

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM562274

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|------------------------------|------------------------------|
| SUBMISSION TYPE: | NEW ASSIGNMENT |
| NATURE OF CONVEYANCE: | TRADEMARK SECURITY AGREEMENT |

CONVEYING PARTY DATA

| Name | Formerly | Execution Date | Entity Type |
|-----------------------------|----------|----------------|--|
| Buddy's Newco, LLC | | 02/14/2020 | Limited Liability Company: DELAWARE |
| American Freight, Inc. | | 02/14/2020 | Corporation: DELAWARE |
| Sears Outlet Stores, L.L.C. | | 02/14/2020 | Limited Liability Company: DELAWARE |

RECEIVING PARTY DATA

| | |
|------------------------|---------------------------------------|
| Name: | Kayne Solutions Fund, L.P. |
| Street Address: | 1800 Avenue of the Stars, Third Floor |
| City: | Los Angeles |
| State/Country: | CALIFORNIA |
| Postal Code: | 90067 |
| Entity Type: | Limited Partnership: DELAWARE |

PROPERTY NUMBERS Total: 19

| Property Type | Number | Word Mark |
|----------------------|----------|-----------------------------------|
| Registration Number: | 3875531 | NORDICREST |
| Registration Number: | 2973591 | STEWART & HAMILTON |
| Registration Number: | 3362041 | AMERICAN FREIGHT |
| Registration Number: | 1958674 | BUDDY'S HOME FURNISHINGS |
| Registration Number: | 5251957 | GOOD TO GO |
| Registration Number: | 5593110 | LEASE IT. LOVE IT. OWN IT. |
| Serial Number: | 88496231 | BUDDY'S HOME FURNISHINGS |
| Serial Number: | 88500327 | FLEXI COMPRAS |
| Serial Number: | 88277307 | HOME & APPLIANCE OUTLET |
| Serial Number: | 88691089 | THE DISCOUNT FACTORY |
| Serial Number: | 88277314 | HOME & APPLIANCE OUTLET |
| Serial Number: | 87885247 | LEASE IT. LOVE IT. OWN IT. |
| Serial Number: | 88117413 | SLIGHTLY IMPERFECT PERFECT PRICES |
| Serial Number: | 88650162 | OUTLEetworks! |
| Serial Number: | 88650157 | WAREHOUSEWORKS! |
| Serial Number: | 88650148 | VALUEWORKS! |

CH \$490.00 3875531

TRADEMARK

| Property Type | Number | Word Mark |
|----------------|----------|----------------------------|
| Serial Number: | 88664489 | FACTORY DISCOUNT OUTLET |
| Serial Number: | 88664488 | DISCOUNT FACTORY OUTLET |
| Serial Number: | 88664486 | DISCOUNT FACTORY WAREHOUSE |

CORRESPONDENCE DATA

Fax Number:

Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

Phone: 2123186532
Email: alanagramer@paulhastings.com
Correspondent Name: ALANA GRAMER
Address Line 1: C/O PAUL HASTINGS LLP
Address Line 2: 200 Park Avenue
Address Line 4: NEW YORK, NEW YORK 10166

| | |
|---------------------------|--------------|
| NAME OF SUBMITTER: | Alana Gramer |
| SIGNATURE: | /s/ AG |
| DATE SIGNED: | 02/14/2020 |

Total Attachments: 10

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- source=American Freight - TL - Trademark Security Agreement [Executed](146859923_2)#page2.tif
- source=American Freight - TL - Trademark Security Agreement [Executed](146859923_2)#page3.tif
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TRADEMARK SECURITY AGREEMENT

This TRADEMARK SECURITY AGREEMENT (this "Trademark Security Agreement") is made this 14th day of February, 2020, by and among the one or more Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and **KAYNE SOLUTIONS FUND, L.P.**, a Delaware limited partnership ("Kayne"), in its capacity as collateral agent for the Secured Parties (in such capacity, together with its successors and permitted assigns in such capacity, "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to that certain Credit Agreement, dated as of February 14, 2020 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among **FRANCHISE GROUP INTERMEDIATE HOLDCO, LLC**, a Delaware limited liability company ("Lead Borrower"), as a Borrower, **FRANCHISE GROUP MERGER SUB AF, INC.**, a Delaware corporation (the "Merger Sub"), as a Borrower (which, on the Closing Date, shall be merged with and into **AMERICAN FREIGHT GROUP, INC.**, a Delaware corporation ("AFGI"), with AFGI surviving such merger as a Borrower), certain other Subsidiaries of Lead Borrower from time to time party thereto as Borrowers (collectively with Lead Borrower and AFGI, the "Borrowers"), **FRANCHISE GROUP NEW HOLDCO, LLC**, a Delaware limited liability company ("Global Parent"), as a Guarantor, certain Subsidiaries of Lead Borrower from time to time party thereto as Guarantors, the lenders from time to time party thereto (each of such lenders, together with its successors and permitted assigns, is referred to hereinafter as a "Lender"), **GACP FINANCE CO., LLC**, a Delaware limited liability company ("GACP"), in its capacity as administrative agent for each Lender (in such capacity, together with its successors and permitted assigns in such capacity, "Administrative Agent"), and Collateral Agent, the Lenders have agreed to make certain financial accommodations available to Borrowers from time to time pursuant to the terms and conditions thereof;

