

LOAN MODIFICATION AGREEMENT

This **LOAN MODIFICATION AGREEMENT**, dated as of July 31, 2023 (this “**Modification**”), by and among **UL HOLDINGS INC.**, a California corporation (“**Borrower**”), and **658 EAST SAN YSIDRO BLVD LLC** and **909 WEST VISTA WAY LLC**, each a California limited liability company, and **ULBP INC.**, a California corporation (each of the foregoing, other than Borrower, are referred to herein individually and collectively, as the context may require, as “**Guarantor**”; Borrower and Guarantor (as defined herein) are referred to herein individually and collectively, as the context may require, as the “**Borrower Parties**”) and **PELORUS FUND BOND SUB II 2026, LLC**, a Delaware limited liability company (together with its successors and/or assigns, “**Lender**”).

WITNESSETH:

WHEREAS, Borrower and Lender entered into that certain Loan and Security Agreement, dated as of February 10, 2022 (as the same is amended pursuant to this Agreement and as the same may be further amended, restated, replaced, supplemented or otherwise modified from time to time, the “**Original Loan Agreement**”) pursuant to which Lender made a loan to Borrower in the original principal amount of Thirteen Million Four Hundred Fifty Thousand Two Hundred Sixty Nine and 00/100 Dollars (\$13,450,269.00), as assigned to Lender pursuant to that certain Assignment of Secured Note and Deed of Trust, dated as of May 5, 2023, by Pelorus Fund REIT, LLC; capitalized terms used but not otherwise defined herein shall have the meanings as cribbed thereto in the Loan Agreement;

WHEREAS, in connection with the Loan, Original Guarantor executed and delivered certain Loan Documents, including without limitation certain deeds of trust, guaranties, environmental indemnity agreements, security agreements and pledge agreements (collectively, the “**Guarantor Documents**”);

WHEREAS, Borrower has requested, and Lender has agreed to modify the terms of the Original Loan Agreement in connection with that certain Eighth Omnibus Amendment of Loan Documents to the Series A Indebtedness (the “**Series A Modification**”);

WHEREAS, in reliance on Borrower’s representations and warranties, and subject to the terms and conditions in this Agreement and in the Loan Documents, the parties agree to modify the Original Loan Agreement and deliver the Additional Modification Documents to Lender on the terms and conditions set forth herein; and

WHEREAS, Lender and Borrower agree that the Loan Agreement will be further amended by this Agreement to reflect the foregoing modifications.

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Lender agree to modify the Loan Documents as follows:

1. **Loan Agreement**. The Loan Agreement is hereby modified as follows:

(a) **Additional Defined Terms**. The following additional defined terms are added to Section 1, each in alphabetical order:

“**CDTFA Agreement**” shall have the meaning set forth in Section 4.28.

“**Leaflink Complaint**” means that certain Complaint filed in the Superior Court of the State of California, County of San Diego, Central as Case No. 37-2022-00051990-CU-BC-CTL, by Fusion LLC, as Plaintiff, against StateHouse Holdings, Inc., Greenfield Organix, ULBP Inc. and certain other parties.

“**Leaflink Facility**” means the facility provided for in that certain Master Assignment Agreement, dated as of July 30, 2019, between Greenfield Organix (d/b/a Loudpack) and Fusion LLC.

“**Loan Modification Agreement**” means that certain Loan Modification Agreement dated as of July 31, 2023 by and among Borrower, Guarantor and Lender.

“**Modification Effective Date**” means July 31, 2023.

“**Siban Facility**” means the factoring facility arrangement provided for in that certain Master Factoring Agreement, dated December 12, 2022, by and between Greenfield Organix, a California corporation and Siban Holdings, Inc., a Delaware corporation.

(b) Section 2.1(b) is hereby deleted in its entirety and replaced with the following:

(b) As of the Modification Effective Date, a portion of the Loan in the amount of Five Hundred Eighty-Four Thousand Nine Hundred Ninety-Nine and 70/100 Dollars (\$584,999.70) will be deposited into the Debt Service Reserve Account, which will be held by Lender for the payment of interest on the principal amount for as long as any amounts remain due to Lender. For the avoidance of doubt, interest hereunder will accrue on all unrepaid Loan funds from and after the Effective Date.

