As confidentially submitted to the Securities and Exchange Commission on November 2, 2018.

This draft registration statement has not been filed publicly with the Securities and Exchange Commission and all information contained herein remains confidential.

Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Mohawk Group Holdings, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**7374**	**83-1739858**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Mohawk Group Holdings, Inc.
37 East 18th Street, 7th Floor
New York, NY 10003
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Yaniv Sarig
Chief Executive Officer
Mohawk Group Holdings, Inc.
37 East 18th Street, 7th Floor
New York, NY 10003
(347) 676-1681
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Joseph A. Risico
General Counsel
Mohawk Group Holdings, Inc.
37 East 18th Street, 7th Floor
New York, NY 10003
(347) 676-1681

Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be registered(1)	Proposed Maximum Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, $0.0001 par value per share	44,983,655	$4.00	$179,934,620	$21,808.08
Common Stock, par value $0.0001 per share, issuable upon exercise of warrants(3)	765,866	$4.00	$3,063,464	$371.29
Total	45,749,521	—	$182,998,084	$22,179.37

(1) Represents shares offered by the selling stockholders. Includes an indeterminable number of additional shares of common stock, pursuant to Rule 416 under the Securities Act of 1933, as amended, that may be issued to prevent dilution from stock splits, stock dividends or similar transactions that could affect the shares to be offered by the selling stockholders.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(a) under the Securities Act of 1933, as amended, based upon the $4.00 price per share at which Mohawk Group, Inc. sold shares of its Series C Preferred Stock in closings of a private placement offering that occurred between March and September 2018. The shares of Series C Preferred Stock were subsequently exchanged for shares of the registrant's common stock at a 1:1 ratio. The price per share and aggregate offering price in the table above are based on the price per share paid in the Mohawk Group, Inc. private placement offering of $4.00 per share.

(3) Represents shares of common stock issuable upon exercise of warrants at an exercise price of $4.00 per share, offered by the selling stockholders. Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(g) under the Securities Act of 1933, as amended, based upon the $4.00 price per share at which each warrant may be exercised.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated November , 2018.

Prospectus

Mohawk Group Holdings, Inc.

45,749,521 Shares of Common Stock

This prospectus relates to the resale by the investors listed in the section of this prospectus entitled "Selling Stockholders" of up to 45,749,521 shares, or the Shares, of our common stock, par value $0.0001 per share. The Shares consist of: (i) 41,483,655 shares of common stock privately issued to certain of the selling stockholders on September 4, 2018, in exchange for shares of Mohawk Group, Inc., a Delaware corporation, which became our wholly owned subsidiary on September 4, 2018, (ii) 3,500,000 shares of common stock held by our pre-merger stockholders, and (iii) an aggregate of 765,866 shares of common stock issuable upon exercise of warrants to purchase common stock, or the Warrants.

Our registration of the Shares covered by this prospectus does not mean that the selling stockholders will offer or sell any of the Shares. The selling stockholders may sell the Shares covered by this prospectus in a number of different ways and at varying prices. For additional information on the possible methods of sale that may be used by the selling stockholders, you should refer to the section of this prospectus entitled "Plan of Distribution" beginning on page 100 of this prospectus. We will not receive any of the proceeds from the Shares sold by the selling stockholders, other than any proceeds from any cash exercise of the Warrants.

There is not currently, and there has never been, any established public trading market for any of our securities. Our securities are not currently eligible for trading on any national securities exchange, including The Nasdaq Stock Market LLC, the New York Stock Exchange or any over-the-counter markets, including the OTC Markets Group. We cannot assure you that our securities will become eligible for trading on any exchange or market. In connection with this offering, we have arranged for a registered broker-dealer to apply to have our common stock quoted on the OTC Markets Group—OTCQB tier, or the OTCQB or another over-the-counter system. Until such time as our common stock is quoted on the OTCQB or another public trading market otherwise develops, the selling stockholders identified herein may only sell their shares of our common stock pursuant to this prospectus at a fixed price of $4.00 per share, for a total offering amount of $182,998,084. At and after such time, the selling stockholders may sell all or a portion of their shares through public or private transactions at prevailing market prices or at privately negotiated prices. You should read this prospectus, any applicable prospectus supplement and any related free writing prospectus carefully before you invest.

Investing in our common stock involves substantial risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2018.

You should rely only on the information contained in this prospectus or contained in any prospectus supplement or free writing prospectus filed with the Securities and Exchange Commission, or the SEC. Neither we nor the selling stockholders have authorized anyone to provide you with additional information or information different from that contained in this prospectus filed with the SEC. The selling stockholders are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus, the applicable prospectus supplement and any related free writing prospectus is accurate only as of the respective dates of those documents. Our business, financial condition, results of operations and prospects may have materially changed since those dates.

PROSPECTUS SUMMARY

This summary highlights selected information that is presented in greater detail elsewhere in this prospectus. Because it is only a summary, it does not contain all of the information you should consider before investing in our common stock and it is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere in this prospectus. Before you decide whether to purchase shares of our common stock, you should read this entire prospectus carefully, including the sections of this prospectus entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, the terms "Mohawk," the "company," "we," "us" and "our" in this prospectus refer to Mohawk Group Holdings, Inc. and our consolidated subsidiaries, including Mohawk Group, Inc. and "this offering" refers to the offering contemplated in this prospectus. All of the financial disclosures within this prospectus are for Mohawk Group, Inc. as the transaction with Mohawk Group Holdings, Inc. has not been reflected in this document and Mohawk Group Holdings had no operations prior to this transaction.

Our Company

Mohawk was founded on the premise that if a consumer product company ("CPG") was founded today, it would be created based on artificial intelligence ("A.I.") and machine learning, the synthesis of massive quantities of data, and the use of social proof to validate high caliber product offerings as opposed to over-reliance on brand value and other traditional marketing tactics.

We believe we are reinventing how to rapidly, successfully and autonomously identify new product opportunities, and to launch, autonomously market and sell products in the rapidly growing global e-commerce market by leveraging our proprietary software technology platform, known as A.I.M.E.E. (Artificial Intelligence Mohawk e-Commerce Engine or "AIMEE"). AIMEE combines big data, A.I. and assisted machine learning to automate, at scale, rapid opportunity identification and online sales and marketing of consumer products. Using AIMEE, we determine which products to market, manufacture through contract manufacturers, import and sell on e-commerce marketplaces.

Today we generate revenues primarily through the online sales of our various digital native consumer products. As of today, substantially all of our sales are through the Amazon US marketplace. AIMEE is integrated with marketplaces in the US and globally, including Amazon, Walmart, Jet, Flipkart, Rakuten, and eBay, among others and we will launch products in the future, managed by AIMEE, on marketplaces outside the US. In 2018, we have begun to offer access to AIMEE to third party brands through our managed software-as-a-service ("SaaS") business and, through AIMEE, we expect to grow significantly in the future.

Since our founding, we have successfully launched and sold hundreds of stock-keeping units ("SKUs") on various e-commerce platforms. Through the success of those products, we have grouped them and have incubated four owned and operated brands: hOme, Vremi, Xtava, and RIF6. These product categories include home and kitchen appliances and kitchenware, beauty related products and, to a lesser extent, consumer electronics.

We have scaled our business in a rapid, capital-efficient manner, having raised $72.6 million of equity capital from inception through October 31, 2018. The strength of AIMEE and our business model is evidenced by the following:

- We have doubled revenue every year since our founding in 2014. Our revenue was $36.5 million in 2017, up 101.2% over 2016;
- We have approximately 200 SKUs selling online, including product variations; and
- We have begun to execute SaaS agreements and have launched pilot programs for our managed SaaS business with several leading third-party brands.

See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Risk Factors" for further information.

Our Platform

AIMEE, our proprietary machine learning technology platform, identifies product and market opportunities and dynamically manages and executes online marketing strategies. In addition, AIMEE's innovative data analytics platform provides real-time supply chain visibility allowing us to automate and manage the life-cycle of our consumer product portfolio.

Using AIMEE, we determine which products to market, manufacture through contract manufacturers, import and sell on e-commerce marketplaces. We contract manufacturers, predominately in China, for our consumer products. We have employees in China that perform sourcing, product testing, manufacturer qualification, quality assurance and control and purchasing, among other things. We take ownership and import these goods from China through various transportation methods via third party transporters. We use a combination of Amazon warehouses, other third-party warehouses and logistics partners to fulfill direct-to-consumer orders. Our scalable fulfillment services are integrated with AIMEE and are Amazon Prime Certified. We believe we can deliver products within two days of order through ground shipment across 95% of the US market. Our sales and marketing is substantially integrated into AIMEE, which allows us to automate price, media buying, and search engine optimization.

AIMEE is product agnostic and we believe it can identify opportunities in most product categories and its other lifecycle capabilities can be applied to any consumer product. To date, we have focused more towards products that require limited internal research and development, where small but meaningful data-driven adjustments to the product can powerfully address customer needs. We aggressively market our products at launch to capture highly visible virtual shelf space. When combined with social proof for our product, we can create long term revenue streams for our business that require limited human touch as AIMEE autonomously optimizes certain proprietary online marketing strategies for the product. Our large and growing data set provides the foundation for proprietary algorithms that AIMEE executes throughout our business, including algorithms that predict and drive purchase behavior, forecast demand and optimize inventory. We believe our data-driven approach, powered by AIMEE, is optimized for the massive and growing e-Commerce market.

AIMEE is comprised of three modules that operate today in combination with human judgment:

Market Research. AIMEE's idea generator functionality quickly analyzes and filters millions of shopping-related data points to identify product opportunities, including relevant product specifications, based on product trends and attributes and competitive landscape analysis, among other things.

Financial Planning & Analysis. AIMEE's financial planning and analysis functionality performs product cash flow projections at the individual product level, provides visibility into product pipeline, and compares projections against real-time results. We are expanding AIMEE's capabilities to include the development of financial models to be used to execute automated marketing strategies.

Automated Marketing Strategy Execution. AIMEE's algorithms select and execute online marketplace trading strategies to optimize product sales and contribution margin. AIMEE manages, at approximately 15-minute intervals, price, media buying, product description, SEO, and inventory levels. AIMEE's architecture continues to be developed to learn new skills and to execute complex tactics and strategies.

We continue to develop AIMEE's capabilities, including with respect to forecasting, inventory management, online marketing and other aspects, which today involve human judgment.

Market Opportunity & Industry

The eCommerce Industry is Experiencing Massive Growth and Technology is Driving Transformation Across Consumer Product Industries and Marketplaces

According to eMarketer's June 2017 publication, the e-Commerce market has been forecasted to grow to approximately $4.5 trillion in 2021, as consumers shift to digital marketplaces. Technological innovation has profoundly impacted how consumers discover and purchase products, forcing businesses, in particular the traditional brick and mortar CPG companies who have primarily relied on wholesaler distribution channels, to adapt to engage effectively with online consumers. We believe that the future of the consumer product industry will be driven by the ability of companies to quickly synthesize massive quantities of data in real time to create actionable insights that address consumer needs in a dynamically changing marketplace. We believe that new, highly powered data driven business models that embrace these changes and deeply focus on the consumer will be the winners in this rapidly changing environment. We also believe that human beings cannot accurately and efficiently process the massive quantities of various data points required to address real-time dynamic marketplace changes. We believe that our data-driven approach, powered by AIMEE, is optimized to address these structural shifts as consumers move to digital marketplaces to satisfy their needs.

Many CPG Companies Have Failed to Adapt to Changing Consumer Behavior in the eCommerce Market

In recent years, the traditional brick and mortar CPG industry has experienced a number of structural shifts and trends. e-Commerce continues to take market share from brick-and-mortar CPG companies. We believe the traditional brick and mortar CPG industry lacks direct access to customers and is slow to react to changing consumer needs in the digital age. In addition, smaller digital native brands are also taking market share from traditional incumbent consumer product companies. Digital native brands that sell direct-to-consumer with competitive pricing and product features, meanwhile, can garner significant social proof in the form of reviews and have deeper relationships with their consumer base. According to the Catalina Report for the year-ended June 2015, the top 100 companies have experienced a decline in sales and/or market share as their consumer base has shifted to online marketplaces where they have been less successful in competing. Similarly, barriers to entry in the brick and mortar CPG industry relating to economies of scale for manufacturing and logistics, for example, have not extended to e-Commerce marketplaces. The creation of online marketplaces has removed these and other traditional barriers to entry for new consumer product businesses. Newer, more agile, data driven CPG companies, like Mohawk, have the ability to better understand what consumers are looking for in real time and to make our products visible to consumers on the right virtual shelves and at efficient costs.

The Consumer Journey is Data-Driven and No Longer Relies Primarily on Brand Value to Drive Buying Decisions

Online consumers are becoming less brand-focused due to the availability of data search engines that allow consumers to make more informed buying decisions for competitive offerings relating to price discovery, product features, and social proof in the form of product ratings and consumer reviews, among other things. For instance, according to a 2017 study by Cadent Consulting Group, approximately 51% of millennials have no real preference between private-label and national brands. In addition, according to Google’s 2015 published research, approximately 40% of product searches do not involve a specific brand as a keyword. Instead, the consumer journey begins with a search for specific features that speak to customer needs. We believe our platform addresses these changes in shopping behavior in a precise and scalable way. AIMEE has the ability to synthesize large quantities of data relating to relevant features and trends in consumer preferences and to quickly develop products that delight consumers. AIMEE’s algorithms also manage the online marketing strategies of our products to ensure they rank highly for relevant searches.

Our Strengths

We believe that the following strengths contribute to our success and are differentiating factors:

Visionary, Founder-Led Management Team. We are led by our founder, Yaniv Sarig, who has a unique combination of knowledge of and passion for automation, AI and machine learning, and a deep understanding of e-commerce marketplaces.

Highly Scalable AI-Based Proprietary Technology Platform. We believe our platform, AIMEE allows us to rapidly, successfully and autonomously identify new product opportunities, and to launch market and sell products in the rapidly growing global e-commerce market faster than the traditional brick and mortar CPG industry. We believe this brings tremendous competitive advantage in the fast-changing consumer goods landscape.

Faster, Data-Driven, Automated Product Development Cycles. AIMEE's idea generator functionality quickly analyzes and filters millions of shopping-related data points to identify product opportunities, including relevant product specifications, based on product trends and attributes and competitive landscape analysis, among other things. We believe this allows our technologies to achieve and maintain a higher than industry average product success rate.

AIMEE is Product Category Agnostic. AIMEE has the ability to synthesize large quantities of data relating to relevant features and trends in consumer preferences and to quickly develop products that delight consumers.

Culture of Innovation. Innovation is intrinsic to Mohawk. We believe that technology will continue to enable a better CPG business model and we will continue to pioneer innovation.

Data-Driven, Automated Marketing Engine. AIMEE's algorithms select and execute online marketplace trading strategies to optimize product sales and contribution margin. AIMEE manages, at approximately 15-minute intervals, price, media buying, product description, search engine optimization ("SEO"), and inventory levels. We believe these capabilities give us a competitive advantage over traditional consumer goods companies.

Integrated Fulfillment Program. Our scalable fulfillment services are integrated with AIMEE and are Amazon Prime Certified. We believe we can deliver products within two days of order through ground shipment across approximately 95% of the US market.

