portion thereof) in any manner that complies with any category in this Section 6.6.

For purposes of determining compliance with any Dollar-denominated (or grower based on Consolidated EBITDA, if greater) restriction on the making of Investments in compliance with this Section 6.6, the Dollar equivalent amount of the Investment denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Investment was made.

6.7 Total Net Leverage Ratio. Commencing with the Test Period ending June 30, 2026 and ending on the Financial Covenant Sunset Date, Holdings and the Borrower shall not permit the Total Net Leverage Ratio as of the last day of any Test Period to exceed the corresponding ratio set forth below:

Test Period	Total Net Leverage Ratio
June 30, 2026	7.25:1.00
September 30, 2026	7.00:1.00
December 31, 2026	6.75:1.00
March 31, 2027	6.50:1.00

For the avoidance of doubt, the covenant set forth in this Section 6.7 shall be permanently waived in its entirety on the Financial Covenant Sunset Date.

6.8 Fundamental Changes; Disposition of Assets; Acquisitions. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into any transaction of merger or consolidation, or liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), or convey, sell, lease or license, exchange, transfer, divide or otherwise dispose of, in one transaction or a series of transactions, all or any part of its business, assets or property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, whether now owned or hereafter acquired, leased or licensed, or acquire by purchase or otherwise (other than purchases or other acquisitions of inventory, materials and equipment and capital expenditures in the ordinary course of business) the business, property or fixed assets of, or stock or other evidence of beneficial ownership of, any Person or any division or line of business or other business unit of any Person, except:

(a) (i) any Subsidiary of Holdings (other than the Borrower) may be merged or consolidated with or into the Borrower or any Guarantor Subsidiary (or into any Subsidiary of Holdings (other than the Borrower) or any other Person pursuant to a Permitted Acquisition permitted under Section 6.6 or an Investment permitted under Section 6.6 that will become a Guarantor Subsidiary upon consummation of such merger or consolidation), or all or any part of its business, property or assets may be Disposed of, in one transaction or a series of transactions, to the Borrower or any Guarantor Subsidiary or any Subsidiary of Holdings (other than the Borrower) that will become a Guarantor Subsidiary upon consummation of such Disposition and (ii) any Non-Guarantor Subsidiary may be merged or consolidated with or into any other Non-Guarantor Subsidiary, or all or any part of its business, property or assets may be conveyed, sold, leased, transferred or otherwise disposed of, in one transaction or a series of transactions, to any Non-Guarantor Subsidiary; provided that (A) in the case of such a merger or consolidation involving the Borrower, the Borrower shall be the continuing or surviving Person and (B) in the case of such a merger or consolidation involving a Guarantor Subsidiary, such Guarantor Subsidiary or an entity that shall become a Guarantor Subsidiary upon the consummation of such merger or consolidation, shall be the continuing or surviving Person;

(b) Dispositions of assets that do not constitute Asset Sales;

(c) Asset Sales (other than of any Specified Non-Core Asset B), the proceeds of which (valued at the principal amount thereof in the case of non-Cash proceeds consisting of notes or other debt Securities and valued at Fair Market Value in the case of other non-Cash proceeds) (i) are less than $5,000,000 with respect to any single Asset Sale or series of related Asset Sales and (ii) when aggregated with the proceeds of all other Asset Sales made within the same Fiscal Year, are less than $10,000,000; provided (A) the consideration received for such assets shall be in an amount at least equal to the Fair Market Value thereof (determined in good faith by the board of directors of Holdings or the Borrower (or similar governing body)), (B) no less than 75% of such consideration shall be paid in Cash, and (C) the Net Asset Sale Proceeds thereof shall be applied as required by Section 2.10(a);

(d) Dispositions of obsolete, damaged, worn out or surplus property;

(e) the TLA Disposition; provided, that any assets transferred to, or other Investments made in, TLA Acquisition Corp. by the Credit Parties after the Amendment No. 1 Effective Date may not be Disposed of pursuant to this clause (e);

(f) Investments made in accordance with Section 6.6;

(g) Dispositions of Inventory, Cash and Cash Equivalents in the ordinary course of business;

(h) any such transaction that is a Restricted Payment permitted pursuant to Section 6.4;

(i) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business and exclusive of factoring or similar arrangements;

(j) licenses, sublicenses, leases or subleases permitted pursuant to Section 6.2(k); provided that any upfront payments, "down payments" or similar payments paid in connection with the consummation of such Disposition in excess of $2,000,000 with respect to any transaction or series of related transactions or in excess of $5,000,000 in the aggregate in any Fiscal Year (whether made on the date of such consummation or otherwise) shall be applied to the Loans pursuant to Section 2.10(a);

(k) Dispositions of property subject to foreclosure, casualty, eminent domain or condemnation proceedings (including any agreement in lieu thereof or any similar proceeding);

(l) (i) the abandonment, cancellation or lapse of registered patents, trademarks, copyrights and other intellectual property of any Credit Party or any of its Subsidiaries that are, in the reasonable business judgment of such Credit Party or Subsidiary, no longer material to, or no longer used or useful in, the business of such Credit Party or Subsidiary, (ii) the abandonment, cancellation or lapse of patents, trademarks, copyrights, or other intellectual property rights in the ordinary course of business, so long as (in each case under clauses (i) and (ii)), (A) with respect to copyrights, such copyrights are not material revenue generating copyrights and (B) such lapse, cancellation or abandonment is not materially adverse to the interests of the Lenders, or (iii) the expiration of patents in accordance with their statutory terms;

(m) the dissolution or liquidation of any Immaterial Subsidiary;

(n) any sale of any Investment in any Joint Venture pursuant to customary buy/sell terms between the Joint Venture parties pursuant to documentation evidencing such Joint Venture;

(o) any expiration of any option agreement in respect of real or personal property;

(p) [reserved];

(q) (i) the contemporaneous exchange, in the ordinary course of business, of property for property of a like kind, to the extent that the property received in such exchange is of value equivalent to or greater than the value of the property exchanged and (ii) the sale of equipment or other fixed assets to the extent that (A) such assets are exchanged for credit against the purchase price of similar replacement assets that are purchased within 90 days or (B) the proceeds of such sale are applied to the purchase price of replacement assets within 90 days;

(r) Dispositions of assets by and among Holdings and its Subsidiaries; provided, that if the transferor in such a transaction is a Credit Party, then (A) the transferee must be a Credit Party or (B) such Disposition must be in the ordinary course of business and (1) the portion of such Disposition made for less than fair market value and (2) any non-cash consideration received in exchange for such Disposition shall, in the case of each of clauses (1) and (2), constitute an Investment in such Subsidiary and must be otherwise permitted pursuant to Section 6.6;

(s) any surrender, expiration or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims of any kind, in each case in the ordinary course of business;

(t) Disposition of assets acquired in a Permitted Acquisition or other Investment permitted pursuant to Section 6.6 that the Borrower determines will not be used or useful in the business of the Borrower and its Subsidiaries; provided, the consideration received for such assets shall be in an amount at least equal to the Fair Market Value thereof;

(u) [reserved];

(v) Disposition of any Specified Non-Core Asset B; provided, that the consideration received for such assets shall be in an amount at least equal to the Fair Market Value thereof (determined in good faith by the board of directors of Holdings or the Borrower (or similar governing body));

provided that, for the avoidance of doubt, this Section 6.8 shall not prohibit Dispositions of assets which are subject to Liens permitted under Section 6.2 and that secure (i) Indebtedness permitted under Section 6.1(i) or (ii) Indebtedness otherwise permitted under Section 6.1 and incurred to finance the acquisition, construction, lease or improvement of assets after the Closing Date in connection with Consolidated Capital Expenditures permitted under this Agreement, so long as such Indebtedness is created within 180 days after the acquisition, construction, lease or improvement of the asset financed, in the case of each of clauses (i) and (ii), if the title to such asset so financed is transferred to the Person providing such Indebtedness.

6.9 Disposal of Subsidiary Interests. Except for any Disposition of all of its interests in the Equity Interests of any of its Subsidiaries in compliance with the provisions of Section 6.8, no Credit Party shall, nor shall it permit any of its Subsidiaries to, (a) directly or indirectly, issue, sell or otherwise dispose of any Equity Interests of any of its Subsidiaries, except to qualify directors if required by applicable law; or (b) permit any of its Subsidiaries, directly or indirectly, to issue, sell or otherwise dispose of any Equity Interests of any of its Subsidiaries, except to another Credit Party (subject to the restrictions on such disposition otherwise imposed hereunder), to qualify directors if required by applicable law or for the purposes of establishing a Joint Venture permitted under this Agreement so long as the issuance, sale or disposition of such Equity Interests (x) occurs substantially concurrently with the establishment of such Joint Venture and (y) to the extent constituting an Investment or an Asset Sale, is permitted pursuant to Section 6.6 and Section 6.8 respectively.

6.10 Sales and Lease-Backs. No Credit Party shall, nor shall it permit any of its Subsidiaries to, become or remain liable as lessee or as a guarantor or other surety with respect to any lease of any property (whether real, personal or mixed), whether now owned or hereafter acquired, which such Credit Party (a) has sold or transferred or is to sell or to transfer to any other Person (other than Holdings or any of its Subsidiaries), or (b) intends to use for substantially the same purpose as any other property which has been or is to be sold or transferred by such Credit Party to any Person (other than Holdings or any of its Subsidiaries) in connection with such lease; provided that, for the avoidance of doubt, this Section 6.10 shall not prohibit Dispositions of assets which are collateral for (i) Indebtedness permitted under Section 6.1(i) or (ii) Indebtedness otherwise permitted under Section 6.1 and incurred to finance the acquisition, construction, lease or improvement of assets after the Closing Date in connection with Consolidated Capital Expenditures permitted under this Agreement, so long as such indebtedness is created within 180 days after the acquisition, construction, lease or improvement of the asset financed, in each case if the title to such asset so financed is transferred to the Person providing such Indebtedness.

6.11 Transactions with Affiliates. No Credit Party shall, nor shall it permit any of its Subsidiaries to, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of Holdings on terms that are less favorable to Holdings or that Subsidiary, as the case may be, than those that might be obtained at the time from a Person who is not such a holder or Affiliate; provided, the foregoing restriction shall not apply to (i) any transaction by and among Holdings and its Subsidiaries otherwise permitted under this Agreement; (ii) reasonable and customary fees and reimbursement of expenses paid to members of the board of directors (or similar governing body) of Holdings and the Subsidiaries of Holdings; (iii) benefits, compensation, bonus, retention and severance arrangements with officers and other employees of Holdings and its Subsidiaries entered into in the ordinary course of business; (iv) (A) the issuance of Equity Interests by Holdings to the extent permitted hereunder and (B) any transaction permitted pursuant to Section 6.4(d), whether such transaction is consummated by Holdings or the Borrower; (v) transactions described in, or pursuant to agreements set forth on, Schedule 6.11 (as such agreements are in effect on the Closing Date or as may be amended after the Closing Date so long as such amendment is not adverse to Holdings or any of its Subsidiaries or the Agents and the Lenders in any material respect as compared to the applicable agreement as in effect on the Closing Date); (vi) transactions pursuant to any equity incentive plan or stock purchase plan or agreement adopted by Holdings for the benefit of its and its Subsidiaries' employees, directors and/or consultants in the ordinary course of business, including upon the conversion or exchange of any Equity Interests in accordance with the terms of such plan, and (vii) payments to, or from, and transactions with, Joint Ventures (to the extent any such Joint Venture is only an Affiliate as a result of Investments by the Borrower and the Subsidiaries in such Joint Venture) in the ordinary course of business pursuant to customary buy/sell terms between the Joint Venture parties pursuant to documentation evidencing such Joint Venture.

6.12 Conduct of Business. From and after the Closing Date, no Credit Party shall, nor shall it permit any of its Subsidiaries to, engage in any business other than (i) the businesses engaged in by such Credit Party on the Closing Date and similar or related businesses and reasonable extensions thereof, (ii) lines of business that are beneficial to the Credit Parties in the reasonable judgment of the Borrower and (iii) such other lines of business as may be consented to by Requisite Lenders.

6.13 Permitted Activities of Holdings. Holdings shall not (a) incur any Indebtedness or any other obligation or liability whatsoever other than (i) the Indebtedness under this Agreement and the other Credit Documents, (ii) Indebtedness and obligations under clauses (p), (q) or (r) of Section 6.1, (iii) obligations and liabilities incidental to such ownership of Equity Interests of the Borrower, (iv) obligations and liabilities incidental to its corporate existence (such as tax, accounting and employment matters) and its status as a public reporting company and incurred in the ordinary course of business (including providing indemnification to officers and directors and procuring insurance), (v) its obligations and liabilities under the agreements set forth in Schedule 4.15 to which it is a party (as such agreements are in effect on the Closing Date or as may be amended after the Closing Date so long as such amendment is not adverse to Holdings or any of its Subsidiaries or the Agents and the Lenders in any material respect as compared to the applicable agreement as in effect on the Closing Date), (vi) obligations and liabilities in connection with any offering or issuance of its Equity Interests (including under any agreements described in clause (c)(iii) below), (vii) management and administration of its stock compensation and benefits plans, (viii) guaranties of obligations (other than Indebtedness) of any of its Subsidiaries to vendors, trade creditors or other third parties solely to the extent such obligations are permitted hereunder, (ix) obligations and liabilities under applicable laws, and (x) obligations and liabilities reasonably incidental to the foregoing clauses (i) through (ix); (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens created under the Collateral Documents to which it is a party or permitted pursuant to Section 6.2; (c) engage in any business or activity or own any assets other than (i) holding 100% of the Equity Interests of the Borrower and performing its obligations and activities incidental to such ownership of Equity Interests of the Borrower, (ii) making Restricted Payments and Investments to the extent permitted by this Agreement, (iii) executing and becoming a party to any agreement in connection with a Permitted Acquisition or similar Investment permitted pursuant to Section 6.6, which agreement contemplates the issuance of Equity Interests of Holdings as consideration for any such Permitted Acquisition or similar Investment, (iv) complying with its obligations and enforcing its rights under the agreements set forth in Schedule 4.15 to which it is a party (as such agreements are in effect on the Closing Date or as may be amended after the Closing Date so long as such amendment is not adverse to Holdings or any of its Subsidiaries or the Agents and the Lenders in any material respect as compared to the applicable agreement as in effect on the Closing Date), (v) making capital contributions to the Borrower and (vi) engaging in business and activities required to enable it to perform obligations permitted by clause (a) of this Section 6.13; (d) consolidate with or merge with or into, or convey, transfer, lease or license all or substantially all its assets to, any Person; (e) sell or otherwise dispose of any Equity Interests of the Borrower; (f) create or acquire any Subsidiary or make or own any Investment (including owning any Equity Interests) in any Person other than Borrower; or (g) fail to hold itself out to the public as a legal entity separate and distinct from all other Persons.

6.14 Amendments or Waivers of Organizational Documents. No Credit Party shall nor shall it permit any of its Subsidiaries to, agree to any amendment, restatement, supplement or other modification to, or waiver of, any of its Organizational Documents after the Closing Date in a manner materially adverse to the Lenders without in each case obtaining the prior written consent of the Requisite Lenders to such amendment, restatement, supplement or other modification or waiver.

6.15 Amendments or Waivers of with respect to Subordinated Indebtedness. No Credit Party shall, nor shall it permit any of its Subsidiaries to amend or otherwise change the terms of any Subordinated Indebtedness, make any payment consistent with an amendment thereof or change thereto, if the effect of such amendment or change is to increase the interest rate on such Subordinated Indebtedness by more than two (2) percent, change (to earlier dates) any dates upon which payments of principal or interest are due thereon, change any event of default or condition to an event of default with respect thereto (other than to eliminate any such event of default or increase any grace period related thereto), change the redemption, prepayment or defeasance provisions thereof, change the subordination provisions of such Subordinated Indebtedness (or of any guaranty thereof), or if the effect of such amendment or change, together with all other amendments or changes made, is to increase materially the obligations of the obligor thereunder or to confer any additional rights on the holders of such Subordinated Indebtedness (or a trustee or other representative on their behalf) which would be materially adverse to any Credit Party or Lenders.

6.16 Accounting Method. No Credit Party shall, nor shall it permit any of its Subsidiaries to modify or change its Fiscal Year, any Fiscal Quarter or its method of accounting (other than as may be required to conform to GAAP, or with respect to any Subsidiary of Holdings, to match its Fiscal Years and Fiscal Quarters to the Fiscal Year and Fiscal Quarter of Holdings).