(c) The following is hereby added as Section 4.28 to the Loan Agreement:

4.28 **Property Taxes**. Except as disclosed in **Schedule 4.28**, there are no outstanding property tax payments due and payable with respect to the Real Property

owned by Borrower, any Other Loan Borrowers, Guarantors or subsidiaries party to the Loan, Other Loans or the Series A Permitted Indebtedness. Borrower hereby warrants, represents and covenants that all taxes due and payable pursuant to **Schedule 4.28** shall be paid in accordance with Section 2.02 of the Series A Modification.

(d) The following is hereby added as Section 6.23 to the Loan Agreement:

6.23 **Approved Payment Plans**. Borrower and its Subsidiaries shall enter into (a) payment plans with the Internal Revenue Service with respect to all liabilities of Borrower and its Subsidiaries under Section 280(e) of the Internal Revenue Code, as amended, that have been approved in writing by Administrative Agent on or before the applicable dates set forth on **Schedule 6.23** attached hereto and incorporated herein and (b) one or more agreements with the California Department of Tax and Fee Administration providing for the waiver of penalties and interest due on California excise taxes previously paid by San Jose Wellness Corporation, Sublime Machining Inc. and ULBP Inc. (collectively, the “**CDTFA Agreement**”) by November 3, 2023. Failure to enter into any such payment plans with respect to the applicable liabilities by the applicable date set forth on **Schedule 6.23** or to enter into the CDTFA Agreement by November 3, 2023 shall be an immediate Event of Default, with no obligation from Administrative Agent to provide notice and no applicable cure period. Borrower shall and shall cause its Subsidiaries to comply with all such payment plans and the CDTFA and all payment plans entered into in respect of California excise taxes.

(e) The following is hereby added as Section 6.24 to the Loan Agreement:

6.24 **Factoring Agreements and MCAs**. Notwithstanding anything in the Loan Agreement or any other Loan Documents to the contrary, Borrower shall not, and shall cause its Subsidiaries not to (i) borrow any additional funds, or sell any additional receivables, pursuant to the Leaflink Facility, (ii) grant any Liens or rights of access to any bank accounts to Fusion LLC or its successor in respect of the Leaflink Facility, or (iii) compromise or settle the legal action referenced in the Leaflink Complaint without the prior written consent of Lender. Borrower and its Subsidiaries shall not (A) enter into any factoring, merchant cash advance, accounts receivable sale or financing arrangement or any similar arrangement other than the Siban Facility or (B) increase the amount available under the Siban Facility. For the avoidance of doubt, subject to the foregoing, the Siban Facility may be utilized.

(f) The following is hereby added as Section 9.1(s) to the Loan Agreement:

(s) **Payment Plans**. Any default under the terms of (i) any payment plans set forth on Schedule 6.23 hereof, or (ii) the CDTFA Agreement, or any similar plan entered into by Borrower, Other Loan Borrowers, or any Guarantor

under any Other Loan, shall be deemed an immediate Event of Default, with no obligation from Lender to provide notice and no applicable cure period.

(g) Schedule 4.28 to the Loan Agreement is hereby added to the Loan Agreement and is attached hereto as Exhibit A.

(h) Schedule 6.23 to the Loan Agreement is hereby added to the Loan Agreement and is attached hereto as Exhibit B.

2. **Other Loan Documents**. All other Loan Documents are hereby modified such that all references to the Loan Documents or any of them shall be deemed to refer to such documents as amended by this Agreement.

3. **Conditions**. The effectiveness of this Agreement shall be conditioned on the following:

(a) Borrower shall have executed and delivered to Lender all documentation and other deliverables required pursuant to the Series A Modification;

(b) Statehouse shall have entered into a modification of the Other Loan as to which it is a Borrower addressing the matters addressed above;

(c) Loudpack shall have entered into a modification of the Other Loan as to which it is a Borrower addressing the matters addressed above;

(d) Borrower shall have paid all expenses (including, without limitation, reasonable legal fees) incurred by Lender in connection with the preparation, review and negotiation of this Agreement and all other documents contemplated hereby (collectively, the “**Modification Documents**”);

(e) Borrower shall have paid to Lender all amounts due pursuant to the Series A Modification and satisfied all other closing conditions to Lender’s satisfaction;

(f) Borrower shall have delivered to Lender evidence reasonably satisfactory to Lender that the execution and delivery of the Modification Documents by Borrower has been duly authorized by all necessary action of the Borrower Parties and their respective members, managers, board of directors and shareholders, as applicable; and

(g) Borrower shall have delivered to Lender one or more legal opinions in form and substance reasonably satisfactory to Lender and its counsel regarding the execution, delivery, authorization and enforceability of the Modification Documents and such other matters as Lender may reasonably require.

