

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

FORM 8-K  
CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

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

**STRAN & COMPANY, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction  
of incorporation)

**001-41038**

(Commission File Number)

**04-3297200**

(IRS Employer  
Identification No.)

**2 Heritage Drive, Suite 600, Quincy, MA**

(Address of principal executive offices)

**02171**

(Zip Code)

**800-833-3309**

(Registrant's telephone number, including area code)

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.0001 per share	STRN	The NASDAQ Stock Market LLC
Warrants, each warrant exercisable for one share of Common Stock at an exercise price of \$5.1875	STRNW	The NASDAQ Stock Market LLC

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

Emerging Growth Company ☒

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

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

On November 22, 2021, Stran & Company, Inc. (the "Company") entered into a Revolving Demand Line of Credit Loan Agreement (the "Loan Agreement"), with Salem Five Cents Savings Bank (the "Lender"), for aggregate loans of up to \$7 million (the "Loan" or "Line of Credit"), evidenced by a Revolving Demand Line of Credit Note, also dated November 22, 2021 (the "Note"). The Line of Credit and Note are secured by a first priority security interest in all assets and property of the Company, as more fully described in the Security Agreement, also dated November 22, 2021, between the Lender and the Borrower (the "Security Agreement" and together with the Loan Agreement and the Note, the "Loan Documents").

The amount available under the Line of Credit is the lesser of \$7 million or the sum of (x) eighty percent (80%) of the then-outstanding amount of Eligible Accounts (as defined below), plus (y) fifty percent (50%) of Eligible Inventory (as defined below); minus one hundred (100%) percent of the aggregate amount then drawn under the Line of Credit for the account of the Company. In addition, advances based upon Eligible Inventory must be capped at all times at \$2,000,000. "Eligible Accounts" are defined as accounts that meet a number of requirements, including, unless otherwise approved by the Lender, being less than ninety (90) days from the date of invoice not subject to any prior assignment, claim, lien, or security interest, not subject to set-off, credit, allowance or adjustment by the account debtor, arose in the ordinary course of the Company's business, not an intercompany obligation, not subject to notice of bankruptcy or insolvency of the account debtor, not owed by an account debtor whose principal place of business is outside the United States of America, not a government account, not be evidenced by promissory notes, and not one of the accounts owed by an account debtor 25% or more of whose accounts are 90 or more days past invoice date; or otherwise not deemed acceptable by the Lender in accordance with its normal credit policies. "Eligible Inventory" means all finished goods, work in progress and raw materials and component parts of inventory owned by the Company. It does not include any inventory held on consignment or not otherwise owned by the Company; any inventory which has been returned by a customer or is damaged or subject to any legal encumbrances other than a first priority security interest held by the Company; any inventory which is not in the possession of the Company; any inventory which is held by the Company on property leased by the Company unless the Lender has received a Landlord's Waiver and Consent from the lessor of such property satisfactory to the Lender; any inventory which is not located within the United States; any inventory which the Lender reasonably deems to be obsolete or non-marketable; and any inventory not subject to a first priority fully perfected lien held by the Lender.

The Loan is subject to interest at the prime rate plus 0.5% per annum. The Company must repay interest on Loan proceeds on a monthly basis. The Loan is expected to continue for 12 months, subject to the Lender's demand rights and the Company's ongoing affirmative and other obligations under the Loan Documents, as summarized below.

The Company may freely drawn upon the Loan subject to the Lender's right to demand complete repayment of the Loan at any time. Late payments are subject to a late payment charge of 5%. In the event of failure to repay the loan after the Lender makes demand for full repayment, the interest rate will increase by 10%. The Note may be prepaid at any time without penalty. The Lender may assign the Note without the Company's consent.

Under the Security Agreement and the other Loan Documents, the Company granted the Lender a first priority security interest in all of its assets, both owned now and in the future, as collateral for full repayment of the Loan. The Lender may file Uniform Commercial Code financing statements with any jurisdiction and with sufficient descriptions of the property to perfect its security interest in all of the Company's current and future assets. Upon default of the Loan, the Lender may accelerate repayment of the Loan, take possession of the Company's assets, assign a receiver over the Company's assets, and enforce other rights as to the Company's assets as secured creditor. The Company must pay for all of the Lender's reasonable legal fees and expenses incurred to enforce its rights under the Loan Documents.

Under the Loan Agreement, the Company is required to continue its current business of outsourced marketing solutions and without the prior consent of the Lender will not acquire in whole or in part any other company or business and shall not engage in any other business or open any other locations, and will use the proceeds of the Loan only in connection with the general and ordinary operations of its business and for the following purpose: general working capital for accounts receivable and inventory purchases.

The Loan is also subject to ongoing affirmative obligations of the Company, including punctual repayment of the Loan amount, maintaining proper accounting books and records in accordance with the opinion of LMHS, P.C. or another a Certified Public Accountant acceptable to the Lender, allowing the Lender to inspect its accounting books and records, furnishing audited, quarterly, monthly and other financial statements to the Lender, payment of Lender's reasonable expenses for a field exam in 2022, allow the Lender to communicate with its accountants; maintain its properties in good repair subject to ordinary wear and tear; and obtain replacement-cost insurance for its property with the Lender as Mortgagee/Loss Payee; and management contracts for the Company's properties must be subordinated to the rights of the Lender and there shall be no change of management company without the prior written consent of the Lender.

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The Loan is further subject to the following financial requirements: (a) Debt Service Coverage Ratio: Cash flow to be calculated on an annual basis of at least 1.20 times EBITDA less cash taxes, distributions, dividends, shareholder withdrawals in any form, and unfinanced CAPEX divided by all scheduled principal payments on all debt plus cash interest payments made on all debt; (b) Minimum Net Worth: The Company will be required to meet the following minimum net worth thresholds: \$2,000,000 at December 31, 2021; \$2,750,000 at December 31, 2022; and \$3,500,000 at December 31, 2023.

The Company may also not incur any additional indebtedness, secured or unsecured, except in the ordinary course of business; make loans or advances to others or guarantee others' obligations except for certain ordinary advances to employees or ordinary customer credit terms; make investments; acquire any business; make capital expenditures except in the ordinary course of business; sell any material assets except in the ordinary course of business; grant any security interests or mortgages in its properties or assets.

The foregoing summary of the Loan Agreement, the Note, and the Security Agreement is qualified in its entirety by reference to the full text of the Loan Agreement, the Note, and the Security Agreement, copies of which are attached as Exhibits 10.1, 10.2 and 10.3 to this Current Report on Form 8-K and are incorporated herein by reference.

In connection with the Loan Agreement, on November 22, 2021, the Company, the Lender and Harte Hanks Response Management/ Boston, Inc. (the "Warehouse Provider"), the lessor of certain warehouse facilities to the Company, executed a Warehouseman's Waiver in favor of the Lender (the "Warehouseman's Waiver"). Under the Warehouseman's Waiver, the Warehouse Provider disclaimed any interest in the property of the Company stored on the premises (the "Collateral"), and agreed not to interfere with the Lender's enforcement of its rights in the Collateral. The Warehouse Provider further agreed to provide notice to the Lender of any default by the Company of its obligations as to the Warehouse Provider, and to give the Lender at least 30 days to exercise its rights, which period may be extended by the Lender up to 60 days upon its payment of the per-diem rental amount. After that period, unless the default has been cured by the Lender, the Warehouse Provider may dispose of such Collateral as it deems fit. Upon the receipt of written notice from the Lender and until such notice is rescinded, the Warehouse Provider shall only honor instructions from the Lender with respect to the Collateral, including, any direction from the Lender to dispose of all or any portion of the Collateral at any time, without any further consent or instruction from Company.

The foregoing summary of the Warehouseman's Waiver is qualified in its entirety by reference to the full text of the Warehouseman's Waiver, a copy of which is attached as Exhibit 10.4 to this Current Report on Form 8-K and is incorporated herein by reference.

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

As a result of the Loan, under the Loan Documents, the Company became obligated on a direct financial obligation as of November 22, 2021. A description of the Loan and the Loan Documents creating the obligation, the amount of the obligation, including the terms of its payment and a description of the material terms under which it may be accelerated or increased and other terms and conditions of the Loan and the Loan Documents are provided in Item 1.01 above and incorporated by reference herein.

#### **Item 8.01 Other Events.**

On November 22, 2021, the Company issued a press release announcing the Loan. A copy of the press release is attached to this report as Exhibit 99.1. The press release furnished in this report as Exhibit 99.1 shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section.

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#### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

Exhibit No.	Description of Exhibit
10.1	<a href="#">Revolving Demand Line of Credit Loan Agreement, dated November 22, 2021, by and between Stran &amp; Company, Inc. and Salem Five Cents Savings Bank</a>
10.2	<a href="#">Revolving Demand Line of Credit Note, dated November 22, 2021, by Stran &amp; Company, Inc. in favor of Salem Five Cents Savings Bank</a>
10.3	<a href="#">Security Agreement, dated November 22, 2021, by and between Stran &amp; Company, Inc. in favor of Salem Five Cents Savings Bank</a>
10.4	<a href="#">Warehouseman's Waiver, dated November 4, 2021 and executed November 22, 2021, by and among Harte Hanks Response Management/ Boston, Inc., Stran &amp; Company, Inc. and Salem Five Cents Savings Bank</a>
99.1	<a href="#">Press Release dated November 22, 2021</a>

**SIGNATURES**

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

Date: November 26, 2021

STRAN & COMPANY, INC.

/s/ Andrew Shape

Name: Andrew Shape

Title: Chief Executive Officer

## REVOLVING DEMAND LINE OF CREDIT LOAN AGREEMENT

This Loan Agreement is entered into as of the 22<sup>nd</sup> day of November, 2021, by and among, Stran & Company, Inc. a Nevada corporation duly qualified as a foreign corporation in the Commonwealth of Massachusetts with a principal business address of 2 Heritage Drive, Quincy, Massachusetts (the “Borrower”) and **Salem Five Cents Savings Bank**, a Massachusetts savings bank having a usual place of business at 210 Essex Street, Salem, Massachusetts 01970 (the “Lender” or “Bank”).

For value received, and in consideration of the granting by the Lender of financial accommodations to or for the benefit of the Borrower, the Borrower does hereby represent to and agree with the Lender as follows:

### 1. THE LOAN; ADVANCES

1.1. Loan. Subject to the terms and conditions of this Agreement, the Lender hereby agrees to make loans to Borrower up to the aggregate principal amount of Seven Million Dollars (\$7,000,000.00) (the “Loan”). The Loan shall be evidenced by that certain Revolving Demand Line of Credit Note, of even date herewith (the “Note”) by Borrower in favor of the Lender. All monies due and all obligations owed pursuant to the Loan Documents (as defined in Section 6.1) are the “Obligations”. Funds under the Loan and Note shall be available to the Borrower pursuant to the terms of Section 6, below.

1.2. Advances. The Borrower’s right to have funds advanced to it hereunder shall be governed by Section 6 hereof.

The Borrower will continue its current business of outsourced marketing solutions and without the prior consent of the Lender will not acquire in whole or in part any other company or business and shall not engage in any other business or open any other locations, and will use the proceeds of the Loan only in connection with the general and ordinary operations of said business and for the following purpose: general working capital for accounts receivable and inventory purchases.

The Loan and Note are secured by a first priority security interest in all assets and property of the Borrower, as more fully described in the Security Agreement dated as of the date of this Agreement between the Lender and the Borrower (the “Security Agreement”).