6.17 Minimum Cash.

(a) Solely during any Minimum Cash Balance Testing Period, the Borrower shall not permit, as of the last day of any calendar quarter, (i) the Average Consolidated Balance Sheet Cash, calculated for the one calendar quarter period then ended or (ii) Consolidated Balance Sheet Cash, calculated as of the last day of such calendar quarter, in the case of each of clauses (i) and (ii), to be less than $7,500,000; *provided*, that in the event either of the foregoing minimum cash requirements described in clause (i) or clause (ii) above is not satisfied as of the last day of any calendar quarter during a Minimum Cash Balance Testing Period, the Borrower shall, not later than the fifteenth (15th) calendar day (each such date, a "**Minimum Cash Balance Cure Period End-Date**") after the date financial statements in respect of the Fiscal Quarter or Fiscal Year ending on or about the last day of such calendar quarter were delivered (or, if earlier, the date such financial statements were required to be delivered) pursuant to Section 5.1(a) or Section 5.1(b), as applicable (each period commencing on the last day of such calendar quarter and ending on the Minimum Cash Balance Cure Period End-Date for such calendar quarter, the "**Minimum Cash Balance Cure Period**" for such calendar quarter), deliver to the Administrative Agent an officer's certificate of the chief financial officer, chief accounting officer, or a similar financial officer of Holdings certifying that, as of the date set forth in such certificate that is during the Minimum Cash Balance Cure Period for such calendar quarter, (A) the Average Consolidated Balance Sheet Cash for the five (5) consecutive Business Day period ending on or immediately prior to such date and (B) the Consolidated Balance Sheet Cash on such date, in the case of each of clauses (A) and (B), is equal to or exceeds $7,500,000, and attaching an internally generated flash report reflecting the same.

(b) Within fifteen (15) Business Days after the last day of each calendar quarter during a Minimum Cash Balance Testing Period, the Borrower shall deliver to the Administrative Agent an officer's certificate of the chief financial officer, chief accounting officer, or a similar financial officer of Holdings demonstrating in reasonable detail compliance by the Borrower with the requirements set forth in clause (a) above for such calendar quarter (including internally generated flash report demonstrating the same).

6.18 Terrorism Sanctions Regulations. The Borrower will not and will not permit any of its Subsidiaries (a) to become (including by virtue of being owned or controlled by a Blocked Person), own or control a Blocked Person or any Person that is the target of sanctions imposed by the United Nations or by the European Union, or (b) directly or indirectly to have any investment in or engage in any dealing or transaction (including, without limitation, any investment, dealing or transaction involving the proceeds of the Loans) with any Person if such investment, dealing or transaction is prohibited by or subject to sanctions under any U.S. economic sanctions laws, or (c) to engage, nor shall any Affiliate of either engage, in any activity that could subject such Person or any Lender or Agent to sanctions under CISADA or any similar law or regulation with respect to Iran or any other country that is subject to U.S. economic sanctions laws. The Borrower shall not issue a Funding Notice and the Borrower shall not use, and shall procure that its directors, officers, employees and agents shall not use, the proceeds of the Loans (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Blocked Person, or in any Sanctioned Country, or (C) in any manner that would result in the violation of any Sanctions.

SECTION 7. GUARANTY

7.1 Guaranty of the Obligations. Subject to the provisions of Section 7.2, Guarantors jointly and severally hereby irrevocably and unconditionally guaranty to the Administrative Agent, for the benefit of the Beneficiaries, the due and punctual payment in full of all Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "**Guaranteed Obligations**").

7.2 Contribution by Guarantors. All Guarantors desire to allocate among themselves (collectively, the "**Contributing Guarantors**"), in a fair and equitable manner, their obligations arising under this Guaranty. Accordingly, in the event any payment or distribution is made on any date by a Guarantor (a "**Funding Guarantor**") under this Guaranty such that its Aggregate Payments exceeds its Fair Share as of such date, such Funding Guarantor shall be entitled to a contribution from each of the other Contributing Guarantors in an amount sufficient to cause each Contributing Guarantor's Aggregate Payments to equal its Fair Share as of such date. "**Fair Share**" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (a) the ratio of (i) the Fair Share Contribution Amount with respect to such Contributing Guarantor to (ii) the aggregate of the Fair Share Contribution Amounts with respect to all Contributing Guarantors multiplied by (b) the aggregate amount paid or distributed on or before such date by all Funding Guarantors under this Guaranty in respect of the Guaranteed Obligations. "**Fair Share Contribution Amount**" means, with respect to a Contributing Guarantor as of any date of determination, the maximum aggregate amount of the obligations of such Contributing Guarantor under this Guaranty that would not render its obligations hereunder or thereunder subject to avoidance as a fraudulent transfer or conveyance under Section 548 of Title 11 of the United States Code or any comparable applicable provisions of state law; provided, solely for purposes of calculating the "**Fair Share Contribution Amount**" with respect to any Contributing Guarantor for purposes of this Section 7.2, any assets or liabilities of such Contributing Guarantor arising by virtue of any rights to subrogation, reimbursement or indemnification or any rights to or obligations of contribution hereunder shall not be considered as assets or liabilities of such Contributing Guarantor. "**Aggregate Payments**" means, with respect to a Contributing Guarantor as of any date of determination, an amount equal to (1) the aggregate amount of all payments and distributions made on or before such date by such Contributing Guarantor in respect of this Guaranty (including in respect of this Section 7.2), minus (2) the aggregate amount of all payments received on or before such date by such Contributing Guarantor from the other Contributing Guarantors as contributions under this Section 7.2. The amounts payable as contributions hereunder shall be determined as of the date on which the related payment or distribution is made by the applicable Funding Guarantor. The allocation among Contributing Guarantors of their obligations as set forth in this Section 7.2 shall not be construed in any way to limit the liability of any Contributing Guarantor hereunder. Each Guarantor is a third party beneficiary to the contribution agreement set forth in this Section 7.2.

7.3 Payment by Guarantors. Subject to Section 7.2, Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Beneficiary may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), Guarantors will upon demand pay, or cause to be paid, in Cash, to the Administrative Agent for the benefit of Beneficiaries, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to Beneficiaries as aforesaid.

7.4 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guaranty is a guaranty of payment when due and not of collectability. This Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;

(b) the Administrative Agent, at the request of the Requisite Lenders, may enforce this Guaranty upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Borrower and any Beneficiary with respect to the existence of such Event of Default;

(c) the obligations of each Guarantor hereunder are independent of the obligations of the Borrower and the obligations of any other guarantor (including any other Guarantor) of the obligations of the Borrower, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Borrower or any of such other guarantors and whether or not the Borrower is joined in any such action or actions;

(d) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if the Administrative Agent or any Beneficiary is awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(e) any Beneficiary, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (v) enforce and apply any security now or hereafter held by or for the benefit of such Beneficiary in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Beneficiary may have against any such security, in each case as such Beneficiary in its discretion may determine consistent herewith or the applicable Hedging Agreement and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against any other Credit Party or any security for the Guaranteed Obligations; and (vi) exercise any other rights available to it under the Credit Documents or any Hedging Agreements; and

(f) this Guaranty and the obligations of Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Credit Documents or any Hedging Agreements, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Credit Documents, any of the Hedging Agreements or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Credit Document, such Hedging Agreement or any agreement relating to such other guaranty or security; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the application of payments received from any source (other than payments received pursuant to the other Credit Documents or any of the Hedging Agreements or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Beneficiary might have elected to apply such payment to any part or all of the Guaranteed Obligations; (v) any Beneficiary's consent to the change, reorganization or termination of the corporate structure or existence of Holdings or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations; (vii) any defenses, set-offs or counterclaims which the Borrower may allege or assert against any Beneficiary in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (viii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

7.5 Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of Beneficiaries: (a) any right to require any Beneficiary, as a condition of payment or performance by such Guarantor, to (i) proceed against the Borrower, any other guarantor (including any other Guarantor) of the Guaranteed Obligations or any other Person, (ii) proceed against or exhaust any security held from the Borrower, any such other guarantor or any other Person, (iii) proceed against or have resort to any balance of any Deposit Account or credit on the books of any Beneficiary in favor of any Credit Party or any other Person, or (iv) pursue any other remedy in the power of any Beneficiary whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Borrower or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (c) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (d) any defense based upon any Beneficiary's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith, willful misconduct or gross negligence; (e) (i) any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (ii) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (iii) any rights to set-offs, recoupments and counterclaims, and (iv) promptness, diligence and any requirement that any Beneficiary protect, secure, perfect or insure any security interest or lien or any property subject thereto; (f) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, the Hedging Agreements or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to the Borrower and notices of any of the matters referred to in Section 7.4 and any right to consent to any thereof; and (g) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

7.6 Guarantors' Rights of Subrogation, Contribution, Etc. Until the Guaranteed Obligations shall have been indefeasibly paid in full in Cash, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that any Beneficiary now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Beneficiary. In addition, until the Guaranteed Obligations shall have been indefeasibly paid in full in Cash, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations, including any such right of contribution as contemplated by Section 7.2. Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against the Borrower or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Beneficiary may have against the Borrower, to all right, title and interest any Beneficiary may have in any such collateral or security, and to any right any Beneficiary may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and indefeasibly paid in full in Cash, such amount shall be held in trust for the Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

7.7 Subordination of Other Obligations. Any Indebtedness of the Borrower or any Guarantor now or hereafter held by any Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such Indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Administrative Agent on behalf of Beneficiaries and shall forthwith be paid over to the Administrative Agent for the benefit of Beneficiaries to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

7.8 Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been paid in full in Cash. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

7.9 Authority of Guarantors or the Borrower. It is not necessary for any Beneficiary to inquire into the capacity or powers of any Guarantor or the Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

7.10 Financial Condition of the Borrower. Any Loan may be continued from time to time, and any Hedging Agreements may be entered into from time to time, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of the Borrower at the time of any such grant or continuation or at the time such Hedging Agreement is entered into, as the case may be. No Beneficiary shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of the Borrower. Each Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its obligations under the Credit Documents and the Hedging Agreements, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Beneficiary to disclose any matter, fact or thing relating to the business, operations or conditions of the Borrower now known or hereafter known by any Beneficiary.

7.11 Bankruptcy, Etc.

(a) Until the Guaranteed Obligations have been Paid in Full, no Guarantor shall, without the prior written consent of the Administrative Agent acting pursuant to the instructions of Requisite Lenders, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against the Borrower or any other Guarantor. The obligations of Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of the Borrower or any other Guarantor or by any defense which the Borrower or any other Guarantor may have by reason of the order, decree or decision of any court or administrative body resulting from any such proceeding.

(b) Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in clause (a) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of Guarantors and Beneficiaries that the Guaranteed Obligations which are guaranteed by Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve the Borrower or any of its Subsidiaries of any portion of such Guaranteed Obligations. Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar Person to pay the Administrative Agent, or allow the claim of the Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

(c) In the event that all or any portion of the Guaranteed Obligations are paid by Holdings, the Borrower or any of their respective Subsidiaries, the obligations of Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Beneficiary as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

7.12 Discharge of Guaranty Upon Sale of Guarantor. If all of the Equity Interests of any Guarantor Subsidiary or any of its successors in interest hereunder shall be Disposed of (including by merger or consolidation to a Person that is not a Credit Party) in accordance with the terms and conditions hereof, the Guaranty of such Guarantor Subsidiary or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any Beneficiary or any other Person effective as of the time of such Disposition.

7.13 Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by any other Credit Party hereunder to honor all of such Credit Party's obligations under this Guaranty in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 7.13 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 7.13, or otherwise under this Guaranty, as it relates to such Credit Party, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 7.13 shall remain in full force and effect until the Guaranteed Obligations shall have been indefeasibly paid in full in Cash. Each Qualified ECP Guarantor intends that this Section 7.13 constitute, and this Section 7.13 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Credit Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

7.14 English Guaranty Limitations. Notwithstanding any other terms of this Agreement, the Guaranty under this Section 7 does not apply to any liability of any English Credit Party to the extent that it would result in this Guaranty constituting unlawful financial assistance within the meaning of sections 678 or 679 of the Companies Act 2006.

SECTION 8. EVENTS OF DEFAULT

8.1 Events of Default. If any one or more of the following conditions or events shall occur:

(a) Failure to Make Payments When Due. Failure by the Borrower to pay (i) when due any installment of principal of any Loan, whether at stated maturity, by acceleration, by notice of voluntary prepayment, by mandatory prepayment or otherwise; or (ii) any interest on any Loan, any fee, premium or any other amount due hereunder within three Business Days after the date due; or

(b) Default in Other Agreements. (i) Failure of any Credit Party or any of their respective Subsidiaries to pay when due any principal of or interest on or any other amount, including any payment in settlement, payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 8.1(a)) with an aggregate principal amount (or Net Mark-to-Market Exposure) of $10,000,000 or more, in each case beyond the grace period, if any, provided therefor; or (ii) breach or default by any Credit Party with respect to any other material term of (1) one or more items of Indebtedness in the aggregate principal amount (or Net Mark-to-Market Exposure) referred to in clause (i) above or (2) any loan agreement, mortgage, indenture or other agreement relating to such item(s) of Indebtedness, in each case beyond the grace period, if any, provided therefor, if the effect of such breach or default is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders), to cause, that Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redeemable) prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be; provided that this clause (b) shall not apply to Indebtedness that has become due solely as a result of any casualty or condemnation events, in each case occurring with respect to the property which is collateral for such Indebtedness; or

(c) Breach of Certain Covenants. Failure of any Credit Party to perform or comply with any term or condition contained in (i) Section 2.3, Section 5.1(e)(i), Section 5.2, Section 5.13, Section 5.14, Section 5.15 or Section 6 (provided, that, a breach of Section 6.7 shall be subject to the equity cure set forth in Section 8.3); (ii) Section 5.1 or Section 5.15 and such default under this clause (ii) shall not have been remedied or waived within five Business Days after the occurrence thereof (it being understood and agreed that a default under Section 5.15 may only be cured on three separate occasions and that a default under Section 5.15 that directly causes a PLBY Board Observer to fail to attend a PLBY Board meeting may only be cured if such PLBY Board Observer promptly receives the written materials provided to the PLBY Board at or in connection with such meeting, the written minutes from such meeting, and a reasonable opportunity to meet (whether in person, by telephone, or otherwise) with and receive a full debriefing from any person who made a presentation to the PLBY Board at such meeting); or (iii) Section 5.12 and such default under this clause (iii) shall not have been remedied or waived within two Business Days after the earlier of (A) an Executive Officer of such Credit Party becoming aware of such default or (B) receipt by the Borrower of notice from the Administrative Agent or any Lender of such default; or

(d) Breach of Representations, Etc. Any representation, warranty, certification or other statement made or deemed made by any Credit Party in any Credit Document or in any statement or certificate at any time given by any Credit Party or any of its Subsidiaries in writing pursuant hereto or thereto or in connection herewith or therewith shall be false in any material respect as of the date made or deemed made; or

(e) Other Defaults Under Credit Documents. Any Credit Party shall default in the performance of or compliance with any term contained herein or any of the other Credit Documents, other than any such term referred to in any other paragraph of this Section 8.1, and such default shall not have been remedied or waived within thirty (30) days after the earlier of (i) an Executive Officer of such Credit Party becoming aware of such default or (ii) receipt by the Borrower of notice from the Administrative Agent or any Lender of such default; or

(f) Involuntary Bankruptcy; Appointment of Receiver, Etc. (i) A court of competent jurisdiction shall enter a decree or order for relief in respect of Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) in an involuntary case under any Debtor Relief Laws now or hereafter in effect, which decree or order is not stayed; or any other similar relief shall be granted under any applicable federal or state law; or (ii) an involuntary case shall be commenced against Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) under any Debtor Relief Laws now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary), or over all or a substantial part of its property, shall have been entered; or there shall have occurred the involuntary appointment of an interim receiver, trustee or other custodian of Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) for all or a substantial part of its property; or a warrant of attachment, execution or similar process shall have been issued against any substantial part of the property of Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary), and any such event described in this clause (ii) shall continue for sixty (60) days without having been stayed, released, vacated, dismissed, bonded or discharged; or