4. **Representations and Warranties**.

(a) Each of the Borrower Parties hereby represents, warrants, confirms and agrees with respect to itself only that (a) each of the representations and warranties made by such party in the Loan Documents to which it is a party are true and correct in all material respects as if made on and as of the date of this Agreement (except to the extent such representation or warranty was given with respect to a matter intended to be true as of a particular moment in time); (b) except as otherwise disclosed to Lender in writing, such party has performed in all material respects all agreements and satisfied all conditions in all material respects that the Loan Documents to which it is a party provide shall be performed or satisfied by such party; and (c) it has no, and it hereby waives all, defenses, rights of setoff, claims, counterclaims or causes of action of any kind or description existing as of the date hereof against Lender arising under or in respect of the Loan Documents or any related document (whether in contract, tort or otherwise). After giving effect to this Agreement, Borrower hereby represents, warrants, confirms and agrees with respect to itself only that no Event of Default has occurred and is continuing.

(b) Each of the Borrower Parties hereby represents, warrants, confirms and agrees that, notwithstanding anything to the contrary alleged in the Leaflink Complaint, the only indebtedness or liability remaining by any of StateHouse or any of its Subsidiaries, including without limitation, the Borrowers and Guarantors, to the Plaintiff or any of its affiliates is pursuant to that certain Master Assignment Agreement, dated as of July 30, 2019, between Greenfield Organix as assignor and Fusion LLF, LLC as assignee, and that the approximate aggregate amount of such liability as of the date hereof is approximately \$8,400,000.00, with additional accrued interest, attorney's fees, costs and expenses. All other agreements or arrangements that may have existed between StateHouse and/or any of its Subsidiaries, including without limitation, the Borrowers and Guarantors, on the one hand, to the Plaintiff or any of its affiliates, on the other, have since been satisfied in full and terminated.

5. **Binding Effect; No Partnership; Confirmation of Guaranty Documents.** The provisions of the Loan Documents, as supplemented and modified hereby, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing herein contained shall be deemed or construed to create a partnership or joint venture between any of the parties hereto. In addition, any and all guaranties and indemnities for the benefit of Lender and agreements subordinating rights and liens to the rights and liens of Lender, including, without limitation, the Guaranty Documents, are hereby ratified and confirmed and shall not be released, diminished, impaired, increased, reduced or adversely affected by this Agreement or otherwise, and each indemnification provision and each subordination provision in the Loan Documents and the Guaranty Documents in favor of Lender, including, without limitation, those made by Guarantor and Borrower, continue to be in full force and effect and each such party subordinating any right or lien to the rights and liens of Lender, hereby consents, acknowledges and agrees to the supplements set forth in this Agreement and waives any common law, equitable, statutory or other rights which such party might otherwise have as a result of or in connection with this Agreement.

6. **Loan Document References.** From and after the date hereof, all references contained in any of the Loan Documents to the Loan Agreement shall be deemed to be to the Loan Agreement as amended by this Agreement.

7. **Further Agreements.** Borrower hereby agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably requested by Lender and as may be necessary or appropriate from time to time to effectuate the purposes of this Agreement.

8. **Governing Law.** This Agreement shall be governed by the laws of the State of California without regard to conflict of laws principles.

9. **Continuing Effect.** As amended by this Agreement, all terms of the Loan Documents remain in full force and effect.

10. **Counterparts.** This Agreement may be executed by each of the parties hereto on any number of separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement in Portable Document Format (PDF) or by facsimile transmission shall be effective as delivery of a manually executed original counterpart thereof.

11. **Severability.** The provisions of this Agreement are severable, and if any one clause or provision hereof shall be held invalid or unenforceable in whole or in part, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, and not any other clause or provision of this Agreement.

12. **Reaffirmation of Loan Documents.** Borrower (and undersigned Guarantors) hereby (i) ratifies each of its respective obligations under the Loan Documents, as such obligations are modified by this Modification (the "Ratifying Parties Obligations"), and confirms that such Ratifying Parties Obligations and all waivers, covenants and agreements by Borrower in the Loan Documents remain in full force and effect for the benefit of Lender, and (ii) reaffirms its continuing liability for payment and/or performance of all of the applicable Ratifying Parties Obligations, without any defense or offset whatsoever, to the same extent as if Borrower had executed and delivered the Loan Documents again on the Modification Date.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement on the date first written above.