### 2. REPRESENTATIONS AND WARRANTIES

2.1. Organization and Qualification. Borrower is a duly formed and validly existing Nevada corporation duly qualified as a foreign corporation under the laws of the Commonwealth of Massachusetts, with the exact legal name set forth in the first paragraph of this Agreement; is in good standing and duly qualified under the laws of each state in which it is required to be qualified to do business as a foreign corporation; and has the power to own its property and conduct its business as now conducted and as currently proposed to be conducted.

2.2. Organization Documents. Borrower’s organizational and operating documents and all amendments thereto are in proper order. All shareholder, membership or beneficial interests in the Borrower were and are properly issued and all books and records of the Borrower, including but not limited to its books of account, are accurate and up to date in all material respects and will be so maintained.

2.3. Title to Properties; Absence of Liens. Borrower has good and clear record and marketable title to all of its properties and assets, and all of its properties and assets are free and clear of all mortgages, liens, pledges, charges, encumbrances and setoffs, except (a) the mortgages, deeds of trust and security interests held by the Lender, and (b) the leases of personal property disclosed to Lender, if any.

2.4. Places of Business. Borrower’s chief executive office is correctly stated in the first paragraph to this Agreement, and Borrower shall, during the term of this Agreement, keep the Lender currently and accurately informed in writing of each of its other places of business, and shall not change the location of such chief executive office or open or close, move or change any existing or new place of business without giving the Lender at least thirty (30) days prior written notice thereof.

2.5. Valid Obligations. The execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action and consents as called for in the Borrower’s organizational and operating documents and each represents a legal, valid and binding obligation of Borrower and is fully enforceable according to its terms.

2.6. Conflicts. There is no provision in Borrower’s organizational or operating documents, if any, or in any indenture, contract or agreement to which Borrower is a party which prohibits, limits or restricts the execution, delivery or performance of the Loan Documents. Neither the execution and delivery of the Loan Documents nor compliance with the terms, conditions and provisions thereof will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction, agreement or instrument to which the Borrower is now a party or by which it is bound, or constitute a default under any of the foregoing, or result in the creation or imposition of any lien, encumbrance or charge of any nature whatsoever (except only such matters are created pursuant to the Loan Documents) upon any of the properties or assets of the Borrower.

2.7. Governmental Approvals. The execution, delivery and performance of the Loan Documents does not require any approval of or filing with any governmental agency or authority.

2.8. Litigation, etc. There are no actions, claims or proceedings pending or to the knowledge of Borrower threatened against the Borrower or any of its assets.

2.9. Financial Statements and Related Documents. The Financial Statements of the Borrower (and any business owned in whole or in part by the same) including a balance sheet, and a related statement of income and retained earnings for the Borrower’s most recent fiscal year which have been delivered to the Lender as part of the Borrower’s request for the Loan, are complete and accurate and fairly represent the financial conditions of the Borrower at the dates thereof and the financial results of the Borrower’s operations for the period therein indicated, all in conformity with generally accepted accounting principles consistently applied. Such financial statements show all known material liabilities, direct or contingent of the Borrower. There has been no material adverse change in the business, properties or condition (financial or otherwise) of the Borrower since the date of said Financial Statements.

2.10. Taxes. The Borrower has filed all Federal, state and other tax returns required to be filed (except for such returns for which current and valid extensions have been filed), and all taxes, assessments and other governmental charges due from the Borrower have been fully paid. The Borrower has established on its books reserves adequate for the payment of all Federal, state and other tax liabilities (if any).

2.11. Use of Proceeds. No portion of any loan is to be used for (i) the purpose of purchasing or carrying any “margin security” or “margin stock” as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (ii) primarily personal, family or household purposes.

2.12. Environmental. As of the date hereof neither the Borrower nor any of Borrower's agents, employees or independent contractors (1) have caused or are aware of a release or threat of release of Hazardous Materials (as defined herein) on any of the premises owned or occupied by the Borrower, which could give rise to liability under any Environmental Law (as defined herein) or any other Federal, state or local law, rule or regulation; (2) have arranged for the transport of or transported any Hazardous Materials in a manner as to violate, or result in potential liabilities under, any Environmental Law; (3) have received any notice, order or demand from the Environmental Protection Agency or any other Federal, state or local agency under any Environmental Law; (4) have incurred any liability under any Environmental Law in connection with the mismanagement, improper disposal or release of Hazardous Materials; or (5) are aware of any inspection or investigation of any Controlled Property or Abutting Property by any Federal, state or local agency for possible violations of any Environmental Law.

To the best of Borrower's knowledge, the Borrower, has not committed or omitted any act which caused the release of Hazardous Materials with respect to any assets of the Borrower or with respect to any premises owned or occupied by Borrower.

Borrower agrees to indemnify and hold the Lender harmless from all liability, loss, cost, damage and expense, including attorney fees and costs of litigation, arising from any and all of its violations of any Environmental Law (including those arising from any lien by any Federal, state or local government arising from the presence of Hazardous Materials) or from the presence of Hazardous Materials located on or emanating from any premises owned or occupied by Borrower, or with respect to any assets of Borrower whether existing or not existing and whether known or unknown at the time of the execution hereof and regardless of whether or not caused by, or within the control of Borrower. Borrower further agrees to reimburse Lender upon demand for any costs reasonably incurred by Lender in connection with the foregoing. Borrower agrees that its obligations hereunder shall be continuous and shall survive the repayment of all debts to Lender and shall continue so long as a valid claim relating to the release of Hazardous Materials by Borrower may be lawfully asserted against the Lender.

The term "Hazardous Materials" includes but is not limited to any and all substances (whether solid, liquid or gas) defined, listed, or otherwise classified as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, or words of similar meaning or regulatory effect under any present or future Environmental Law or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives.

The term "Environmental Law" means any present and future Federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, relating to protection of human health or the environment, relating to Hazardous Materials, relating to liability for or costs of remediation or prevention of releases of Hazardous Materials or relating to liability for or costs of other actual or threatened danger to human health or the environment. The term "Environmental Law" includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Materials Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground storage tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; the Safe Drinking Water Act; the Occupational Safety and Health Act; the Federal Water Pollution Control Act; the Federal Insecticide, Fungicide and Rodenticide Act; the Endangered Species Act; the National Environmental Policy Act; the River and Harbors Appropriation Act and the Massachusetts Hazardous Waste Management Act, M.G.L. Chapter 21C, and the Massachusetts Oil and Hazardous Material Release Prevention and Response Act, M.G.L. Chapter 21E.

### 2.13. General Representation and Warranties.

- (a) The Borrower is solvent; is not bankrupt; has not committed any acts of bankruptcy; and there are no outstanding liens, suits, garnishments, bankruptcies or Court actions against Borrower which could in any way render the Borrower insolvent or bankrupt;
- (b) The Borrower will maintain executive personnel and management which is reasonably satisfactory to the Lender;
- (c) No failure or delay on the Lender's part in exercising any right hereunder shall operate as a waiver thereof or of any other right. No waiver hereunder shall be effective unless in writing and a waiver on any one occasion shall not be a waiver of any right or remedy on any future occasion.

## 3. AFFIRMATIVE COVENANTS

3.1. Payments and Performance. Borrower will duly and punctually pay all Obligations becoming due to the Lender and will duly and punctually perform all Obligations on its part to be done or performed under this Agreement.

3.2. Books and Records; Inspection. Borrower will at all times keep proper books of account in which full, true and correct entries will be made of its transactions in accordance with generally accepted accounting principles, consistently applied and which are, in the opinion of LMHS, P.C. or another Certified Public Accountant reasonably acceptable to Lender, adequate to determine fairly the financial condition and the results of operations of Borrower. Borrower will at all reasonable times make its books and records available in its offices for inspection, examination and duplication by the Lender and the Lender's representatives and will permit inspection of all of its properties by the Lender and the Lender's representatives; provided, however, that Lender shall give Borrower at least five (5) business days' notice of any such inspection and any such inspection of its properties shall not occur more frequently than once per calendar quarter. Borrower will from time to time furnish the Lender with such information and statements as the Lender may request in its reasonable discretion with respect to the Obligations.

3.3. Financial Statements. Borrower will furnish to Lender:

- a) Audited financial statements, submitted within 120 days of fiscal year end, on a consolidated and consolidating basis, including all supporting schedules.
- b) Quarterly aging's of accounts receivable and payable within 20 days of each period end.
- c) Quarterly management-prepared financial statements within 30 days beginning with the period ending March 31, 2022.
- d) Monthly borrowing base certificate, due 15 days after month end with accounts receivable and inventory reports.
- e) Borrower shall pay for the reasonable fees and expenses in connection with a field exam, which is to be performed by Lender in 2022 within 30 days following the completion of the NetSuite transition; and.
- f) From time to time, such financial data and information about Borrower as Lender may reasonably request.

3.4. Conduct of Business. The Borrower will maintain its existence in good standing and comply in all material respects with all laws and regulations of the United States and of any state or states thereof and of any political subdivision thereof, and of any governmental authority which may be applicable to it or to its business; provided that this covenant shall not apply to any tax, assessment or charge which is being contested in good faith and with respect to which reserves have been established and are being maintained.

3.5. [Reserved].

3.6. Contact with Accountant. The Borrower hereby authorizes the Lender to directly contact and communicate with any accountant employed by Borrower in connection with the review and/or maintenance of Borrower's books and records or preparation of any financial reports delivered by Borrower or at the request of Lender.

3.7. Operating and Deposit Accounts. The Borrower shall maintain with the Lender its primary operating and deposit accounts. At the option of the Lender, all loan payments and fees will automatically be debited from the Borrower's primary operating account and all advances will automatically be credited to the Borrower's primary operating account.

3.8. Taxes. Borrower will promptly pay all real and personal property taxes, assessments and charges and all franchise, income, unemployment, retirement benefits, withholding, sales and other taxes assessed against it or payable by it before delinquent; provided that this covenant shall not apply to any tax assessment or charge which is being contested in good faith and with respect to which reserves have been established and are being maintained.

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3.9. Maintenance. Borrower will keep and maintain its properties, if any, in good repair, working order and condition, normal wear and tear excepted. Borrower will immediately notify the Lender of any material loss or damage to or any occurrence which would materially adversely affect the value of any such property.

3.10. Insurance. Obtain and maintain with the Lender as Mortgagee/Loss Payee, liability, fire and extended coverage on the Property in an amount equal to the greater of the replacement cost of the Property or the Loan amount, as well as similar insurance on all personal property and non-real estate business assets of the Borrower, in the same amounts. Borrower will maintain in force property, liability and casualty insurance on all other property of the Borrower, if any, against risks customarily insured against by companies engaged in businesses similar to that of the Borrower containing such terms and written by such companies as may be satisfactory to the Lender, such insurance to be payable to the Lender as its interest may appear in the event of loss and to name the Lender as insured pursuant to a standard loss payee clause; no loss shall be adjusted thereunder without the Lender's approval; and all such policies shall provide that they may not be canceled without first giving at least twenty (20) days written notice of cancellation to the Lender. In the event that the Borrower fails to provide evidence of such insurance, the Lender may, at its option, secure such insurance and charge the cost thereof to the Borrower. At the option of the Lender, all insurance proceeds received from any loss or damage to any property shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations. From and after such time as it has made Demand hereunder, the Lender is authorized to cancel any insurance maintained hereunder and apply any returned or unearned premiums, all of which are hereby assigned to the Lender, as a payment on account of the Obligations.