WHEREAS, Agents and Lenders are willing to make or continue to make the financial accommodations to Borrowers as provided for in the Credit Agreement and the other Loan Documents, but only upon the condition, among others, that Grantors shall have executed and delivered to Collateral Agent, for the benefit of the Secured Parties, that certain Security Agreement, dated as of February 14, 2020 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement"); and

WHEREAS, pursuant to the Security Agreement, Grantors are required to execute and deliver to Collateral Agent, for the benefit of the Secured Parties, this Trademark Security Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby agrees as follows:

1. DEFINED TERMS. All initially capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement or, if not defined therein, in the Credit Agreement, and this Trademark Security Agreement shall be subject to the rules of construction set forth in Section 1(b) of the Security Agreement, which rules of construction are incorporated herein by this reference, *mutatis mutandis*.

GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Each Grantor hereby unconditionally grants, assigns, and pledges to Collateral Agent, for the benefit of each Secured Party, to secure the Secured Obligations, a continuing security interest (referred to in this Trademark Security

Agreement as the “Security Interest”) in all of such Grantor’s right, title and interest in and to the following, whether now owned or hereafter acquired or arising (collectively, the “Trademark Collateral”):

all of its Trademarks, including those U.S. registered and applied for Trademarks referred to on Schedule I, and all Trademark Intellectual Property Licenses to which it is a party;

all goodwill of the business connected with the use of, and symbolized by, each Trademark and each Trademark Intellectual Property License; and

all products and proceeds (as that term is defined in the Code) of the foregoing, including any claim by such Grantor against third parties for past, present or future (i) infringement or dilution of any Trademark or any Trademarks exclusively licensed under any Intellectual Property License, including right to receive any damages, (ii) injury to the goodwill associated with any Trademark, or (iii) right to receive license fees, royalties, and other compensation under any Trademark Intellectual Property License;

provided that, in no event shall Trademark Collateral include Excluded Assets, including any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark or service mark applications under applicable federal law, and further provided, that upon submission and acceptance by the PTO of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Trademark Collateral.

SECURITY FOR SECURED OBLIGATIONS. This Trademark Security Agreement and the Security Interest created hereby secures the payment and performance of the Secured Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Trademark Security Agreement secures the payment of all amounts which constitute part of the Secured Obligations and would be owed by Grantors, or any of them, to the Secured Parties, or any of them, whether or not they are unenforceable or not allowable due to the existence of an Insolvency Proceeding involving any Grantor.

SECURITY AGREEMENT. The Security Interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interests granted to Collateral Agent, for the benefit of the Secured Parties, pursuant to the Security Agreement. Each Grantor hereby acknowledges and affirms that the rights and remedies of Collateral Agent with respect to the Security Interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. To the extent there is any inconsistency between this Trademark Security Agreement and the Security Agreement, the Security Agreement shall control.

AUTHORIZATION TO SUPPLEMENT. If any Grantor shall obtain rights to any new trademarks, the provisions of this Trademark Security Agreement shall automatically apply thereto. Grantors hereby authorize Collateral Agent unilaterally to modify this Trademark Security Agreement by amending Schedule I to include any such new trademark rights of each Grantor. Notwithstanding the foregoing, no failure to so modify this Trademark Security Agreement or amend Schedule I shall in any way affect, invalidate or detract from Collateral Agent’s continuing security interest in all Collateral, whether or not listed on Schedule I.

COUNTERPARTS. This Trademark Security Agreement is a Loan Document. This Trademark Security Agreement may be executed in any number of counterparts and by different parties on separate

counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Trademark Security Agreement. Delivery of an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Trademark Security Agreement. Any party delivering an executed counterpart of this Trademark Security Agreement by telefacsimile or other electronic method of transmission also shall, if requested by Collateral Agent, deliver an original executed counterpart of this Trademark Security Agreement, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Trademark Security Agreement.

APPLICABLE LAW, CONSENT TO JURISDICTION AND WAIVER OF JURY TRIAL PROVISION. THIS TRADEMARK SECURITY AGREEMENT SHALL BE SUBJECT TO THE PROVISIONS REGARDING APPLICABLE LAW, CONSENT TO JURISDICTION AND WAIVER OF JURY TRIAL SET FORTH IN SECTION 24 OF THE SECURITY AGREEMENT, AND SUCH PROVISIONS ARE INCORPORATED HEREIN BY THIS REFERENCE, *MUTATIS MUTANDIS*.