(g) Voluntary Bankruptcy; Appointment of Receiver, Etc. (i) Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) shall have an order for relief entered with respect to it or shall commence a voluntary case under any Debtor Relief Laws now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property; or Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) shall make any assignment for the benefit of creditors; or (ii) Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary) shall be unable, or shall fail generally, or shall admit in writing its inability, to pay its debts as such debts become due; or the board of directors (or similar governing body) of Holdings or any of its Subsidiaries (other than any Immaterial Subsidiary), or any committee thereof, shall adopt any resolution or otherwise authorize any action to approve any of the actions referred to herein or in Section 8.1(f) or (h); or

(h) Other Insolvency Events. An Australian Insolvency Event occurs with respect to any Australian Credit Party or an English Insolvency Event occurs with respect to an English Credit Party; or

(i) Judgments and Attachments; Proceedings. Any money judgment, writ or warrant of attachment or similar process involving in the aggregate at any time an amount in excess of $10,000,000 (in either case to the extent not adequately covered by a valid and binding insurance policy from a solvent and unaffiliated insurance company that has not disputed coverage) shall be entered or filed against Holdings or any of its Subsidiaries or any of their respective assets and shall remain unreleased, unsatisfied, undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days (or in any event later than five (5) days prior to the date of any proposed sale thereunder); or

(j) Dissolution. Other than with respect to any dissolution of a Credit Party (other than Holdings or the Borrower) permitted under Section 6.8(a), any order, judgment or decree shall be entered against any Credit Party decreeing the dissolution or split up of such Credit Party and such order shall remain undischarged or unstayed for a period in excess of thirty (30) days; or

(k) Employee Benefit Plans. There shall occur one or more ERISA Events which individually or in the aggregate results in or would reasonably be expected to result in a Material Adverse Effect; or

(l) Change of Control. A Change of Control shall occur; or

(m) Guaranties, Collateral Documents and other Credit Documents. At any time after the execution and delivery thereof, (i) the Guaranty or the Foreign Guaranty for any reason, other than the Payment in Full of all Obligations, shall cease to be in full force and effect (other than in accordance with its terms) or shall be declared to be null and void or any Guarantor shall repudiate its obligations thereunder, (ii) this Agreement or any Collateral Document ceases to be in full force and effect (other than by reason of a release of Collateral in accordance with the terms hereof or thereof or the Payment in Full of the Obligations in accordance with the terms hereof) or shall be declared null and void, or the Collateral Agent shall not have or shall cease to have a valid and perfected Lien in any Collateral purported to be covered by the Collateral Documents with the priority required by the relevant Collateral Document for any reason other than the failure of the Collateral Agent or any Secured Party to take any action within its control or (iii) any Credit Party shall contest the validity or enforceability of any Credit Document in writing or deny in writing that it has any further liability, including with respect to future advances by Lenders, under any Credit Document to which it is a party or shall contest the validity or perfection of any Lien in any Collateral purported to be covered by the Collateral Documents; or

(n) Subordinated Indebtedness. Any Subordinated Indebtedness permitted hereunder or the guarantees thereof shall cease, for any reason, to be validly subordinated to the Obligations of the Credit Parties hereunder, as provided in the documents governing the subordination of such Subordinated Indebtedness;

THEN, (1) upon the occurrence of any Event of Default described in Section 8.1(f), 8.1(g) or 8.1(h), automatically, and (2) upon the occurrence and during the continuance of any other Event of Default, upon notice to the Borrower by the Administrative Agent (delivered at the written direction of the Requisite Lenders), (A) each of the following shall immediately become due and payable, in each case without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by each Credit Party: (I) the unpaid principal amount of and accrued interest and premium on the Loans, and (II) all other Obligations; and (B) the Administrative Agent may cause the Collateral Agent to enforce any and all Liens and security interests created pursuant to Collateral Documents.

8.2 Application of Proceeds. Notwithstanding anything to the contrary contained in this Agreement or any Credit Document, upon the occurrence and during the continuance of an Event of Default and after the acceleration of the principal amount of any of the Loans hereunder, any and all payments received by the Administrative Agent, including proceeds of Collateral, shall be applied:

(i) *first*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to the Administrative Agent and the Collateral Agent with respect to this Agreement, the other Credit Documents or the Collateral;

(ii) *second*, to all fees, premium, costs, indemnities, liabilities, obligations and expenses incurred by or owing to any Lender with respect to this Agreement, the other Credit Documents or the Collateral;

(iii) *third*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts) other than Obligations under any Hedging Agreement;

(iv) *fourth*, to (A) the principal amount of the Obligations (including the PIK Amount) and (B) Obligations under any Hedging Agreement owing to a Lender Counterparty or a Secured Hedging Counterparty in an aggregate amount not to exceed the Secured Hedging Obligations Cap;

(v) *fifth*, to any Obligations under any Hedging Agreement in excess of the Secured Hedging Obligations Cap;

(vi) *sixth*, to any other Indebtedness or obligations of any Credit Party owing to the Administrative Agent, any Lender or any other Secured Party under the Credit Documents for which the Administrative Agent has received written notice of such Obligations as being outstanding; and

(vii) *seventh*, after all Obligations have been Paid in Full, to the Borrower or to whomever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct.

In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category and (y) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its pro rata share of amounts available to be applied pursuant thereto for such category.

8.3 Equity Cure. Notwithstanding anything to the contrary contained in Section 8.1, solely for the purpose of determining whether an Event of Default has occurred under the financial covenant set forth in Section 6.7 (the "**Financial Covenant**") as of the end of and for any Test Period ending on the last day of any Fiscal Quarter (such Fiscal Quarter, a "**Cure Quarter**"), the then existing direct or indirect equity holders of Holdings shall have the right to make an equity contribution, directly or indirectly (which equity shall be common equity or any other Permitted Equity Issuance) in Holdings in cash, which Holdings shall contribute, directly or indirectly, to the Borrower in cash (which equity shall be common equity in such Borrower or any other Permitted Equity Issuance) on or after the last day of such Cure Quarter and on or prior to the fifteenth (15th) Business Day after the date on which financial statements are required to be delivered pursuant to Section 5.1(a) or 5.1(b), as applicable, with respect to such Cure Quarter (the "**Cure Expiration Date**"), and all such cash will be used by the Borrower to prepay the Loans (any such equity contribution, an "**Equity Cure Contribution**", and the amount of such Equity Cure Contribution, the "**Cure Amount**"). All Equity Cure Contributions shall be disregarded for all purposes of this Agreement (including determining any baskets conditioned upon meeting a leverage ratio contained herein and in the other Credit Documents); provided, that, any such Equity Cure Contributions shall be included in Consolidated EBITDA for the purpose of determining compliance with the Financial Covenant for the applicable Cure Quarter and each fiscal quarter thereafter in a Test Period that includes the Cure Quarter. There shall be no pro forma reduction in Indebtedness with the proceeds of the Equity Cure Contribution for purposes of determining compliance with the Financial Covenant for the purpose of determining any pricing, financial covenant based conditions or baskets with respect to the covenants contained in this Agreement, in each case, for the applicable Cure Quarter.

In each period of four consecutive fiscal quarters there shall be at least two fiscal quarters in which no cure set forth in this Section 8.3 is made. The cure rights set forth in this Section 8.3 may not be exercised with respect to more than four fiscal quarters during the term of this Agreement.

Notwithstanding anything to the contrary contained in Section 8.1, upon receipt of the Cure Amount by Holdings and the subsequent contribution in cash to the Borrower (which equity contribution shall not be Disqualified Equity Interests in the Borrower) and corresponding prepayment of Loans by the Borrower in at least the amount necessary to cause the Borrower to be in compliance with the Financial Covenant as of the end of and for the Test Period ending on the last day of such Cure Quarter, the Financial Covenant will be deemed satisfied and complied with as of the end of such Cure Quarter with the same effect as though there had been no failure to comply with the Financial Covenant for such Cure Quarter and any Default or Event of Default under the Financial Covenant for such Cure Quarter will be deemed not to have occurred for purposes of the Credit Documents.

SECTION 9. AGENTS

9.1 Appointment and Authorization of Agents.

(a) Each of the Lenders hereby irrevocably appoints Acquiom Agency Services LLC ("**Acquiom**") to act on its behalf as the Administrative Agent hereunder and under the other Credit Documents and authorizes the Administrative Agent to take such actions on its behalf (including executing and delivering the Credit Documents) and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and thereof, together with such actions and powers as are reasonably incidental thereto. In this connection, any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.5 or otherwise shall be entitled to the benefits of all provisions of this Section 9, as though such co-agents, sub-agents and attorneys-in-fact were the Administrative Agent under the Credit Documents as if set forth in full herein with respect thereto.

(b) Acquiom shall also act as the Collateral Agent under the Credit Documents, and each of the Lenders hereby irrevocably appoint and authorize Acquiom to act as the agent and trustee of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, Acquiom, as the Collateral Agent and any co-agents, sub-agents and attorneys-in-fact appointed by the Collateral Agent pursuant to Section 9.5 or otherwise for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Collateral Agent), shall be entitled to the benefits of all provisions of this Section 9, as though such co-agents, sub-agents and attorneys-in-fact were the Collateral Agent under the Credit Documents as if set forth in full herein with respect thereto.

(c) It is understood and agreed that, unless expressly noted in this Agreement (including under paragraph (b) above), the use of the term "agent" herein or in any other Credit Documents (or any other similar term) with reference to any Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties. The duties of each Agent shall be mechanical and administrative in nature; and no Agent shall have, by reason of any Credit Document, a fiduciary, principal-agency, or trustee relationship in respect of any Lender, unless expressly noted in this Agreement (including under paragraph (b) above). The Administrative Agent is not an agent, trustee or fiduciary of any Credit Party.

(d) To the extent that English law is applicable to the duties of the Collateral Agent under any Credit Document, and without prejudice to the provisions of Section 9.1(e), Section 1 of the Trustee Act 2000 of the United Kingdom shall not apply to the duties of the Collateral Agent in relation to the trusts constituted by that Credit Document. Where there are inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 of the United Kingdom and the provisions of this Agreement or such Credit Document, the provisions of this Agreement shall, to the extent permitted by applicable law, prevail and, in the case of any inconsistency with the Trustee Act 2000 of the United Kingdom, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

(e) For the purposes of any Lien or guarantees created under, or Collateral secured under, any Foreign Security Document governed by English law, the following additional provisions shall apply, in addition to the provisions set forth in this Section 9 or otherwise hereunder. For the avoidance of doubt, any reference to the "Collateral Agent" in this Section 9.1(e) shall refer to the Collateral Agent in its capacity as security trustee, which shall hold the Collateral and guarantee on trust for each of the Secured Parties:

(i) In this Section 9.1(e), the following terms shall have the following definitions:

(1) "**Appointee**" means any receiver, administrator or liquidator appointed in respect of any Credit Party or its assets;

(2) "**Charged Property**" means the assets of the Credit Parties subject to a Lien under any English Security Document; and

(3) "**Delegate**" means any delegate, nominee, agent, attorney or co- trustee appointed by the Collateral Agent (in its capacity as security trustee).

(ii) Each Lender (and, if applicable, each other Secured Party) hereby appoints the Collateral Agent to hold the security interests and guarantee constituted by the English Security Documents on trust for the Secured Parties on the terms of the Credit Documents, and the Collateral Agent accepts such appointment and declares that it holds the Collateral charged and guarantee granted under the English Security Documents on trust for the Secured Parties on the terms of the Credit Documents.

(iii) Each Lender (and, if applicable, each other Secured Party) authorizes the Collateral Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Collateral Agent as security trustee under or in connection with the Credit Documents together with any other incidental rights, powers, authorities and discretions.

(iv) The Collateral Agent may appoint one or more Delegates on such terms (which may include the power to sub-delegate) and subject to such conditions as it thinks fit, to exercise and perform all or any of the duties, rights, powers and discretions vested in it by the English Security Documents and shall not be obliged to supervise any Delegate or be responsible to any person for any loss incurred by reason of any act, omission, misconduct or default on the part of any Delegate.

(v) The Collateral Agent may (whether for the purpose of complying with any law or regulation of any overseas jurisdiction, or for any other reason) appoint (and subsequently remove) any person to act jointly with or to replace the Collateral Agent either as a separate trustee or as a co-trustee on such terms and subject to such conditions as the Collateral Agent may determine and with such of the duties, rights, powers and discretions vested in the Collateral Agent by the English Security Documents as may be conferred by the instrument of appointment of such person.

(vi) The Collateral Agent shall notify the Borrower of the appointment of each Appointee (other than a Delegate).

(vii) The Collateral Agent may pay reasonable remuneration to any Delegate or Appointee, together with any costs and expenses (including legal fees) reasonably incurred and documented by the Delegate or Appointee in direct connection with its appointment. All such reasonable remuneration, costs and expenses shall be treated, for the purposes of this Agreement, as paid or incurred by the Collateral Agent.

(viii) Each Lender (and, if applicable, each other Secured Party) confirms its approval of the English Security Documents and authorizes and instructs the Collateral Agent: (A) to execute and deliver the English Security Documents; (B) to exercise the rights, powers and discretions given to the Collateral Agent (in its capacity as security trustee) under or in connection with the English Security Documents together with any other incidental rights, powers and discretions; and (C) to give any authorizations and confirmations to be given by the Collateral Agent (in its capacity as security trustee) on behalf of each Secured Party under the English Security Documents.

(ix) The Collateral Agent may accept without inquiry the title (if any) which any person may have to the Collateral charged under the English Security Documents.

(x) Each Lender (and, if applicable, each other Secured Party) confirms that it does not wish to be registered as a joint proprietor of any security interest constituted by an English Security Document and accordingly authorizes: (A) the Collateral Agent to hold such security interest in its sole name (or in the name of any Delegate) as trustee for the Secured Parties; and (B) the HM Land Registry (or other relevant registry) to register the Collateral Agent (or any Delegate or Appointee) as a sole proprietor of such security interest.

(xi) Except to the extent that an English Security Document or the provisions of this Agreement otherwise require, any moneys which the Collateral Agent receives under or pursuant to the English Security Documents as part of any enforcement procedure may be: (A) invested in any investments which the Collateral Agent selects and which are authorized by applicable law; or (B) placed on deposit at any bank or institution (including with the Collateral Agent and any branch or affiliate of the Collateral Agent) on terms that the Collateral Agent may determine, in each case in the name or under the control of the Collateral Agent, and the Collateral Agent shall hold those moneys, together with any accrued income (net of any applicable Tax) for the account of each Secured Party and shall pay them to each Secured Party on demand in accordance with the terms of this Agreement.

(xii) The Collateral Agent shall not be liable for: (A) any defect in or failure of the title (if any) which any person may have to any assets over which security is intended to be created by any English Security Document; (B) any loss resulting from the investment or deposit at any bank of enforcement moneys which it invests or deposits in a manner permitted by any English Security Document and/or this Agreement; (C) the exercise of, or the failure to exercise, any right, power or discretion given to it by or in connection with any Credit Document, other than gross negligence or willful misconduct as determined pursuant to a final, non-appealable judgment or decree of a court of competent jurisdiction; or (D) any shortfall which arises on enforcing any English Security Document.

(xiii) The Collateral Agent shall not be obligated to: (A) obtain any authorization or environmental permit in respect of any Collateral or any English Security Document; (B) hold in its own possession any English Security Document, title deed or other document relating to the Collateral or any English Security Document; (C) perfect, protect, register, make any filing or give any notice in respect of any English Security Document (or the order of ranking of any English Security Document); or (D) require any further assurances in relation to any English Security Document.

(xiv) In respect of any English Security Document, the Collateral Agent shall not be obligated to: (A) insure, or require any other person to insure, the Collateral; or (B) make any enquiry or conduct any investigation into the legality, validity, effectiveness, adequacy or enforceability of any insurance existing over such Collateral.

(xv) In respect of any English Security Document, the Collateral Agent shall not have any obligation or duty to any person for any loss suffered as a result of: (A) the lack or inadequacy of an insurance; or (B) the failure of the Collateral Agent to notify the insurers of any material fact relating to the risk assumed by them, or of any other information of any kind, unless the Requisite Lenders have requested it to do so in writing and the Collateral Agent has failed to do so within fourteen (14) days after receipt of that request.

(xvi) Every appointment of a successor Collateral Agent under any English Security Document shall be by deed.

(xvii) Section 1 of the Trustee Act 2000 (UK) shall not apply to the duty of the Collateral Agent in relation to the trusts constituted by this Agreement.

(xviii) The perpetuity period under the rule against perpetuities if applicable to this Agreement and any English Security Document shall be eighty (80) years from the date of this Agreement.