3.11. Notification of Demand. So long as this Agreement is in effect, the Borrower will immediately upon the Borrower becoming aware of the existence of any event or circumstance that would cause Lender to make Demand hereunder, or of the commencement of any suits or proceedings which, if adversely determined as to the Borrower, would have a material adverse effect on its financial condition, business or properties, or of any other event or condition which could have a material adverse effect on the financial condition, business or properties of the Borrower, give prompt written notice to the Lender specifying the nature and duration thereof and the action proposed to be taken with respect thereto; but the giving of such notice by the Borrower shall not affect the Lender's rights hereunder with respect thereto.

3.12. Notification of Material Litigation. Borrower will promptly notify the Lender in writing of any litigation or of any investigative proceedings of a governmental agency or authority commenced or threatened against it which would or might reasonably be expected to be materially adverse to the financial condition of Borrower.

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3.13. Pension Plans. With respect to any pension or benefit plan maintained by Borrower, or to which Borrower contributes ("Plan"), the benefits under which are guaranteed, in whole or in part, by the Pension Benefit Guaranty Corporation created by the Employee Retirement Income Security Act of 1974, P.L. 93-406, as amended ("ERISA") or any governmental authority succeeding to any or all of the functions of the Pension Benefit Guaranty Corporation ("Pension Benefit Guaranty Corporation"), Borrower will (a) fund each Plan as required by the provisions of Section 412 of the Internal Revenue Code of 1986, as amended; (b) cause each Plan to pay all benefits when due; (c) furnish Lender (i) promptly with a copy of any notice of each Plan's termination sent to the Pension Benefit Guaranty Corporation (ii) no later than the date of submission to the Department of Labor or to the Internal Revenue Service, as the case may be, a copy of any request for waiver from the funding standards or extension of the amortization periods required by Section 412 of the Internal Revenue Code of 1986, as amended and (iii) notice of any Reportable Event as such term is defined in ERISA; and (d) subscribe to any contingent liability insurance provided by the Pension Benefit Guaranty Corporation to protect against employer liability upon termination of a guaranteed pension plan, if available to Borrower.

3.14. Ratification of Representations, Warranties and Covenants. By requesting any advance under this Loan Agreement, the Borrower shall and is reaffirming each representation, warranty and covenant contained in this Loan Agreement and any other related document.

3.15. Collateral and Security for Loan. Borrower acknowledges and agrees that the Loan and the obligations of the Borrower hereunder are secured by a first priority security interest in all business assets of the Borrower as set forth in the Security Agreement.

3.16. Maintenance and Use of its Assets and Property. Borrower shall put and maintain all of its assets and property in good repair, working condition, and order, normal wear and tear excepted and shall, from time to time, make all needful and proper repairs, renewals and replacements.

#### 4. NEGATIVE COVENANTS

4.1. Financial Covenants. Notwithstanding the fact that this is a Demand facility, the Borrower shall comply with the Covenants. The Borrower will not at any time or during any fiscal period (as applicable) fail to be in compliance with any of the financial covenants in this section.

(a) Debt Service Coverage Ratio: Cash flow covenant to be calculated on an annual basis of at least 1.20x, defined as EBITDA less cash taxes, distributions, dividends, shareholder withdrawals in any form, and unfinanced capex divided by all scheduled principal payments on all debt plus cash interest payments made on all debt

(b) Minimum Net Worth: The Borrower will be required to meet the following minimum net worth thresholds: \$2,000,000 at 12/31/21; \$2,750,000 at 12/31/22; and \$3,500,000 at 12/31/23.

4.2. Limitations on Indebtedness. Borrower shall not issue any evidence of indebtedness or create, assume, guarantee, become contingently liable for, or suffer to exist

indebtedness in addition to indebtedness to the Lender, except indebtedness or liabilities of Borrower, other than for money borrowed, incurred or arising in the ordinary course of business.

4.3. N/A.

4.4. Loans or Advances. Borrower shall not make any loans or advances to any individual, partnership, corporation, limited liability company, trust, or other organization or person, including without limitation its members, trustees and beneficiaries and officers and employees; provided, however, that Borrower may make advances to its employees, with respect to expenses incurred or to be incurred by such employees in the ordinary course of business which expenses are reimbursable by Borrower; and provided further, however, that Borrower may extend credit in the ordinary course of business in accordance with customary trade practices.

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4.5. N/A.

4.6. Investments. The Borrower shall not make investments in, or advances to, any individual, partnership, corporation, limited liability company, trust or other organization or person. The Borrower will not purchase or otherwise invest in or hold securities, nonoperating real estate or other nonoperating assets or purchase all or substantially all the assets of any entity.

4.7. Acquisition; Merger. Borrower shall not acquire any business or company, or merge or consolidate or be merged or consolidated with or into any other entity.

4.8. Capital Expenditures. The Borrower shall not, directly or indirectly, make or commit to make capital expenditures by lease, purchase, or otherwise, except in the ordinary and usual course of business for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business.

4.9. Sale of Assets. Borrower shall not sell, lease or otherwise dispose of any of its material assets, except in the ordinary and usual course of business and except for the purpose of replacing machinery, equipment or other personal property which, as a consequence of wear, duplication or obsolescence, is no longer used or necessary in the Borrower's business, provided that fair consideration is received therefor; provided, however, in no event shall the Borrower sell, lease or otherwise dispose of any equipment purchased with the proceeds of any loans made by the Lender.

4.10. Restriction on Liens. Borrower shall not grant any security interest in, or mortgage of, any of its properties or assets other than pursuant to the Loan Documents. Borrower shall not enter into any agreement with any person other than the Lender that prohibits the Borrower from granting any security interest in, or mortgage of, any of its properties or assets.

4.11. Other Business. Borrower shall not engage in any business other than the business in which it is currently engaged or a business reasonably allied thereto.

4.12. Change of Name, etc. Borrower shall not change its legal name, fiscal year end or the State or the type of its formation, without the Lender's prior written consent thereof.

4.13. Limitation on Investments. Borrower shall not invest in or purchase any stock or securities of any individual, firm or corporation; provided, however, that the Borrower may invest in direct obligations of the United States of America having a maturity of one year or less from the date of investment.

4.14. Limitation on Borrowings or Granting of Security. Borrower shall not borrow any monies from any individual or entity other than the Lender herein, or grant or suffer to exist directly or indirectly any mortgage, pledge, title retention agreement, security interest, lien, charge or encumbrance with respect to any of its assets (including without limitation the Property) tangible or intangible, whether now owned or hereafter acquired, to any individual or entity other than the Lender herein. The Borrower shall not borrow any funds from any owner or beneficiary of the Borrower, or from any person or entity related to the Borrower, without obtaining the prior written consent of the Lender thereto. In the event the Lender consents to such borrowings by the Borrower, all such debt shall be subject to a Debt Subordination Agreement wholly acceptable to the Lender.

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4.15. Limitation on Guaranteeing. Borrower shall not guaranty or otherwise become liable for the obligations of any other person, firm or corporation.

4.16. N/A.

4.17. Property Management Contracts. All management contracts for the Property must be subordinated to the rights of the Lender and there shall be no change of management company without the prior written consent of the Lender.

## **5. DEMAND FACILITY**

5.1. Demand Facility. This Loan and all sums outstanding under the Note are due and payable in full Upon Demand. All reference herein to Events of Default shall mean Borrower's failure to make full payment under the Note Upon Demand.

5.2. Acceleration. After Demand has been made by Lender, at the election of the Lender, all Obligations shall become immediately due and payable without further notice or demand, and Lender may exercise any and all remedies available to it under this Agreement or the Loan Documents.

5.3. Remedies. If and for as long as any monies are due hereunder after Demand has been made by Lender for repayment, Lender shall have and may exercise, without notice except as otherwise provided herein, concurrently, successively or in such other manner as Lender may elect, all remedies which may be available at law or in equity, including, without limitation, those hereafter expressly enumerated in this section.

(a) Acceleration. Lender may declare the entire principal sum of the Note, together with all accrued but unpaid interest, prepayment charges and any other charges, to be due and payable immediately or at such time and under such conditions as Lender may elect by notice to Borrower, and may exercise any or all of its remedies under this Agreement and the other Loan Documents.

(b) Management of Property by Receiver. Lender shall have the right, but not the obligation, to appoint a receiver to take over all or any part of the control and management of the Property. Upon receipt of notice that Lender elects to exercise such right, Borrower will turn over to Lender's receiver all check books, books of account, contracts, files, records and all other papers of Borrower, and all funds belonging to, deposited with or held by Borrower, and the principals of Borrower will refrain from taking any further actions with respect to any aspect of control or management which Lender's receiver has taken over; provided, however, that Borrower and the principals of Borrower will cooperate fully with Lender's receiver and will take or confirm such actions as Lender's receiver may request, including without limitation executing any instruments or other documents which Lender's receiver may request in the exercise of its powers hereunder. Borrower hereby grants to Lender

or any appointed receiver the right to take any action which Borrower might take in connection with the control or management of its business and affairs (whether or not otherwise permitted by this Agreement), including, without limitation, executing in the name of Borrower deeds of trust, security agreements, assignments, assumptions, releases and other documents or instruments, whether or not of the same kind. All expenses reasonably incurred by Lender or its receiver in exercising the rights and powers granted by this paragraph shall be reimbursed by Borrower upon demand.

(c) Specific Enforcement Injunctions. Many of the rights of Lender under this Agreement, whether arising upon Demand made by Lender for repayment or otherwise, relate to unique assets and to restrictive covenants, including the right to preclude any principal from taking various actions. Borrower and Lender recognize that Lender will not obtain the full benefit of its bargain through the receipt of money damages but must receive specific performance of the terms of this Agreement. Accordingly, Borrower and Lender hereby express their intention that a court award equitable relief and enforce specifically the rights of Lender under this Agreement.

All rights and remedies accorded to Lender by this Agreement, by the Loan Documents and/or by law are separate and cumulative and not alternative and may be pursued separately, successively or concurrently at Lender's sole option. All covenants hereof shall be construed as affording to Lender rights additional to and not exclusive of the rights conferred under any provision of any applicable state or local law.

## 6. LINE OF CREDIT PROVISIONS

### REVOLVING DEMAND LOANS

#### 6.1. Amount.

(a) Lender agrees to lend to Borrower, advances an amount up to a maximum aggregate principal amount outstanding at any time of Seven Million Dollars (\$7,000,000.00) (the "Line of Credit" or the "Loan"), All documents executed in connection with the Loans are referred to herein as the "Loan Documents".

(b) Advances under the Line of Credit shall be made on a revolving basis in accordance with the terms of this Agreement and the Note. The Line of Credit shall expire on Demand, and no further advances shall be available to Borrower after said date unless renewed in writing by Lender.

#### 6.2. Line of Credit Balance.

(a) Advance Formula: Unless otherwise approved by the Lender, the Lender will make advances under the Line of Credit in its sole discretion not to exceed the lesser of:

(i) Seven Million Dollars (\$7,000,000.00) (the "Credit Limit"); or

(ii) The sum of (x) eighty percent (80%) of the then outstanding amount of Eligible Accounts (as defined below), plus (y) fifty percent (50%) of Eligible Inventory (as defined below); minus one hundred (100%) percent of the aggregate amount then drawn under the Line of Credit for the account of the Borrower. Notwithstanding anything set forth herein to the contrary, Advances based upon Eligible Inventory shall be capped at all times at \$2,000,000.00.

(the net amount of (ii) is hereinafter called the "Advance Ratio").

(b) At the request of Borrower, Lender, within the limits of the lesser of the Credit Limit or the Advance Ratio, as then computed, may issue either standby or commercial letters of credit from time to time by Lender for the account of the Borrower ("Letters of Credit"). For purposes of computing the Advance Ratio or Credit Limit, all Letters of Credit shall be deemed to be a Loan.