Our Growth Strategy

The key elements of our growth strategies include:

- Pursue higher value products and larger product markets;
- Accelerate growth in our managed SaaS business;
- Expand into international markets and online marketplaces in those international markets;
- Continue to optimize unit economics on existing product portfolio;
- Continue to expand into new domestic e-commerce marketplaces; and
- Expand sales through our own branded websites.

Risks Related to Our Business

Our business is subject to numerous risks and uncertainties, including those highlighted in the section of this prospectus entitled "Risk Factors," which you should read carefully before making a decision to invest in our common stock. Some of these risks include:

- *Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing and warehousing.*
- *Expansion of our operations internationally will require management attention and resources, involves additional risks and may be unsuccessful.*
- *If we fail to attract and retain key personnel, or effectively manage succession, our business, financial condition and operating results could be adversely affected.*
- *We have a short operating history in an evolving industry and, as a result, our past results may not be indicative of future operating performance.*
- *If we are unable to manage our inventory effectively, our operating results could be adversely affected.*

- *We may not be able to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis, and our revenue growth rate may decline.*
- *We have experienced losses in the past, and we may experience losses in the future.*
- *If our products experience any recalls, product liability claims, or government, customer or consumer concerns about product safety, our reputation and sales could be harmed.*
- *Our business depends on our ability to build and maintain strong brands. We may not be able to maintain and enhance our brands if we receive unfavorable customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, results of operations and growth prospects.*
- *Our efforts to acquire or retain consumers may not be successful, which could prevent us from maintaining or increasing our sales.*
- *We rely on third party online marketplaces to sell and market our products and these providers may change their search engine algorithms or pricing in ways that could negatively affect our business, results of operations, financial condition and prospects.*
- *If we fail to acquire new customers or retain existing customers, or fail to do so in a cost-effective manner, we may not be able to achieve profitability.*
- *Our operating results are subject to seasonal and quarterly variations in our revenue and operating income and, as a result, our quarterly results may fluctuate and could be below expectations.*
- *If we fail to offer high-quality customer support, our business and reputation may suffer.*
- *We rely on AIMEE and other information technologies and systems to operate our business and maintain our competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm our business.*
- *If we fail to keep up with rapid technological changes, our future success may be adversely affected.*

If we are unable to adequately address these and other risks we face, our business, results of operations, financial condition and prospects may be harmed.

Our History and Corporate Information

We were incorporated in Delaware under the name Mohawk Group Holdings, Inc. in March 2018 and were formed to effect the Merger (as defined below). We were capitalized with 3.5 million in common stock issued at par value. We have a single direct operating subsidiary, Mohawk Group, Inc., a Delaware corporation ("Mohawk Opco"), which was incorporated in Delaware in April 2014. As of October 31, 2018, Mohawk Opco has multiple operating subsidiaries located in the United States, Canada, Ireland and China and conducts various aspects of its business in a number of other geographic locations including Philippines, Israel, Poland, France, and Ukraine.

On September 4, 2018, pursuant to an Agreement and Plan of Merger and Reorganization among Mohawk Opco, MGH Merger Sub, Inc. and Mohawk Group Holdings, Inc., as amended by Amendment No. 1 dated as of April 1, 2018 (the "Merger Agreement"), MGH Merger Sub, Inc. merged with and into Mohawk Opco, with Mohawk Opco remaining as the surviving entity and becoming a wholly-owned operating subsidiary of our Company. This transaction is referred to herein as the Merger. The Merger became effective as of September 4, 2018 upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware, or the Effective Time.

Pursuant to the Merger, we acquired the business of Mohawk Opco, an A.I.-driven CPG and platform provider. See "Description of Our Business" below. At the Effective Time, each outstanding share of Mohawk Opco's common and preferred stock (other than shares of Mohawk Opco's Series C Preferred Stock) issued and outstanding immediately prior to the closing of the Merger was exchanged for 1.221121122 shares of our common stock, each outstanding share of Mohawk Opco's Series C Preferred Stock issued and outstanding immediately prior to the closing of the Merger was exchanged for one share of our common stock and each outstanding warrant to purchase shares of Mohawk Opco's Series C Preferred Stock was exchanged for a warrant to purchase an equal number of shares of our common stock and retained the exercise price per share of $4.00. As a result, an aggregate of 41,483,655 shares of our common stock were issued to the holders of Mohawk Opco's capital stock after adjustments due to rounding for fractional shares and warrants to purchase 175,000 shares of our common stock were issued to former holders of warrants to purchase shares of Mohawk Opco's Series C Preferred Stock. See "Description of Capital Stock—Warrants" below for more information. In addition, pursuant to the Merger Agreement, options to purchase 1,181,356 shares of Mohawk Opco's common stock issued and outstanding immediately prior to the closing of the Merger with a weighted average exercise price of $1.92 were assumed and

exchanged for options to purchase 1,442,553 shares of our common stock with a weighted average exercise price of $1.57. See "Description of Capital Stock—Options" below for more information.

The Merger was a reverse recapitalization for financial reporting purposes. Before the Merger, Mohawk Group Holdings, Inc. has no operations, no cash, and no debt. No stockholder obtained control of Mohawk Group Holdings, Inc., as a result of the Merger. Mohawk Opco stockholders obtained 92% of the voting interests in Mohawk Group Holdings, Inc. and continued to control Mohawk Group Holdings, Inc. after the Merger. As a result, no step-up in basis was recorded and the net assets of Mohawk Opco are stated at historical cost. The Merger was a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. The Merger is not yet reflected in the financial statements and financial disclosures included this prospectus and registration statement as the Merger did not take place until September 2018. Operations prior to the Merger are the historical operations of Mohawk Opco.

The issuance of shares of our common stock, and options to purchase shares of our common stock, to holders of Mohawk Opco's capital stock and options in connection with the Merger was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering, and Rule 506(b) of Regulation D promulgated by the SEC. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement and are subject to further contractual restrictions on transfer as described below. This prospectus relates to the sale or other disposition from time to time of up to 45,749,521 shares of our common stock issued in connection with the Merger (including 765,866 shares of our common stock issuable upon exercise of the Warrants) or held by the pre-Merger stockholders of our company.

Our principal executive offices are located at 37 East 18th Street, 7th Floor, New York, NY 10003, and our telephone number is (347) 676-1681. Our website address is www.mohawkgp.com. We do not incorporate the information on, or accessible through, our website into this prospectus, and you should not consider any information on, or accessible through, our website as part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Implications of Being an Emerging Growth Company

We qualify as an "emerging growth company," as that term is defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. For as long as we qualify as an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that do not qualify as emerging growth companies, including, without limitation, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act of 2002, as amended, reduced disclosure obligations relating to executive compensation and exemptions from the requirements of holding advisory "say-on-pay," "say-when-on-pay" and "golden parachute" executive compensation votes.

Under the JOBS Act, we will remain an emerging growth company until the earliest of:

- the last day of the fiscal year during which we have total annual gross revenues of $1.07 billion or more;
- the last day of the fiscal year following the fifth anniversary of the completion of this offering;
- the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; and
- the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, or the Exchange Act (i.e., the first day of the fiscal year after we have (1) more than $700.0 million in outstanding common equity held by our non-affiliates, measured each year on the last day of our second fiscal quarter, and (2) been public for at least 12 months).

We have elected to take advantage of certain of the reduced disclosure obligations regarding executive compensation in this prospectus and may elect to take advantage of other reduced reporting requirements in future filings with the Securities and Exchange Commission, or the SEC. As a result, the information that we provide to our stockholders may be different than the information you might receive from other public reporting companies.

The JOBS Act also provides that an emerging growth company can utilize the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

THE OFFERING

Common stock being offered by the selling stockholders	45,749,521 Shares (including 765,866 shares of common stock issuable upon the exercise of the Warrants)
Common stock outstanding	44,983,655 shares of Common Stock
Use of proceeds	We will not receive any proceeds from the sale of the Shares by the selling stockholders, other than any proceeds from any cash exercise of the Warrants.
Offering Price	The selling stockholders may only sell their shares of our common stock pursuant to this prospectus at a fixed price of $4.00 per share until such time as our common stock is quoted on the OTCQB, or another public trading market for our common stock otherwise develops. At and after such time, the selling stockholders may sell all or a portion of their shares through public or private transactions at prevailing market prices or at privately negotiated prices.
Risk Factors	You should read the section of this prospectus entitled “Risk Factors” beginning on page 10 for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
Market for our Common Stock	There is not now and never has been any market for our common stock and an active market may never develop. In connection with this offering, we have arranged for a broker-dealer to apply to have our common stock quoted on the OTCQB or another over-the-counter system. In the future, we intend to seek to have our common stock quoted on a national securities exchange. However, we may not be successful in having our shares quoted on an over-the-counter market or listed on a national securities exchange.

The number of shares of common stock that will be outstanding after this offering is based on 44,983,655 shares of common stock outstanding as of October 31, 2018, and excludes:

- 940,866 shares of common stock issuable upon the exercise of warrants to purchase shares of common stock that were outstanding as of October 31, 2018, with a weighted-average exercise price of $4.00 per share;
- 1,442,553 shares of common stock issuable upon the exercise of options to purchase common stock that were outstanding as of October 31, 2018, with a weighted-average exercise price of $1.57 per share; and
- 6,661,773 shares of common stock reserved for issuance under our 2018 Equity Incentive Plan.

Except as otherwise indicated, all information in this prospectus assumes no exercise of outstanding warrants or options to purchase shares of common stock after October 31, 2018, and reflects the exchange upon the Effective Time of the Merger on September 4, 2018 of all shares of Mohawk Opco’s common stock, Series A Preferred Stock, Series B Preferred Stock, Series B-1 Preferred Stock and Series C Preferred Stock then outstanding for an aggregate of 41,483,655 shares of our common stock; provided, however, the share and per share numbers in the audited financial statements of Mohawk Group, Inc. for the year ended December 31, 2016 and 2017 included in this prospectus are not adjusted to give effect to the Merger or such exchange.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table sets forth our summary consolidated financial data as of the dates and for the periods indicated. We have derived the summary consolidated statement of operations data for the years ended December 31, 2017 and December 31, 2016 from our audited consolidated financial statements included elsewhere in this prospectus. All of the financial disclosures within this prospectus are for Mohawk Opco as the transaction with Mohawk Group Holdings had not been reflected in this document and Mohawk Group Holdings, Inc. has no operation prior to this transaction.

The historical results presented below are not necessarily indicative of the results to be expected for any future period and our interim results are not necessarily indicative of the results that may be expected for a full year. The following summaries of our consolidated financial data for the periods presented should be read in conjunction with the sections of this prospectus entitled "Risk Factors," "Selected Consolidated Financial Data," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year-ended December 31,	
	2016	2017
	(in thousands, except share and per share data)	
Net sales	$ 18,124	$ 36,459
Cost of goods sold (1)	11,856	22,781
Gross profit	6,268	13,678
Sales and distribution expenses (1)	11,155	26,928
Research and development expenses (1)	3,279	3,698
General and administrative expenses (1)	2,489	5,645
Operating loss	(10,655)	(22,593)
Interest expense, net	13	412
Other expense, net	(83)	24
Loss before income taxes	(10,585)	(23,029)
Provision (benefit) for income taxes	—	38
Net loss attributable to common stockholders	$ (10,585)	$ (23,067)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.54)	$ (5.53)
Weighted-average shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,170,040	4,170,040

(1) Amounts include stock-based compensation expense as follows:

	December 31,	
	2016	2017
	(in thousands)	
Cost of goods sold	$—	$ —
Sales and distribution expenses	44	63
Research and development expenses	19	24
General and administrative expenses	21	957
Total stock-based compensation	$ 84	$1,044

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.

	As of December 31,	
	2016	2017
	(in thousands)	
Consolidated Balance Sheet Data		
Cash	$ 5,869	$ 5,297
Inventory, net	4,932	20,578
Working capital (1)	10,340	12,027
Total assets	13,370	31,171
Total current liabilities	2,255	18,198
Total debt	752	10,252
Total stockholders’ equity	11,080	8,154

(1) Working capital is calculated by taking current assets minus current liabilities

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should consider carefully the risks and uncertainties described below, together with all of the other information in this prospectus, before making a decision to invest in our common stock. The risks and uncertainties described below may not be the only ones we face. If any of the risks actually occur, our business, financial condition, cash flows and results of operations could be materially and adversely affected. In that event, the trading price of our common stock could decline, and you could lose part or all of your investment.

Businesses, Strategies, Technology and Industry

We may not be able to generate sufficient revenue to be profitable or to generate positive cash flow on a sustained basis, and our revenue growth rate may decline.

We cannot assure you that we will generate sufficient revenue to offset the cost of maintaining and further developing our platform and maintaining and growing our business. Although our revenue grew from $18.1 million for the year-ended December 31, 2016 to $36.5 million the year-ended December 31, 2017, representing a 101.2% growth rate, our revenue growth rate may decline in the future due to a variety of factors, including increased competition and the maturation of our business. We cannot assure you that our revenue will continue to grow or will not decline. You should not consider our historical revenue growth or operating expenses as indicative of our future performance. If our revenue growth rate declines or our operating expenses are higher than forecasted, our business, financial performance and financial condition will be adversely affected.

Additionally, we expect our costs to increase in future periods, which could negatively affect our future operating results and ability to achieve and sustain profitability. We expect to continue to expend substantial financial and other resources on the ideation, sourcing and manufacturing of products, our technology infrastructure, research and development, including investments in our research and development team and the development of new features, sales and marketing, international expansion, and general administration, including expenses, related to being a public company. These investments may not result in increased revenue or growth in our business. If we cannot successfully earn revenue at a rate that exceeds the costs associated with our business, we will not be able to achieve or sustain profitability or generate positive cash flow on a sustained basis and our revenue growth rate may decline. If we fail to continue to grow our revenue and overall business, our business, results of operations, financial condition and prospects could be materially adversely affected.

We have experienced losses in the past, and we may experience losses in the future.

We experienced losses after tax of $10.6 million and $23.1 million in the years ended December 31, 2016 and 2017, respectively. We may continue to experience losses before and after tax in the future, and we cannot assure you that we will achieve profitability and may continue to incur significant losses in future periods. Further, we expect our operating expenses to increase over the next several years as we hire additional personnel, increase our sales and marketing efforts, continue to invest heavily in research and development, expand our distribution channels, develop our technology and new features and face increased compliance costs associated with our growth and entry into new markets and geographies and operations as a public company. If our revenue does not increase to offset these and other potential increases in operating expenses, we may not be profitable in future periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease.

We rely on AIMEE and other information technologies and systems to operate our business and to maintain our competitiveness, and any failure to invest in and adapt to technological developments and industry trends could harm our business.

We depend on the use of our proprietary machine learning technology platform named AIMEE and other sophisticated information technologies and systems, including technology and systems used for websites and apps, customer service, supplier connectivity, communications, and administration. As our operations grow in size, scope and complexity, we will need to continuously improve and upgrade our systems and infrastructure to offer an increasing number of consumer-enhanced services, features and functionalities, while maintaining and improving the reliability and integrity of our systems and infrastructure.