BORROWER:

UL HOLDINGS, INC.,
a California corporation

By: "Edward M. Schmults"
Name: Edward M. Schmults
Title: Chief Executive Officer

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

REAFFIRMATION PROVISIONS
ACKNOWLEDGED BY:

GUARANTOR:

678 EAST SAN YSIDRO BLVD LLC,
a California limited liability company

By: "Edward M. Schmults"
Name: Edward M. Schmults
Title: Authorized Officer

909 WEST VISTA WAY LLC,
a California limited liability company

By: "Edward M. Schmults"
Name: Edward M. Schmults
Title: Authorized Officer

ULBP INC.,
a California corporation

By: "Edward M. Schmults"
Name: Edward M. Schmults
Title: Chief Executive Officer

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

LENDER:

PELORUS FUND BOND SUB II 2026, LLC,
a Delaware limited liability company

By: Pelorus Management Group, LLC, a California
limited liability company, its manager

By: Lost Winds Capital, Inc., a California
corporation, its manager

By: "Dan Leimel"
Name: Dan Leimel
Title: Managing Member

Exhibit A

Schedule 4.28*

Schedule 4.28		
Address	APN	Total Estimated Unpaid Taxes to Date
909 West Vista Way, Vista, CA 92083	164-091-20-00	\$ 27,827.43
6614 Avenue 304 Visalia, CA 93291	075-300-064-000	\$ 1,784.45
66205 Paul Road, Desert Hot Springs, CA 92240	660-160-035	\$ 67,420.11
26889 Encinal Road, Salinas, CA 93908	800-043-613-000	\$ 100,484.39
26889 Encinal Road, Salinas, CA 93908	800-043-613-500	\$ 207,324.35
900 Cherry Avenue, Greenfield, CA 93927	109-162-020-000	\$ 443,166.81
900 Cherry Avenue, Greenfield, CA 93927	109-162-020-000	\$ 806,693.17
900 Cherry Avenue, Greenfield, CA 93927	109-162-021-000	\$ 178,351.27
900 Cherry Avenue, Greenfield, CA 93927	109-162-022-000	\$ 170,567.38
900 Cherry Avenue, Greenfield, CA 93927	109-162-023-000	\$ 172,860.47
900 Cherry Avenue, Greenfield, CA 93927	109-162-024-000	\$ 47,025.54
900 Cherry Avenue, Greenfield, CA 93927	109-162-025-000	\$ 44,215.78
900 Cherry Avenue, Greenfield, CA 93927	109-162-026-000	\$ 44,359.67
900 Cherry Avenue, Greenfield, CA 93927	109-162-027-000	\$ 44,221.85
900 Cherry Avenue, Greenfield, CA 93927	109-162-028-000	\$ 47,472.11
900 Cherry Avenue, Greenfield, CA 93927	810-015-120-000	\$ 1,343.44
600 Pine Avenue, Greenfield, CA 93927	109-144-007-000	\$ 33,233.96
600 Pine Avenue, Greenfield, CA 93927	800-044-561-000	\$ 668.66
900 Cherry Avenue, Greenfield, CA 93927	800-044-085-000	\$ 17,378.75

**The amounts set forth herein are estimates, and final amounts are subject to confirmation by Collateral Agent.*

Exhibit B

Schedule 6.23

Entity	Item	Target Reduction	Estimated Award Date
PMACC	PMACC 2016 Balance in Tax Courts	4,603,826	5/31/2027
San Jose Wellness	Pre-2023 Balance - Applied for PPIA	9,566,487	3/31/2024
Sublime Machining	2023 and Prior Balance - Apply for PPIA	1,903,089	3/31/2025
Urbn Leaf	2023 and Prior Balance - Apply for PPIA	8,483,549	3/31/2026
Loudpack	2023 and Prior Balance - Apply for PPIA	1,594,439	3/31/2026
Urbn Leaf	Estimated Adjustment to Opening Balance Sheet Liabilities	1,143,667	12/31/2023
Loudpack	Estimated Adjustment to Opening Balance Sheet Liabilities	149,476	12/31/2023
STHZ	FIN48 Uncertain Tax Positions	4,302,610	
Subtotal Adjustments		31,747,144	