(c) The Borrower agrees that if at any time the aggregate principal amount of the Line of Credit shall exceed the lesser of the Advance Ratio or the Credit Limit, the Borrower shall pay cash to the Lender to repay the outstanding balance of the obligations of the Borrower to the Lender, in such amount as may be necessary to eliminate the excess. The making of loans, advances, and credits by Lender to the Borrower in excess of the lesser of the Advance Ratio or the Credit Limit is for the benefit of the Borrower and does not affect the obligations of Borrower hereunder; all such loans or advances are obligations of Borrower and must be repaid by Borrower in accordance with the terms of the note evidencing the Line of Credit.

(d) The term "Eligible Account", as used herein, means an Account owing to Borrower which met the following specifications at the time it came into existence and continues to meet the same until it is collected in full:

- (i) The Account is less than ninety (90) days from the date of invoice unless otherwise approved by the Lender, which approval shall not be unreasonably withheld.
- (ii) The Account is not subject to any prior assignment, claim, lien, or security interest, and Borrower will not make any further assignment thereof or create any further security interest therein, nor permit Borrower's right therein to be reached by attachment, levy, garnishment or other judicial process.
- (iii) The Account is not subject to set-off, credit, allowance or adjustment by the account debtor, except discount allowed for prompt payment and the account debtor has not complained as to his liability thereon and has not returned any of the goods from the sale of which the Account rose.
- (iv) The Account arose in the ordinary course of Borrower's business and did not arise from the performance of services or a sale of goods to a supplier or employee of the Borrower.
- (v) The Account is not an intercompany obligation, bonded, or subject to retainage.
- (vi) No notice of bankruptcy or insolvency of the account debtor has been received by or is known to the Borrower.



- (vii) The Account is not owed by an account debtor whose principal place of business is outside the United States of America.
- (viii) The Account is not owed by an entity which is an affiliate parent, related company, brother/sister, subsidiary or affiliate of Borrower.
- (ix) The Account did not arise out of contracts with the United States or any department, agency, or instrumentality thereof, unless otherwise approved by the Lender.
- (x) The Account is not evidenced by a promissory note.
- (xi) Unless otherwise approved by the Lender, which approval shall not be unreasonably withheld, the Account does not represent retainage or hold-back which requires the Borrower to meet a future requirement to release payment thereof. If only a portion of an Account represents retainage or hold-back, the remaining portion of the Account that otherwise meets the requirements of an Eligible Account, as defined herein, shall be considered an Eligible Account.
- (xii) Lender, in accordance with its normal credit policies, has not deemed the Account to be unacceptable for any reason.
- (xiii) An Account shall not be Eligible if more than **25%** of the accounts owed by that debtor to the Borrower are equal to or greater than **ninety (90)** days past invoice date.

(e) The Term "Eligible Inventory" as used herein shall mean all finished goods, work in progress and raw materials and component parts Inventory owned by the Borrower. Provided, that Eligible Inventory shall not include: any inventory held on consignment or not otherwise owned by the Borrower; any inventory which has been returned by a customer or is damaged or subject to any legal encumbrances other than a first priority security interest held by the Lender; any inventory which is not in the possession of the Borrower; any inventory which is held by the Borrower on property leased by the Borrower unless the Lender has received a Landlord's Waiver and Consent from the lessor of such property satisfactory to the Lender; any inventory which is not located within the United States; any inventory which the Lender reasonably deems to be obsolete or non-marketable; and any inventory not subject to a first priority fully perfected lien held by the Lender.

### 6.3. General Provisions Relating to Line of Credit Loans

The Line of Credit is a revolving facility, and, subject to the foregoing, the Borrower may, at its option, at any time prior to demand or maturity (as applicable) borrow, pay, prepay, and reborrow hereunder, all in accordance with the provisions hereof.

Lender may in its own name or in the name of others communicate with account debtors in order to verify with them to Lender's satisfaction the existence, amount and terms of any Accounts.

This Agreement may but need not be supplemented by separate assignments of Accounts and if such assignments are given, the rights and security interests given thereby shall be in addition to and not in limitation of the rights and security interests given by this Agreement.

If any of the Borrower's Accounts should be evidenced by promissory notes, trade acceptances, or other instruments for the payment of money, Borrower will immediately deliver same to Lender, appropriately endorsed to Lender's order and, regardless of the form of such endorsement, Borrower hereby waives presentment, demand, notice of dishonor, protest and notice of protest and all other notices with respect thereto.

Whenever the net outstanding amount of Eligible Accounts is used as a measure of outstanding extensions of credit it shall be computed as of, and the loan referred to shall be those outstanding at, the time in question. For the purposes of computing the net outstanding amount of Eligible Accounts the Borrower shall furnish to the Lender information adequate to identify accounts receivable in form and substance satisfactory to the Lender. The Borrower shall also, if the Lender so requests, accompany such information with assignments of accounts in form and substance satisfactory to the Lender which assignments shall give the Lender full power to collect, compromise or otherwise deal with the assigned accounts as the sole owner thereof.

**6.3 Conditions Precedent to all Disbursements.** The obligation of the Lender to make each disbursement under the Line of Credit is further subject to the following conditions:

- (a) the representations and warranties contained in this Agreement shall be true and accurate in all material respects on and as of the date of any request for disbursement hereunder and on the effective date of the making, continuation or conversion of each disbursement as though made at and as of each such date (except to the extent that such representations and warranties expressly relate to an earlier date);
- (b) no change shall have occurred in any law or regulation or interpretation thereof that, in the opinion of counsel for the Lender, would make it illegal or against the policy of any governmental agency or authority for the Lender to make disbursements hereunder;
- (c) no material adverse change has occurred in Borrower's financial condition; and
- (d) Borrower has not made Demand for repayment hereunder.

The making of each disbursement shall be deemed to be a representation and warranty by the Borrower on the date of the making or continuation of such disbursement as to the accuracy of the facts referred to in subsection (a) of this Section.

**6.4 Insurance.** Borrower will maintain in force property and casualty insurance on all Collateral and any other property of the Borrower, if any, against risks customarily insured against by companies engaged in businesses similar to that of the Borrower containing such terms and written by such companies as may be satisfactory to the Lender, such insurance to be payable to the Lender as its interest may appear in the event of loss and to name the Lender as insured pursuant to a standard loss payee clause; no loss shall be adjusted thereunder without the Lender's approval; and all such policies shall provide that they may not be canceled without first giving at least Ten (10) days written notice of cancellation to the Lender. In the event that the Borrower fails to provide evidence of such insurance, the Lender may, at its option, secure such insurance and charge the cost thereof to the Borrower. At the option of the Lender, all insurance proceeds received from any loss or damage to any of the Collateral shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations. From and after it has made Demand for repayment, the Lender is authorized to cancel any insurance maintained hereunder and apply any returned or unearned premiums, all of which are hereby assigned to the Lender, as a

payment on account of the Obligations.

## 7. GENERAL PROVISIONS

7.1. N/A.

7.2. N/A.

7.3. Deposit Collateral. The Borrower hereby grants to the Lender a continuing lien and security interest in any and all deposits or other sums at any time credited by or due from the Lender to the Borrower and any cash, securities, instruments or other property of the Borrower in the possession of the Lender, whether for safekeeping or otherwise, or in transit to or from the Lender (regardless of the reason the Lender had received the same or whether the Lender has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of the Borrower to the Lender and such deposits and other sums may be applied or set off against such liabilities and obligations of the Borrower to the Lender at any time, whether or not such are then due, whether or not demand has been made and whether or not other collateral is then available to the Lender.

7.4. Indemnification. The Borrower shall indemnify, defend and hold the Lender and its directors, officers, employees, agents and attorneys (each an "Indemnitee") harmless of and from any claim brought or threatened against any Indemnitee by the Borrower, any guarantor or endorser of the Obligations, or any other person (as well as from reasonable attorneys' fees and expenses in connection therewith) on account of the Lender's relationship with the Borrower, or any guarantor or endorser of the Obligations (each of which may be defended, compromised, settled or pursued by the Lender with counsel of the Lender's election, but at the expense of the Borrower), except for any claim arising out of the gross negligence or willful misconduct of the Lender. The within indemnification shall survive payment of the Obligations, and/or any termination, release or discharge executed by the Lender in favor of the Borrower.

7.5. Costs and Expenses. The Borrower shall pay to the Lender on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Lender in establishing, maintaining, protecting or enforcing any of the Lender's rights or the Obligations, including, without limitation, any and all such costs and expenses incurred or paid by the Lender in defending the Lender's security interest in, title or right to any collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of any Obligation.

7.6. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

7.7. Severability. If any provision of this Agreement or portion of such provision or the application thereof to any person or circumstance shall to any extent be held invalid or unenforceable, the remainder of this Agreement (or the remainder of such provision) and the application thereof to other persons or circumstances shall not be affected thereby.

7.8. Complete Agreement. This Agreement and the other Loan Documents constitute the entire agreement and understanding between and among the parties hereto relating to the subject matter hereof, and supersedes all prior proposals, negotiations, agreements and understandings among the parties hereto with respect to such subject matter.

7.9. Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Lender shall be entitled to rely thereon) until released in writing by the Lender. The Lender may transfer and assign this Agreement and deliver it to the assignee, who shall thereupon have all of the rights of the Lender; and the Lender shall then be relieved and discharged of any responsibility or liability with respect to this Agreement. The Borrower may not assign or transfer any of its rights or obligations under this Agreement. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

7.10. Further Assurances. Borrower will from time to time execute and deliver to Lender such documents, and take or cause to be taken, all such other or further action, as Lender may reasonably request in order to effect and confirm or vest more securely in Lender all rights contemplated by this Agreement and the other Loan Documents (including, without limitation, to correct clerical errors) or to comply with applicable statute or law.

7.11. Amendments and Waivers. This Agreement may be amended and Borrower may take any action herein prohibited, or omit to perform any act herein required to be performed by it, if Borrower shall obtain the Lender's prior written consent to each such amendment, action or omission to act. No course of dealing and no delay or omission on the part of Lender in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of Lender on any future occasion.

7.12. Terms of Agreement. This Agreement shall continue in full force and effect so long as any Obligations or obligation of Borrower to Lender shall be outstanding, or the Lender shall have any obligation to extend any financial accommodation hereunder, and is supplementary to each and every other agreement between Borrower and Lender and shall not be so construed as to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of Borrower under any such agreement, nor shall any contemporaneous or subsequent agreement between Borrower and the Lender be construed to limit or otherwise derogate from any of the rights or remedies of Lender or any of the liabilities, obligations or undertakings of Borrower hereunder, unless such other agreement specifically refers to this Agreement and expressly so provides.

7.13. Notices. Any demand, notice or other document required or permitted to be given hereunder shall be deemed effective when (i) deposited in the United States mail, and sent by certified mail, return receipt requested, postage prepaid or (ii) delivered to a national overnight delivery or courier company, addressed to Lender at Lender's address or to Borrower at Borrower's address, as applicable, or to such other address as may be provided by the party to be notified, upon written notice of such change given in the manner herein provided for giving notice. Notwithstanding the foregoing, routine mailings such as timely payments under the Note any of the Loan Documents, may be sent by first-class United States mail, proper postage prepaid or by a national overnight delivery or courier company.

7.14. Automatic Payment. The Borrower hereby authorizes the Lender to automatically debit from Borrower's account numbered 10001344113 any amount due under this Agreement.

7.15. Reproductions. This Agreement and all documents which have been or may be hereinafter furnished by Borrower to the Lender may be reproduced by the Lender by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business).