Our future success also depends on our ability to adapt AIMEE, our services and infrastructure to meet rapidly evolving e-commerce trends and demands while continuing to improve our platform’s performance, features and reliability. The emergence of alternative platforms may require us to continue to invest in new and costly technology. We may not be successful, or we may be less successful than our competitors, in developing technologies that operate effectively across multiple e-commerce platforms, which would negatively impact our business and financial performance. New developments in other areas, such as cloud computing providers, could also make it easier for competitors to enter our markets due to lower up-front technology costs. In addition, we may not be able to maintain our existing systems or replace our current systems or introduce new technologies and systems as quickly or cost

effectively as we would like. Failure to invest in and adapt to technological developments and industry trends may have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on data provided by third parties, the loss of which could limit the functionality of our platforms, cause us to invest in the wrong product and disrupt our business.

We use AIMEE, our proprietary software, to determine market trends and what markets to enter into. Our ability to successfully use AIMEE depends on our ability to analyze and utilize data, including search engine results, provided by unaffiliated third parties, such as Facebook, Google, Amazon, Walmart, Jet and eBay. Some of this data is provided to us pursuant to third-party data sharing policies and terms of use, under data sharing agreements by third-party providers or by customer consent. In the future, any of these third parties could change its data sharing policies, including making them more restrictive, or alter its algorithms that determine the placement, display, and accessibility of search results and social media updates, any of which could result in the loss of, or significant impairment to, our ability to collect and provide useful data to our customers. These third parties could also interpret our, or our service providers', data collection policies or practices as being inconsistent with their policies, which could result in the loss of our ability to collect this data. Privacy concerns may cause end users to resist providing the personal data necessary to allow our proprietary software to determine market trends as well as our ability to effectively retain existing customers. Privacy advocacy groups and the technology and other industries are considering various new, additional or different self-regulatory standards that may place additional burdens on us. Any such changes could impair our ability to use data and could adversely impact select functionality of our proprietary software, impairing the ability to use this data to anticipate customer demand and market trends, as well as adversely affecting our business and our ability to generate revenue.

Our use of open source software may pose particular risks to our proprietary software and systems.

We use open source software in our proprietary software, AIMEE, and other of our sophisticated information technologies and systems, and will use open source software in the future. The licenses applicable to our use of open source software may require that source code that is developed using open source software be made available to the public and that any modifications or derivative works to certain open source software continue to be licensed under open source licenses. From time to time, we may face claims from third parties claiming infringement. These claims could result in litigation and could require us to purchase a costly license, publicly release the affected portions of our source code, be limited in or cease using the implicated software unless and until we can re-engineer such software to avoid infringement or change the use of the implicated open source software. In addition to risks related to license requirements, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties, indemnities or other contractual protections with respect to the software (for example, non-infringement or functionality). Our use of open source software may also present additional security risks because the source code for open source software is publicly available, which may make it easier for hackers and other third parties to determine how to breach our sites and systems that rely on open source software. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have a material adverse effect on our business, financial condition and operating results.

Any significant disruption in service on our websites or apps or in our computer systems, some of which are currently hosted by third-party providers, could damage our reputation and result in a loss of consumers, which would harm our business and results of operations.

Our ability to sell and market our products relies on the performance of AIMEE and our network infrastructure. We may experience interruptions in our systems, including server failures that temporarily slow down or interfere with the performance of our platforms and the ability to sell on e-commerce marketplaces. Interruptions in these systems, whether due to system failures, human input errors, computer viruses or physical or electronic break-ins, and denial-of-service attacks on us, third-party vendors or communications infrastructure, could affect the availability of our services on our platform and prevent or inhibit the ability of selling our products. Volume of traffic and activity on e-commerce marketplaces spikes on certain days, such as during a Black Friday promotion, and any such interruption would be particularly problematic if it were to occur at such a high-volume time. Problems with the reliability of our systems could prevent us from earning revenue and could harm our reputation. Damage to our reputation, any resulting loss of customers, e-commerce confidence and the cost of remedying these problems could negatively affect our business, results of operations, financial condition and prospects.

Our ability to maintain communications, network, and computer hardware in the countries which they are used may in the future be subject to regulatory review and licensing, and the failure to obtain any required licenses could negatively affect our business. Our systems and infrastructure are predominately reliant on third parties. Problems faced by our third-party service providers with the telecommunications network providers with whom they contract or with the systems by which they allocate capacity among their users, including us, could adversely affect the experience of our consumers. Our third-party service providers could decide to close their facilities without adequate notice. Any financial difficulties, such as bankruptcy or reorganization, faced by our third-party service providers or any of the service providers with whom they contract may have negative effects on our business, the nature and

extent of which are difficult to predict. If our third-party service providers are unable to keep up with our needs for capacity, this could have an adverse effect on our business. Any errors, defects, disruptions or other performance problems with our services could harm our reputation and may have a material adverse effect on our business, results of operations, financial condition and prospects.

If we fail to keep up with rapid technological changes, our future success may be adversely affected.

A.I. and machine learning technologies are subject to rapid changes and our technology is yet to be fully automated. Our future success will depend on our ability to respond to rapidly changing technologies, to adapt AIMEE's functionality or our services to our evolving industry and to improve the performance and reliability of our systems. Our failure to adapt to such changes could harm our business. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures to modify or adapt our products, services or infrastructure. If we fail to keep up with rapid technological changes to remain competitive in our rapidly evolving industry, our future success may be adversely affected.

Fluctuations in exchange rates may adversely affect our results of operations.

Our financial information is presented in U.S. dollars, which differs to the underlying functional currencies of our subsidiaries, which causes translation risk. We do not hedge translation risk, and therefore, our results of operations have in the past, and will in the future, fluctuate due to movements in exchange rates when the currencies are translated into U.S. dollars. At a subsidiary level, we are also exposed to transactional foreign exchange risk because we earn revenues and incur expenses in a number of different foreign currencies relative to the relevant subsidiary's functional currency. Movements in exchange rates therefore impact our subsidiaries and thus, our consolidated results and cash flows, which results in transactional foreign currency exposure. We generally hedge a portion of transactional exposure using forward foreign exchange contracts; however, because this is not fully hedged, we are exposed to fluctuations in exchange rates that could harm our business, results of operations, financial condition and prospects.

Our failure or the failure of third parties to protect our sites, networks and systems against security breaches, or otherwise to protect our confidential information, could damage our reputation and brand and substantially harm our business and operating results.

We collect, maintain, transmit and store data about our consumers, brands and others, including credit card information and personally identifiable information, as well as other confidential information.

We also engage third parties that store, process and transmit these types of information on our behalf. We rely on encryption and authentication technology licensed from third parties in an effort to securely transmit confidential and sensitive information, including credit card numbers. Advances in computer capabilities, new technological discoveries or other developments may result in the whole or partial failure of this technology to protect transaction data or other confidential and sensitive information from being breached or compromised. In addition, our brand's e-commerce websites are often attacked through compromised credentials, including those obtained through phishing and credential stuffing. Our security measures, and those of our third-party service providers, may not detect or prevent all attempts to breach our systems, denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by our websites, networks and systems or that we or such third parties otherwise maintain, including payment card systems, which may subject us to fines or higher transaction fees or limit or terminate our access to certain payment methods. We and such third parties may not anticipate or prevent all types of attacks until after they have already been launched. Further, techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against us or our third-party service providers. In addition, security breaches can occur as a result of non-technical issues, including intentional or inadvertent breaches by our employees or by third parties. These risks may increase over time as the complexity and number of technical systems and applications we use also increases.

Breaches of our security measures or those of our third-party service providers or cyber security incidents could result in unauthorized access to our sites, networks and systems; unauthorized access to and misappropriation of consumer information, including consumers' personally identifiable information, or other confidential or proprietary information of ourselves or third parties; viruses, worms, spyware or other malware being served from our sites, networks or systems; deletion or modification of content or the display of unauthorized content on our sites; interruption, disruption or malfunction of operations; costs relating to breach remediation, deployment of additional personnel and protection technologies, response to governmental investigations and media inquiries and coverage; engagement of third-party experts and consultants; litigation, regulatory action and other potential liabilities. In the past, we have experienced social engineering, phishing, malware and similar attacks and threats of denial-of-service attacks; however, such attacks could in the future have a material adverse effect on our operations. If any of these breaches of security should occur, our reputation and brand could be damaged, our business may suffer, we could be required to expend significant capital and other resources to alleviate problems caused by such breaches, and we could be exposed to a risk of loss, litigation or regulatory action and possible liability. We cannot guarantee that recovery protocols and backup systems will be sufficient to prevent data loss. Actual or

anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants.

We may experience periodic system interruptions from time to time. In addition, continued growth in our transaction volume, as well as surges in online traffic and orders associated with promotional activities or seasonal trends in our business, place additional demands on our marketplace platforms and could cause or exacerbate slowdowns or interruptions. If there is a substantial increase in the volume of traffic on our sites or the number of orders placed by customers, we will be required to further expand and upgrade our technology, transaction processing systems and network infrastructure. There can be no assurance that we will be able to accurately project the rate or timing of increases, if any, in the use of our sites or expand and upgrade our systems and infrastructure to accommodate such increases on a timely basis. In order to remain competitive, we must continue to enhance and improve the responsiveness, functionality and features of our sites, which is particularly challenging given the rapid rate at which new technologies, customer preferences and expectations and industry standards and practices are evolving in the e-commerce industry. Accordingly, we redesign and enhance various functions on our sites on a regular basis, and we may experience instability and performance issues as a result of these changes. Our disaster recovery plan may be inadequate, and our business interruption insurance may not be sufficient to compensate us for the losses that could occur.

Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data protection, data security, network and information systems security and other laws and cause significant legal and financial exposure, adverse publicity and a loss of confidence in our security measures, which could have a material adverse effect on our business, results of operations, financial condition and prospects. We continue to devote significant resources to protect against security breaches or we may need to in the future to address problems caused by breaches, including notifying affected subscribers and responding to any resulting litigation, which in turn, diverts resources from the growth and expansion of our business. To date, we are not aware of any material compromises or breaches of our networks or systems.

We are subject to U.S. governmental regulation and other legal obligations related to privacy, data protection and information security. If we are unable to comply with these, we may be subject to governmental enforcement actions, litigation, fines and penalties or adverse publicity.

We collect personally identifiable information and other data from our consumers and prospective consumers. We collect this info automatically through the automated sales processes with e-commerce marketplaces. We, at times, may use this information to provide, support, expand and improve our business, and tailor our marketing and advertising efforts.

Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, such as the U.S. Federal Trade Commission (“FTC”), and various state, local and foreign agencies. Our data handling also is subject to contractual obligations and industry standards.

The U.S. federal and various state and foreign governments have adopted or proposed limitations on the collection, distribution, use and storage of data relating to individuals, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. In the United States, various laws and regulations apply to the collection, processing, disclosure, and security of certain types of data. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination and security of data. The laws and regulations relating to privacy and data security are evolving, can be subject to significant change and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions.

In the United States, federal and various state governments have adopted or are considering laws, guidelines or rules for the collection, distribution, use and storage of information collected from or about consumers or their devices. For example, California recently passed the California Consumer Privacy Act, which has an effective date of January 1, 2020 and introduces substantial changes to privacy law for businesses that collect personal information from California residents. Additionally, the U.S. Federal Trade Commission and many state attorneys general are applying federal and state consumer protection laws, to impose standards for the online collection, use and dissemination of data. Furthermore, these obligations may be interpreted and applied inconsistently from one jurisdiction to another and may conflict with other requirements or our practices.

Many data protection regimes apply based on where a consumer is located, and as we expand and new laws are enacted or existing laws change, we may be subject to new laws, regulations or standards or new interpretations of existing laws, regulations or standards, which could require us to incur additional costs and restrict our business operations. Any failure or perceived failure by us to comply with rapidly evolving privacy or security laws such as the China Specification, policies (including our own stated privacy policies), legal obligations or industry standards or any security incident that results in the unauthorized release or transfer of personally identifiable information or other consumer data may result in governmental enforcement actions, litigation (including consumer class

actions), fines and penalties or adverse publicity and could cause our consumers to lose trust in us, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

We handle credit card and other personal information, and, as such, are subject to governmental regulation and other legal obligations related to the protection of personal data, privacy and information security in certain countries where we do business and there has been and will continue to be a significant increase globally in such laws that restrict or control the use of personal data.

Due to the sensitive nature of such information, we have implemented policies and procedures to preserve and protect our data and our customers' data against loss, misuse, corruption, misappropriation caused by systems failures, unauthorized access or misuse. Notwithstanding these policies, we could be subject to liability claims by individuals and customers whose data resides in our databases for the misuse of that information. If we fail to meet appropriate compliance levels, this could negatively impact our ability to utilize credit cards as a method of payment, and/or collect and store credit card information, which could disrupt our business.

In Europe, where we expect to expand our business operations in the future as part of our growth, the data privacy and information security regime recently underwent a significant change and continues to evolve and is subject to increasingly regulatory scrutiny.

The new General Data Protection Regulation ("GDPR"), which came into force on May 25, 2018, implemented more stringent operational requirements for our use of personal data. These more stringent requirements include expanded disclosures to tell our consumers about how we may use their personal data, increased controls on profiling customers and increased rights for customers to access, control and delete their personal data. In addition, there are mandatory data breach notification requirements and significantly increased penalties of the greater of €20 million or 4% of global turnover for the preceding financial year. The UK's Network and Information Systems Regulations 2018 ("NID Regulations"), which came into force on May 10, 2018, apply to us as an online marketplace and place additional network and information systems security obligations on us, as well as mandatory security incident notification in certain circumstances with penalties of up to £17 million.

In recent years, U.S. and European lawmakers and regulators have expressed concern over the use of third-party cookies and similar technologies for online behavioral advertising, and laws in this area are also under reform. In the European Union, current national laws that implement the ePrivacy Directive will be replaced by an EU regulation known as the ePrivacy Regulation. In the European Union, informed consent is required for the placement of a cookie on a user's device and for direct electronic marketing, and the GDPR also imposes additional conditions in order to satisfy such consent, such as a prohibition on pre-checked consents. The draft ePrivacy Regulation retains these additional consent conditions and also imposes the strict opt-in marketing rules on direct marketing that is "presented" on a web page rather than sent by email, alters rules on third-party cookies and similar technology and significantly increases penalties for breach of the rules. Regulation of cookies and similar technologies may lead to broader restrictions on our marketing and personalization activities and may negatively impact our efforts to understand users' internet usage, as well as the effectiveness of our marketing and our business generally. Such regulations may have a negative effect on businesses, including ours, that collect and use online usage information for consumer acquisition and marketing, it may increase the cost of operating a business that collects or uses such information and undertakes online marketing, it may also increase regulatory scrutiny and increase potential civil liability under data protection or consumer protection laws. In response to marketplace concerns about the usage of third-party cookies and web beacons to track user behaviors, providers of major browsers have included features that allow users to limit the collection of certain data generally or from specified websites, and the ePrivacy Regulations draft also advocates the development of browsers that block cookies by default. These developments could impair our ability to collect user information, including personal data and usage information, that helps us provide more targeted advertising to our current and prospective consumers, which could adversely affect our business, given our use of cookies and similar technologies to target our marketing and personalize the consumer experience.