Notwithstanding anything herein to the contrary, the priority of the Lien and Security Interest granted to Collateral Agent pursuant to this Trademark Security Agreement and the exercise of the rights and remedies of Collateral Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Trademark Security Agreement, the terms of the Intercreditor Agreement shall govern and control, except with respect to the scope of the assets included in Section 2 hereof.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SEARS OUTLET STORES, L.L.C., a Delaware limited liability company

By: 
Name: E.J. Bird
Title: Senior Vice President

BUDDY'S NEWCO, LLC, a Delaware limited liability company

By: _____
Name: Michael Bennett
Title: Chief Executive Officer

AMERICAN FREIGHT, INC., a Delaware corporation

By: _____
Name: Brian Kahn
Title: President and Chief Executive Officer

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SEARS OUTLET STORES, L.L.C., a Delaware limited liability company

By: _____

Name: E.J. Bird

Title: Senior Vice President

BUDDY'S NEWCO, LLC, a Delaware limited liability company

By:  _____

Name: Michael Bennett

Title: Chief Executive Officer

AMERICAN FREIGHT, INC., a Delaware corporation

By: _____

Name: Brian Kahn

Title: President and Chief Executive Officer

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

TRADEMARK
REEL: 006864 FRAME: 0914

IN WITNESS WHEREOF, the parties hereto have caused this Trademark Security Agreement to be executed and delivered as of the day and year first above written.

GRANTORS:

SEARS OUTLET STORES, L.L.C., a Delaware limited liability company

By: _____
Name: E.J. Bird
Title: Senior Vice President

BUDDY'S NEWCO, LLC, a Delaware limited liability company

By: _____
Name: Michael Bennett
Title: Chief Executive Officer

AMERICAN FREIGHT, INC., a Delaware corporation

By:  _____
Name: Brian Kahn
Title: President and Chief Executive Officer

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

TRADEMARK
REEL: 006864 FRAME: 0915

COLLATERAL AGENT:

ACCEPTED AND ACKNOWLEDGED BY:

KAYNE SOLUTIONS FUND, L.P.

By: Kayne Solutions Fund GP, LLC, its general partner

By: 

Name: Jon Levinson

Title: Managing Partner

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

TRADEMARK
REEL: 006864 FRAME: 0916

SCHEDULE I
to
TRADEMARK SECURITY AGREEMENT
U.S. Trademark Registrations/Applications

TRADEMARKS

| Trademark | Registration Number | Registration Date | Owner Name |
|----------------------------|----------------------------|--------------------------|-----------------------------|
| NORDICREST | 3875531 | November 16, 2010 | AMERICAN FREIGHT, INC. |
| STEWART & HAMILTON | 2973591 | July 19, 2005 | AMERICAN FREIGHT, INC. |
| AMERICAN FREIGHT | 3362041 | January 1, 2008 | AMERICAN FREIGHT, INC. |
| BUDDY'S HOME FURNISHINGS | 1958674 | February 27, 1996 | BUDDY'S NEWCO, LLC |
| GOOD TO GO | 5251957 | July 25, 2017 | BUDDY'S NEWCO, LLC |
| LEASE IT. LOVE IT. OWN IT. | 5593110 | October 30, 2018 | SEARS OUTLET STORES, L.L.C. |

| Trademark | Application Number | Application Date | Owner Name |
|--------------------------|---------------------------|-------------------------|--------------------|
| BUDDY'S HOME FURNISHINGS | 88496231 | July 1, 2019 | BUDDY'S NEWCO, LLC |
| FLEXI COMPRAS | 88500327 | July 3, 2019 | BUDDY'S NEWCO, LLC |

| | | | |
|--|----------|--------------------|--------------------------------|
| HOME & APPLIANCE OUTLET ¹ | 88277307 | January 25, 2019 | SEARS OUTLET STORES, L.L.C. |
| THE DISCOUNT FACTORY ² | 88691089 | November 13, 2019 | SEARS OUTLET STORES, L.L.C. |
| HOME & APPLIANCE OUTLET ³ | 88277314 | January 25, 2019 | SEARS OUTLET STORES, L.L.C. |
| LEASE IT. LOVE IT. OWN IT. ⁴ | 87885247 | April 19, 2018 | SEARS OUTLET STORES, L.L.C. |
| SLIGHTLY IMPERFECT PERFECT PRICES ⁵ | 88117413 | September 14, 2018 | SEARS OUTLET STORES, L.L.C. |
| OutletWorks! ⁶ | 88650162 | October 10, 2019 | SEARS OUTLET STORES, L.L.C |

¹ This trademark application is for an intent-to-use trademark and shall not be part of the Collateral; provided, that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral.

² This trademark application is for an intent-to-use trademark and shall not be part of the Collateral; provided, that upon submission and acceptance by the United States Patent and Trademark Office of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral.

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|--|----------|------------------|-----------------------------|
| WarehouseWorks! ⁷ | 88650157 | October 10, 2019 | SEARS OUTLET STORES, L.L.C. |
| ValueWorks! ⁸ | 88650148 | October 10, 2019 | SEARS OUTLET STORES, L.L.C. |
| Factory Discount ⁹ Outlet | 88664489 | October 22, 2019 | SEARS OUTLET STORES, L.L.C. |
| Discount Factory Outlet ¹⁰ | 88664488 | October 22, 2019 | SEARS OUTLET STORES, L.L.C. |
| Discount Factory Warehouse ¹¹ | 88664486 | October 22, 2019 | SEARS OUTLET STORES, L.L.C. |

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