7.16. Jurisdiction and Venue. Borrower irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Massachusetts, over any suit, action or proceeding arising out of or relating to this Agreement. Borrower irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may

now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Borrower hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's address shown in this Agreement or as notified to the Lender and (ii) by serving the same upon the Borrower in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon Borrower.

7.17. Electronic Signatures. The words "execution," "signed," "signature," and words of like import in this Agreement and the other Loan Documents 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 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.

7.18. Definitions. The word "Collateral" or the "Property" shall mean any property or assets of Borrower, including without limitation those which secure or collateralize the Loan. The phrase "Loan Documents" shall mean any and all agreement, writing, or instrument which evidences or secures the Loan, including without limitation the Note, this Loan Agreement, the Security Agreement or any environmental indemnity agreement.

"Obligation(s)" shall mean, without limitation, all loans, advances, indebtedness, notes, liabilities and amounts, liquidated or unliquidated, owing by the Borrower to the Lender at any time, of each and every kind, nature and description, whether arising under this Agreement or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by the Borrower to the Lender; or are due indirectly by the Borrower to the Lender as endorser, guarantor or other surety, or as borrower of obligations due third persons which have been endorsed or assigned to the Lender, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment when due of all amounts outstanding respecting any of the Loan Documents. Said term shall also include all interest and other charges chargeable to the Borrower or due from the Borrower to the Lender from time to time and all costs and expenses referred to in this Agreement.

7.19. Intentionally Omitted.

7.20. Subordination of Debt. The Borrower covenants and represents to the Lender that any indebtedness which the Borrower owes now or in the future to any beneficiary, shareholder or member of the Borrower or to any affiliate of the Borrower is and shall be unsecured and wholly subordinate to the Borrower's obligations owed now or in the future to the Lender. The Borrower shall not make any payment on that subordinated indebtedness without the prior written consent of the Lender.

7.21. Miscellaneous. Lender may, from time to time, without notice to the Borrower, sell, assign, transfer, participate or otherwise dispose of all or any part of the Obligations and/or Loan Documents and collateral therefor. In such event, each and every immediate and successive purchaser, assignee, transferee or holder of all or any part of the Obligations and/or Loan Documents and the collateral shall have the right to enforce this Agreement, by legal action or otherwise, for its own benefit as fully as if such purchaser, assignee, transferee or holder were herein by name specifically given such right. The Borrower shall not assign or attempt to assign, directly or indirectly, any of its rights hereunder or under any instrument referred to herein without the prior written consent of the Lender in each instance.

This Agreement is and shall be deemed to be a contract entered into and made pursuant to the laws of the Commonwealth of Massachusetts and shall in all respects be governed, construed, applied and enforced in accordance with the laws of said state; in the event that the Lender brings any action hereunder in any court of record of Massachusetts or the Federal Government, Borrower consents and confers personal jurisdiction over Borrower by such court or courts.

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be consistent with the Note, the Loan Documents and any other document or instrument relating hereto and heretofore, now, or hereafter executed by Borrower to Lender, and in the event of any such inconsistency, the terms of this Agreement shall govern and supersede those terms in those instrument and documents which are inconsistent, unless expressly stated otherwise therein. Further, however, wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law; should any portion of this Agreement be declared invalid for any reason in any jurisdiction, such declaration shall have no effect upon the remaining portions of this Agreement; furthermore, the entirety of this Agreement shall continue in full force and effect in all other jurisdictions and said remaining portions of this Agreement shall continue in full force and effect in the subject jurisdiction as if this Agreement had been executed with the invalid portions thereof deleted.

The provisions of this Agreement and the other Loan Documents including the obligation to indemnify and environmental matters, shall survive the payment of the indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

The Lender, in its reasonable discretion, may at any time during the term of the Obligations, require an appraisal of any property, real or personal, held as collateral hereunder. In the event Lender determines that said appraisal is necessary, the cost of such shall be borne by Borrower.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Lender and the successors and assigns of the Borrower.

**USA Patriot Act and Financial Crimes Enforcement Network:** *To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information which identifies each person who opens an account or are minimum 25% beneficial owners. On or before the Loan closing, Lender (or its agent) will ask the name, street address, date of birth, and other information which provide identity to each signer, verified through a driver's license and / or other identifying documents, and copies made for the Loan file. Additionally, Borrower is required to complete and execute Lender's Certification of Beneficial Owners of Legal Entities form prior to the loan closing.*

**JURY WAIVER.** THE BORROWER AND LENDER EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS AGREEMENT, THE OBLIGATIONS, ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREE NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER CERTIFIES THAT NEITHER THE LENDER NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE LENDER WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

IN WITNESS WHEREOF, the undersigned have executed and delivered this Loan Agreement under seal as a sealed instrument as of the 19<sup>th</sup> day of November, 2021.

Witness:

By: /s/ Christopher Rollins  
Christopher Rollins

**BORROWER:**  
**STRAN & COMPANY, INC.**

By: /s/ Andrew J. Shape  
Andrew J. Shape, President and CEO

**Accepted:**  
**BANK: Salem Five Cents Savings Bank**

By: /s/ Nathan Buckley, Senior Vice President  
Nathan Buckley

**REVOLVING DEMAND LINE OF CREDIT NOTE**

\$7,000,000.00

Dated: November 22, 2021

For value received, the undersigned Stran & Company, Inc. a Nevada corporation duly qualified as a foreign corporation in the Commonwealth of Massachusetts with a principal business address of 2 Heritage Drive, Quincy, Massachusetts (the "Borrower"), jointly and severally if more than one, promises to pay to the order of **Salem Five Cents Savings Bank**, a Massachusetts savings bank having a usual place of business at 210 Essex Street, Salem, Massachusetts 01970 (hereinafter, with any subsequent holder, the "Bank" or the "Lender") the principal amount of Seven Million and 00/100 Dollars (\$7,000,000.00) or, if less, such amount as may be the aggregate unpaid principal amount of all loans or advances made by the Bank to the Borrower pursuant hereto and a certain Revolving Demand Line of Credit Loan Agreement (the "Loan Agreement"), together with interest at the rate set forth below from the date of the Bank's first advance to the Borrower on the aggregate unpaid principal balance from time to time outstanding, as follows: consecutive monthly installments of interest only payable monthly in arrears on the last day of each month, commencing on December 31, 2021 with all outstanding principal and interest thereon being due and payable in full Upon Demand (notwithstanding the fact that this is a demand note, the date on which demand for payment is made is referred to herein as the "Maturity Date").

**INTEREST RATE:**

Interest on the outstanding principal balance of this Note shall accrue at a floating rate equal to the sum of the Prime Rate, as that rate may change from time to time (the "Index"), plus one-half percent (0.50%) per annum. The term "Prime Rate" shall mean the rate of interest published in the Wall Street Journal as the so-called "Prime Rate" or if no such rate is published, an equivalent rate published by another financial publication of national standing as determined by the Bank. Changes in the Index shall take effect on the effective date of any change in the "Prime Rate."

**REVOLVING DEMAND:**

This Note is a revolving note and, subject to the foregoing, the Borrower may, at its option, at any time prior to demand borrow, pay, prepay, and reborrow hereunder, all in accordance with the provisions hereof, the aforementioned Loan Agreement, and any and all other agreements between the Borrower and the Bank related thereto; provided, however, that the principal balance outstanding shall at no time exceed the face amount of this Note.

**GENERAL PROVISIONS:**

1. **Increase in Interest Rate and Late Charges.** Upon Borrower's failure for more than ten (10) days to make any payment of principal or interest on this Note when due, Borrower will pay Bank upon demand, in addition to all other amounts payable hereunder, a late charge equal to five percent (5.0%) of the overdue payment. In addition, upon Demand for payment by Lender, the rate of interest charged hereunder shall be increased by ten percent (10.0%) per annum over the rate of interest otherwise applicable hereunder.

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2. **Application of Payments.** All payments shall be in arrears. All payments hereunder shall be applied first to any unpaid fees owed to the Bank, and then to any unpaid costs, expenses and other charges owed to the Bank, and then to accrued and unpaid interest, and the balance, if any, to principal. Following Demand for payment by Lender, payments may be applied in such manner as the Bank may determine. If any payment under this Note becomes due and payable on any day upon which Bank's office is legally closed to business, the due date shall be extended to the next succeeding business day and interest shall be payable during such extension at the then applicable rate stated above.

Interest payable hereunder shall be computed on the basis of a 360 day year counting the actual number of days elapsed.

3. **Prepayment.** The Note may be prepaid in whole or in part at any time without penalty.
4. **Each Borrower and Endorser Liable.** If more than one borrower has signed below, each such borrower has made all of the promises contained in this Note, and shall be jointly and severally liable for all obligations on this Note. If one or more endorser guarantors has signed below, each endorser guarantor agrees to all terms of this Note.
5. **DEMAND NOTE.** THIS NOTE IS DUE AND PAYABLE IN FULL UPON DEMAND. The entire unpaid principal balance of this Note and all unpaid accrued interest at the rate then payable, plus all costs and expenses incurred by the Lender in connection with this Note is due and payable in full UPON DEMAND at any time. Failure of the Borrower to make full repayment upon Demand shall constitute Default hereunder.

In addition to any other right to which the Lender is or becomes entitled to upon the Borrower's failure to make repayment hereunder Upon Demand, such failure shall also constitute, at the Lender's option and without demand, notice, or protest, a default under all other agreements between the Lender and the Borrower and under all other instruments and papers given the Lender by the Borrower.

6. **Loan Documents; Security.** The following loan documents and security instruments are referred to as the "Loan Documents", and are incorporated herein by reference with the same force and effect as if set forth herein in full: Loan Agreement; Security Agreement; and UCC-1 Financing Statements of the Borrower.

The execution, endorsement or guaranty of this Note constitutes a confirmation by each person that any security interest listed above which was given to Bank contemporaneously with or before the date hereof shall continue in effect as security for this Note.

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7. **Costs and Expenses.** Borrower and each endorser and guarantor of this Note, will pay all reasonable costs and expenses, including, without limitation, reasonable attorney's fees and all expenses and disbursements of counsel, in connection with the protection or enforcement of any of Bank's rights against Borrower or any such endorser and guarantor and against any collateral given to Bank to secure this Note or any other of Borrower's liabilities or of such endorser and guarantor to Bank (whether or not suit is instituted by or against Bank). Borrower further agrees to pay all reasonable costs, expenses and reasonable attorneys' and other professionals' fees incurred by the holder of this Note in connection with any "workout" or default resolution negotiations involving legal counsel or other professionals and further in connection with any re-negotiation or restructuring of the indebtedness evidenced by this Note. Any such costs, expenses and/or fees remaining unpaid after demand therefor, may, at the discretion of the holder, be added to the principal amount of the indebtedness evidenced by this Note.