We could incur substantial costs to comply with these regulations. The changes could require significant systems changes, limit the effectiveness of our marketing activities, adversely affect our margins, increase costs and subject us to additional liabilities.

We are subject to new, stringent privacy regulations in China that are broader than those of our other operations.

In China, the Personal Information Security Specification ("China Specification") came into force on May 1, 2018. Although the China Specification is not a mandatory regulation, it nonetheless has a key implementing role in relation to China's Cyber Security Law in respect of protecting personal information in China. Furthermore, it is likely that the China Specification will be relied on by Chinese government agencies as a standard to determine whether businesses have abided by China's data protection rules. This China

Specification has introduced many concepts and protection rules for personal information, such as “Data Controller” from GDPR. From the consent perspective the China Specification and GDPR are similar, but the China Specification has broadened the scope of personal sensitive information (“PSI”) as compared to GDPR (including but not limited to phone number, transaction record and purchase history, bank account, browser history, and e-ID info such as system account, email address and corresponding password) and thus, the application of explicit consent under the China Specification is more far reaching. Furthermore, under the China Specification, the data controller must provide the purpose of collecting and using personal information, as well as business functions of such purpose, and the China Specification requires the data controller to distinguish its core function from additional functions to ensure the data controller will only collect personal information as needed. Our failure to comply with the China Specification could result in governmental enforcement actions, litigation, fines and penalties, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our operating results are subject to seasonal and quarterly variations in our revenue and operating income and, as a result, our quarterly results may fluctuate and could be below expectations.

Our business can be seasonal based on our product and mix and may become more seasonal depending on our product mix; specifically, we have realized a disproportionate amount of our revenue and earnings for the year in the third and fourth quarter as a result of the holiday season, and we expect this to continue in the future. If we experience lower than expected revenue during any third or fourth quarter, it may have a disproportionately large impact on our operating results and financial condition for that year. Any factors that harm our third or fourth quarter operating results, including disruptions in our brands or our supply chains or unfavorable economic conditions, could have a disproportionate effect on our results of operations and our financial condition for our entire fiscal year.

In anticipation of increased sales activity during the third and fourth quarter, we may incur significant additional expenses, including additional marketing and additional staffing in our customer support operations. In addition, we may experience an increase in our net shipping costs due to complimentary upgrades, split-shipments, and additional long-zone shipments necessary to ensure timely delivery for the holiday season. At peak periods, there could also be further delays in processing orders, which could leave us unable to fulfill consumer orders due to “no stock”, which could lead to lower consumer satisfaction. In the future, our seasonal sales patterns may become more pronounced, may strain our personnel and production activities and may cause a shortfall in net sales as compared with expenses in a given period, which could substantially harm our business, results of operations, financial condition and prospects.

Our quarterly results of operations may also fluctuate significantly as a result of a variety of other factors, including those described above. As a result, historical period-to-period comparisons of our sales and operating results are not necessarily indicative of future period-to-period results. You should not rely on the results of a single fiscal quarter as an indication of our annual results or our future performance.

We may not accurately forecast income and appropriately plan our expenses.

We base our current and future expense levels on our operating forecasts and estimates of future income. Income and operating results are difficult to forecast because they generally depend on the volume and timing of the orders we receive, which are uncertain. Additionally, our business is affected by general economic and business conditions around the world. A softening in income, whether caused by changes in consumer preferences or a weakening in global economies, may result in decreased revenue levels, and we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in income. This inability could cause our (loss)/income after tax in a given quarter to be (higher)/lower than expected. We also make certain assumptions when forecasting the amount of expense we expect related to our stock-based payments, which includes the expected volatility of our stock price, the expected life of stock options granted and the expected rate of stock option forfeitures. These assumptions are partly based on historical results. If actual results differ from our estimates, our net income in a given quarter may be lower than expected.

We depend on highly skilled personnel, including senior management and our technology professionals, and if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business could be harmed.

We believe our success has depended, and our future success depends, on the efforts and talents of our senior management and our highly skilled team members, including our software engineers, data scientists and technology professionals. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. In particular, our Founder and Chief Executive Officer has unique and valuable experience leading our company from its inception through today. If he were to depart or otherwise reduce his focus on Mohawk, our business may be disrupted. We do not currently maintain key-person life insurance policies on any member of our senior management team and other key employees, except for our Founder and Chief Executive Officer.

Competition for well-qualified employees in all aspects of our business, including software engineers and other technology professionals, is intense globally. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees. In particular, our software engineers and technology professionals are key to designing, maintaining and improving code and algorithms necessary to our business. If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees and key senior management, our business, results of operations, financial condition and prospects may be adversely affected.

We may not be able to manage our growth effectively, and such rapid growth may adversely affect our corporate culture.

We have rapidly and significantly expanded our operations and anticipate expanding further as we pursue our growth strategies. Such expansion increases the complexity of our business and places a significant strain on our management, operations, technical systems, financial resources and internal control over financial reporting functions. Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations, especially as we employ personnel in several geographic locations. We are currently in the process of transitioning certain of our business and financial systems to systems on a scale reflecting the increased size, scope and complexity of our operations, and the process of migrating our legacy systems could disrupt our ability to timely and accurately process information, which could adversely affect our results of operations and cause harm to our reputation. As a result, we may not be able to manage our expansion effectively.

Our entrepreneurial and collaborative culture is important to us, and we believe it has been a major contributor to our success. We may have difficulties maintaining our culture or adapting it sufficiently to meet the needs of our future and evolving operations as we continue to grow, in particular as we grow internationally. In addition, our ability to maintain our culture as a public company, with the attendant changes in policies, practices, corporate governance and management requirements may be challenging. Failure to maintain our culture could have a material adverse effect on our business, results of operations, financial condition and prospects.

General economic factors may adversely affect our business, financial performance and results of operations.

Our business, financial performance and results of operations depend significantly on worldwide macroeconomic economic conditions and their impact on consumer spending. Luxury and non-essential consumer goods products are discretionary purchases for consumers. Recessionary economic cycles, higher interest rates, volatile fuel and energy costs, inflation, levels of unemployment, conditions in the residential real estate and mortgage markets, access to credit, consumer debt levels, unsettled financial markets and other economic factors that may affect consumer spending or buying habits could materially and adversely affect demand for our products. In addition, volatility in the financial markets has had and may continue to have a negative impact on consumer spending patterns. A reduction in consumer spending or disposable income may affect us more significantly than companies in other industries and companies with a more diversified product offering. In addition, negative national or global economic conditions may materially and adversely affect our suppliers' financial performance, liquidity and access to capital. This may affect their ability to maintain their inventories, production levels and/or product quality and could cause them to raise prices, lower production levels or cease their operations.

Economic factors such as increased commodity prices, shipping costs, inflation, higher costs of labor, insurance and healthcare, and changes in or interpretations of other laws, regulations and taxes may also increase our cost of sales and our selling, general and administrative expenses, and otherwise adversely affect our financial condition and results of operations. Any significant increases in costs may affect our business disproportionately than our competitors. Changes in trade policies or increases in tariffs, including those recently enacted by the United States and proposed by China, may have a material adverse effect on global economic conditions and the stability of global financial markets and may reduce international trade.

Natural disasters or other unexpected events may adversely affect our operations, particularly our merchandise supply chain and shipping efforts.

Natural disasters, such as earthquakes, hurricanes, tornadoes, floods and other adverse weather and climate conditions; unforeseen public health crises, such as pandemics and epidemics; political crises, such as terrorist attacks, war and other political instability; or other catastrophic events, whether occurring in the United States or internationally, could disrupt our operations in any of our offices and fulfillment centers or the operations of one or more of our third-party providers or vendors. In particular, these types of events could impact our merchandise supply chain, including our ability to ship merchandise to clients from or to the impacted region, and could impact our ability or the ability of third parties to operate our sites and ship merchandise. For example, we receive and warehouse a portion of our inventory in California. If any such disaster were to impact this facility, our operations would be disrupted.

In addition, these types of events could negatively impact consumer spending in the impacted regions. To the extent any of these events occur, our business and operating results could be adversely affected.

A failure to comply with current laws, rules and regulations or changes to such laws, rules and regulations and other legal uncertainties may adversely affect our business, financial performance, results of operations or business growth.

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing laws, rules and regulations or the promulgation of new laws, rules and regulations applicable to us and our businesses, including those relating to the internet and e-commerce, such as geo-blocking and other geographically based restrictions, internet advertising and price display, consumer protection, anti-corruption, antitrust and competition, economic and trade sanctions, tax, banking, data security, network and information systems security, data protection and privacy. As a result, regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our practices were found not to comply with applicable regulatory or licensing requirements or any binding interpretation of such requirements. Unfavorable changes or interpretations could decrease demand for our services, limit marketing methods and capabilities, affect our margins, increase costs or subject us to additional liabilities.

For example, there are, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet and e-commerce that may relate to liability for information retrieved from or transmitted over the internet, display of certain taxes and fees, online editorial and consumer-generated content, user privacy, data security, network and information systems security, behavioral targeting and online advertising, taxation, liability for third-party activities and the quality of services. Furthermore, the growth and development of e-commerce may prompt calls for more stringent consumer protection laws and more aggressive enforcement efforts, which may impose additional burdens on online businesses generally.

We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

The SEC, the U.S. Department of Justice, the U.S. Treasury Department's Office of Foreign Assets Controls ("OFAC"), the U.S. Department of State, as well as other foreign regulatory authorities continue to enforce economic and trade regulations and anti-corruption laws across industries. U.S. trade sanctions relate to transactions with designated foreign countries and territories, including Cuba, Iran, North Korea, Syria and the Crimea region of Ukraine ("Crimea") as well as specifically targeted individuals and entities that are identified on U.S. and other blacklists, and those owned by them or those acting on their behalf. Anti-corruption laws, including the U.S. Foreign Corrupt Practices Act (the "FCPA") and the U.K. Bribery Act (the "Bribery Act"), generally prohibit direct or indirect corrupt payments to government officials and, under certain laws, private persons to obtain or retain business or an improper business advantage. Some of our international operations are conducted in parts of the world, including Ukraine, Philippines and China, where it is common to engage in business practices that are prohibited by these laws.

Although we have policies and procedures in place designed to promote compliance with laws and regulations, which we review and update as we expand our operations in existing and new jurisdictions in order to proportionately address risks of non-compliance with applicable laws and regulations, our employees, partners or agents could take actions in contravention of our policies and procedures or violate applicable laws or regulations. As regulations continue to develop and regulatory oversight continues to focus on these areas, we cannot guarantee that our policies and procedures will ensure compliance at all times with all applicable laws or regulations. In the event our controls should fail, or we are found to be not in compliance for other reasons, we could be subject to monetary damages, civil and criminal monetary penalties, withdrawal of business licenses or permits, litigation and damage to our reputation and the value of our brand.

As we expand our operations in existing and new jurisdictions internationally, we will need to increase the scope of our compliance programs to address the risks relating to the potential for violations of the FCPA and the Bribery Act and other anti-bribery and anti-corruption laws. Further, the promulgation of new laws, rules and regulations, or the new interpretation of existing laws, rules and regulations, in each case that restrict or otherwise unfavorably impact the ability or manner in which we or our retailers and brands conduct business could require us to change certain aspects of our business, operations and commercial relationships to ensure compliance, which could decrease demand for services, reduce revenue, increase costs or subject us to additional liabilities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years, are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering, soliciting or accepting improper payments or other benefits to or from government officials and others in the private sector. As we increase our international sales and business, particularly in countries with a low score on the Corruptions Perceptions Index by Transparency International and increase our use of third-party business partners such as sales agents, distributors, resellers or consultants, our risks under these laws may increase. Under these laws, we could be held liable for the corrupt or other illegal activities of our employees, representatives, contractors, business partners and agents, even if we do not explicitly authorize or have actual knowledge of such activities. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines,

damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, whistleblower complaints, reputational harm, adverse media coverage and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees. In certain cases, enforcement authorities may even require us to appoint an independent compliance monitor, which can result in added costs and administrative burdens. Any investigations, actions or sanctions or other previously mentioned harm could have a material negative effect on our business, operating results and financial condition.

We are subject to customs and international trade laws that could require us to modify our current business practices and incur increased costs or could result in a delay in getting products through customs and port operations, which may limit our growth and cause us to suffer reputational damage.

Our business is conducted worldwide, with goods imported from China. We are subject to numerous regulations, including customs and international trade laws that govern the importation and sale of our goods. In addition, we face risks associated with trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, imposition of new tariffs and duties and import and export licensing requirements in the countries in which we operate, in particular, in China, where trade relations between the United States and China are uncertain. Our failure to comply with import or export rules and restrictions or to properly classify items under tariff regulations and pay the appropriate duties could expose us to fines and penalties. If these laws or regulations were to change or were violated by our management, employees, retailers or brands, we could experience delays in shipments of our goods, be subject to fines or penalties, or suffer reputational harm, which could reduce demand for our services and negatively impact our results of operations.

Our business depends on our ability to source and distribute products in a timely manner. As a result, we rely on the free flow of goods through open and operational ports worldwide. Labor disputes or other disruptions at ports create significant risks for our business, particularly if work slowdowns, lockouts, strikes or other disruptions occur. Any of these factors could result in reduced sales or canceled orders, which may limit our growth and damage our reputation and may have a material adverse effect on our business, results of operations, financial condition and prospects.

Amendments to existing tax laws, rules or regulations or enactment of new unfavorable tax laws, rules or regulations could have an adverse effect on our business and financial performance.

Many of the underlying laws, rules or regulations imposing taxes and other obligations were established before the growth of the internet and e-commerce. Tax authorities in non-U.S. jurisdictions and at the U.S. federal, state and local levels are currently reviewing the appropriate treatment of companies engaged in internet commerce and considering changes to existing tax or other laws that could regulate our transmissions and/or levy sales, income, consumption, use or other taxes relating to our activities, and/or impose obligations on us to collect such taxes. For example, in March 2018 the European Commission proposed new rules for taxing digital business activities in the EU. In addition, state and local taxing authorities in the United States and taxing authorities in other countries have identified e-commerce platforms as a means to calculate, collect and remit indirect taxes for transactions taking place over the internet. Multiple U.S. states have enacted related legislation and other states are now considering such legislation. Furthermore, the U.S. Supreme Court recently has held in *South Dakota v. Wayfair* that a U.S. state may require an online retailer to collect sales taxes imposed by that state, even if the retailer has no physical presence in that state, thus permitting a wider enforcement of such sales tax collection requirements. Such legislation could require us or our retailers and brands to incur substantial costs in order to comply, including costs associated with legal advice, tax calculation, collection, remittance and audit requirements, which could make selling in such markets less attractive and could adversely affect our business. We cannot predict the effect of current attempts to impose taxes on commerce over the internet. If such tax or other laws, rules or regulations were amended, or if new unfavorable laws, rules or regulations were enacted, the results could increase our tax payments or other obligations, prospectively or retrospectively, subject us to interest and penalties, decrease the demand for our services if we pass on such costs to the consumer, result in increased costs to update or expand our technical or administrative infrastructure or effectively limit the scope of our business activities if we decided not to conduct business in particular jurisdictions. As a result, these changes may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.