(xix) The Collateral Agent, in its capacity as security trustee, shall be entitled to the benefit of the indemnities and exculpatory provisions set forth in this Agreement that otherwise apply to the Collateral Agent.

(f) The provisions of this Section 9 are solely for the benefit of the Agents (and any co-agents, sub-agents and attorneys-in-fact appointed by either Agent) and the Lenders, and no Credit Party has rights as a third party beneficiary of any of such provisions (other than Sections 9.6 and 9.10).

9.2 Rights as a Lender. Each Person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include each Person serving as an Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Borrower or Subsidiary or other Affiliate thereof as if such Person were not an Agent hereunder and without any duty to account therefor to the Lenders.

9.3 Exculpatory Provisions. No Agent shall have any duties or obligations except those expressly set forth herein and in the other Credit Documents, and each Agent's duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, each Agent and its Related Parties:

(a) shall not be subject to any fiduciary or other implied duties or obligations, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Credit Documents that an Agent is required to exercise as directed in writing by the Requisite Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary), provided that no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Credit Document or applicable Law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law, or that may effect a forfeiture, modification or termination of property of a Non-Consenting Lender in violation of any Debtor Relief Law; provided, further, that if any Agent so requests, it shall first be indemnified and provided with adequate security to its sole satisfaction (including reasonable advances as may be requested by such Agent) by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such directed action; provided, further, that such Agent may seek clarification or further direction from the Requisite Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary) prior to taking any such directed action and may refrain from acting until such clarification or further direction has been provided;

(c) shall not, except as expressly set forth herein and in the other Credit Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Credit Parties or any of their Affiliates that is communicated to or obtained by the Person serving as an Agent or any of its Related Parties in any capacity;

(d) shall not be liable for any action taken or not taken by it: (i) with the consent or at the request of Requisite Lenders (or such other number or percentage of Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Section 8) (and such consent or request and such action or action not taken pursuant thereto shall be binding upon all the Lenders) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment (which shall not include any action taken or omitted to be taken in accordance with clause (i), for which each Agent and its Related Parties shall have no liability);

(e) shall not be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to such Agent by the Borrower or a Lender; and

(f) shall not be responsible for or have any duty to ascertain or inquire into: (i) any recital, statement, warranty or representation made in or in connection with this Agreement or any other Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein, the use of the proceeds of the Loans, or the occurrence of any Default or Event of Default, (iv) the execution, validity, enforceability, effectiveness, collectability, sufficiency, or genuineness of this Agreement, any other Credit Document or any other agreement, instrument or document, or the creation, preservation, perfection, maintenance or continuation of perfection, or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, (vi) whether the Collateral exists, is owned by the Credit Parties, is cared for, protected, or insured or has been encumbered, or meets the eligibility criteria applicable in respect thereof, (vii) the satisfaction of any condition set forth in Section 3, or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent, (viii) the inspection of the properties, books or records of any Credit Party or any Affiliate thereof, or (ix) the financial condition or business affairs of any Credit Party or any other Person liable for the payment of any Obligations.

Nothing in this Agreement or any other Credit Document shall require any Agent or its Related Parties to expend or risk their own funds or otherwise incur any financial liability in the performance of any duties or in the exercise of any rights or powers hereunder.

No Agent shall be responsible or liable for any failure or delay in the performance of its obligations under this Agreement or any other Credit Document, in each case, arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority, acts of God, earthquakes, fires, floods, wars, terrorism, civil or military disturbances, sabotage, epidemics, pandemics, riots interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service, accidents, labor disputes, acts of civil or military authority or governmental actions, or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

Without limiting the other protections set forth in this Section 9, with respect to any determination, designation, or judgment to be made by any Agent herein or in the other Credit Documents, such Agent shall be entitled to request that the Requisite Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary) make or confirm such determination, designation, or judgment.

9.4 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice (including, without limitation, telephonic or electronic notices, Loan Notices and Notice of Loan Prepayment), order, request, certificate, consent, statement, instrument, letter, document or other writing (including any facsimile, electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, each Agent may presume that such condition is satisfactory to such Lender unless such Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. Each Agent may consult with legal counsel (who may be counsel for Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. For purposes of determining compliance with the conditions specified in Section 3, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless such Agent shall have received written notice from such Lender prior to the proposed Closing Date specifying its objections thereto.

9.5 Delegation of Duties. Each Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Credit Document by or through any one or more co-agents, sub-agents and attorneys-in-fact appointed by such Agent. Each Agent and any such co-agents, sub-agents and attorneys-in-fact may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The provisions of this Section 9 shall apply to any such co-agents, sub-agents, and attorneys-in-fact and to the Related Parties of each Agent and any such co-agents, sub-agents and attorneys-in-fact, and shall apply to their respective activities in connection with the syndication of the Facility provided for herein as well as their respective activities in such capacities. No Agent shall be responsible for the negligence or misconduct of any co-agents, sub-agents, and attorneys- in-fact except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that such Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.6 Resignation of Agents.

(a) Each Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Requisite Lenders shall have the right, with the consent of the Borrower (such consent not to be unreasonably withheld and, in any event, not to be required during the continuance of an Event of Default), to appoint a successor Agent. If no such successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation (or such earlier day as shall be agreed by the Requisite Lenders) (the "Resignation Effective Date"), then the retiring Agent may (but shall not be obligated to) on behalf of the Lenders and with the consent of the Borrower (such consent not to be unreasonably withheld and, in any event, not to be required during the continuance of an Event of Default, appoint a successor Agent. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) The Requisite Lenders may by notice in writing to the Borrower and any Person serving as an Agents remove such Person as an Agent and, with the consent of the Borrower (such consent not to be unreasonably withheld and, in any event, not to be required during the continuance of an Event of Default), appoint a successor Agent. If no such successor shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Requisite Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (1) the retiring or removed Agent shall be discharged from its duties and obligations hereunder and under the other Credit Documents (except that in the case of any Collateral held by the Collateral Agent on behalf of the Lenders under any of the Credit Documents, the retiring or removed Collateral Agent shall continue to hold such Collateral until such time as a successor Collateral Agent is appointed) and (2) except for any reimbursement or indemnity payments or other amounts then owed to the retiring or removed Agent, all payments, communications and determinations provided to be made by, to or through such Agent shall instead be made by or to each Lender directly (and each Lender will cooperate with the Borrower to enable the Borrower to take such actions), until such time as the Requisite Lenders appoint a successor Agent as provided for above. Upon the acceptance of a successor's appointment as to the retiring or removed Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Agent (other than any rights to indemnity payments or other amounts owed to the retiring or removed Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Agent shall be discharged from all of its duties and obligations hereunder or under the other Credit Documents (if not already discharged therefrom as provided above in this Section), other than its obligations under Section 10. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring or removed Agent's resignation or removal hereunder and under the other Credit Documents, the provisions of this Section and Section 10 and all other rights, privileges, protections, immunities, and indemnities granted each Agent hereunder and the other Credit Documents shall continue in effect for the benefit of such retiring or removed Agent, its co-agents, sub-agents and attorneys-in-fact and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (i) while the retiring or removed Agent was acting as an Agent and (ii) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Credit Documents, including, without limitation, (A) acting as collateral agent or otherwise holding any Collateral on behalf of any of the Secured Parties and (B) in respect of any actions taken in connection with transferring the agency to any successor Agent.

9.7 Non-Reliance on Agents and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Credit Document or any related agreement or any document furnished hereunder or thereunder. Each Lender acknowledges that none of the Agents and their Related Parties have made any representation or warranty to it, and that no act by any Agent or its Related Parties hereinafter taken shall be deemed to constitute any representation or warranty by any Agent or its Related Parties to any Lender. Each Lender agrees that it will not assert any claim against any Agent based on an alleged breach of fiduciary duty by such Agent in connection with this Agreement, the other Credit Documents, or the transactions contemplated hereby. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by the Administrative Agent, none of the Agents and their Related Parties shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower, their Affiliates or any other Person party to a Credit Document that may come into the possession or control of such Agent or its Related Parties.

9.8 [Reserved].

9.9 Administrative Agent May File Proofs of Claim; Credit Bidding. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Administrative Agent shall have made any demand on Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders and Agents and their respective Related Parties and all other amounts due the Lenders and the Agents and their respective Related Parties under Sections 2 and 10) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to Administrative Agent and, in the event that Administrative Agent shall consent to the making of such payments directly to Lenders, to pay to each Agent any amount due for the reasonable compensation, expenses, disbursements and advances of such Agent and its agents and counsel, and any other amounts due such Agent under Sections 2 and 10.

Nothing contained herein shall be deemed to authorize any Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize any Agent to vote in respect of the claim of any Lender in any such proceeding.

The Credit Parties and the Secured Parties hereby irrevocably authorize the Collateral Agent, at the direction of the Requisite Lenders, to credit bid all or any portion of the Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code or any similar Laws in any other jurisdictions to which a Credit Party is subject, or (b) at any other sale or foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Collateral Agent (whether by judicial action or otherwise) in accordance with any applicable Law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that would vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) in the asset or assets so purchased (or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid (i) the Collateral Agent (at the direction of the Requisite Lenders) shall be authorized to form one or more acquisition vehicles to make a bid, (ii) the Collateral Agent (at the direction of the Requisite Lenders) shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Collateral Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof shall be governed, directly or indirectly, by the vote of the Requisite Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Requisite Lenders contained in Section 10 of this Agreement), and (iii) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Lenders pro rata and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. For the avoidance of doubt, no Agent shall be required to take title to any Collateral in connection with any credit bid or otherwise be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Credit Document or applicable Law.

9.10 Collateral and Guaranty Matters.

(a) Each of the Lenders irrevocably authorizes each Agent to:

(i) release any Lien on any property granted to or held by such Agent under any Credit Document (A) on the Maturity Date, (B) that is Disposed of or to be Disposed of as part of, or in connection with, any Disposition or other transaction permitted hereunder or under any other Credit Document, (C) if the property subject to such Lien is owned by a Guarantor, upon release of such Guarantor from its obligations under its Guaranty pursuant to clause (ii) below, (D) property subject to Indebtedness permitted pursuant to Section 6.1(i) or (E) if approved, authorized or ratified in writing in accordance with Section 10;

(ii) release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder;

(iii) subordinate any Lien on any property granted to or held by such Agent under any Credit Document to the holder of any Lien on such property that is permitted by Section 6.1 on terms reasonably satisfactory to such Agent and the Requisite Lenders;

(iv) enter into subordination agreements with respect to any Subordinated Indebtedness permitted by Section 6.1 on terms reasonably satisfactory to such Agent and the Requisite Lenders; and

(v) enter into intercreditor agreements with respect to Indebtedness permitted pursuant to Section 6.1(r).

(b) Upon request by any Agent at any time, the Requisite Lenders will confirm in writing such Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, each Agent will (and each Lender hereby irrevocably authorizes such Agent to), at Borrower's expense, execute and deliver to the applicable Credit Party such documents as such Credit Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Credit Documents and this Section 9.10. Notwithstanding the foregoing, no Agent shall be required to execute any document or take any action to evidence such release or subordination on terms that, in such Agent's opinion or the opinion of its counsel, could expose such Agent to liability or create any obligation or entail any consequence other than, in the case of any such release, the release of such Lien without recourse to, or representation, or warranty by such Agent. The Credit Parties shall provide such Agent with such certifications or documents as such Agent shall reasonably request in order to demonstrate that the requested release or subordination is permitted under this Section 9.10.

(c) No Agent shall have any obligation whatsoever to any Lender, or any other Person to assure that the Collateral exists or is owned by the Borrower or any other Credit Party or is cared for, protected or insured or that the Liens granted to any Agent herein or in any of the Collateral Documents or pursuant hereto or thereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to any Agent in this Section or in any of the Collateral Documents, it being understood and agreed that in respect of the Collateral, or any act, omission or event related thereto, if an Agent is a Lender, such Agent may, in its capacity as a Lender, act in any manner it may deem appropriate, in its sole discretion, given such Agent's own interest in the Collateral as one of Lenders and that such Agent shall have no duty or liability whatsoever to Lenders.

(d) Each Lender hereby appoints each other Lender as a collateral agent for the purpose of perfecting Lenders' security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender (other than an Agent) obtain possession of any such Collateral, such Lender shall notify the Collateral Agent thereof, and, promptly upon Collateral Agent's request therefor shall deliver such Collateral to Collateral Agent or in accordance with Collateral Agent's instructions.

9.11 General. The agreements in this Section 9 shall survive the resignation replacement, or removal of any Agent, the assignment of rights by or replacement of any Lender, the occurrence of the Maturity Date or other satisfaction or discharge of the Obligations under any Credit Document, and the termination of this Agreement or any other Credit Document.

SECTION 10. MISCELLANEOUS

10.1 Notices.

(a) Notices Generally. Any notice or other communication herein required or permitted to be given to a Credit Party, the Collateral Agent, the Administrative Agent or any Lender shall be sent to such Person's address as set forth on Appendix B or in the other relevant Credit Document, and in the case of any Lender, the address as indicated on Appendix B or otherwise indicated to the Administrative Agent in writing. Except as otherwise set forth in paragraph (b) below, each notice hereunder shall be in writing and may be personally served (except for any notices sent to the Administrative Agent) or United States mail or courier service (including, but not limited to, personal delivery and overnight courier service) and shall be deemed to have been given when delivered in person or by courier service and signed for against receipt thereof, upon receipt, or three Business Days after depositing it in the United States mail with postage prepaid and properly addressed; provided, no notice to any Agent shall be effective until received by such Agent; provided further, any such notice or other communication shall at the request of the Administrative Agent be provided to any sub-agent appointed pursuant to Section 9.1(b) as designated by the Administrative Agent from time to time. Each Lender shall complete and provide to the Administrative Agent an Administrative Questionnaire.

(b) Electronic Communications.

(i) Notices and other communications to the Administrative Agent, the Collateral Agent and any Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites, including the Platform) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to the Administrative Agent or any Lender pursuant to Section 2 if such Person has notified the Administrative Agent that it is incapable of receiving notices under such Section 2 by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribe, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (A) of notification that such notice or communication is available and identifying the website address therefor.

(ii) Each Credit Party understands that the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution and agrees and assumes the risks associated with such electronic distribution, except to the extent caused by the willful misconduct or gross negligence of the Administrative Agent, as determined by a final, non-appealable judgment of a court of competent jurisdiction.

(iii) The Platform and any Approved Electronic Communications are provided "as is" and "as available". None of the Agents or any of their respective officers, directors, employees, agents, advisors or representatives (the "**Agent Affiliates**") warrant the accuracy, adequacy, or completeness of the Approved Electronic Communications or the Platform and each expressly disclaims liability for errors or omissions in the Platform and the Approved Electronic Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects is made by the Agent Affiliates in connection with the Platform or the Approved Electronic Communications.

(iv) Each Credit Party and each Lender agrees that the Administrative Agent may, but shall not be obligated to, store any Approved Electronic Communications on the Platform in accordance with the Administrative Agent's customary document retention procedures and policies.

(v) Any notice of Default or Event of Default may be provided by telephone if confirmed promptly thereafter by delivery of written notice thereof.

(c) Private-Side Information Contacts. Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "**Private-Side Information**" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including United States federal and state securities Laws, to make reference to information that is not made available through the "**Public-Side Information**" portion of the Platform and that may contain Private-Side Information with respect to Holdings, its Subsidiaries or their respective securities for purposes of United States federal or state securities laws. In the event that any Public Lender has determined for itself to not access any information disclosed through the Platform or otherwise, such Public Lender acknowledges that (i) other Lenders may have availed themselves of such information and (ii) neither the Borrower nor the Administrative Agent has (A) any responsibility for such Public Lender's decision to limit the scope of the information it has obtained in connection with this Agreement and the other Credit Documents and (B) any duty to disclose such information to such Public Lender or to use such information on behalf of such Public Lender, and shall not be liable for the failure to so disclose or use, such information.