8. Assignability. Bank may assign and transfer this Note to any person, firm or corporation and deliver to the assignee any collateral or security interest Bank holds in connection with this Note. In the event of such assignment, Bank will have no further responsibility or liability with respect to such collateral or security interest, and the terms of this Note and any related documents shall inure to the benefit of Bank's assignee and its successors. This Note shall be binding upon Borrower and each endorser and guarantor hereof and upon Borrower and Borrower's respective heirs, successors, assigns, and representatives, and shall inure to the benefit of Bank and its successors and endorsees.
9. Severability. If any provision of this Note is deemed by any court having jurisdiction thereof to be invalid or unenforceable, the other provisions of this Note shall remain in full force and effect. If any provision of this Note is deemed by any such court to be unenforceable because such provision is too broad in scope, such provision shall be construed to be limited in scope to the extent such court shall deem necessary to make it enforceable. If any provision is deemed inapplicable by any such court to any person or circumstances, it shall nevertheless be construed to apply to all other persons and circumstances.
10. Waiver. No delay or omission by Bank in exercising or enforcing any of its powers, rights, privileges, remedies, or discretion hereunder shall operate as a waiver thereof on that occasion nor on any other occasion. No waiver of any default hereunder shall operate as a waiver of any other default hereunder, nor as a continuing waiver.
11. Endorsement. Each endorser, jointly and severally if more than one, unconditionally guarantees prompt payment when due, by acceleration or otherwise, of this Note, regardless of its genuineness, validity, regularity or enforceability and waives any right to require Bank to proceed against Borrower or any collateral which Bank might have been granted to secure any endorser's liabilities under this Note.
12. Presentment; Extension. The Borrower and every endorser or guarantor of this Note, regardless of the time, order or place of signing, waives presentment, demand, protest, notice of intent to accelerate, notice of acceleration and all other notices of every kind in connection with the delivery, acceptance, performance or enforcement of this Note and assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of collateral, and to the addition or release of any other party or person primarily or secondarily liable and waives all recourse to suretyship and guarantor defenses generally, including any defense based on impairment of collateral.

13. Miscellaneous.

Each reference in this Note to Borrower, any endorser, and any guarantor, is to such person individually and also to all such persons jointly.

If pursuant to the terms of this Note, the Borrower is at any time obligated to pay interest on the principal balance at a rate in excess of the maximum interest rate permitted by applicable law for the loan evidenced by this Note, the applicable interest rate shall be immediately reduced to such maximum rate and all previous payments in excess of the maximum rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder.

**The Borrower represents to the Bank that the proceeds of this Note will not be used for personal, family or household purposes or for the purpose of purchasing or carrying margin stock or margin securities within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 221 and 224.**

To the maximum extent permitted by law, the Borrower and each endorser and guarantor of this Note waive and terminate any homestead rights and/or exemptions respecting any premises under the provisions of any applicable homestead laws, including without limitation, Chapter 188, Section 1, of the General Laws of Massachusetts.

The Borrower and each endorser and guarantor hereof each authorizes the Bank to complete this Note if delivered incomplete in any respect. A photographic or other reproduction of this Note may be made by the Bank, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

The Borrower and each endorser and guarantor of this Note each irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in Massachusetts, over any suit, action or proceeding arising out of or relating to this Note. Each of the Borrower and each endorser and guarantor irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Each of the Borrower and each endorser and guarantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) by mailing a copy thereof by registered and certified mail, postage prepaid, return receipt requested, to the Borrower's, endorser's or guarantor's address shown herein or as notified to the Bank and (ii) by serving the same upon the Borrower(s), endorser(s) or guarantor(s) in any other manner otherwise permitted by law, and agrees that such service shall in every respect be deemed effective service upon the Borrower or such endorser or guarantor.

The Borrower and each endorser and guarantor hereof grant to the Bank a continuing lien on and security interest in any and all deposits or other sums at any time credited by or due to the undersigned from the Bank or any of its banking or lending affiliates, or any bank acting as a participant under any loan arrangement between the Bank and the Borrower, and any cash, securities, instruments or other property of the undersigned in the possession of the Bank, or any of its banking or lending affiliates, or any bank acting as a participant under any loan arrangement between the Bank and the Borrower, whether for safekeeping or otherwise, or in transit to or from the Bank or any of its banking or lending affiliates or any such participant, or in the possession of any third party acting on the Bank's behalf (regardless of the reason the Bank had received same or whether the Bank has conditionally released the same). Each and every one of the foregoing shall at all times constitute security for all of the liabilities and obligations of the undersigned to the Bank and may be applied or set off against such liabilities and obligations of the undersigned to the Bank, at any time, whether or not such liabilities and obligations are then due; whether or not demand has been made; and whether or not other collateral is then available to the Bank.

The Borrower and each endorser and guarantor of this Note shall indemnify, defend and hold harmless the Bank and its directors, officers, employees, agents, affiliates and attorneys harmless against any claim brought or threatened against the Bank by the Borrower, by any endorser or guarantor, or by any other person (as well as from attorneys' reasonable fees and expenses in connection therewith) on account of the Bank's relationship with the Borrower or any endorser or guarantor hereof (each of which may be defended, compromised, settled or pursued by the Bank with counsel of the Bank's selection, but at the expense of the Borrower and any endorser or guarantor), except for any claim arising out of the gross negligence or willful misconduct of the Bank.

The liabilities of the Borrower and any endorser or guarantor of this Note are joint and several; provided, however, the release by the Bank of any of the Borrower or any one or more endorser or guarantor shall not release any other person obligated on account of this Note. Any and all present and future debts of the Borrower to any endorser or guarantor of this Note are subordinated to the full payment and performance of all present and future debts and obligations of the Borrower to the Bank. Each reference in this Note to the Borrower, any endorser, and any guarantor, is to such person individually and also to all such persons jointly.

No person obligated on account of this Note may seek contribution from any other person also obligated, unless and until all liabilities, obligations and indebtedness to the Bank of the person from whom contribution is sought have been satisfied in full. The release or compromise by the Bank of any collateral shall not release any person obligated on account of this Note.

This Note is delivered to Bank in Massachusetts and shall be governed by the laws of the Commonwealth of Massachusetts. Borrower and each endorser and guarantor of this Note submit to the jurisdiction of the courts of the Commonwealth of Massachusetts for all purposes with respect to this Note, any collateral given to secure their respective liabilities to Bank or their respective relationships with Bank.

Borrower hereby authorizes Bank to automatically deduct from Borrower's account at the Bank the amount of any loan payment ("Automatic Payments"). If the funds in the account are insufficient to cover any payment, Bank shall not be obligated to advance funds to cover the payment.

As used herein, Obligations or Liabilities shall mean any and all duties, covenants obligations or monies due now or in the future to the Bank by Borrower and/or any guarantor of endorser of Borrower.

Notices. All notices and other communications called for hereunder shall be made in writing and, unless otherwise specifically provided herein, shall be deemed to have been duly made or given when delivered by hand, mailed first class mail postage prepaid or delivered to a national overnight delivery or courier company or, in the case of telegraphic, telexed or electronic notice, when transmitted, answer back and received, addressed as follows: if to the Borrower, at the address set forth on the first page hereof and if to the Lender at the address set forth above, Attention: Nathan Buckley Senior Vice President with a copy to Howard M. Kelman, Esq., Kellem and Kellem, LLC, 100 Recreation Park Drive, Hingham, Massachusetts 02043, or at such address as either may designate in writing.

Captions/Headings. All captions and/or headings used herein are for the convenience of the parties only and shall not be used in construing the meaning or intent of the terms or the provisions hereof

**THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY, AND AFTER AN OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL, (A) WAIVES ANY AND ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING IN CONNECTION WITH THIS NOTE, ANY OF THE OBLIGATIONS OF THE BORROWER, EACH ENDORSER AND GUARANTOR TO THE BANK, AND ALL MATTERS CONTEMPLATED HEREBY AND DOCUMENTS EXECUTED IN CONNECTION HERewith AND (B) AGREES NOT TO SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CAN NOT BE, OR HAS NOT BEEN, WAIVED. THE BORROWER, EACH ENDORSER AND GUARANTOR AND THE BANK EACH CERTIFIES THAT NEITHER THE BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE BANK WOULD NOT IN THE EVENT OF ANY SUCH PROCEEDING SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.**

EXECUTED as a sealed instrument on the date first written above.

Witness:

By: /s/ Christopher Rollins  
Christopher Rollins

**BORROWER:**

**Stran & Company, Inc.**

By: /s/ Andrew J. Shape  
Andrew J. Shape, President and CEO

**SECURITY AGREEMENT**  
**(All Assets)**

This **SECURITY AGREEMENT**, dated as of November 22, 2021, is made by Stran & Company, Inc., a Nevada corporation duly qualified as a foreign corporation in the Commonwealth of Massachusetts with a principal business address of 2 Heritage Drive, Quincy, Massachusetts between (hereinafter the “**Company**”), in favor of **Salem Five Cents Savings Bank**, a Massachusetts savings bank having a usual place of business at 210 Essex Street, Salem, Massachusetts 01970 (hereinafter, the “**Lender**”).

**WHEREAS**, the Company has entered into a \$7,000,000.00 Revolving Demand Line of Credit Note and associated Revolving Demand Line of Credit Loan Agreement dated as of the date hereof (as amended and in effect from time to time, the “**Credit Agreement**”), in favor of the Lender, pursuant to which the Lender, subject to the terms and conditions contained therein, is to make loans or otherwise to extend credit to the Company; and

**WHEREAS**, it is a condition precedent to the Lender’s making any loans or otherwise extending credit to the Company under the Credit Agreement that the Company execute and deliver to the Lender a security agreement in substantially the form hereof; and

**WHEREAS**, the Company wishes to grant security interests in favor of the Lender as herein provided;

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

1. **DEFINITIONS.** All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Credit Agreement. The term “State”, as used herein, means the Commonwealth of Massachusetts. “**Obligations**” shall include, without limitation, all loans, advances, indebtedness, notes, liabilities and amounts, liquidated or unliquidated, owing by Company to Lender at any time, each of every kind, nature and description, and the performance by Company of all acts, obligations, covenants, terms, and conditions, in each case whether now or hereafter arising under this Agreement or under any other agreement between Company and Lender including, without limitations, all documents executed and delivered pursuant thereto or in connection therewith, or otherwise and whether secured or unsecured, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. This Security Agreement shall act as security and collateral for all loans made by Lender in which the Company is the primary obligor. Without limiting the generality of the foregoing, said term shall also include all interest and other charges chargeable to Company or due from Company to Lender from time to time and all costs and expenses relating thereto. Without limiting the foregoing, the term Events of Default as used herein shall mean Demand made by Lender for repayment of any sums due Lender. Without limiting the foregoing, Obligations shall mean all future advances.

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2. **GRANT OF SECURITY INTEREST.** The Company hereby grants to the Lender, to secure the payment and performance in full of all of the Obligations, a security interest in and pledges and assigns to the Lender the following properties, assets and rights of the Company, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the “Collateral”): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all payment and general intangibles (including patents, trademarks, trade names and copyrights, and all payment intangibles). The Lender acknowledges that the attachment of its security interest in any commercial tort claim as original collateral is subject to the Company’s compliance with §4.7.
3. **AUTHORIZATION TO FILE FINANCING STATEMENTS.** The Company hereby irrevocably authorizes the Lender at any time and from time to time to file in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Company or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Company is an organization, the type of organization and any organization identification number issued to the Company and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Company agrees to furnish any such information to the Lender promptly upon request.
4. **OTHER ACTIONS.** Further to insure the attachment, perfection and first priority of, and the ability of the Lender to enforce, the Lender’s security interest in the Collateral, the Company agrees, in each case at the Company’s own expense, to take the following actions with respect to the following Collateral:
  - 4.1. **PROMISSORY NOTES AND TANGIBLE CHATTEL PAPER.** If the Company shall at any time hold or acquire any promissory notes or tangible chattel paper, the Company shall forthwith endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

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  - 4.2. **DEPOSIT ACCOUNTS.** For each deposit account that the Company at any time opens or maintains, the Company shall, at the Lender’s request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Lender, either (a) cause the depository bank to agree to comply at any time with instructions from the Lender to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Company, or (b) arrange for the Lender to become the customer of the depository bank with respect to the deposit account, with the Company being permitted, only with the consent of the Lender, to exercise rights to withdraw funds from such deposit account. The provisions of this paragraph shall not apply to (i) any deposit account for which the Company, the depository bank and the Lender have entered into a cash collateral agreement specifically negotiated among the Company, the depository bank and the Lender for the specific purpose set forth therein, (ii) deposit accounts for which the Lender is the depository and (iii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Company’s employees.