We have $3.6 million and $8.0 million net operating loss carryforwards as of December 31, 2016 and 2017, respectively, which have a full valuation allowance against them. In general, under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), a corporation that undergoes an ownership change, which is generally defined as a greater than 50-percentage-point cumulative change by value in the equity ownership of certain stockholders over a rolling three-year period, is subject to limitations on its ability to utilize its pre-change net operating losses ("NOLs") to offset post-change taxable income. Our existing NOLs may be subject to

limitations arising from previous ownership changes, and if we undergo an ownership change our ability to utilize NOLs could be further limited by Section 382 of the Code and similar state provisions. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire, decrease in value or otherwise be unavailable to offset future income tax liabilities. For example, due to the Tax Cuts and Jobs Act, during the fiscal year ended December 31, 2017, we remeasured our deferred tax assets and liabilities based on the new enacted tax rate. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, even if we attain profitability.

We may be subject to general litigation, regulatory disputes and government inquiries.

As a growing company with expanding operations, we have in the past and may in the future increasingly face the risk of claims, lawsuits, government investigations, and other proceedings involving competition and antitrust, intellectual property, privacy, consumer protection, accessibility claims, securities, tax, labor and employment, commercial disputes, services and other matters. The number and significance of these disputes and inquiries have increased as the political and regulatory landscape changes, and as we have grown larger and expanded in scope and geographic reach, and our services have increased in complexity.

We cannot predict the outcome of such disputes and inquiries with certainty. Regardless of the outcome, these can have an adverse impact on us because of legal costs, diversion of management resources, and other factors. Determining reserves for any litigation is a complex, fact-intensive process that is subject to judgment calls. It is possible that a resolution of one or more such proceedings could require us to make substantial payments to satisfy judgments, fines or penalties or to settle claims or proceedings, any of which could harm our business. These proceedings could also result in reputational harm, criminal sanctions, consent decrees or orders preventing us from offering certain products, or services, or requiring a change in our business practices in costly ways or requiring development of non-infringing or otherwise altered products or technologies. Litigation and other claims and regulatory proceedings against us could result in unexpected expenses and liabilities, which could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our credit facility contains restrictive covenants that may limit our operating flexibility.

Our credit facility contains restrictive covenants that limit our ability to, among other things, transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, modify organizational documents, pay dividends, incur additional indebtedness and liens and enter into new businesses. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the credit facility, which may limit our operating flexibility. In addition, our credit facility is secured by all of our assets, other than our intellectual property, and requires us to satisfy certain financial covenants. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our credit facility would adversely affect our business.

We along with our independent registered public accounting firm assumed our ability to continue as a going concern, and we must raise additional funds to finance its operations to remain a going concern.

Our growth strategy has resulted in operating losses and negative cash flows from operations, and our independent registered public accounting firm has included an emphasis of matter paragraph in its report on our financial statements as of and for the years ended December 31, 2016 and 2017, that raises substantial doubt about our ability to continue as a going concern. We will require significant additional funding to continue operations. If we are unable to raise additional funds when needed, we will not be able to continue our business, or we will be required to delay, scale back or eliminate some or all of our operations. Any additional equity or debt financing that we are able to obtain may be dilutive to its current stockholders and debt financing, if available, may involve restrictive covenants or unfavorable terms. If we are unable to continue as a going concern, we may be forced to liquidate its assets and the values we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our financial statements.

We will require additional capital to support business growth, and this capital might not be available or may be available only by diluting existing stockholders.

We intend to continue making investments to support our business growth and may require additional funds to support this growth and respond to business challenges, including the need to develop our services, expand our inventory, enhance our operating infrastructure, expand the markets in which we operate and potentially acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through

further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital-raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. In addition, we may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited, and our business and prospects could fail or be adversely affected.

If we are unable to make acquisitions and investments, or successfully integrate them into our business, our business could be harmed.

We may in the future seek to acquire other companies or businesses. However, we may not be able to find suitable acquisition candidates, and we may not be able to complete acquisitions on favorable terms, if at all. Acquisitions involve numerous risks, any of which could harm our business and negatively affect our operating results, including:

- difficulties in integrating the technologies, operations, existing contracts and personnel of an acquired company;
- difficulties in supporting and transitioning clients and suppliers, if any, of an acquired company;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- failure to realize the anticipated benefits or synergies of a transaction;
- failure to identify all of the problems, liabilities or other shortcomings or challenges of an acquired company or technology, including issues related to intellectual property, regulatory compliance practices, revenue recognition or other accounting practices, or employee or client issues;
- risks of entering new markets in which we have limited or no experience;
- potential loss of key employees, clients, vendors and suppliers from either our current business or an acquired company’s business;
- inability to generate sufficient revenue to offset acquisition costs;
- additional costs or equity dilution associated with funding the acquisition; and
- possible write-offs or impairment charges relating to acquired businesses.

We may acquire other companies or technologies, which could divert our management’s attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.

We may in the future seek to acquire or invest in businesses, features or technologies that we believe could complement or expand our market, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- unanticipated liabilities associated with the acquisition;
- difficulty incorporating acquired technology and rights into our proprietary software and of maintaining quality and security standards consistent with our brands;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- incurrence of acquisition-related costs;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business into our customers;
- diversion of our management’s attention from other business concerns;
- adverse effects to our existing business relationships as a result of the acquisition;
- potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may

be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. If an acquired business fails to meet our expectations, our business, operating results and financial condition may suffer.

Our efforts to expand our business into new brands, products, services, technologies, and geographic regions will subject us to additional business, legal, financial, and competitive risks and may not be successful.

Our business success depends to some extent on our ability to expand our customer offerings by launching new brands and services and by expanding our existing offerings into new geographies. Our strategy is to use our proprietary software to determine which markets to enter and optimize the mix of products that we offer. Examples of new markets we are considering expansion in is Japan and Eastern Europe. Further, we are considering launching products which are outside the current core of home and kitchen appliances and kitchenware, beauty related products and consumer electronics. Launching new brands and services requires significant upfront investments, including investments in marketing, information technology and additional personnel. We operate in highly competitive industries with relatively low barriers to entry and must compete successfully in order to grow our business. We may not be able to generate satisfactory revenue from these efforts to offset these costs. Any lack of market acceptance of our efforts to launch new brands and services or to expand our existing offerings could have a material adverse effect on our business, prospects, financial condition and results of operations. Further, as we continue to expand our fulfillment capability or add new businesses with different requirements, our logistics networks will become increasingly complex and operating them will become more challenging. There can be no assurance that we will be able to operate our networks effectively. We have also entered and may continue to enter into new markets in which we have limited or no experience, which may not be successful or appealing to our customers.

The CPG industry is subject to evolving standards and practices, as well as changing customer needs, requirements and preferences. Our ability to attract new customers and increase revenue from existing customers depends, in part, on our ability to enhance and improve our existing features, pinpoint new markets and introduce new products. We expend significant resources on research and development to develop new products in order to meet our customers' rapidly evolving demands. The success of any enhancements or new features depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance. We may not be successful in these efforts, which could result in significant expenditures that could impact our revenue or distract management's attention from current offerings.

Increased emphasis on the sale of new products could distract us from sales of our existing products in existing markets, negatively affecting our overall sales. We have invested and expect to continue to invest in new businesses, products, features, services and technologies. Such endeavors may involve significant risks and uncertainties, including insufficient revenue from such investments to offset any new liabilities assumed and expenses associated with these new investments, inadequate return of capital on our investments, distraction of management from current operations and unidentified issues not discovered in our due diligence of such strategies and offerings that could cause us to fail to realize the anticipated benefits of such investments and incur unanticipated liabilities. Because these new strategies and offerings are inherently risky, no assurance can be given that they will be successful. Our new features or enhancements could fail to attain sufficient market acceptance for many reasons, including:

- delays in introducing products new markets;
- failure to accurately predict market demand or end consumer preferences;
- defects, errors or failures in our manufacturing;
- introduction of competing products;
- poor financial conditions for our customers or poor general macroeconomic conditions;
- changes in legal or regulatory requirements, or increased legal or regulatory scrutiny, adversely affecting our products;
- failure of our brand promotion activities or negative publicity about the performance or effectiveness of our existing features; and
- disruptions or delays in the online retailers distributing our products.

There is no assurance that we will successfully identify new opportunities or develop and bring new products to market on a timely basis, which could materially and adversely affect our business and operating results and compromise our ability to generate revenue.

Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in a material misstatement of our financial statements.

In connection with the audits of our 2016 and 2017 consolidated financial statements, we and our independent registered public accounting firm identified control deficiencies in the design and operation of our internal control over financial reporting that

constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis.

The material weakness identified in our internal control over financial reporting in 2016 and 2017 primarily related to our accounting and proprietary systems used in our financial reporting process not having the proper level of controls. As a result, journal entries were prepared and posted to our accounting system without evidence of an independent review. In addition, our accounting and proprietary systems lacked controls over access, program change management and computer operations that are needed to ensure access to financial data is adequately restricted to appropriate personnel. During 2017, we took certain actions towards remediating the material weakness, which included implementing an accounting system that has the ability to better manage segregation of duties and controls over the preparation and review of journal entries and engaging external consultants to conduct a review of processes that involve financial data within our accounting and proprietary systems. This review, which is ongoing, includes the identification of potential risks, documentation of processes and recommendations for improvements.

We are still in the process of completing the remediation of the 2016 and 2017 material weakness related to our accounting and proprietary systems. However, we cannot assure you that the steps we are taking will be sufficient to remediate our material weakness or prevent future material weaknesses or significant deficiencies from occurring.

If we identify future material weaknesses in our internal controls over financial reporting or fail to meet the demands that will be placed upon us as a public company, including the requirements of the Sarbanes-Oxley Act, we may be unable to accurately report our financial results or report them within the timeframes required by law or stock exchange regulations. Failure to comply with Section 404 of the Sarbanes-Oxley Act could also potentially subject us to sanctions or investigations by the SEC or other regulatory authorities. If additional material weaknesses exist or are discovered in the future, and we are unable to remediate any such material weakness, our reputation, financial condition and operating results could suffer.

Assertions by third parties of infringement or misappropriation by us of their intellectual property rights or confidential know how could result in significant costs and substantially harm our business and results of operations.

Third parties have, and may in the future, assert that we have infringed or misappropriated their trademarks, copyrights, confidential know how, trade secrets, patents or other intellectual property rights. We cannot predict whether any such assertions or claims arising from such assertions will substantially harm our business and results of operations, whether or not they are successful. If we are forced to defend against any infringement or other claims relating to the trademarks, copyright, confidential know how, trade secrets, patents or other intellectual property rights of third parties, whether they are with or without merit or are determined in our favor, we may face costly litigation or diversion of technical and management personnel. Furthermore, the outcome of a dispute may be that we would need to cease use of some portion of our technology, develop non-infringing technology, pay damages, costs or monetary settlements or enter into royalty or licensing agreements. Royalty or licensing agreements, if required, may be unavailable on terms acceptable to us, or at all. Any such assertions or litigation could materially adversely affect our business, results of operations, financial condition and prospects.

The e-commerce industry is characterized by vigorous protection and pursuit of intellectual property rights, which has resulted in protracted and expensive litigation for many companies. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. In addition, because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our technologies.

Certain third parties have substantially greater resources than we have and may be able to sustain the costs of intellectual property litigation for longer periods of time than we can. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.

Our success depends, in part, on our ability to protect our proprietary methods, trademarks, domain names, copyrights, patent, trade dress, trade secrets, proprietary technology and similar intellectual property, and we rely on trademark, copyright and patent law, trade secret protection, agreements and other methods with our employees and others to protect our proprietary rights. There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We intend to continue to file and prosecute patent applications when appropriate to attempt to protect our rights in our proprietary technologies. However, there can be no

assurance that our patent applications will be approved, that any patents issued will adequately protect our intellectual property, that the scope of the claims in our issued patents will be sufficient or have the coverage originally sought, that our issued patents will provide us with any competitive advantages, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

We could be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation may fail, and even if successful, could be costly, time-consuming and distracting to management and could result in a diversion of significant resources. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights or alleging that we infringe the counterclaimant's own intellectual property. An adverse determination of any litigation or defense proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related pending patent applications at risk of not being issued. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. During the course of litigation there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Any of our intellectual property rights could be challenged by others or invalidated through administrative processes or litigation. Furthermore, there can be no guarantee that others will not independently develop similar products, duplicate any of our products or design around our patents. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights.

We rely, in part, on confidentiality agreements with our employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods.

These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

The laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States.

To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected.

The inability to acquire, use or maintain our marks and domain names for our sites could substantially harm our business and operating results.

We currently are the registrant of marks for our brands in numerous jurisdictions and are the registrant of the Internet domain name for the websites of Mohawkgp.com, homelabs.com, vremi.com, xtava.com, rif6.com, and our other sites, as well as various related domain names. However, we have not registered our marks or domain names in all major international jurisdictions. Domain names generally are regulated by Internet regulatory bodies. If we do not have or cannot obtain on reasonable terms the ability to use our marks in a particular country, or to use or register our domain name, we could be forced either to incur significant additional expenses to market our products within that country, including the development of a new brand and the creation of new promotional materials and packaging, or to elect not to sell products in that country. Either result could materially adversely affect our business, financial condition and operating results.

Furthermore, the regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brands Also, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our consumer communications or infringe or otherwise decrease the value of our marks, domain names and other proprietary rights. Regulatory bodies also may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that utilize the name Mohawk or our other brands in all of the countries in which we currently or intend to conduct business.

Expansion of our operations internationally will require management attention and resources, involves additional risks and may be unsuccessful.

We have limited experience with operating internationally or selling our merchandise outside of the United States, and if we choose to expand internationally, we would need to adapt to different local cultures, standards and policies. The business model we employ and the merchandise we currently offer may not appeal to consumers outside of the United States. Furthermore, to succeed with clients in international locations, it likely will be necessary to locate fulfillment centers in foreign markets and hire local employees in those international centers, and we may have to invest in these facilities before proving we can successfully run foreign operations. We may not be successful in expanding into international markets or in generating revenue from foreign operations for a variety of reasons, including:

- localization of our merchandise offerings, including translation into foreign languages and adaptation for local practices;
- different consumer demand dynamics, which may make our model and the merchandise we offer less successful compared to the United States;
- competition from local incumbents that understand the local market and may operate more effectively;
- regulatory requirements, taxes, trade laws, trade sanctions and economic embargoes, tariffs, export quotas, custom duties or other trade restrictions or any unexpected changes thereto;
- laws and regulations regarding anti-bribery and anti-corruption compliance;
- differing labor regulations where labor laws may be more advantageous to employees as compared to the United States and increased labor costs;
- more stringent regulations relating to privacy and data security and access to, or use of, commercial and personal information, particularly in Europe;
- changes in a specific country’s or region’s political or economic conditions; and
- risks resulting from changes in currency exchange rates.

If we invest substantial time and resources to establish and expand our operations internationally and are unable to do so successfully and in a timely manner, our operating results would suffer.

Our business, including our costs and supply chain, is subject to risks associated with sourcing, manufacturing and warehousing.