10.2 Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Borrower agrees to pay promptly (a) all the reasonable and documented out-of-pocket costs and expenses incurred in connection with the negotiation, preparation and execution of the Credit Documents and any consents, amendments, waivers or other modifications thereto; (b) all the costs of furnishing all opinions by counsel for the Borrower and the other Credit Parties; (c) the reasonable and documented out-of-pocket fees, expenses and disbursements of counsel to the Agents and the Lenders in connection with the negotiation, preparation, delivery, execution and administration of the Credit Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters relating to the Borrower; (d) all the reasonable and documented out-of-pocket expenses of creating, perfecting, recording, maintaining and preserving Liens in favor of the Collateral Agent, for the benefit of Secured Parties, including filing and recording fees, expenses and taxes, stamp or documentary taxes, search fees, title insurance premiums and reasonable fees, expenses and disbursements of counsel to each Agent and of counsel providing any opinions that any Agent or Requisite Lenders may request in respect of the Collateral or the Liens created pursuant to the Collateral Documents; (e) all the reasonable and documented out-of-pocket fees, expenses and disbursements of any auditors, accountants, consultants, or appraisers; (f) all the actual costs and reasonable expenses (including the reasonable fees, expenses and disbursements of any appraisers, consultants, advisors and agents employed or retained by the Collateral Agent and its counsel) in connection with the custody or preservation of any of the Collateral; (g) all other reasonable and documented out-of-pocket costs and expenses incurred by each Agent in connection with the syndication of the Loans and Commitments and the transactions contemplated by the Credit Documents and any consents, amendments, waivers or other modifications thereto and (h) after the occurrence of a Default or an Event of Default, (i) all reasonable and documented out-of-pocket costs and expenses, including reasonable and documented attorneys' fees and costs of settlement, incurred by any Agent and the Lenders in enforcing any Obligations of or in collecting any payments due from any Credit Party hereunder or under the other Credit Documents by reason of such Default or Event of Default (including in connection with the sale, lease or license of, collection from, or other realization upon any of the Collateral or the enforcement of the Guaranty or the Foreign Guaranty) or in connection with any amendment, modification, waiver, forbearance, refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work out" or pursuant to any insolvency or bankruptcy cases or proceedings; provided that, in the case of clauses (a), (c), (d), (f), (g) and (h) above, reasonable attorney's fees shall be limited to one primary counsel for the Agents (selected by the Agents) and one primary counsel for the Lenders (selected by the Requisite Lenders), a single local or specialist counsel in each appropriate jurisdiction and, in the case of an actual or perceived conflict of interest, where such conflicted part notifies the Borrower of the existence of such conflict, another firm of counsel for all similarly situated conflicted parties, and (ii) the reasonable and documented out-of-pocket fees for one financial advisory firm for the Lenders (selected by the Requisite Lenders and notified in writing to the Borrower).

10.3 Indemnity; Limitation of Liability.

(a) In addition to the payment of expenses pursuant to Section 10.2, whether or not the transactions contemplated hereby shall be consummated, each Credit Party agrees to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless, each Agent and each Lender and their respective Affiliates and each of their respective officers, partners, members, directors, trustees, advisors, employees, shareholders, attorneys, controlling persons, agents, sub-agents and each of their respective heirs, successors and assigns (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities; provided, no Credit Party shall have any obligation to any Indemnitee hereunder with respect to (i) any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct of such Indemnitee, in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction or (ii) claims brought by an Indemnitee solely against another Indemnitee and not arising out of any act or omission of any Credit Party or any of their respective Affiliates other than claims against any Agent (or any of their respective Affiliates) in fulfilling their respective roles as Agent or any similar role in respect of the Loans. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this Section 10.3 may be unenforceable in whole or in part because they are violative of any law or public policy, the applicable Credit Party shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them. This Section 10.3(a) shall not apply with respect to Taxes other than any Taxes that represent losses, damages, penalties, claims or costs arising from any non-Tax claim.

(b) Each Credit Party also agrees that no Lender, Agent nor their respective Affiliates, directors, employees, attorneys, agents or sub-agents will have any liability to any Credit Party or any person asserting claims on behalf of or in right of any Credit Party or any other person in connection with or as a result of this Agreement or any Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, in each case, except in the case of any Credit Party to the extent that any losses, claims, damages, liabilities or expenses incurred by such Credit Party or its affiliates, shareholders, partners or other equity holders have been found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct or material breach by such Lender, Agent or their respective Affiliates, directors, employees, attorneys, agents or sub-agents in performing its obligations under this Agreement or any Credit Document.

(c) To the extent permitted by applicable law, no Credit Party shall assert, and each Credit Party hereby waives, any claim against each Lender, each Agent and their respective Affiliates, directors, employees, attorneys, agents or sub-agents, (i) for any direct or actual damages arising from the use by unintended recipients of information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems (including the Internet) in connection with this Agreement or the other Credit Documents or the transactions contemplated hereby or thereby; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such direct or actual damages are determined by a court of competent jurisdiction by final, non-appealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or its Affiliates, directors, employees, attorneys, agents or sub-agents or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each Credit Party hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(d) To the extent permitted by applicable law, no Agent or Lender shall assert, and each Agent and each Lender hereby waives, any claim against each Credit Party and their respective Affiliates, directors, employees, attorneys agents or sub-agents, on any theory of liability, for special indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Credit Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof or any act or omission or event occurring in connection therewith (in each case, other than in respect of any such damages incurred or paid by an Indemnitee to a third party and otherwise required to be indemnified by a Credit Party under this Section 10.03), and each Agent and each Lender hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.4 Set-Off. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender and each of its Affiliates is hereby authorized by each Credit Party at any time or from time to time after the occurrence of an Event of Default and subject to the consent of the Administrative Agent (at the direction of the Requisite Lenders), without notice to any Credit Party or to any other Person (other than the Administrative Agent), any such notice being hereby expressly waived, to set off and to appropriate and to apply any and all deposits (general or special, including Indebtedness evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Indebtedness at any time held or owing by such Lender or such Affiliate to or for the credit or the account of any Credit Party against and on account of the obligations and liabilities of any Credit Party to such Lender or such Affiliate hereunder and under the other Credit Documents, including all claims of any nature or description arising out of or connected hereto or with any other Credit Document, irrespective of whether or not such Lender shall have made any demand hereunder. The rights of each Lender and its Affiliates under this Section 10.4 are in addition to other rights and remedies (including other rights of set-off) that such Lender or its Affiliates may have.

10.5 Amendments and Waivers.

(a) Requisite Lenders' Consent. Subject to the additional requirements of Sections 10.5(b) and 10.5(c), no amendment, modification, termination or waiver of any provision of the Credit Documents, or consent to any departure by any Credit Party therefrom, shall in any event be effective without the written consent of the Requisite Lenders; provided, that amendments, modifications, terminations, waivers, or consents that only affect a single class or tranche of Loans shall only require the written concurrence of Lenders having or holding such class or tranche of Loans and representing more than 50% of the aggregate Loans of such class or tranche at such time.

(b) Affected Lenders' Consent. Without the written consent of each Lender that would be directly affected thereby, no amendment, modification, termination, or consent shall be effective if the effect thereof would:

(i) extend the scheduled final maturity of any Loan or Note of such Lender;

(ii) extend any Commitment of such Lender;

(iii) waive, reduce or postpone any scheduled repayment (but not prepayment) owed to such Lender;

(iv) [Reserved];

(v) reduce the rate of interest on any Loan (other than any waiver of any increase in the interest rate applicable to any Loan pursuant to Section 2.7) of such Lender;

(vi) extend the time for payment of any such interest, fees or premium owed to such Lender;

(vii) reduce the principal amount of any Loan of such Lender;

(viii) amend, modify, terminate or waive any provision of this Section 10.5(b) or any other provision of this Agreement that expressly provides that the consent of all Lenders is required;

(ix) amend Section 8.2 (provided, that, any amendment, modification, waiver or consent in respect of the definition of Secured Hedging Obligations Cap shall only require written consent of the Requisite Lenders) or the definition of "Requisite Lenders" or the relevant substance of any other provision in the Agreement referencing the pro rata share of a Lender (including the definition of "Pro Rata Share");

(x) release all or substantially all of the Collateral or all or substantially all of the Guarantors from the Guaranty except as expressly provided in the Credit Documents and except in connection with a "credit bid" undertaken by the Collateral Agent at the direction of the Requisite Lenders pursuant to Section 363(k), Section 1129(b)(2)(a)(ii) or otherwise of the Bankruptcy Code or other sale or disposition of assets in connection with an enforcement action with respect to the Collateral permitted pursuant to the Credit Documents (in which case only the consent of the Requisite Lenders will be needed for such release);

(xi) except with respect to any Credit Party, other than Holdings and the Borrower, in a transaction permitted pursuant to Section 6.8(a) or in connection with a merger of such Credit Party to effect a Permitted Acquisition or other Investment permitted by Section 6.6 that results in the surviving entity becoming a Guarantor Subsidiary, consent to the assignment or transfer by any Credit Party of any of its rights and obligations under any Credit Document; or

(xii) amend the definition of "Eligible Assignee" or change any provision of Section 10.6 in any manner that makes assignments or transfers by any Lender more restrictive;

provided that, for the avoidance of doubt, all Lenders shall be deemed directly affected thereby with respect to any amendment described in clauses (viii), (ix), (x), (xi) and (xii).

(c) Other Consents. No amendment, modification, termination or waiver of any provision of the Credit Documents, or consent to any departure by any Credit Party therefrom, shall:

(i) at any time prior to the Payment in Full of the Obligations, amend, modify or waive this Agreement or the Security Agreement so as to alter the ratable treatment of Obligations arising under the Credit Documents, Obligations arising under Secured Hedging Agreements and Obligations arising under other Hedging Agreements or the definition of "Lender Counterparty", "Hedging Agreement,", "Obligations," "Secured Hedging Agreement", "Secured Hedging Counterparty" or "Secured Obligations" (as defined in any applicable Collateral Document) in each case in a manner adverse to any Lender Counterparty with Obligations then outstanding or Secured Hedging Counterparty with Obligations then outstanding, in each case, without the written consent of any such Lender Counterparty or Secured Hedging Counterparty, as applicable; or

(ii) amend, modify, terminate or waive any provision of the Credit Documents as the same applies to any Agent, or any other provision hereof as the same applies to the rights or obligations of any Agent, in each case without the consent of such Agent, as applicable.

(d) Execution of Amendments, Etc. The Administrative Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Section 10.5 shall be binding upon each Lender at the time outstanding, each future Lender and, if signed by a Credit Party, on such Credit Party.

(e) New Liens, Corrections Etc. Notwithstanding anything to the contrary contained in this Section 10.5, the Administrative Agent and the Borrower may amend or modify this Agreement and any other Credit Document to (i) grant a new Lien for the benefit of the Secured Parties, extend an existing Lien over additional assets or property for the benefit of the Secured Parties or join additional Persons as Credit Parties and (ii) if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Credit Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Credit Document if the same is not objected to in writing by the Requisite Lenders within ten (10) Business Days following receipt of notice thereof.

10.6 Successors and Assigns; Participations.

(a) Generally. This Agreement shall be binding upon the parties hereto and their respective successors and permitted assigns and shall inure to the benefit of the parties hereto and the successors and permitted assigns of the Lenders. No Credit Party's rights or obligations hereunder nor any interest therein may be assigned or delegated by any Credit Party (except, with respect to any Credit Party other than Holdings or the Borrower, as permitted by Section 6.8(a) or in connection with a merger of such Credit Party to effect a Permitted Acquisition that results in the surviving entity becoming a Guarantor Subsidiary), without the prior written consent of all Lenders. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, Affiliates of each of the Agents and the Lenders and other Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Register. The Borrower, the Administrative Agent and the Lenders shall deem and treat the Persons listed as Lenders in the Register as the holders and owners of the corresponding Commitments and Loans listed therein for all purposes hereof, and no assignment or transfer of any such Commitment or Loan shall be effective, in each case, unless and until recorded in the Register following receipt of a fully executed Assignment Agreement effecting the assignment or transfer thereof, together with the required forms and certificates regarding tax matters, any fees payable in connection with such assignment and consent to such assignment, in each case, as provided in Section 10.6(d). Each assignment shall be recorded in the Register promptly following receipt by the Administrative Agent of the fully executed Assignment Agreement and all other necessary documents and approvals, prompt notice thereof shall be provided to the Borrower and a copy of such Assignment Agreement shall be maintained, as applicable. The date of such recordation of a transfer shall be referred to herein as the "**Assignment Effective Date**." Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is listed in the Register as a Lender shall be conclusive and binding on any subsequent holder, assignee or transferee of the corresponding Commitments or Loans.

(c) Right to Assign. Each Lender shall have the right at any time to sell, assign or transfer all or a portion of its rights and obligations under this Agreement, including all or a portion of its Commitment or Loans owing to it or other Obligations (provided, however, that pro rata assignments shall not be required and each assignment shall be of a uniform, and not varying, percentage of all rights and obligations under and in respect of any applicable Loan and any related Commitments):

(i) to any Person meeting the criteria of clause (i) of the definition of the term "Eligible Assignee"; and

(ii) to any Person meeting the criteria of clause (ii) of the definition of the term "Eligible Assignee" and consented to by each of the Borrower and the Administrative Agent (each such consent not to be (x) unreasonably withheld, delayed or conditioned and (y) in the case of the Borrower, (1) required at any time an Event of Default shall have occurred and then be continuing or (2) required during each of (aa) the period commencing with the Amendment No. 2 Effective Date and ending on the date of delivery of financial statements pursuant to Section 5.1(a) and a Compliance Certificate pursuant to Section 5.1(c) calculating the Total Net Leverage Ratio for the Test Period ended June 30, 2026 and (bb) the period from and after the Financial Covenant Sunset Date); provided that (A) the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received written notice thereof, and (B) each such assignment pursuant to this Section 10.6(c)(ii) shall be in an aggregate amount of not less than (1) $1,000,000 with respect to the assignment of the Loans, (2) such lesser amount as agreed to by the Borrower and the Administrative Agent, (3) the aggregate amount of the Commitments or Loans of the assigning Lender or (4) the amount assigned by an assigning Lender to an Affiliate or Related Fund of such Lender.

(iii) In the case of an assignment of all or a portion of any Lender's Commitments or Loans pursuant to clause (c)(ii)(y)(2) above that does not require the consent of the Borrower, such Lender (a "Selling Lender") shall prior to consummating any such assignment (the "Proposed Assignment"):

(A) provide written notice of such Proposed Assignment to the Borrower, which shall include the proposed purchase price and an offer to the Borrower of a right to purchase such portion of such Selling Lender's Commitments or Loans subject to the Proposed Assignment (such Commitments or Loans, the "Offered Interests" and such written notice, the "Assignment Notice");

(B) following the receipt by the Borrower of an Assignment Notice, the Borrower shall promptly, but in any event within 5 Business Days (the "Assignment Notice Period") either (1) deliver a notice (a "Declination Notice") to the Administrative Agent and the Selling Lender, indicating that the Borrower declines to purchase the Offered Interests, or (2) deliver a notice (an "Acceptance Notice") to the Administrative Agent and the Selling Lender designating an Affiliated Lender to purchase the Offered Interests on the same terms as are set forth in the Assignment Notice. If the Borrower fails to send the Administrative Agent and the Selling Lender a Declination Notice or an Acceptance Notice on or prior to the last Business Day of the Assignment Notice Period, the Borrower automatically shall be deemed to have delivered a Declination Notice to the Administrative Agent and the Selling Lender with respect to the Offered Interests;

(C) if the Selling Lender has received an Acceptance Notice from the Borrower during the Assignment Notice Period, the Affiliated Lender designated by the Borrower in such Acceptance Notice shall have until the end of the Assignment Notice Period to purchase the Offered Interests from the Selling Lender on the same terms as are set forth in the Assignment Notice; and

(D) if the Selling Lender has received a Declination Notice from the Borrower (or has been deemed to have received a Declination Notice from the Borrower pursuant to subclause (B) above or its Affiliated Lender has failed to purchase the Offered Interests prior to the expiration of the Assignment Notice Period pursuant to subclause (C) above), the Selling Lender shall have the right to consummate the Proposed Assignment with any other Person and shall have no further obligation to the Borrower under this Section 10.6(c)(iii) with respect to the Proposed Assignment.

Any purchase of Offered Interests by an Affiliated Lender pursuant to this Section 10.6(c)(iii) shall be subject to the provisions of Section 10.6(i) of this Agreement (it being understood and agreed that (x) Holdings shall be deemed to be an "Affiliated Lender" and an "Eligible Assignee" solely for purposes of the initial assignment contemplated by subclause (C) above, but immediately thereafter shall be required to comply with all of the terms and provisions of Section 10.6(i), and (y) the hold limitations set forth in the first sentence of Section 10.6(i)(i)(B) shall not apply to the initial assignment contemplated by subclause (C) above, but the hold limitations set forth in the second sentence of Section 10.6(i)(i)(B) shall apply to such assignment).