4.3. **INVESTMENT PROPERTY.** If the Company shall at any time hold or acquire any certificated securities, the Company shall forthwith endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify. If any securities now or hereafter acquired by the Company are uncertificated and are issued to the Company or its nominee directly by the issuer thereof, the Company shall promptly notify the Lender thereof and, at the Lender's request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Lender, either (a) cause the issuer to agree to comply with instructions from the Lender as to such securities, without further consent of the Company or such nominee, or (b) arrange for the Lender to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Company are held by the Company or its nominee through a securities intermediary or commodity intermediary, the Company shall promptly notify the Lender thereof and, at the Lender's request and option, pursuant to an agreement in form and substance reasonably satisfactory to the Lender, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Lender to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Lender to such commodity intermediary, in each case without further consent of the Company or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Lender to become the entitlement holder with respect to such investment property, with the Company being permitted, only with the consent of the Lender, to exercise rights to withdraw or otherwise deal with such investment property. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Lender is the securities intermediary.

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4.4. **COLLATERAL IN THE POSSESSION OF A BAILEE.** If any goods are at any time in the possession of a bailee, the Company shall promptly notify the Lender thereof and, if requested by the Lender, shall promptly obtain an acknowledgement from the bailee, in form and substance reasonably satisfactory to the Lender, that the bailee holds such Collateral for the benefit of the Lender and shall act upon the instructions of the Lender, without the further consent of the Company.

4.5. **ELECTRONIC CHATTEL PAPER AND TRANSFERABLE RECORDS** If the Company at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and national Commerce Act, or in §16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Company shall promptly notify the Lender thereof and, at the request of the Lender, shall take such action as the Lender may reasonably request to vest in the Lender control under §9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, §16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction, of such transferable record.

4.6. **LETTER-OF-CREDIT RIGHTS.** If the Company is at any time a beneficiary under a letter of credit now or hereafter issued in favor of the Company, the Company shall promptly notify the Lender thereof and, at the request and option of the Lender, the Company shall, pursuant to an agreement in form and substance reasonably satisfactory to the Lender, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Lender of the proceeds of any drawing under the letter of credit or (ii) arrange for the Lender to become the transferee beneficiary of the letter of credit, with the Lender agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be applied as provided in any Loan Agreement or Letter of Credit Agreement.

4.7. **COMMERCIAL TORT CLAIMS.** If the Company shall at any time hold or acquire a commercial tort claim, the Company shall promptly notify the Lender in a writing signed by the Company of the details thereof and grant to the Lender in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Lender.

4.8. **OTHER ACTIONS AS TO ANY AND ALL COLLATERAL.** The Company further agrees to take any other action reasonably requested by the Lender to ensure the attachment, perfection and first priority of, and the ability of the Lender to enforce, the Lender's security interest in any and all of the Collateral including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Company's signature thereon is required therefor, (b) causing the Lender's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Lender to enforce the Lender's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Lender to enforce, the Lender's security interest in such Collateral, (d) obtaining governmental and other third party consents and approvals, including without limitation any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance reasonably satisfactory to the Lender and (f) taking all actions required by any earlier version of the Uniform Commercial Code or by other law, as applicable in any relevant Uniform Commercial Code jurisdiction, or by other law as applicable in any foreign jurisdiction.

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5. **RELATION TO OTHER SECURITY DOCUMENTS.** The provisions of this Agreement supplement the provisions of any real estate mortgage or deed of trust granted by the Company to the Lender and securing the payment or performance of any of the Obligations. Nothing contained in any such real estate mortgage or deed of trust shall derogate from any of the rights or remedies of the Lender hereunder, or limit the assets in which the Lender may have a security interest.

6. **REPRESENTATIONS AND WARRANTIES CONCERNING COMPANY'S LEGAL STATUS.** The Company represents and warrants to the Lender as follows: (a) the Company's exact legal name is that indicated in the first paragraph of this agreement, (b) the Company is an organization of the type, and is organized in the jurisdiction as set forth in this agreement, (c) the Company's organizational identification number is as follows: NV20212102877, (d) the first paragraph of this agreement accurately sets forth the Company's principal place of business and (e) all other information set forth in this agreement pertaining to the Company is accurate.

7. **COVENANTS CONCERNING COMPANY'S LEGAL STATUS.** The Company covenants with the Lender as follows: (a) without providing at least 30 days prior written notice to the Lender, the Company will not change its name; its principal place of business or its mailing address or organizational identification number if it has one, (b) if the Company does not have an organizational identification number and later obtains one, the Company shall forthwith notify the Lender of such organizational identification number, and (c) the Company will not change its type of organization, jurisdiction of organization or other legal structure.

8. **REPRESENTATIONS AND WARRANTIES CONCERNING COLLATERAL, ETC.** The Company further represents and warrants to the Lender as follows: (a) the Company is the owner of the Collateral, free from any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in §9-102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority subject to the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) the Company holds no commercial tort claim except as indicated in this Agreement, and (e) the Company has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances and (f) all other information set forth in this Agreement pertaining to the Collateral is accurate and complete.

9. **COVENANTS CONCERNING COLLATERAL, ETC.** The Company further covenants with the Lender as follows: (a) the Collateral, to the extent not delivered to the Lender pursuant to §4, will be kept at the Company's address as set forth on page 1, and the Company will not remove the Collateral from such locations, without providing at least 30 days prior written notice to the Lender, (b) except for the security interest herein granted, the Company shall be the owner of the Collateral free from any lien, security interest or other encumbrance, and the Company shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Lender, (c) the Company shall not pledge, mortgage or create, or suffer to exist a security interest in the Collateral in favor of any person other than the Lender, (d) the Company will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) the Company will permit the Lender, or its designee, to inspect the Collateral at any reasonable time, wherever located, (f) the Company will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement, (g) the Company will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) the Company will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for sales of inventory in the ordinary course of business so long as no Event of Default has occurred and is continuing.

10. **INSURANCE.**

- 10.1. **MAINTENANCE OF INSURANCE.** The Company will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that the Company will not be deemed a coinsurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Lender. In addition, all such insurance shall be payable to the Lender as loss payee under a loss payee clause acceptable to the Lender. Without limiting the foregoing, the Company will (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100 percent of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law and (iii) maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of the Company; business interruption insurance; and product liability insurance.

- 10.2. **INSURANCE PROCEEDS.** The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, subject to the rights, if any, of other parties with a prior interest in the property covered thereby, (i) so long as no Default or Event of Default has occurred and is continuing and to the extent that the amount of such proceeds is less than \$1,000.00, be disbursed to the Company for direct application by the Company solely to the repair or replacement of the Company's property so damaged or destroyed and (ii) in all other circumstances, be held by the Lender as cash collateral for the Obligations. The Lender may, at its sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Lender may reasonably prescribe, for direct application by the Company solely to the repair or replacement of the Company's property so damaged or destroyed, or the Lender may apply all or any part of such proceeds to the Obligations.
- 10.3. **NOTICE OF CANCELLATION, ETC.** All policies of insurance shall provide for at least thirty (30) days prior written cancellation notice to the Lender. In the event of failure by the Company to provide and maintain insurance as herein provided, the Lender may, at its option, provide such insurance and charge the amount thereof to the Company. The Company shall furnish the Lender with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. **COLLATERAL PROTECTION EXPENSES; PRESERVATION OF COLLATERAL.**

- 11.1. **EXPENSES INCURRED BY LENDER.** In its discretion, the Lender may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, make repairs thereto, maintain the Collateral and pay any necessary filing fees or, if the debtor fails to do so, insurance premiums. The Company agrees to reimburse the Lender on demand for any and all expenditures so made. The Lender shall have no obligation to the Company to make any such expenditures, nor shall the making thereof relieve the Company of any default.
- 11.2. **LENDER'S OBLIGATIONS AND DUTIES.** Anything herein to the contrary notwithstanding, the Company shall remain liable under each contract or agreement comprised in the Collateral to be observed or performed by the Company thereunder. The Lender shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Lender of any payment relating to any of the Collateral, nor shall the Lender be obligated in any manner to perform any of the obligations of the Company under or pursuant to any such contractor agreement, to make inquiry as to the nature or sufficiency of any payment received by the Lender in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Lender or to which the Lender may be entitled at any time or times. The Lender's sole duty with respect to the custody, safekeeping and physical preservation of the Collateral in its possession, under §9-207 of the Uniform Commercial Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Lender deals with similar property for its own account.

12. **SECURITIES AND DEPOSITS.** The Lender may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, the Lender may demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from the Lender to the Company may at any time be applied to or set off against any of the Obligations.
13. **NOTIFICATION TO ACCOUNT DEBTORS AND OTHER PERSONS OBLIGATED ON COLLATERAL.** The Company shall, at the request of the Lender, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Lender in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Lender or to any financial institution designated by the Lender as the Lender's agent therefor, and the Lender may itself, without notice to or demand upon the Company, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Company shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Company as trustee for the Lender without commingling the same with other funds of the Company and shall turn the same over to the Lender in the identical form received, together with any necessary endorsements or assignments. The Lender shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Lender to the Obligations, such proceeds to be immediately entered after final payment in cash or other immediately available funds of the items giving rise to them.

14. **POWER OF ATTORNEY.**

- 14.1. **APPOINTMENT AND POWERS OF LENDER.** The Company hereby irrevocably constitutes and appoints the Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Company or in the Lender's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instrument that may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Company, without notice to or assent by the Company, to do the following:
- (a) Upon the occurrence and during the continuance of a Default or an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though the Lender were the absolute owner thereof for all purposes, and to do at the Company's expense, at any time, or from time to time, all acts and things which the Lender deems necessary or advisable to protect, preserve or realize upon the Collateral and the Lender's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Company might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal or local agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Company, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Lender so elects, with a view to causing the liquidation in a commercially reasonable manner of assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

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- (b) To the extent that the Company's authorization given in §3 is not sufficient, to file such as financing statements with respect hereto, with or without the Company's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Lender may deem appropriate and to execute in the Company's name such financing statements and amendments thereto and continuation statements which may require the Company's signature.
- 14.2. **RATIFICATION BY COMPANY.** To the extent permitted by law, the Company hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.
- 14.3. **NO DUTY ON LENDER.** The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Lender shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to the Company for any act or failure to act, except for the Lender's own gross negligence or willful misconduct.

15. **REMEDIES.** If an Event of Default shall have occurred under or with respect to the Credit Agreement and be continuing (unless the Credit Agreement is a demand relationship, in which case no Event of Default shall be required), the Lender may, without notice to or demand upon the Company, declare this Agreement to be in default, and the Lender shall thereafter have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State or of any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Lender may, so far as the Company can give authority therefore, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Lender may in its discretion require the Company to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Company's principal office(s) or at such other locations as the Lender may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Lender shall give to the Company at least five Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Company hereby acknowledges that five Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, the Company waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Lender's rights hereunder, including, without limitations, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights with respect thereto.

Notwithstanding anything set forth herein to the contrary, in the event that the Note and/or the Loan secured hereby is due and payable upon demand, nothing contained in this provision 15 shall alter the fact that the Note and Loan are due and payable in full upon demand without the requirement of the existence of an Event of Default.