We currently source all of the merchandise we offer from third-party vendors, and as a result we may be subject to price fluctuations or demand disruptions. Our operating results would be negatively impacted by increases in the prices of our merchandise, and we have no guarantees that prices will not rise. In addition, as we expand into new categories and product types, we expect that we may not have strong purchasing power in these news areas, which could lead to higher prices than we have historically seen in our current categories. We may not be able to pass increased prices on to clients, which could adversely affect our operating results. Moreover, in the event of a significant disruption in the supply of the fabrics or raw materials used in the manufacture of the merchandise we offer, the vendors that we work with might not be able to locate alternative suppliers of materials of comparable quality at an acceptable price. For example, natural disasters have in the past increased raw material costs, impacting pricing with certain of our vendors, and caused shipping delays for certain of our merchandise. Any delays, interruption, damage to or increased costs in the manufacture of the merchandise we offer could result in higher prices to acquire the merchandise or non-delivery of merchandise altogether and could adversely affect our operating results.

In addition, we cannot guarantee that merchandise we receive from vendors will be of sufficient quality or free from damage, or that such merchandise will not be damaged during shipping, while stored in one of our distribution centers or when returned by customers. While we take measures to ensure merchandise quality and avoid damage, including evaluating vendor product samples, conducting inventory inspections and inspecting returned product, we cannot control merchandise while it is out of our possession or prevent all damage while in our distribution centers. We may incur additional expenses and our reputation could be harmed if clients and potential clients believe that our merchandise is not of high quality or may be damaged.

We are subject to risks related to online payment methods.

We accept payments using a variety of methods, including credit card, debit card, PayPal, credit accounts (including promotional financing) and gift cards. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. In addition, our credit card and other payment processors could impose receivable holdback or reserve requirements in the future. We rely on third parties to provide payment processing services, including the processing of credit cards and debit cards, and it could disrupt our business if these companies become unwilling or unable to provide these services to us. We are also subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card and debit card payments from consumers or to facilitate other types of online payments. If any of these events were to occur, our business, financial condition and operating results could be materially adversely affected.

Misclassification or reclassification of our independent contractors or employees could increase our costs and adversely impact our business.

Our workers are classified as either employees or independent contractors, and if employees, as either exempt from overtime or non-exempt (and therefore overtime eligible). Regulatory authorities and private parties have recently asserted within several industries that some independent contractors should be classified as employees and that some exempt employees, including those in sales-related positions, should be classified as non-exempt based upon the applicable facts and circumstances and their interpretations of existing rules and regulations. If we are found to have misclassified employees as independent contractors or non-exempt employees as exempt, we could face penalties and have additional exposure under federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee overtime and benefits and tax withholdings. Legislative, judicial, or regulatory (including tax) authorities could also introduce proposals or assert interpretations of existing rules and regulations that would change the classification of a significant number of independent contractors doing business with us from independent contractor to employee and a significant number of exempt employees to non- exempt. A reclassification in either case could result in a significant increase in employment-related costs such as wages, benefits and taxes. The costs associated with employee classification, including any related regulatory action or litigation, could have a material adverse effect on our results of operations and our financial position.

Significant merchandise returns could harm our business.

We allow our customers to return products, subject to our return policy. If merchandise returns are significant, our business, prospects, financial condition and results of operations could be harmed. Further, we modify our policies relating to returns from time to time, which may result in customer dissatisfaction or an increase in the number of product returns. From time to time our products are damaged in transit, which can increase return rates and harm our brand.

Shipping is a critical part of our business and any changes in our shipping arrangements or any interruptions in shipping could adversely affect our operating results.

We currently rely on three major vendors for our shipping. If we are not able to negotiate acceptable pricing and other terms with these entities or they experience performance problems or other difficulties, it could negatively impact our operating results and our clients' experience. In addition, our ability to receive inbound inventory efficiently and ship merchandise to clients may be negatively affected by inclement weather, fire, flood, power loss, earthquakes, labor disputes, acts of war or terrorism and similar factors. We are also subject to risks of damage or loss during delivery by our shipping vendors. If our products are not delivered in a timely fashion or are damaged or lost during the delivery process, our clients could become dissatisfied and cease using our services, which would adversely affect our business and operating results.

U.S. import taxation levels may increase and could harm our business.

Increases in taxes imposed on goods imported to the United States have been proposed by U.S. lawmakers and the President of the United States and, if enacted, may impede our growth and negatively affect our operating results. The substantial majority of our inventory is made outside of the United States and would be subject to increased taxation if new taxes on imports were imposed. Such taxes would increase the cost of our inventory and would raise retail prices of our merchandise to the extent we pass the increased costs on to clients, which could adversely affect our operating results.

If our products experience any recalls, product liability claims, or government, customer or consumer concerns about product safety, our reputation and sales could be harmed.

Our products are subject to regulation by the U.S. Consumer Product Safety Commission ("CPSC") and similar state and international regulatory authorities, and their products sold on our platform could be subject to involuntary recalls and other actions by these authorities. Concerns about product safety including concerns about the safety of products manufactured in developing countries, could lead us to recall selected products. Recalls and government, customer or consumer concerns about product safety could harm our reputation and reduce sales, either of which could have a material adverse effect on our business, results of operations, financial condition and prospects. For example, in May 2018 Mohawk Opco's board of directors approved a voluntary recall of the Xtava Allure Hair Dryer. In June 2018 Mohawk Opco's filed an application for a voluntary recall with the US Consumer Product Safety Commission ("CPSC") pursuant to Section 15(b) of the Consumer Product Safety Act. Mohawk Opco has received approval from the CPSC to provide consumers with replacement units and publicly announced the recall on August 15, 2018. Mohawk Opco estimates it will incur approximately $2.2 million in costs related to the recall for procurement, manufacturing, fulfillment and delivery to consumers who apply and qualify for the recall costs. Mohawk Opco recorded the expense in June 2018. Mohawk Opco also estimates it will incur legal and other expenses of approximately $0.4 million related to the recall which will be expensed as incurred.

We may be subject to product liability claims if people or property are harmed by the products we sell. Some of the products we sell may expose us to product liability claims and litigation (including class actions) or regulatory action relating to safety, personal injury, death or environmental or property damage. For example, in August 2018, we announced a voluntary recall of certain hair dryers that were alleged to have overheated or caused fires. Although no claims have been brought, pursuant to the CPSC and the guidelines set forth by the Consumer Product Safety Act ("CPSA"), we may be subject to a late reporting penalty if the CSPC decides to perform a late reporting investigation and determines we failed to meet all reporting requirements. If we are determined to have violated the reporting guidelines a penalty may be material to the consolidated financial statements. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Some of our agreements with members of our supply chain may not indemnify us from product liability for a particular product, and some members of our supply chain may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

Any failure by us or our vendors to comply with product safety, labor or other laws, or our standard vendor terms and conditions, or to provide safe factory conditions for our or their workers may damage our reputation and brand and harm our business.

The products we sell to our clients is subject to regulation by the Federal Consumer Product Safety Commission, the Federal Trade Commission and similar state and international regulatory authorities. As a result, such products could be in the future subject to recalls and other remedial actions. Product safety, labeling and licensing concerns may require us to voluntarily remove selected merchandise from our inventory. Such recalls or voluntary removal of merchandise can result in, among other things, lost sales, diverted resources, potential harm to our reputation and increased client service costs and legal expenses, which could have a material adverse effect on our operating results.

Some of the products we sell may expose us to product liability claims and litigation or regulatory action relating to personal injury or environmental or property damage. Although we maintain liability insurance, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms or at all. In addition, some of our agreements with our vendors may not indemnify us from product liability for a particular vendor's products or our vendors may not have sufficient resources or insurance to satisfy their indemnity and defense obligations.

Risks associated with the suppliers from whom our products are sourced could materially adversely affect our financial performance as well as our reputation and brand.

We depend on our ability to provide our customers with a wide range of products from qualified suppliers in a timely and efficient manner. Our agreements with most of our suppliers do not provide for the long-term availability of merchandise or the continuation of particular pricing practices, nor do they usually restrict such suppliers from selling products to other buyers. There can be no assurance that our current suppliers will continue to seek to sell us products on current terms or that we will be able to establish new or otherwise extend current supply relationships to ensure product acquisitions in a timely and efficient manner and on acceptable commercial terms. Our ability to develop and maintain relationships with reputable suppliers and offer high quality merchandise to our customers is critical to our success. If we are unable to develop and maintain relationships with suppliers that would allow us to offer a sufficient amount and variety of quality merchandise on acceptable commercial terms, our ability to satisfy our customers' needs, and therefore our long-term growth prospects, would be materially adversely affected.

We also are unable to predict whether any of the countries in which our suppliers' products are currently manufactured or may be manufactured in the future will be subject to trade restrictions imposed by the U.S. or foreign governments or the likelihood, type or effect of any such restrictions. Any event causing a disruption or delay of imports from suppliers with international manufacturing operations, including the imposition of additional import restrictions, restrictions on the transfer of funds or increased tariffs or quotas,

could increase the cost or reduce the supply of merchandise available to our customers and materially adversely affect our financial performance as well as our reputation and brand. Furthermore, some or all of our suppliers' foreign operations may be adversely affected by political and financial instability, resulting in the disruption of trade from exporting countries, restrictions on the transfer of funds or other trade disruptions.

If we fail to attract and retain key personnel, or effectively manage succession, our business, financial condition and operating results could be adversely affected.

Our success, including our ability to anticipate and effectively respond to changing style trends and deliver a personalized styling experience, depends in part on our ability to attract and retain key personnel on our executive team and in our merchandising, algorithms, engineering, marketing, styling and other organizations. Competition for key personnel is strong, especially in the New York, New York area where our headquarters are located, and we cannot be sure that we will be able to attract and retain a sufficient number of qualified personnel in the future, or that the compensation costs of doing so will not adversely affect our operating results. We do not have long-term employment or non-competition agreements with any of our personnel. If we are unable to retain, attract and motivate talented employees with the appropriate skills at cost-effective compensation levels, or if changes to our business adversely affect morale or retention, we may not achieve our objectives and our business and operating results could be adversely affected. In addition, the loss of one or more of our key personnel or the inability to promptly identify a suitable successor to a key role could have an adverse effect on our business. In particular, our Founder and Chief Executive Officer has unique and valuable experience leading our company from its inception through today. If he were to depart or otherwise reduce his focus on Mohawk, our business may be disrupted. We do not currently maintain key-person life insurance policies on any member of our senior management team and other key employees other than our Chief Executive Officer.

In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of the stock options or other equity incentives they are to receive in connection with their employment. If the price of our stock declines, or experiences significant volatility, our ability to attract or retain key employees will be adversely affected. Also, as employee options vest and lock-ups expire, we may have difficulty retaining key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

We have a short operating history in an evolving industry and, as a result, our past results may not be indicative of future operating performance.

We have a short operating history in a rapidly evolving industry that may not develop in a manner favorable to our business. Our relatively short operating history makes it difficult to assess our future performance. You should consider our business and prospects in light of the risks and difficulties we may encounter.

Our future success will depend in large part upon our ability to, among other things:

- manage our inventory effectively;
- successfully expand our offering and geographic reach;
- compete effectively;
- anticipate and respond to macroeconomic changes;
- effectively manage our growth;
- continue to enhance our personalization capabilities;
- hire, integrate and retain talented people at all levels of our organization;
- avoid interruptions in our business from information technology downtime, cybersecurity breaches or labor stoppages;
- maintain the quality of our technology infrastructure;
- develop new features to enhance the client experience; and
- retain our existing merchandise vendors and attract new vendors.

If we fail to address the risks and difficulties that we face, including those associated with the challenges listed above as well as those described elsewhere in this "Risk Factors" section, our business and our operating results will be adversely affected.

If we are unable to manage our inventory effectively, our operating results could be adversely affected.

To ensure timely delivery of products, we generally enter into purchase orders in advance with manufacturers. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of product purchases. In the past, we have not always predicted the appropriate demand on our products by consumers with accuracy, which has resulted in inventory shortages, inventory

write offs and lower gross margins. We rely on our procurement team to order products and we rely on our data science to inform the levels of inventory we purchase, including when to reorder items that are selling well and when to write off items that are not selling well. Our contract manufacturers are often responsible for conducting a number of traditional operations with respect to their respective products, including maintaining raw materials and inventory for shipment to us. In these instances, we may be unable to ensure that these suppliers will continue to perform these services to our satisfaction in a manner that provides our customer with a appropriate brand experience or on commercially reasonable terms. If so, our business, reputation and brands could suffer. If our sales and procurement teams do not predict demand well or if our algorithms do not help us reorder the right products or write off the right products timely, we may not effectively manage our inventory and our operating results could be adversely affected.

Our business depends on our ability to build and maintain strong product listings on e-commerce platforms. We may not be able to maintain and enhance our product listings if we receive unfavorable customer complaints, negative publicity or otherwise fail to live up to consumers' expectations, which could materially adversely affect our business, results of operations and growth prospects.

Maintaining and enhancing our product listings is critical in expanding and growing our business. However, a significant portion of our perceived performance to the customer depends on third parties outside of our control, including suppliers and logistics providers such as FedEx, UPS, the U.S. Postal Service and other third-party delivery agents as well as online retailers such as Amazon, eBay, Walmart and Jet. Because our agreements with our online retail partners are generally terminable at will, we may be unable to maintain these relationships, and our results of operations could fluctuate significantly from period to period. Because we rely on third-parties, like FedEx to deliver our products, we are subject to shipping delays or disruptions caused by inclement weather, natural disasters, labor activism, health epidemics or bioterrorism. In addition, because we rely on national, regional and local transportation companies for the delivery of some of our other products, we are also subject to risks of breakage or other damage during delivery by any of these third parties. If these third parties do not meet our or our customers' expectations, our brands may suffer irreparable damage. In addition, maintaining and enhancing these brands may require us to make substantial investments, and these investments may not be successful. If we fail to promote and maintain our brands, or if we incur excessive expenses in this effort, our business, operating results and financial condition may be materially adversely affected. We anticipate that, as our market becomes increasingly competitive, maintaining and enhancing our brands may become increasingly difficult and expensive. Maintaining and enhancing our brands will depend largely on our ability to anticipate market trends and customer demand and to provide high quality products to our customers and a reliable, trustworthy and profitable sales channel to our suppliers, which we may not be able to do successfully.

Customer complaints or negative publicity about our sites, products, delivery times, customer data handling and security practices or customer support, especially on blogs, social media websites and our sites, could rapidly and severely diminish consumer view of our product listings and result in harm to our brands. We also use and rely on other services from third parties, such as our telecommunications services, and those services may be subject to outages and interruptions that are not within our control.

Our efforts to acquire or retain consumers may not be successful, which could prevent us from maintaining or increasing our sales.

If we do not promote and sustain our product listings and brands through marketing and other tools, we may fail to increase our sales. Promoting and positioning our brand and product listings will depend largely on the success of our marketing efforts, our ability to attract consumers cost effectively and our ability to consistently provide a high-quality product and maintain consumer satisfaction. In order to grow our business, we have incurred and will continue to incur substantial expenses related to advertising and other marketing efforts. We also use promotions to drive sales, which may not be effective and may adversely affect our gross margins. Our investments in marketing may not effectively reach potential consumers, potential consumers may decide not to buy our products or the spending of consumers that purchase from us may not yield the intended return on investment, any of which could negatively affect our financial results. The failure of our marketing activities could also adversely affect our ability to promote our product listings and sell our products, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our efforts to sell new products or increase the sales of our existing products may not be successful, which could prevent us from maintaining or increasing our sales.