(d) Mechanics. Assignments and assumptions of Loans and Commitments by the Lenders shall be effected by execution and delivery to the Administrative Agent of an Assignment Agreement. Assignments made pursuant to the foregoing provision shall be effective as of the Assignment Effective Date. In connection with all assignments there shall be delivered to the Administrative Agent such forms, certificates or other evidence, if any, with respect to United States federal income tax withholding matters as the assignee under such Assignment Agreement may be required to deliver pursuant to Section 2.17(c), together with payment to the Administrative Agent of a registration and processing fee of $3,500 (except that no such registration and processing fee shall be payable in the case of an assignment by a Lender to an assignee which is an Affiliate or Related Fund of the assigning Lender or a Person under common management with such Lender); provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such registration and processing fee in the case of any assignment.

(e) Representations and Warranties of Assignee. Each Lender, upon execution and delivery hereof or upon succeeding to an interest in the Commitments and Loans, as the case may be, represents and warrants as of the Restatement Date or as of the Assignment Effective Date that (i) it is an Eligible Assignee; (ii) it has experience and expertise in the making of or investing in commitments or loans such as the applicable Commitments or Loans, as the case may be; and (iii) it will make or invest in, as the case may be, its Commitments or Loans for its own account in the ordinary course and without a view to distribution of such Commitments or Loans within the meaning of the Securities Act or the Exchange Act or other federal securities laws (it being understood that, subject to the provisions of this Section 10.6, the disposition of such Commitments or Loans or any interests therein shall at all times remain within its exclusive control).

(f) Effect of Assignment. Subject to the terms and conditions of this Section 10.6, as of the Assignment Effective Date (i) the assignee thereunder shall have the rights and obligations of a "Lender" hereunder to the extent of its interest in the Loans and Commitments as reflected in the Register and shall thereafter be a party hereto and a "Lender" for all purposes hereof; (ii) the assigning Lender thereunder shall, to the extent that rights and obligations hereunder have been assigned to the assignee, relinquish its rights (other than any rights which survive the termination hereof under Section 10.8) and be released from its obligations hereunder (and, in the case of an assignment covering all or the remaining portion of an assigning Lender's rights and obligations hereunder, such Lender shall cease to be a party hereto on the Assignment Effective Date; provided, anything contained in any of the Credit Documents to the contrary notwithstanding, such assigning Lender shall continue to be entitled to the benefit of all indemnities hereunder as specified herein with respect to matters arising out of the prior involvement of such assigning Lender as a Lender hereunder); (iii) the Commitments shall be modified to reflect any Commitment of such assignee; and (iv) if any such assignment occurs after the issuance of any Note hereunder, the assigning Lender shall, upon the effectiveness of such assignment or as promptly thereafter as practicable, surrender its applicable Notes to the Administrative Agent for cancellation, and thereupon the Borrower shall issue and deliver new Notes, if so requested by the assignee and/or assigning Lender, to such assignee and/or to such assigning Lender, with appropriate insertions, to reflect the new outstanding Loans of the assignee and/or the assigning Lender.

(g) Participations.

(i) Each Lender shall have the right at any time to sell one or more participations to any Person in all or any part of its Commitments, Loans or in any other Obligation. Each Lender that sells a participation pursuant to this Section 10.6(g) shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it records the name and address of each participant and the principal amounts (and stated interest) of each participant's participation interest with respect to the Loan (each, a "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest in any Commitments, Loans or its other obligations under this Agreement) except to the extent that the relevant parties, acting reasonably and in good faith, determine that such disclosure is necessary to establish that such Commitment, Loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of a participation with respect to the Loan for all purposes under this Agreement, notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(ii) The holder of any such participation, other than an Affiliate of the Lender granting such participation, shall not be entitled to require such Lender to take or omit to take any action hereunder except with respect to any amendment, modification or waiver that would (A) extend the final scheduled maturity of any Loan or Note in which such participant is participating, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Commitment shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (B) consent to the assignment or transfer by any Credit Party of any of its rights and obligations under this Agreement or (C) release all or substantially all of the Collateral under the Collateral Documents or all or substantially all of the Guarantors from the Guaranty (in each case, except as expressly provided in the Credit Documents) supporting the Loans hereunder in which such participant is participating.

(iii) The Borrower agrees that each participant shall be entitled to the benefits of Sections 2.15(c), 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(c) (it being understood that the documentation required under Section 2.17(c) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (c) of this Section 10.6; provided, (x) a participant shall not be entitled to receive any greater payment under Section 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such participant, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation and (y) a participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless such participant agrees, for the benefit of the Borrower, to comply with Section 2.17 as though it were a Lender; provided further that, except as specifically set forth in clauses (x) and (y) of this sentence, nothing herein shall require any notice to the Borrower or any other Person in connection with the sale of any participation. To the extent permitted by law, each participant also shall be entitled to the benefits of Section 10.4 as though it were a Lender, provided such participant agrees to be subject to Section 2.14 as though it were a Lender.

(h) Certain Other Assignments and Participations. In addition to any other assignment or participation permitted pursuant to this Section 10.6 any Lender may assign, pledge and/or grant a security interest in all or any portion of its Loans, the other Obligations owed by or to such Lender, and its Notes, if any, to secure obligations of such Lender including any Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors and any operating circular issued by such Federal Reserve Bank; provided, that no Lender, as between the Borrower and such Lender, shall be relieved of any of its obligations hereunder as a result of any such assignment and pledge, and provided further, that in no event shall the applicable Federal Reserve Bank, pledgee or trustee, be considered to be a "Lender" or be entitled to require the assigning Lender to take or omit to take any action hereunder.

(i) Assignments to Affiliated Lenders.

(i) General Requirements for Assignments. In addition to the other rights provided in this Section 10.6, each Lender may assign all or a portion of any one or more of its Loans to any Person who, after giving effect to such assignment or participation, would be an Affiliated Lender (without the consent of any Person but subject to acknowledgement by the Administrative Agent (which acknowledgement shall be provided promptly after request therefor)) (each, an "**Affiliated Lender Assignment**"); provided that:

(A) Assignment Agreement. The assigning Lender and the Affiliated Lender purchasing such Lender's Loans shall execute and deliver to the Administrative Agent an Assignment Agreement, by which the Affiliated Lender shall make and become bound by the representations and warranties and agreements set forth in this clause (i);

(B) Hold Limitations. At all times, including at the time of such assignment and after giving effect to such assignment, (A) the aggregate principal amount of all Loans held by all Affiliated Lenders shall not exceed twenty five percent (25%) of the aggregate Loans outstanding under this Agreement at any time and (B) the number of Affiliated Lenders shall not constitute more than the lesser of (1) two (2) Affiliated Lenders and (2) forty nine percent (49%) of the aggregate number of Lenders hereunder (but in any event, there may always be at least one (1) Affiliated Lender). In the event that any percentage or limit under clause (A) or (B) of this clause (B) shall be exceeded, whether at the time of any assignment or at any time thereafter, Borrower shall, within thirty (30) days, cause the Affiliated Lenders to contribute such Loans to the common equity of Holdings (with Holdings concurrently contributing such interest as capital to Borrower) or otherwise sell such Loans, in each case to the extent necessary to cause any such limit or limits to not be exceeded; and

(C) Contributions to Borrower. Any Affiliated Lender that becomes a Lender under this Agreement, in its sole and absolute discretion, may make one or more capital contributions or assignments of the portion of the Loans that it acquires in accordance with this clause (i) to Holdings; provided that Holdings concurrently contributes such interest as capital to Borrower. Immediately upon Borrower's acquisition of any portion of the Loan, and notwithstanding anything to the contrary in this Agreement, such portion of such Loans and all rights and obligations as a Lender related thereto shall for all purposes (including under this Agreement, the other Credit Documents and otherwise) be deemed to be irrevocably prepaid, terminated, extinguished, cancelled and of no further force and effect, and Borrower shall neither obtain nor have any rights as a Lender hereunder or under the other Credit Documents by virtue of such capital contribution. The parties hereto agree that any prepayment, termination, extinguishment and/or cancellation of any portion of the Loans as contemplated by this clause (i) shall be disregarded for purposes of calculating each of EBITDA and Excess Cash Flow for any applicable period of calculation.

(ii) Affiliated Lender Representations and Warranties. Each Affiliated Lender under this Agreement hereby represents, warrants and agrees as follows:

(A) it has identified itself in writing as an Affiliated Lender to the assigning Lender and the Administrative Agent prior to the execution of any assignment agreement;

(B) such Affiliated Lender shall comply with the requirements set forth in clause (i)(B) of this Section 10.6 upon consummation of the applicable assignment and at all times thereafter so long as such Affiliated Lender is a party hereto;

(C) it has reviewed this Agreement, including without limitation this clause (i) and the related terms, conditions and agreements applicable to Affiliated Lenders hereunder, and hereby agrees to comply with all such terms, conditions and agreements; and

(D) in any subsequent assignment of all or any portion of its Loans it shall identify itself in writing to the assignee as an Affiliated Lender prior to the execution of such assignment agreement.

(iii) Additional Affiliated Lender Restrictions and Limitations.

(A) Information and Meetings. Notwithstanding anything to the contrary in this Agreement, no Affiliated Lender shall have any right to (I) attend or participate in (including by telephone) any meeting or discussions (or portion thereof) among the Administrative Agent or any Lender to which representatives of the Credit Parties are not invited and present or (II) receive any information, reports or other materials prepared or provided by the Administrative Agent or any Lender or any communication by or among the Administrative Agent and/or one or more Lenders, except to the extent such information, report or materials have been made available to any Credit Party or any representative of any Credit Party.

(B) Voting Generally. Notwithstanding anything in Section 10.5 or the definition of "Requisite Lenders" to the contrary, for purposes of determining whether the Requisite Lenders, all affected Lenders or all Lenders have (I) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Credit Document or any departure by any Credit Party therefrom, (II) otherwise acted on any matter related to any Credit Document or (III) directed or required the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Credit Document, an Affiliated Lender shall be deemed to have voted its interest as a Lender without discretion in the same proportion as the allocation of voting with respect to such matter by Lenders who are not Affiliated Lenders; provided that, without the consent of an Affiliated Lender, no such amendment, modification, waiver consent or other action shall (1) extend the due date for any scheduled installment of principal (including at maturity) of any Loan held by such Affiliated Lender, (2) extend the due date for interest under the Credit Documents owed to such Affiliated Lender, or (3) reduce any amount owing to such Affiliated Lender under any Credit Document.

(C) Insolvency Proceedings. Each Affiliated Lender, solely in its capacity as a holder of any Loans, hereby agrees that, if Borrower or any Credit Party shall be subject to any insolvency proceeding, (A) such Affiliated Lender shall not (i) vote in opposition to a plan of reorganization (pursuant to 11 U.S.C. §1126) of Borrower, such Credit Party or such Subsidiary that is approved by the Lenders (exclusive of all Affiliated Lenders) holding a majority of the outstanding principal amount of the Loans (exclusive of Loans held by Affiliated Lenders) hereunder, unless such plan of reorganization proposes to treat the Obligations or claims held by such Affiliated Lender in a manner that is materially less favorable to such Affiliated Lender than the proposed treatment of the Obligations or claims held by Lenders that are not Affiliated Lenders or (ii) vote in favor of any such plan or reorganization of such Credit Party that has not been approved by Lenders (exclusive of all Affiliated Lenders) holding a majority of the outstanding principal amount of the Loans (exclusive of Loans held by Affiliated Lenders) hereunder and (B) with respect to any matter requiring the vote of Lenders during the pendency of an insolvency proceeding (including, without limitation, voting on any plan of reorganization), the Loans held by such Affiliated Lender (and any claim with respect thereto) shall be deemed to be voted in accordance with clause (i)(iii)(B) above, so long as such Affiliated Lender is treated in connection with the exercise of such right or taking of such action on substantially the same or better terms as the other Lenders. For the avoidance of doubt, the Lenders and each Affiliated Lender agree and acknowledge that the provisions set forth in this clause (C) constitute a "subordination agreement" as such term is contemplated by, and utilized in, Section 510(a) of the Bankruptcy Code, and, as such, would be enforceable for all purposes in any case where Borrower or any Credit Party has filed for protection under any debtor relief law applicable to such Credit Party. The Administrative Agent is hereby appointed (such appointment being coupled with an interest) by Affiliated Lenders as each such Person's attorney-in-fact, with full authority in the place and stead of such Person and in the name of such Person, from time to time in the Administrative Agent's reasonable discretion (as directed by the Requisite Lenders (other than the Affiliated Lenders)) to take any action and to execute any instrument that the Administrative Agent (as directed by the Requisite Lenders (other than the Affiliated Lenders)) may deem reasonably necessary to carry out the provisions of this clause (C), including, without limitation, to ensure that any vote of such Affiliated Lender is withdrawn or otherwise not counted unless otherwise entitled to vote as per above. Without limiting the generality of the foregoing, each Affiliated Lender, solely in its capacity as a Lender, hereby expressly agrees that any vote cast thereby that is in contravention of this clause (C)) shall constitute a violation of this Agreement, and the Administrative Agent shall be entitled to have any such vote withdrawn.

(D) Material Non-Public Information. Each Lender assigning to, or accepting assignment from, an Affiliated Lender, acknowledges and agrees that (i) the Affiliated Lender may have or at a later date may come into possession of material non-public information or additional information regarding the Loans or the Credit Parties or respective businesses at any time after this assignment has been consummated that was or was not known to such Lender or such Affiliated Lender at the time such assignment was consummated and that, when taken together with other information that was known to the Affiliated Lender at the time such assignment was consummated, may be information that would have been material to the Lender's decision to enter into an assignment of such Loans ("Additional Information"), (ii) such Lender will independently make its own analysis and determination to enter into an assignment of its Loans notwithstanding its lack of knowledge of Additional Information and (iii) none of the Affiliated Lender or any other Credit Party, any of their respective Affiliates or any other Person shall have any liability to such Lender with respect to the nondisclosure of the Additional Information.

(j) Assignments to Borrower.

(i) Generally. So long as no Event of Default has occurred and is continuing on both the date a Borrower Buyback Notice (as defined below) is delivered to the Administrative Agent and Lenders and the date a Borrower Buyback (as defined below) is made (both immediately before and after giving effect thereto), Borrower shall be permitted to make voluntary prepayments of Loans at any time and from time to time (each, a "**Borrower Buyback**") during the term of this Agreement pursuant to the provisions of this clause (j). Notwithstanding anything to the contrary provided in this Agreement or any other Credit Document, Borrower shall not be permitted to make any Borrower Buyback if after giving effect thereto the Affiliated Lenders would hold a greater aggregate principal amount of Loans than is permitted by clause (i).

(ii) Procedures. In connection with any Borrower Buyback, Borrower will notify the Administrative Agent and Lenders in writing (the "**Borrower Buyback Notice**") that Borrower desires to prepay its Loans on a specified Business Day, in a maximum aggregate amount (which amount shall be not less than $5,000,000 and integral multiples of $250,000 in excess thereof) (the "**Borrower Buyback Amount**") at par or a discount to par (which shall be expressed as a range of percentages of par of the principal amount of the Loans) specified by Borrower with respect to each Borrower Buyback (the "**Borrower Buyback Price Range**"); provided that such notice shall be received by the Administrative Agent and Lenders no later than three (3) Business Days and no earlier than twenty (20) Business Days prior to the proposed date of such Borrower Buyback. In connection with a Borrower Buyback, Borrower will allow each Lender holding the Loans to specify a price in relation to par (which shall be expressed as a price equal to a percentage of par of the principal amount of the Loans, the "**Acceptable Borrower Buyback Price**") for a principal amount (subject to rounding requirements specified by Requisite Lenders) of the Loans held by such Lender at which such Lender is willing to permit such voluntary prepayment. Based on the Acceptable Borrower Buyback Prices and principal amounts of the Loans specified by Lenders, if any, the Administrative Agent and Borrower will determine the Applicable Borrower Buyback Price (the "**Applicable Borrower Buyback Price**") for the applicable Borrower Buyback, which will be the lower of (i) the lowest Acceptable Borrower Buyback Price at which Borrower can complete the Borrower Buyback for the Borrower Buyback Amount and (ii) if the Lenders' response is such that the Borrower Buyback could not be completed for the full Borrower Buyback Amount, the highest Acceptable Borrower Buyback Price specified by the Lenders that is within the Borrower Buyback Price Range specified by Borrower. For the avoidance of doubt, no Lender shall be obligated to participate in a Borrower Buyback.