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16. **STANDARDS FOR EXERCISING REMEDIES.** To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, the Company acknowledges and agrees that it is not commercially unreasonable for the Lender (a) to fail to incur expenses reasonably deemed significant by the Lender to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third-party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Company, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Lender against risks of loss, collection or disposition of Collateral or to provide to the Lender a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate the Lender, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Lender in the collection or disposition of any of the Collateral. The Company acknowledges that the purpose of this Section is to provide nonexhaustive indications of what actions or omissions by the Lender would not be commercially unreasonable in the Lender's exercise of remedies against the Collateral and that other actions or omissions by the Lender shall not be deemed commercially unreasonable solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to the Company or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section.

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17. **NO WAIVER BY LENDER, ETC.** The Lender shall not be deemed to have waived any of its rights upon or under the Obligations or the Collateral unless such waiver shall be in writing and signed by the Lender. No delay or omission on the part of the Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. All rights and remedies of the Lender with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Lender deems expedient.
18. **N/A.**
19. **MARSHALLING.** The Lender shall not be required to marshal any present or future collateral security (including, but not limited to, this Agreement and the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, the Company hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Lender's rights under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Company hereby irrevocably waives the benefits of all such laws.
20. **PROCEEDS OF DISPOSITIONS; EXPENSES.** The Company shall pay to the Lender on demand amounts equal to any and all expenses, including, without limitation, reasonable attorneys' fees and disbursements incurred or paid by the Lender in protecting, preserving or enforcing the Lender's rights under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale of the Obligations or Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Lender may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by §9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the Company, and the Company shall remain liable for any deficiency in the payment of the Obligations.

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21. **OVERDUE AMOUNTS.** Until paid, all amounts due and payable by the Company hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Credit Agreement.
22. **GOVERNING LAW; CONSENT TO JURISDICTION.** THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE. The Company agrees that any suit for the enforcement of this Agreement may be brought in the courts of the State or any federal court sitting therein and consents to the nonexclusive jurisdiction of such court and to service of process in any such suit being made upon the Company by mail to the address as set forth above. The Company hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.
23. **WAIVER OF JURY TRIAL.** THE COMPANY WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF ANY SUCH RIGHTS OR OBLIGATIONS. Except as prohibited by law, the Company waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Company (i) certifies that neither the Lender nor any representative, agent or attorney of the Lender has represented, expressly or otherwise, that the Lender would not, in the event of litigation, seek to enforce the foregoing waivers, and (ii) acknowledges that in entering into the Credit Agreement, the Lender is relying upon, among other things, the waivers and certifications contained in this Agreement.
24. **MISCELLANEOUS.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Company and its respective successors and assigns, and shall inure to the benefit of the Lender and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Company acknowledges receipt of a copy of this Agreement.

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IN WITNESS WHEREOF, intending to be legally bound, the Company has caused this Agreement to be duly executed as of the date first above written.

**COMPANY:**

Witness:

**Stran & Company, Inc.**

By: /s/ Christopher Rollins  
Christopher Rollins

By: /s/ Andrew J. Shape  
Andrew J. Shape, President and CEO

Accepted:  
**Salem Five Cents Savings Bank**

By: /s/ Nathan M. Buckley  
Nathan M. Buckley, Senior Vice President

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WAREHOUSEMAN'S WAIVER

Date: November 4, 2021

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,

Harte Hanks

Name of Warehouse: Harte Hanks Response Management/Boston, Inc. Premises Locations:

1. 600 N. Bedford Street, East Bridgewater, MA 02333
2. 6700 Orville Ave., Kansas City, 66102

(hereinafter, the "**Warehouse**") executes this waiver in favor of Salem Five Cents Savings Bank with an address of 341 Court Street, Plymouth, MA 02360 (the "**Bank**").

1. Bank has provided a credit facility in favor of Stran & Company, Inc., a Nevada corporation with its principal place of business at 2 Heritage Drive, 6<sup>th</sup> Floor Quincy, MA 02171, Massachusetts (the "**Borrower**").
2. Warehouse represents that it is the occupant of a certain premises (hereinafter, the "**Premises**") known and numbered as set out above.
3. Warehouse represents that as of the date of this Warehouseman's Waiver certain goods of the Borrower are stored on the Premises.
4. The Warehouse has been advised by the Borrower that Bank has been granted a security interest by the Borrower in and to all of the Borrower's assets located in the Warehouse (hereinafter, the "**Collateral**"), which Collateral presently is located, or may at any time hereafter be located, in, at, or upon the Premises.
5. The Warehouse agrees:

(a) That for earlier of such time as no assets of the Borrower are located at the Premises or until such time as all liabilities of the Borrower to Bank have been paid in full, the Warehouse disclaims any interest in such of the Collateral as is now or hereafter located in, at, or upon the Premises and not to distraint any of the Collateral nor to assert any claim against the Collateral for any reason.

(b) That until the earlier of such time as no assets of the Borrower are located at the Premises or the date that Borrower owes no liabilities to the Bank, not to interfere with any enforcement by Bank of Bank's rights in and to the Collateral provided that such exercise is conducted in a commercially reasonable manner and in accordance with applicable law.

(c) To permit Bank access to the Premises during mutually agreed upon hours in order to exercise Bank's rights hereunder. Following its receipt of notice from the Warehouse that Tenant is in default to the Warehouse, the Bank shall have 30 days to exercise its rights hereunder and during that 30 day period shall have no obligation whatsoever to cure any Tenant default to Warehouse or to make any payment to Warehouse relating to that 30 day period or any prior period of Tenant's occupancy or use of the Premises. Notwithstanding the foregoing, the Bank shall have the right to have an additional 60 days (after the aforesaid 30 day period) to exercise its rights hereunder, provided that it makes payment to Warehouse of per diem rent for the actual number of days Bank extends that 30 day period at the rate in effect prior to any default by Tenant to Warehouse (the "Extended Period"). The Bank shall have the right to exercise its rights under the Extended Period by providing the Warehouse with notice of its intention to do so prior to the expiration of the aforesaid 30 day period.

(d) Not to interfere with the removal of the Collateral from the Premises by or on behalf of Bank within 30 days of the Bank's receipt of a notice from Warehouse that Tenant is in default to the Warehouse or the term of the Extended Period, provided, however Bank, at Bank's expense, shall promptly repair any physical damage to the Premises actually caused by such removal, but shall not be liable for any diminution in value of the Premises caused by the removal or absence of the Collateral.

(e) To provide the Bank with written notice (when given to Borrower) of any default by Borrower to Warehouse and to give the Bank the option to cure the same within thirty (30) days of such notice. After such thirty (30) day period or the term of the Extended Period, if the Bank has not cured such default, the Warehouse may dispose of such Materials as it deems fit.

6. Until the earlier of such time as the Borrower has no property at the Premises, or the duration of the Warehouse's arrangement with the Borrower, the Warehouse hereby acknowledges and agrees that it holds possession of the Collateral for the benefit of the Bank.
7. Until the Warehouse receives written notification from Bank to the contrary, the Warehouse is authorized to accept instructions with respect to the Collateral from Borrower. Upon the receipt of written notice from Bank and until such notice is rescinded by Bank, the Warehouse shall only honor any and all instructions from Bank with respect to the Collateral, including, any direction from Bank to dispose of all or any portion of the Collateral at any time, without any further consent or instruction from Borrower.
8. The waiver shall inure to the benefit of Bank, and its respective successors and assigns, shall be binding upon the Warehouse, its heirs, assigns, representatives, and successors, and shall take effect as a sealed instrument.

"Warehouse"

Harte Hanks Response Management/ Boston, Inc.

By: /s/ Jeanne Shaunessy

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Jeanne Shaunessy

Address: 600 N. Bedford Street  
East Bridgewater, MA 02333

ACKNOWLEDGED AND CONSENTED TO:

Salem Five Cents Savings Bank

By: /s/ Nathan M. Buckley  
Nathan M. Buckley, Senior Vice President

Stran & Company, Inc.

By: /s/ Andrew J. Shape  
Andrew J. Shape, Chief Executive Officer



### **Stran & Company Enters into \$7 Million Revolving Line of Credit with Salem Five Bank**

**Quincy, MA / November 23, 2021** / Stran & Company, Inc. (“Stran” or the “Company”) (NASDAQ: STRN; STRNW), a leading outsourced marketing solutions provider that leverages its promotional products and loyalty incentive expertise, today announced it has entered into an agreement with Salem Five Bank, providing the Company with a secured revolving line of credit with a principal amount of up to \$7 million.

Andy Shape, President and CEO of Stran, commented, “This new facility further strengthens our balance sheet and provides additional financial flexibility. We look forward to prudently deploying this capital to support our long-term growth objectives. Stran is excited to enter into this relationship with a historic local institution such as Salem Five and grow together in the future.”

Founded in 1855 and headquartered in Salem, Massachusetts, Salem Five Bank is a mutual savings bank with almost \$6 billion in assets.

The secured revolving line of credit is a 12-month, interest-only loan with an interest rate of the prime rate plus 0.5% (currently 3.75%). The amount available under the line of credit is limited by eligible inventory and accounts, and subject to meeting a debt service coverage ratio and minimum net worth. The Company must meet other ongoing affirmative and other obligations during the loan term. The Company may freely draw upon the line of credit subject to Salem Five Bank’s right to demand complete repayment of the withdrawn amounts and incurred interest at any time. The loan is secured by all assets and property of the Company, including inventory held in rented warehouse space on behalf of its customers.

#### **About Stran**

Over the past 25 years, Stran has grown to become a leader in the promotional products industry, specializing in complex marketing programs to help recognize the value of promotional products, branded merchandise and loyalty incentive programs as a tool to drive awareness, build brands and impact sales. Stran is the chosen partner of many Fortune 500 companies, across a variety of industries, to execute their promotional marketing, loyalty and incentive, sponsorship activation, recruitment, retention, and wellness campaigns. Stran provides world-class customer service and utilizes cutting-edge technology, including efficient ordering and logistics technology to provide order processing, warehousing and fulfillment functions. The Company’s mission is to develop long-term relationships with its clients, enabling them to connect with both their customers and employees in order to build lasting brand loyalty. Additional information about the Company is available at: [www.stran.com](http://www.stran.com).

#### **Forward Looking Statements**

This press release contains “forward-looking statements” that are subject to substantial risks and uncertainties. All statements, other than statements of historical fact, contained in this press release are forward-looking statements. Forward-looking statements contained in this press release may be identified by the use of words such as “anticipate,” “believe,” “contemplate,” “could,” “estimate,” “expect,” “intend,” “seek,” “may,” “might,” “plan,” “potential,” “predict,” “project,” “target,” “aim,” “should,” “will” “would,” or the negative of these words or other similar expressions, although not all forward-looking statements contain these words. Forward-looking statements are based on the Company’s current expectations and are subject to inherent uncertainties, risks and assumptions that are difficult to predict. Further, certain forward-looking statements are based on assumptions as to future events that may not prove to be accurate. These and other risks and uncertainties are described more fully in the section titled “Risk Factors” in the final prospectus related to the public offering filed with the Securities and Exchange Commission (the “SEC”) and other reports filed with the SEC thereafter. Forward-looking statements contained in this announcement are made as of this date, and the Company undertakes no duty to update such information except as required under applicable law.

#### **Contacts:**

##### **Investor Relations Contact:**

Crescendo Communications, LLC  
Tel: (212) 671-1021  
[STRN@crescendo-ir.com](mailto:STRN@crescendo-ir.com)

##### **Press Contact:**

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