If we do not promote and sustain our new or existing products through marketing and other tools, we may fail to maintain or increase our sales. Promoting and positioning our products will depend largely on the success of our marketing efforts, our ability to attract consumers cost effectively and our ability to consistently provide high-quality products. In order to acquire and retain consumers, we have incurred and will continue to incur substantial expenses related to advertising and other marketing efforts. We also use promotions to drive sales, which may not be effective and may adversely affect our gross margins. Our investments in marketing may not effectively reach potential consumers, potential consumers may decide not to buy through us or the spending of consumers that purchase from us may not yield the intended return on investment, any of which could negatively affect our financial results. The

failure of our marketing activities could also adversely affect our ability to attract new and maintain relationships with our consumers, retailers and brands, which may have a material adverse effect on our business, results of operations, financial condition and prospects.

We rely on third party online marketplaces to sell and market our products and these providers may change their search engine algorithms or pricing in ways that could negatively affect our business, results of operations, financial condition and prospects.

We market and sell our products on various online retail channels, including Amazon, eBay, Walmart and Jet. These online retail channels provide us with direct access to potential customers on their websites and applications. This direct access enables us to push real-time or nearly real-time updates to product listings, gauge customer interest and rapidly move products to prevent obsolescence caused by excess inventory. In order to maintain relationships with the online retail channels, we may need to modify our products or strategies in a way that may be adverse to our business and financial results. Furthermore, if we were to lose access to these online retail channels, either in whole or in part, our ability to distribute and market our products would not be as efficient or competitive.

In order to grow our business, we anticipate that we will need to continue to maintain and potentially expand these relationships. We may be unsuccessful in renegotiating our agreements with these online retail channels or the online retail channels may insist on additional fees to access their platforms. For example, terms from online retail channels that could impact our business relate to platform fees charges, exclusivity, inventory warehouse availability, exclude products and limitation on sales and marketing. We believe we will also need to establish new relationships with new online retail channels, including online retail channels in new geographic markets that we enter, and online retail channels that may emerge in the future as the leading marketplaces for end consumers. Identifying potential online retail channels, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be more effective than we are in providing incentives to online retail channels to favor their products or services or to prevent or reduce views of our products. In addition, the acquisition of a competitor by one of our online retail channels could result in increased visibility of the competitor's product, which, in turn, could lead to decreased customer interest. If we are unsuccessful in establishing or maintaining our relationships with online retail channels, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer.

Substantially all of our revenues are from sales of products on Amazon and any limitation or restriction, temporarily or otherwise, to sell on Amazon's platform could have a material adverse impact to our business, results of operations, financial condition and prospects.

We sell substantially all of our products on Amazon and are subject to the Amazon terms of service and various other Amazon seller policies that apply to third parties selling products on Amazon's marketplace. Amazon's terms of service provide, among other things, that it may terminate or suspend its agreement with any seller or any of its services being provided to a seller, at any time and for any reason. In addition, if Amazon determines that any seller's, including the Company's, actions or performance may result in violations of its terms or policies, or create other risks to Amazon or to third parties, then Amazon may in its sole discretion withhold any payments owed for as long as Amazon determines any related risk to Amazon or to third parties persist. Further, if Amazon determines that any seller's, including the Company's, accounts have been used to engage in deceptive, fraudulent, or illegal activity, or that such accounts have repeatedly violated its policies, then Amazon may in its sole discretion permanently withhold any payments owed. In the event of any dispute between Amazon and the Company, the resolution of such dispute would be subject to binding arbitration and the Company cannot provide any assurance that it would prevail in such arbitration. Any limitation or restriction on our ability to sell on Amazon's platform could have a material impact on our business, results of operations, financial condition and prospects.

Use of social media and emails may adversely impact our reputation or subject us to fines or other penalties.

We use social media and emails as part of our omnichannel approach to marketing. As laws and regulations rapidly evolve to govern the use of these channels, the failure by us, our employees or third parties acting at our direction to abide by applicable laws and regulations in the use of these channels could adversely affect our reputation or subject us to fines or other penalties. In addition, our employees or third parties acting at our direction may knowingly or inadvertently make use of social media in ways that could lead to the loss or infringement of intellectual property, as well as the public disclosure of proprietary, confidential or sensitive personal information of our business, employees, consumers or others. Any such inappropriate use of social media and emails could also cause reputational damage.

Consumers value readily available information concerning retailers and their goods and services and often act on such information without further investigation and without regard to its accuracy. Our consumers may engage with us online through our social media platforms, including Facebook, Instagram and Twitter, by providing feedback and public commentary about all aspects of our business. Information concerning us or our retailers and brands, whether accurate or not, may be posted on social media platforms at any time and may have a disproportionately adverse impact on our brand, reputation or business. The harm may be immediate without

affording us an opportunity for redress or correction and could have a material adverse effect on our business, results of operations, financial condition and prospects.

If we fail to offer high-quality customer support, our business and reputation may suffer.

High-quality education, training and customer support is important for the successful retention of existing customers. Providing this education, training and support requires that our support personnel have specific knowledge and expertise of our products and markets, making it more difficult for us to hire qualified personnel and to scale up our support operations. The importance of high-quality customer support will increase as we expand our business and pursue new customers. If we do not provide effective and timely ongoing support, our ability to sell additional features to, or to retain, existing customers may suffer, and our reputation with existing or potential customers may be harmed, which would have a material adverse effect on our business, results of operations, financial condition and prospects.

If we fail to acquire new customers or retain existing customers, or fail to do so in a cost-effective manner, we may not be able to achieve profitability.

Our success depends on our ability to acquire and retain customers in a cost-effective manner. In order to expand our customer base, we must appeal to and acquire customers who have historically used other channels to purchase the wide variety of products we offer and may prefer alternatives to our offerings, such other vendors on Amazon, eBay, Walmart and Jet, traditional brick and mortar retailers, the websites of our competitors or our suppliers' own websites. We expect competition in e-commerce generally to continue to increase. If competitors introduce lower cost or differentiated products that are perceived to compete with our products, or if we are unable to correctly anticipate market trends and customer demand, our ability to sell our products could be impaired. We have made investments related to customer acquisition and expect to continue to spend significant amounts to acquire additional customers. Our paid advertising efforts consist primarily of online channels, including search engine marketing, display advertising, and paid social media. These efforts are expensive and may not result in the cost-effective acquisition of customers. We cannot assure you that the net profit from new customers we acquire will ultimately exceed the cost of acquiring those customers. If we fail to deliver quality products, or if consumers do not perceive the products we offer to be of high value and quality, we may not be able to acquire new customers. If we are unable to acquire new customers who purchase products in numbers sufficient to grow our business, we may not be able to generate the scale necessary to drive beneficial network effects with our suppliers, our net revenue may decrease, and our business, financial condition and operating results may be materially adversely affected.

We believe new customers can originate from word-of-mouth and other non-paid referrals from existing customers. Therefore, we must ensure that our existing customers remain loyal to us in order to continue receiving those referrals. If our efforts to satisfy our existing customers are not successful, we may not be able to acquire new customers in sufficient numbers to continue to grow our business, or we may be required to incur significantly higher marketing expenses in order to acquire new customers. For example, since 2016 Amazon has maintained a policy whereby they will purge all reviews they believe are paid for. While we do not ask customers to leave a review or change a review, some of our reviews have been purged by Amazon in accordance with this policy because Amazon believed they were questionable or not authentic. If Amazon continues to purge reviews or if we are unable to maintain our positive reviews, it may adversely affect our ability to acquire new customers.

If our emails are not delivered and accepted, or are routed by email providers less favorably than other emails, or our sites or mobile applications are not accessible, or are treated disadvantageously by Internet service providers, our business may be substantially harmed.

If email providers or Internet service providers ("ISPs") implement new or more restrictive email or content delivery or accessibility policies, including with respect to net neutrality, it may become more difficult to deliver emails to our customers or for customers to access our site and services. For example, certain email providers, including Google, categorize our emails as "promotional," and these emails are directed to an alternate, and less readily accessible, section of a customer's inbox. If email providers materially limit or halt the delivery of our emails, or if we fail to deliver emails to customers in a manner compatible with email providers' email handling or authentication technologies, our ability to contact customers through email could be significantly restricted. In addition, if we are placed on "spam" lists or lists of entities that have been involved in sending unwanted, unsolicited emails, our operating results and financial condition could be substantially harmed. Further, if ISPs prioritize or provide superior access to our competitors' content, our business and results of operations may be negatively impacted.

Risks Related to this Offering and Ownership of our Common Stock and Our Status as a Public Company

We are an emerging growth company, and any decision on our part to comply only with certain reduced reporting and disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.

We are an emerging growth company and, for as long as we continue to be an emerging growth company, we may choose to take advantage of exemptions from various reporting requirements applicable to other public companies but not to "emerging growth companies," including:

- not being required to have our independent registered public accounting firm audit our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act;
- permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies;
- reduced disclosure obligations regarding executive compensation in our periodic reports and annual report on Form 10-K; and
- exemptions from the requirements of holding non-binding advisory votes on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We could be an emerging growth company for up to five years following the completion of this offering, although we expect to not be an emerging growth company sooner. Our status as an emerging growth company will end as soon as any of the following takes place:

- the last day of the fiscal year in which we have more than $1.07 billion in annual revenue;
- the date we qualify as a "large accelerated filer," with at least $700 million of equity securities held by non-affiliates;
- the date on which we have issued, in any three-year period, more than $1.0 billion in non-convertible debt securities; or
- the last day of the fiscal year ending after the fifth anniversary after we become a public company.

We cannot predict if investors will find our common stock less attractive if we choose to rely on any of the exemptions afforded emerging growth companies. If some investors find our common stock less attractive because we rely on any of these exemptions, there may be a less active trading market for our common stock and the market price of our common stock may be more volatile.

In addition, under the JOBS Act, "emerging growth companies" can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption and, as a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. Section 107 of the JOBS Act provides that we can elect to opt out of the extended transition period at any time, which election is irrevocable.

There is currently no market for our common stock and we cannot assure you that any market will ever develop. You may therefore be unable to re-sell shares of our common stock at times and prices that you believe are appropriate.

Our common stock is not listed on a national securities exchange or any other exchange, or quoted on an over-the-counter market. Therefore, there is no trading market, active or otherwise, for our common stock and our common stock may never be included for trading on any stock exchange, automated quotation system or any over-the-counter market. Accordingly, our common stock is highly illiquid and you will likely experience difficulty in re-selling such shares at times and prices that you may desire and without depressing the market price for the shares or at all.

Our common stock may not be eligible for listing or quotation on any securities exchange.

We do not currently meet the initial quantitative listing standards of any national securities exchange or over-the-counter trading system. We cannot assure you that we will be able to meet the initial listing standards of any national securities exchange, or, if we do meet such initial listing standards, that we will be able to maintain any such listing. Further, the national securities exchanges are adopting so-called "seasoning" rules that will require that we meet certain requirements, including prescribed periods of time trading over-the-counter and minimum filings of periodic reports with the SEC, before we are eligible to apply for listing on such national securities exchanges. We have contacted an authorized market maker for an over-the-counter quotation system for sponsorship of our common stock, but we cannot guarantee that such sponsorship will be approved and our common stock listed and quoted for sale. Even if our common stock is quoted for sale on an over-the-counter quotation system, buyers may be insufficient in numbers to allow for a robust market and it may prove impossible to sell your shares. In addition, an investor may find it difficult to obtain accurate quotations as to the market value of our common stock. In addition, if we fail to meet the criteria set forth in SEC regulations, various requirements would be imposed by law on broker-dealers who sell our securities to persons other than established customers and accredited investors. Consequently, such regulations may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity. This would also make it more difficult for us to raise additional capital.

The designation of our common stock as a "penny stock" would limit the liquidity of our common stock.

Our common stock may be deemed a "penny stock" (as that term is defined under Rule 3a51-1 of the Exchange Act) in any market that may develop in the future. Generally, a "penny stock" is a common stock that is not listed on a securities exchange and trades for less than $5.00 a share. Prices often are not available to buyers and sellers and the market may be very limited. Penny stocks in start-up companies are among the riskiest equity investments. Broker-dealers who sell penny stocks must provide purchasers of these stocks with a standardized risk-disclosure document prepared by the SEC. The document provides information about penny stocks and the nature and level of risks involved in investing in the penny stock market. A broker must also provide purchasers with bid and offer quotations and information regarding broker and salesperson compensation and make a written determination that the penny stock is a suitable investment for the purchaser and obtain the purchaser's written agreement to the purchase. Many brokers choose not to participate in penny stock transactions. Because of the penny stock rules, there may be less trading activity in penny stocks in any market that develops for our common stock in the future and stockholders are likely to have difficulty selling their shares.

Our share price may be volatile, and you may be unable to sell your shares at or above the offering price, if at all. Market volatility may affect the value of an investment in our common stock and could subject us to litigation.

Technology stocks have historically experienced high levels of volatility. The market price of our common stock could be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- the financial projections we may provide to the public, and any changes in projected operational and financial results;
- addition or loss of significant customers;
- changes in laws or regulations applicable to our products;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- discussion of us or our stock price by the financial press and in online investor communities;
- reaction to our press releases and filings with the SEC;
- changes in accounting principles;
- lawsuits threatened or filed against us;
- fluctuations in operating performance and the valuation of companies perceived by investors to be comparable to us;
- sales of our common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- changes in laws or regulations applicable to our business;
- changes in our capital structure, such as future issuances of debt or equity securities;
- short sales, hedging and other derivative transactions involving our capital stock;
- the expiration of any contractual lock-up periods;
- other events or factors, including those resulting from war, incidents of terrorism or responses to these events; and
- general economic and market conditions.

Furthermore, in recent years, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. If the market price of our common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could also harm our business.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

The Financial Industry Regulatory Authority ("FINRA") has adopted rules requiring that, in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative or low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts

to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA has indicated its belief that there is a high probability that speculative or low-priced securities will not be suitable for at least some customers. If these FINRA requirements are applicable to us or our securities, they may make it more difficult for broker-dealers to recommend that at least some of their customers buy our common stock, which may limit the ability of our stockholders to buy and sell our common stock and could have an adverse effect on the market for and price of our common stock.

The shares of common stock issued in connection with the Merger are "restricted securities" and, as such, may not be sold except in limited circumstances.

None of the shares of common stock issued in connection with the Merger have been registered under the Securities Act or registered or qualified under any state securities laws. The shares of common stock issued in connection with the Merger, prior to the Merger or issuable upon the exercise of the Warrants were sold and/or issued and will be sold and/or issued pursuant to exemptions contained in and under those laws. Accordingly, such shares of common stock are "restricted securities" as defined in Rule 144 under the Securities Act and must, therefore, be held indefinitely unless registered under applicable federal and state securities laws, or an exemption is available from the registration requirements of those laws. The certificates representing the shares of common stock issued in connection with the Merger and prior to the Merger reflect their restricted status.