(iii) Prepayments; Application. Borrower shall prepay the Loans (or the respective portion thereof) offered by Lenders at the Acceptable Borrower Buyback Prices specified by each such Lender that are equal to or less than the Applicable Borrower Buyback Price ("**Qualifying Loans**") at the Applicable Borrower Buyback Price; provided that if the aggregate proceeds required to prepay Qualifying Loans (disregarding any interest payable under this clause (j)) would exceed the Borrower Buyback Amount for such Borrower Buyback, Borrower shall prepay such Qualifying Loans at the Applicable Borrower Buyback Price ratably based on the respective principal amounts of such Qualifying Loans (subject to rounding requirements specified by the Requisite Lenders). The portion of the Loans prepaid by Borrower pursuant to this clause (j) shall be accompanied by payment of accrued and unpaid interest on the par principal amount so prepaid to, but not including, the date of prepayment. The par principal amount of the Loans prepaid pursuant to this clause (j) shall be applied to reduce the remaining installments of the Loans owing to the applicable Lenders who have participated in the debt buyback as determined by Borrower (without affecting the amount of the installment payments owing to the Lenders not prepaid pursuant to this clause (j)). The par principal amount of the Loans prepaid pursuant to this clause (j) shall be deemed immediately cancelled upon payment of the Applicable Borrower Buyback Price.

(iv) Lender Consent. The Lenders hereby consent to the transactions described in this clause (j) (including the prepayment of Loans on a non-*pro rata* basis) and waive the requirements of any provision of this Agreement or any other Credit Document (other than this clause (j)) that might otherwise result in a Default or Event of Default as a result of a Borrower Buyback.

(v) Miscellaneous. Each Borrower Buyback shall be consummated pursuant to procedures (including as to timing, rounding and minimum amounts, type and Interest Periods of accepted Loans, conditions for terminating a Borrower Buyback or rescinding an acceptance of prepayment, forms of other notices (including notices of offer and acceptance) by Borrower and Lenders and determination of Applicable Borrower Buyback Price) agreed by Requisite Lenders and Borrower. The making of a Borrower Buyback shall be deemed to be a representation and warranty by Borrower that all conditions precedent to such Borrower Buyback set forth in this clause (j) were satisfied in all material respects (unless otherwise subject to a valid waiver).

(vi) Disclaimer. Each Lender that agrees to the prepayment of its Loans pursuant to this clause (j) acknowledges and agrees that (i) Borrower may have at the time of prepayment or may come into possession of material non-public information or additional information regarding the Loans or the Credit Parties at any time after a prepayment has been consummated pursuant to an Borrower Buyback hereunder that is not or was not known to such Lender or Borrower at the time such repurchase was consummated and that, when taken together with information that was known to Borrower at the time such prepayment was consummated, may be information that would have been material to such Lender's decision to accept the offer of prepayment of such Loans hereunder ("**Excluded Information**"), (ii) such Lender will independently make its own analysis and determination to accept the offer of prepayment of its Loans and to consummate the transactions contemplated by a Borrower Buyback notwithstanding such Lender's lack of knowledge of Excluded Information (it being understood that Borrower remains subject to the requirements of Section 5.1 and the other provisions of this Agreement) and (iii) none of Borrower or any other Credit Party or any other Person shall have any liability to such Lender with respect to the nondisclosure of the Excluded Information, subject to the requirements of Section 5.1 and the other provisions of this Agreement.

10.7 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations of, another covenant shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

10.8 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of the Loans. Notwithstanding anything herein or implied by law to the contrary, the agreements of each Credit Party set forth in Sections 2.15(c), 2.16, 2.17, 10.2, 10.3 and 10.4 and the agreements of the Lenders set forth in Sections 2.14, 9.3(b) and 9.6 shall survive the payment of the Loans and the termination hereof.

10.9 No Waiver; Remedies Cumulative. No failure or delay on the part of any Agent or any Lender in the exercise of any power, right or privilege hereunder or under any other Credit Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to each Agent and each Lender hereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the other Credit Documents or any of the Hedging Agreements. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.10 Marshalling; Payments Set Aside. Neither any Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Credit Party or any other Person or against or in payment of any or all of the Obligations. To the extent that any Credit Party makes a payment or payments to the Administrative Agent or the Lenders (or to the Administrative Agent, on behalf of the Lenders), or any Agent or Lender enforces any security interests or exercises any right of set-off, and such payment or payments or the proceeds of such enforcement or set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments had not been made or such enforcement or set-off had not occurred.

10.11 Severability. In case any provision in or obligation hereunder or under any other Credit Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

10.12 Obligations Several; Independent Nature of Lenders' Rights. The obligations of the Lenders hereunder are several and no Lender shall be responsible for the obligations or Commitment of any other Lender hereunder. Nothing contained herein or in any other Credit Document, and no action taken by the Lenders pursuant hereto or thereto, shall be deemed to constitute the Lenders as a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out hereof and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

10.13 Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

10.14 APPLICABLE LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER (INCLUDING, WITHOUT LIMITATION, ANY CLAIMS SOUNDING IN CONTRACT LAW OR TORT LAW ARISING OUT OF THE SUBJECT MATTER HEREOF AND ANY DETERMINATIONS WITH RESPECT TO POST-JUDGMENT INTEREST) SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD RESULT IN THE APPLICATION OF ANY LAW OTHER THAN THE LAW OF THE STATE OF NEW YORK.

10.15 CONSENT TO JURISDICTION. SUBJECT TO CLAUSE (E) OF THE FOLLOWING SENTENCE, ALL JUDICIAL PROCEEDINGS BROUGHT AGAINST ANY PARTY ARISING OUT OF OR RELATING HERETO OR ANY OTHER CREDIT DOCUMENTS, OR ANY OF THE OBLIGATIONS, SHALL BE BROUGHT IN ANY FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN THE BOROUGH OF MANHATTAN OR, IF THAT COURT DOES NOT HAVE SUBJECT MATTER JURISDICTION, IN ANY STATE COURT LOCATED IN THE CITY AND COUNTY OF NEW YORK. BY EXECUTING AND DELIVERING THIS AGREEMENT, EACH PARTY TO THIS AGREEMENT, FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, IRREVOCABLY (A) ACCEPTS GENERALLY AND UNCONDITIONALLY THE EXCLUSIVE JURISDICTION AND VENUE OF SUCH COURTS (OTHER THAN WITH RESPECT TO ACTIONS BY ANY AGENT IN RESPECT OF RIGHTS UNDER ANY SECURITY AGREEMENT GOVERNED BY A LAWS OTHER THAN THE LAWS OF THE STATE OF NEW YORK OR WITH RESPECT TO ANY COLLATERAL SUBJECT THERETO); (B) WAIVES ANY DEFENSE OF FORUM NON CONVENIENS; (C) AGREES THAT SERVICE OF ALL PROCESS IN ANY SUCH PROCEEDING IN ANY SUCH COURT MAY BE MADE BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO THE APPLICABLE PARTY AT ITS ADDRESS PROVIDED IN ACCORDANCE WITH SECTION 10.1; (D) AGREES THAT SERVICE AS PROVIDED IN CLAUSE (C) ABOVE IS SUFFICIENT TO CONFER PERSONAL JURISDICTION OVER THE APPLICABLE CREDIT PARTY IN ANY SUCH PROCEEDING IN ANY SUCH COURT, AND OTHERWISE CONSTITUTES EFFECTIVE AND BINDING SERVICE IN EVERY RESPECT. EACH PARTY ALSO AGREES THAT THE AGENTS AND LENDERS RETAIN THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO BRING PROCEEDINGS AGAINST ANY CREDIT PARTY IN THE COURTS OF ANY OTHER JURISDICTION IN CONNECTION WITH THE EXERCISE OF ANY RIGHTS UNDER ANY COLLATERAL DOCUMENT OR THE ENFORCEMENT OF ANY JUDGMENT.

10.16 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO 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 CREDIT DOCUMENTS OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION OR THE 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 PARTY HERETO ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THIS WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN ITS RELATED FUTURE DEALINGS. EACH PARTY HERETO 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 10.16 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 CREDIT DOCUMENTS OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS MADE HEREUNDER. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

10.17 Confidentiality. Each Agent and each Lender shall hold all Non-Public Information regarding Holdings, the Borrower and their respective Subsidiaries, Affiliates and their businesses identified as such by Holdings or the Borrower and obtained by such Agent or such Lender pursuant to the requirements of the Credit Documents in accordance with such Agent's and such Lender's customary procedures for handling confidential information of such nature, it being understood and agreed by the Borrower that, in any event, the Administrative Agent may disclose such information to the Lenders and each Agent and each Lender and each Agent may make (i) disclosures of such information to Affiliates of such Lender or Agent and to their respective officers, directors, partners, members, employees, legal counsel, independent auditors, leverage facility providers and other advisors, experts or agents who need to know such information and on a confidential basis (and to other Persons authorized by a Lender or Agent to organize, present or disseminate such information in connection with disclosures otherwise made in accordance with this Section 10.17), (ii) disclosures of such information reasonably required by any potential or prospective assignee, transferee or participant in connection with the contemplated assignment, transfer or participation of any Loans or any participations therein or by any direct or indirect contractual counterparties (or the professional advisors thereto) to any swap or derivative transaction relating to the Borrower and its obligations (provided, such assignees, transferees, participants, counterparties and advisors are advised of and agree to be bound by either the provisions of this Section 10.17 or other provisions at least as restrictive as this Section 10.17), (iii) disclosure to any rating agency when required by it, provided that, prior to any disclosure, such rating agency shall undertake in writing to preserve the confidentiality of any confidential information relating to Credit Parties received by it from any Agent or any Lender, (iv) disclosure on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans, (v) disclosures in connection with the exercise of any remedies hereunder or under any other Credit Document, (vi) disclosures made pursuant to the order of any court or administrative agency or in any pending legal or administrative proceeding, or otherwise as required by applicable law or compulsory legal process (in which case such Person agrees to inform the Borrower promptly thereof to the extent not prohibited by law) (except this paragraph does not permit the disclosure of any information under section 275(4) of the Australian PPSA unless section 275(7) of the Australian PPSA applies), (vii) disclosures made upon the request or demand of any regulatory or quasi-regulatory authority purporting to have jurisdiction over such Person or any of its Affiliates (including any self-regulatory authority, such as the National Association of Insurance Commissioners) (except this paragraph does not permit the disclosure of any information under section 275(4) of the Australian PPSA unless section 275(7) of the Australian PPSA applies) and (viii) disclosures to a person that is an investor or prospective investor in such Agent or Lender or an affiliated investment vehicle that agrees that its access to information regarding Holdings and its Subsidiaries and the Obligations are solely for purposes of evaluating an investment in such Agent or Lender or affiliated investment vehicle. In addition, each Agent and each Lender may disclose the existence of this Agreement and the information about this Agreement to market data collectors, similar services providers to the lending industry, and service providers to the Agents and the Lenders in connection with the administration and management of this Agreement and the other Credit Documents. Notwithstanding anything to the contrary herein, any Agent or Lender may place promotional materials on the Internet or World Wide Web in the form of a "tombstone" or otherwise describing the name and logo of Holdings, the Borrower and their respective Subsidiaries (or any of them), and the amount, type and closing date of the Related Transactions. Each of the Administrative Agent, the Collateral Agent and the Lenders acknowledges that (A) the confidential information described above may include Private-Side Information concerning Holdings, the Borrower or a Subsidiary, as the case may be, (B) it has developed compliance procedures regarding the use of Private-Side Information and (C) it will handle such Private-Side Information in accordance with applicable Law, including United States Federal and state securities Laws.

10.18 Usury Savings Clause. Notwithstanding any other provision herein, the aggregate interest rate charged with respect to any of the Obligations, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate. If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate, the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Administrative Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of the Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower.

10.19 Effectiveness; Counterparts. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto and receipt by the Borrower and the Administrative Agent of written notification of such execution and authorization of delivery thereof. This Agreement may be executed in any number of counterparts, each of which may be executed by physical signature in wet ink or electronically (in whole or in part) and when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. A party who has executed a counterpart of this Agreement may exchange it with another party (the "**Recipient**") by: (a) emailing a copy of the executed counterpart to the Recipient; or utilizing an electronic platform (including DocuSign) to circulate the executed counterpart, and will be taken to have adequately identified themselves by so emailing the copy to the Recipient or utilizing the electronic platform. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic format (i.e., "pdf" or "tif") and including utilizing an electronic platform (including DocuSign) to circulate the executed counterpart shall be effective as delivery of a manually executed counterpart of this Agreement. Each party consents to the signatories and parties executing this document by electronic means. The words "execution," "signed," "signature," "delivery," and words of like import in this Agreement shall be deemed to include electronic signatures or electronic records, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each counterpart constitutes an original (whether kept in electronic or paper form), all of which together constitute one instrument as if the signatures (or other execution markings) on the counterparts or copies were on a single physical copy of this document in paper form. Without limiting the foregoing, if any of the signatures or other markings on behalf of one party are on different counterparts or copies of this document, this shall be taken to be, and have the same effect as, signatures on the same counterpart and on a single copy of this document.

10.20 Secured Hedging Counterparties. No Secured Hedging Counterparty that obtains the benefits of Section 8.2, any Guaranty or any Collateral by virtue of the provisions hereof or of any Guaranty or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Credit Document or otherwise in respect of the Collateral or any Guaranty (including the release or impairment of any Collateral or Guaranty). Notwithstanding any other provision of Section 9 or this Section 10 to the contrary, no Agent shall be required to verify the existence, amount or payment of any Obligations owing with respect to Secured Hedging Agreements. Upon the request of any Agent, each Secured Hedging Counterparty will promptly provide such Agent with such information and supporting documentation with respect to its Obligations with respect to Secured Hedging Agreements as such Agent shall request, including the amounts (contingent and/or due and payable) thereof.

10.21 PATRIOT Act. Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Credit Party that pursuant to the requirements of the PATRIOT Act, it is required to obtain, verify and record information that identifies each Credit Party, which information includes the name and address of each Credit Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Credit Party in accordance with the PATRIOT Act.

10.22 Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.23 No Fiduciary Duty. Each Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "**Lenders**"), may have economic interests that conflict with those of the Credit Parties, their stockholders and/or their affiliates. Each Credit Party agrees that nothing in the Credit Documents or otherwise will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and such Credit Party, its stockholders or its affiliates, on the other. The Credit Parties acknowledge and agree that (i) the transactions contemplated by the Credit Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Credit Parties, on the other, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of any Credit Party, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise any Credit Party, its stockholders or its Affiliates on other matters) or any other obligation to any Credit Party except the obligations expressly set forth in the Credit Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of any Credit Party, its management, stockholders, creditors or any other Person. Each Credit Party acknowledges and agrees that it has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. Each Credit Party agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to such Credit Party, in connection with such transaction or the process leading thereto. To the fullest extent permitted by law, each Credit Party hereby waives and releases any claims that it may have against the Administrative Agent, the Collateral Agent and each of the Lenders with respect to any breach or alleged breach of advisory or fiduciary duty in connection with any aspect of any transaction contemplated hereby. The Administrative Agent, the Collateral Agent and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Credit Document) and the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

10.24 Exclusion of Certain Australian PPSA Provisions. Where the Collateral Agent has a security interest (as defined in the Australian PPSA) under any Credit Document, to the extent the law permits:

(a) for the purposes of sections 115(1) and 115(7) of the Australian PPSA:

(i) the Collateral Agent need not comply with sections 95, 118, 121(4), 125, 130, 132(3)(d) or 132(4) of the Australian PPSA; and

(ii) sections 142 and 143 of the Australian PPSA are excluded;

(b) for the purposes of section 115(7) of the Australian PPSA, the Collateral Agent need not comply with sections 132 and 137(3) of the Australian PPSA;

(c) each party waives its right to receive from the Collateral Agent any notice required under the Australian PPSA (including a notice of a verification statement); and

(d) if the Collateral Agent exercises a right, power or remedy in connection with its security interest, that exercise is taken not to be an exercise of a right, power or remedy under the Australian PPSA unless the Collateral Agent states otherwise at the time of exercise; provided that this Section 10.24 does not apply to a right, power or remedy which can only be exercised under the Australian PPSA.

This Section 10.24 does not affect any rights a Person has or would have other than by reason of the Australian PPSA and applies despite any other section in any Credit Document.

10.25 Restatement of Original Credit Agreement. The parties hereto agree that, on the Restatement Date, the following transactions shall be deemed to occur automatically, without further action by any party hereto:

(a) the Original Credit Agreement shall be deemed to be amended and restated in its entirety in the form of this Agreement;

(b) all "Obligations" (including, without limitation, all prior loans or advances made to the Borrower by the Lenders) outstanding pursuant to the Original Credit Agreement (and as defined therein) (the "**Original Obligations**") shall, to the extent not paid or exchanged for Loans hereunder on the Restatement Date, in all respects be continuing and shall be deemed to be Obligations outstanding hereunder;

(c) each Credit Party reaffirms and confirms its obligations under each Credit Document (as defined in the Original Credit Agreement) to which it is a party (including the Foreign Guaranty and all Collateral Documents (as defined in the Original Credit Agreement) and the security interests previously granted thereunder), as amended, supplemented, or otherwise modified or replaced by the Agreement and by any other Credit Document delivered on the Restatement Date continue in full force and effect and extend to all Obligations of each Credit Party under the Credit Documents;

(d) the Original Obligations, together with any and all additional Obligations incurred by any Credit Party hereunder or under any other Credit Documents (including for the avoidance of doubt, the Foreign Guaranty), shall continue to be secured by all Liens provided in connection with the Original Credit Agreement as and to the extent provided in, and subject to the terms of, this Agreement (and from and after the Restatement Date, shall be secured by all Liens provided in connection with this Agreement as and to the extent provided for in, and subject to the terms of, this Agreement);

(e) all references in the Credit Documents (as defined in the Original Credit Agreement) to the "Credit Agreement" shall be deemed to refer without further amendment to this Agreement;

(f) the parties acknowledge and agree that this Agreement and the other Credit Documents do not constitute a novation or termination of the Original Obligations and that all such Original Obligations, including all accrued and unpaid interest thereon and fees with respect thereto, are in all respects continue and are outstanding as Obligations under this Agreement with only the terms being modified from and after the Restatement Date of this Agreement as provided in this Agreement and the other Credit Documents;

(g) the Credit Parties acknowledge that this Agreement does not constitute a waiver by any Lender or any Agent of any Default or Event of Default under the Original Credit Agreement and any such Default or Event of Default that exists on the Restatement Date shall continue to exist under this Agreement; and

(h) the Borrower and Lenders that are Existing Lenders acknowledge and agree that proceeds of certain Loans funded on the Restatement Date will be applied to repay (or be made in exchange for) Existing Loans of certain Existing Lenders and the Borrower directs the Administrative Agent and the applicable Existing Lenders and Lenders to settle such fundings and repayments on a book entry basis.

[Remainder of page intentionally left blank]

Exhibit 21.1

Name of Subsidiary	Place of Incorporation
Artwork Holdings LLC	Delaware
Centerfold Digital, Inc.	Delaware
Honey Birdette (Aust) Pty Ltd	Australia
Honey Birdette (UK) Limited	United Kingdom
Honey Birdette US Inc.	Delaware
ICS Entertainment, Inc.	Delaware
PB Global Acquisition Corp.	Delaware
PBTV LLC	Delaware
Playboy China Limited*	Hong Kong
Playboy China (BVI) Limited*	British Virgin Islands
Playboy Enterprises, Inc.	Delaware
Playboy Enterprises International, Inc.	Delaware
Playboy Entertainment Group, Inc.	Delaware
Playboy New Venture LLC	Delaware
Playboy Spirits, LLC	Delaware
Playboy TV International LLC	Delaware
Playboy TV UK Limited	United Kingdom
Playboy.com, Inc.	Delaware
PLBY Australia Pty Ltd	Australia
PLBY (BVI) Limited	British Virgin Islands
Products Licensing LLC	Delaware
Spice Entertainment, Inc.	Delaware
Spice Hot Entertainment, Inc.	Delaware

* Indicates a company that is not wholly owned directly or indirectly by PLBY Group, Inc.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File Nos. 333-264515 and 333-267273) and Form S-8 (File Nos. 333-259216, 333-264019, 333-271051 and 333-274143) of PLBY Group, Inc. ("Company") of our reports dated March 29, 2024, relating to the consolidated financial statements and schedule, and the effectiveness of the Company's internal control over financial reporting, which appear in this Annual Report on Form 10-K. Our report on the effectiveness of internal control over financial reporting expresses an adverse opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2023.

/s/ BDO USA, P.C.

Los Angeles, California
March 29, 2024

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ben Kohn, certify that:

1. I have reviewed this Annual Report on Form 10-K of PLBY Group, 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 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 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: March 29, 2024

By: */s/ Ben Kohn*
Ben Kohn
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Marc Crossman, certify that:

1. I have reviewed this Annual Report on Form 10-K of PLBY Group, 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 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 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: March 29, 2024

By: */s/ Marc Crossman*
Marc Crossman
Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)

Exhibit 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

In connection with the Annual Report of PLBY Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 (the "Report"), Ben Kohn, Chief Executive Officer and President of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2024

By: */s/ Ben Kohn*
Ben Kohn
Chief Executive Officer and President
(Principal Executive Officer)

Exhibit 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

In connection with the Annual Report of PLBY Group, Inc. (the "Company") on Form 10-K for the period ended December 31, 2023 (the "Report"), Marc Crossman, Chief Financial Officer & Chief Operating Officer of the Company, certifies, to the best of his knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

a. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2024

By: */s/ Marc Crossman*
Marc Crossman
Chief Financial Officer & Chief Operating Officer
(Principal Financial Officer)

Exhibit 97

PLBY GROUP, INC.
CLAWBACK POLICY

(Adopted November 20, 2023)

Pursuant to the applicable rules of The Nasdaq Stock Market and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended, the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of PLBY Group, Inc. (the "Company") believes that it is appropriate for the Company to adopt this Clawback Policy (this "Policy") to be applied to the Executive Officers of the Company and adopts this Policy to be effective as of the Effective Date.

Definitions

For purposes of this Policy, the following definitions shall apply:

(a) "Company Group" means the Company and each of its Subsidiaries, as applicable.

(b) "Covered Compensation" means any Incentive-Based Compensation granted, vested or paid to a person who served as an Executive Officer at any time during the performance period for the Incentive-Based Compensation and that was Received (i) on or after the effective date of the applicable Nasdaq rule, (ii) after the person became an Executive Officer and (iii) at a time that the Company had a class of securities listed on a national securities exchange or a national securities association.

(c) "Effective Date" means December 1, 2023.

(d) "Erroneously Awarded Compensation" means the amount of Covered Compensation granted, vested or paid to a person during the fiscal period when the applicable Financial Reporting Measure relating to such Covered Compensation was attained that exceeds the amount of Covered Compensation that otherwise would have been granted, vested or paid to the person had such amount been determined based on the applicable Restatement, computed without regard to any taxes paid (i.e., on a pre-tax basis). For Covered Compensation based on stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in a Restatement, the Committee will determine the amount of such Covered Compensation that constitutes Erroneously Awarded Compensation, if any, based on a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Covered Compensation was granted, vested or paid and the Committee shall maintain documentation of such determination and provide such documentation to Nasdaq.

(e) "Exchange Act" means the U.S. Securities Exchange Act of 1934.

(f) "Executive Officer" means each "officer" of the Company as defined under Rule 16a-1(f) under Section 16 of the Exchange Act, which shall be deemed to include any individuals identified by the Company as executive officers pursuant to Item 401(b) of Regulation S-K under the Exchange Act. Both current and former Executive Officers are subject to this Policy in accordance with its terms.

(g) "Financial Reporting Measure" means (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measures derived wholly or in part from such measures and may consist of GAAP or non-GAAP financial measures (as defined under Regulation G of the Exchange Act and Item 10 of Regulation S-K under the Exchange Act), (ii) stock price or (iii) total shareholder return. Financial Reporting Measures may or may not be filed with the SEC and may be presented outside the Company's financial statements, such as in Managements' Discussion and Analysis of Financial Conditions and Result of Operations or in the performance graph required under Item 201(e) of Regulation S-K under the Exchange Act.

(h) "Home Country" means the Company's jurisdiction of incorporation.

(i) "Incentive-Based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(j) "Lookback Period" means the three completed fiscal years (plus any transition period of less than nine months that is within or immediately following the three completed fiscal years and that results from a change in the Company's fiscal year) immediately preceding the date on which the Company is required to prepare a Restatement for a given reporting period, with such date being the earlier of: (i) the date the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare a Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare a Restatement. Recovery of any Erroneously Awarded Compensation under the Policy is not dependent on if or when the Restatement is actually filed.

(k) "Nasdaq" means the Nasdaq Stock Market.

(l) "Received": Incentive-Based Compensation is deemed "Received" in the Company's fiscal period during which the Financial Reporting Measure specified in or otherwise relating to the Incentive-Based Compensation award is attained, even if the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

(m) "Restatement" means a required accounting restatement of any Company financial statement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (commonly referred to as a "Big R" restatement) or (ii) to correct an error in previously issued financial statements that is not material to the previously issued financial statements but that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (commonly referred to as a "little r" restatement). Any change to the Company's financial statements that does not represent an error correction under the then-current relevant accounting standards will not constitute a Restatement. Recovery of any Erroneously Awarded Compensation under this Policy is not dependent on fault, fraud or misconduct by any person in connection with a Restatement.

(n) "SEC" means the U.S. Securities and Exchange Commission.

(o) "Subsidiary" means any domestic or foreign corporation, partnership, association, joint stock company, joint venture, trust or unincorporated organization "affiliated" with the Company, that is, directly or indirectly, through one or more intermediaries, "controlling", "controlled by" or "under common control with", the Company. "Control" for this purpose means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, contract or otherwise.

Recoupment of Erroneously Awarded Compensation

In the event of a Restatement, the Committee (if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board) shall determine the amount of any Erroneously Awarded Compensation Received by each Executive Officer, and any Erroneously Awarded Compensation Received during the Lookback Period prior to the Restatement (a) that is then-outstanding but has not yet been paid shall be automatically and immediately forfeited and (b) that has been paid to any person shall be subject to reasonably prompt repayment to the Company Group in accordance with Section 3 of this Policy. The Committee must pursue (and shall not have the discretion to waive) the forfeiture and/or repayment of such Erroneously Awarded Compensation in accordance with Section 3 of this Policy, except as provided below. Notwithstanding the foregoing, except as set forth in, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer's obligations hereunder.

Notwithstanding the foregoing, the Committee (or, if the Committee is not a committee of the Board responsible for the Company's executive compensation decisions and composed entirely of independent directors, a majority of the independent directors serving on the Board) may determine not to pursue the forfeiture and/or recovery of Erroneously Awarded Compensation from any person if the Committee determines that such forfeiture and/or recovery would be impracticable due to any of the following circumstances: (i) the direct expense paid to a third party (for example, reasonable legal expenses and consulting fees) to assist in enforcing the Policy would exceed the amount to be recovered (following reasonable attempts by the Company Group to recover such Erroneously Awarded Compensation, the documentation of such attempts, and the provision of such documentation to Nasdaq), (ii) pursuing such recovery would violate the Company's Home Country laws adopted prior to November 28, 2022 (provided that the Company obtains an opinion of Home Country counsel acceptable to Nasdaq that recovery would result in such a violation and provides such opinion to Nasdaq), or (iii) recovery would likely cause any otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

Means of Repayment

In the event that the Committee determines that any person shall repay any Erroneously Awarded Compensation, the Committee shall provide prompt written notice to such person, setting forth the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable, by email, courier service or certified mail to the physical address on file with the Company Group for such person, and the person shall satisfy such repayment in a manner and on such terms as required by the Committee, and the Company Group shall be entitled to set off the repayment amount against any amount owed to the person by the Company Group, to require the forfeiture of any award granted by the Company Group to the person, or to take any and all necessary actions to reasonably promptly recoup the repayment amount from the person, in each case, to the fullest extent permitted under applicable law, including without limitation, Section 409A of the U.S. Internal Revenue Code and the regulations and guidance thereunder. If the Committee does not specify a repayment timing in the written notice described above, the applicable person shall be required to repay the Erroneously Awarded Compensation to the Company Group by wire, cash or cashier's check no later than thirty (30) days after receipt of such notice.

To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy. To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

No Indemnification

No person shall be indemnified, insured or reimbursed by the Company Group in respect of any loss of compensation by such person in accordance with this Policy, or any claims relating to the Company's enforcement of its rights under this Policy, nor shall any person receive any advancement of expenses for disputes related to any loss of compensation by such person in accordance with this Policy, and no person shall be paid or reimbursed by the Company Group for any premiums paid by such person for any third-party insurance policy covering potential recovery obligations under this Policy. For this purpose, "indemnification" includes any modification to current compensation arrangements or other means that would amount to *de facto* indemnification (for example, providing the person a new cash award which would be cancelled to effect the recovery of any Erroneously Awarded Compensation).

In no event shall the Company Group be required to award any person an additional payment if any Restatement would result in a higher incentive compensation payment. Further, the Company shall not enter into any agreement that exempts any Incentive-Based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

Miscellaneous

This Policy generally will be administered and interpreted by the Committee as necessary, appropriate, or advisable for the Company's compliance with Nasdaq and SEC rules, and any other applicable law, regulation, rule or interpretation in connection with the subject matter hereof, provided that the Board may, from time to time, exercise discretion to administer and interpret this Policy, in which case, all references herein to "Committee" shall be deemed to refer to the Board. Any determination by the Committee with respect to this Policy shall be final, conclusive and binding on all interested parties. Any discretionary determinations of the Committee under this Policy, if any, need not be uniform with respect to all persons, and may be made selectively amongst persons, whether or not such persons are similarly situated.

This Policy is intended to satisfy the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as it may be amended from time to time, and any related rules or regulations promulgated by the SEC or Nasdaq, including any additional or new requirements that become effective after the Effective Date, which upon effectiveness shall be deemed to automatically amend this Policy to the extent necessary to comply with such additional or new requirements. The Company shall file all disclosures with respect to this Policy required by applicable SEC filings and rules, including the Company's application of this Policy and any amount subject to clawback from a current or former Executive Officer but unpaid after 180 days following demand for payment.

The provisions in this Policy are intended to be applied to the fullest extent of the law. To the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to applicable law. The invalidity or unenforceability of any provision of this Policy shall not affect the validity or enforceability of any other provision of this Policy. Recoupment of Erroneously Awarded Compensation under this Policy is not dependent upon the Company Group satisfying any conditions in this Policy, including any requirements to provide applicable documentation to Nasdaq.

The rights of the Company Group under this Policy to seek forfeiture or reimbursement are in addition to, and not in lieu of, any rights of recoupment, or remedies or rights other than recoupment, that may be available to the Company Group pursuant to the terms of any law, government regulation or stock exchange listing requirement or any other policy, code of conduct, employee handbook, employment agreement, equity award agreement, or other plan or agreement of the Company Group. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy.

Amendment and Termination

To the extent permitted by, and in a manner consistent with applicable law, including SEC and Nasdaq rules, the Committee may terminate, suspend or amend this Policy at any time in its discretion.

Successors

This Policy shall be binding and enforceable against all persons and their respective beneficiaries, heirs, executors, administrators or other legal representatives with respect to any Covered Compensation granted, vested or paid to or administered by such persons or entities.

PLBY GROUP, INC.

CLAWBACK POLICY

ACKNOWLEDGMENT, CONSENT AND AGREEMENT

I acknowledge that I have received and reviewed a copy of the PLBY Group, Inc. Clawback Policy (as may be amended from time to time, the "Policy"), and I have been given an opportunity to ask questions about the Policy and review it with my counsel. I knowingly, voluntarily and irrevocably consent to and agree to be bound by and subject to the Policy's terms and conditions, including that I will return any Erroneously Awarded Compensation that is required to be repaid in accordance with the Policy. I further acknowledge, understand and agree that (i) the compensation that I receive, have received or may become entitled to receive from the Company Group is subject to the Policy, and the Policy may affect such compensation and (ii) I have no right to indemnification, insurance payments or other reimbursement by or from the Company Group for any compensation that is subject to recoupment and/or forfeiture under the Policy. Capitalized terms used but not defined herein have the meanings set forth in the Policy.

Signed: _____

Print Name: _____

Date: _____