We have agreed to register the shares of common stock issued in connection with the Merger, shares of common stock held by our pre-Merger stockholders and shares issuable upon the exercise of the Warrants. We cannot assure you, however, that the SEC will declare this registration statement effective, thereby enabling the shares of common stock issued in connection with the Merger, held by our pre-Merger stockholders or shares issuable upon the exercise of the Warrants to be freely tradable. In addition, Rule 144 under the Securities Act, which permits the resale, subject to various terms and conditions, of limited amounts of restricted securities after they have been held for six months. If we are unable to timely register the shares of common stock issued to the Merger, shares of common stock held by our pre-Merger stockholders and shares issuable upon the exercise of the Warrants, then the ability to re-sell shares of such common stock will be delayed.

We have agreed, at our expense, to prepare this registration statement, and to cause our company to file this registration statement with the SEC registering the resale of up to a maximum of 45,749,521 shares of our common stock issued in connection with the Merger, held by our pre-Merger stockholders or shares issuable upon the exercise of the Warrants. To the extent this registration statement is not declared effective by the SEC, or there are delays resulting from the SEC review process and comments raised by the SEC during that process, the shares of common stock proposed to be covered by this registration statement will not be eligible for resale until this registration statement is effective or an exemption from registration, such as Rule 144, becomes available. If this registration statement is not filed within 60 days of the final closing of the Merger, then we may be subject to certain liquidated damages pursuant to the Registration Rights Agreement.

If securities or industry analysts either do not publish research about us or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our common stock adversely, the trading price or trading volume of our common stock could decline.

The trading market for our common stock will be influenced in part by the research and reports that securities or industry analysts may publish about us, our business, our market or our competitors. If one or more of the analysts initiate research with an unfavorable rating or downgrade our common stock, provide a more favorable recommendation about our competitors or publish inaccurate or unfavorable research about our business, our common stock price would likely decline. If any analyst who may cover us were to cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the trading price or trading volume of our common stock to decline.

The estimates of market opportunity, market size and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity and size estimates and growth forecasts included in this prospectus are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. Net revenue and operating results are difficult to forecast because they generally depend on the volume, timing, and type of orders we receive, all of which are uncertain. We base our expense levels and investment plans on our estimates of total net revenue and gross margins using our proprietary advanced machine learning, natural language processing, and big data analytics to design, develop, market and sell products. We cannot be sure the same growth rates, trends, and other key performance metrics are meaningful predictors of future growth. If our assumptions and artificial intelligence calculations prove to be wrong, we may spend more than we anticipate acquiring and retaining customers or may generate less net revenue per active customer than anticipated, any of which could have a negative impact on our business and results of

operations. In addition, as we enter a new consumer product market, we may initially provide discounts to customers to gain market traction, and the amount and effect of these discounts may vary greatly by geography and size of market and may cause our average revenue per location to be lower than historical averages. Finally, we are evaluating our total addressable market with respect to new product offerings and new markets. These estimates of total addressable market and growth forecasts are subject to significant uncertainty, are based on assumptions and estimates that may not prove to be accurate and are based on data published by third parties that we have not independently verified. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow at similar rates, if at all.

Our business is also affected by general economic and business conditions in the U.S., and we anticipate that it will be increasingly affected by conditions in international markets. In addition, we experience seasonal trends in our business, and our mix of product offerings is highly variable from day-to-day and quarter-to-quarter. This variability makes it difficult to predict sales and could result in significant fluctuations in our net revenue from period-to-period. A significant portion of our expenses is fixed, and as a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in net revenue. Any failure to accurately predict net revenue or gross margins could cause our operating results to be lower than expected, which could materially adversely affect our financial condition and stock price.

Future sales and issuances of our capital stock or rights to purchase capital stock could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to decline.

We may issue additional securities following the date of this prospectus. Our certificate of incorporation authorizes us to issue up to 500,000,000 shares of common stock and 10,000,000 shares of undesignated preferred stock. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, the ownership of existing stockholders will be diluted, possibly materially. New investors in subsequent transactions could also gain rights, preferences and privileges senior to those of existing holders of our common stock.

We do not intend to pay dividends for the foreseeable future.

We may not declare or pay cash dividends on our capital stock in the near future, and our credit facility contains restrictive covenants that limit our ability to pay dividends. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

Substantial blocks of our total outstanding shares may be sold into the market when the lock-up period ends. If there are substantial sales of shares of our common stock, or the market perception that such sales may occur, the price of our common stock could decline.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale and the market perceives that sales will occur. Certain shares held by our directors, officers and stockholders and holders of options and warrants are currently restricted from resale as a result of a contractual “lock-up” restriction. These shares will become available to be sold at varying times following expiration of the applicable lock-up up period. The lock-up restrictions are more fully described in the section of this prospectus entitled “Shares Eligible for Future Sale”.

In addition, we intend to file one or more registration statements to register the shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans. Shares registered on these registration statements would be eligible for sale to the public, subject to certain legal and contractual limitations. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

The concentration of our stock ownership will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring stockholder approval.

Our executive officers, directors and the holders of more than 5% of our outstanding common stock in the aggregate beneficially own approximately 70.3% of our common stock, assuming no sales of shares by such holders and no exercise of outstanding options or warrants. This concentrated control limits your ability to influence corporate matters for the foreseeable future. As a result, these stockholders, acting together, will have significant influence over all matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. Corporate actions might be taken even if other stockholders, including those who purchase shares in this offering, oppose them. Additionally, these stockholders may cause us to make strategic

decisions or pursue acquisitions that could involve risks to you or may not be aligned with your interests. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other stockholders may view as beneficial. This control may materially adversely affect the market price of our common stock.

We will incur significantly increased costs and devote substantial management time as a result of operating as a public company.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and will be required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. We expect that compliance with these requirements will increase our legal and financial compliance costs and will make some activities more time consuming and costly. In addition, we expect that our management and other personnel will need to divert attention from operational and other business matters to devote substantial time to these public company requirements. In particular, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, which will increase when we are no longer an emerging growth company, as defined by the JOBS Act. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

We also expect that being a public company will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and results of operations could be materially adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and materially adversely affect our business, financial condition and operating results.

Anti-takeover provisions in our charter documents and under the General Corporation Law of the State of Delaware (the "DGCL") could make an acquisition of us more difficult and may prevent attempts by our stockholders to replace or remove our management.

Provisions in our amended and restated certificate of incorporation and our bylaws may delay or prevent an acquisition of us or a change in our management. In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the DGCL, which prohibits stockholders owning in excess of 15% of the outstanding combined organization voting stock from merging or combining with the combined organization. Although we believe these provisions collectively will provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our board of directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove then-current management by making it more difficult for stockholders to replace members of the board of directors, which is responsible for appointing the members of management.

Anti-takeover provisions in our charter documents could discourage, delay or prevent a change in control of us and may affect the trading price of our common stock.

Our corporate documents and the DGCL contain provisions that may enable our board of directors to resist a change in control of us even if a change in control were to be considered favorable by our stockholders. These provisions:

- authorize our board of directors to issue "blank check" preferred stock and to determine the rights and preferences of those shares, which may be senior to our common stock, without prior stockholder approval;
- establish advance notice requirements for nominating directors and proposing matters to be voted on by stockholders at stockholders' meetings;
- prohibit our stockholders from calling a special meeting and prohibit stockholders from acting by written consent;
- require 66 and 2/3% stockholder voting to effect certain amendments to our certificate of incorporation and bylaws; and
- prohibit cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates.

These provisions could discourage, delay or prevent a transaction involving a change in control of us. These provisions could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and cause us to take other corporate actions our stockholders desire.

Our management team has limited experience managing a public company.

Our chief executive officer has limited experience managing a public company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Accordingly, our management team, as a whole, may not successfully or efficiently manage the transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management, particularly from our chief executive officer, and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, operating results and financial condition.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of the federal securities laws, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements contained in this prospectus include, but are not limited to, statements about:

- our future financial performance, including our revenue, costs of revenue and operating expenses;
- our ability to achieve and grow profitability;
- the sufficiency of our cash, cash equivalents and investments to meet our liquidity needs;
- our ability to maintain the security and availability of our platform;
- our predictions about industry and market trends;
- our ability to successfully expand internationally;
- our ability to effectively manage our growth and future expenses;
- our estimated total addressable market;
- our ability to maintain, protect and enhance our intellectual property, including our AIMEE software platform;
- our ability to comply with modified or new laws and regulations applying to our business;
- the attraction and retention of qualified employees and key personnel;
- our ability to successfully defend litigation brought against us;
- the increased expenses associated with being a public company; and
- our use of the net proceeds from this offering.

We caution you that the forward-looking statements highlighted above do not encompass all of the forward-looking statements made in this prospectus.

We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, and prospects. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section of this prospectus entitled “Risk Factors” and elsewhere in this prospectus. Moreover, we operate in a very competitive and challenging environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this prospectus to reflect events or circumstances after the date of this prospectus or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, other strategic transactions or investments we may make or enter into.

DESCRIPTION OF THE MERGER

On September 4, 2018, pursuant to the Merger Agreement, MGH Merger Sub, Inc. merged with and into Mohawk Opco, with Mohawk Opco remaining as the surviving entity and becoming a wholly-owned operating subsidiary of our Company. Pursuant to the Merger, we acquired the business of Mohawk Opco, an e-commerce technology provider. See "Description of Our Business" below. At the Effective Time, each outstanding share of Mohawk Opco's common and preferred stock (other than shares of Mohawk Opco's Series C Preferred Stock) issued and outstanding immediately prior to the closing of the Merger was exchanged for 1.221121122 shares of our common stock, each outstanding share of Mohawk Opco's Series C Preferred Stock issued and outstanding immediately prior to the closing of the Merger was exchanged for one share of our common stock, and each outstanding warrant to purchase shares of Mohawk Opco's Series C Preferred Stock was exchanged for a warrant to purchase an equal number of shares of our common stock and retained the exercise price per share of $4.00. As a result, an aggregate of 41,483,655 shares of our common stock were issued to the holders of Mohawk Opco's capital stock after adjustments due to rounding for fractional shares and warrants to purchase 175,000 shares of our common stock were issued to former holders of warrants to purchase shares of Mohawk Opco's Series C Preferred Stock. See "Description of Capital Stock—Warrants" below for more information. In addition, pursuant to the Merger Agreement, options to purchase 1,181,356 shares of Mohawk Opco's common stock with a weighted average exercise price of $1.92 issued and outstanding immediately prior to the closing of the Merger were assumed and exchanged for options to purchase 1,442,553 shares of our common stock with a weighted average exercise price of $1.57. See "Description of Capital Stock—Options" below for more information.

The Merger was a reverse recapitalization for financial reporting purposes. Before the Merger, Mohawk Group Holdings, Inc. has no operations, no cash, and no debt. No stockholder obtained control of Mohawk Group Holdings, Inc., as a result of the Merger. Mohawk Opco stockholders obtained 92% of the voting interests in Mohawk Group Holdings, Inc. and continued to control Mohawk Group Holdings, Inc. after the Merger. As a result, no step-up in basis was recorded and the net assets of Mohawk Opco are stated at historical cost. The Merger was a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. The Merger is not yet reflected in the financial statements and financial disclosures included this prospectus and registration statement as the Merger did not take place until September 2018. Operations prior to the Merger are the historical operations of Mohawk Opco.

The issuance of shares of our common stock, and options to purchase shares of our common stock, to holders of Mohawk Opco's capital stock and options in connection with the Merger was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering, and Rule 506(b) of Regulation D promulgated by the SEC. These securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement, and are subject to further contractual restrictions on transfer as described below. This prospectus relates to the sale or other disposition from time to time of up to 45,749,521 shares of our common stock issued in connection with the Merger (including 765,866 shares of our common stock issuable upon exercise of the Warrants) or held by the pre-Merger stockholders of our company.

INDUSTRY AND MARKET DATA

This prospectus contains statistical data, estimates and forecasts that are based on various sources, including independent industry publications or other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors," that could cause results to differ materially from those expressed in these publications and reports. The content of the below sources, except to the extent specifically set forth in this prospectus, does not constitute a portion of this prospectus and is not incorporated herein.

Certain information in the text of this prospectus is derived from independent industry publications and publicly-available reports. The source of these independent industry publications is provided below:

(1) How Mobile Has Redefined the Consumer Decision Journey for Shoppers, published July 2016 through think with Google by Google;

(2) 3 Key Shopping Micro-Moments for a Mobile World, published July 2016 through think with Google by Google;

(3) Worldwide Retail and Ecommerce Sales: eMarketer's Estimates for 2016–2021, published: July 18, 2017 by eMarketer;

(4) A Tough Road to Growth: The 2015 Mid-Year Review, published 2015 by Catalina Marketing Corporation; and

(5) Sea Change for Private Label, published 2017 by Cadent Consulting Group.

USE OF PROCEEDS

We are filing the registration statement of which this prospectus forms a part to permit holders of the shares of our common stock described in the section entitled “Selling Stockholders” to resell such shares. We will not receive any proceeds from the resale of any shares offered by this prospectus by the selling stockholders.

We may, however, receive cash proceeds equal to up to the total exercise price of the Warrants to the extent that any of the Warrants are exercised for cash. The exercise price of the Warrants is $4.00 per share of common stock. The exercise price and the number of shares of common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances, including stock splits, dividends or distributions, or other similar transactions. However, the Warrants contain a “cashless exercise” feature that allows the holder to exercise the Warrants without making a cash payment to us. There can be no assurance that any of the Warrants will be exercised by the applicable selling stockholder at all or that any of the Warrants will be exercised for cash rather than pursuant to the “cashless exercise” feature. To the extent we receive proceeds from the cash exercise of any of the Warrants, we intend to use such proceeds to provide capital support or for general corporate purposes, which may include, without limitation, supporting asset growth and engaging in acquisitions or other business combinations. We do not have any specific plans for acquisitions or other business combinations at this time. Our management will retain broad discretion in the allocation of the net proceeds from the exercise of the Warrants for cash.

DETERMINATION OF OFFERING PRICE

The selling stockholders may only sell their shares of our common stock pursuant to this prospectus at a fixed price of $4.00 per share until such time as our common stock is quoted on the OTCQB or another public trading market for our common stock otherwise develops. At and after such time, the selling stockholders may sell all or a portion of their shares through public or private transactions at prevailing market prices or at privately negotiated prices. The fixed price of $4.00 at which the selling stockholders may sell their shares pursuant to this prospectus (including shares issuable upon exercise of the Warrants) was determined based upon the $4.00 price per share at which Mohawk Opco sold shares of its Series C Preferred Stock in closings of a private placement offering that occurred between March and September 2018. The shares of Mohawk Opco Series C Preferred Stock were subsequently exchanged for shares of our common stock at a 1:1 ratio. The exercise price for the Warrants was determined based upon the purchase price per share of the Series C Preferred Stock of Mohawk Opco. We have included a fixed price at which selling stockholders may sell their shares pursuant to this prospectus prior to the time there is a public market for our stock in order to comply with the rules of the SEC that require that, if there is no market for the shares being registered, this registration statement must include a price at which the shares may be sold. Except to the extent that we are involved in an underwritten secondary offering of common stock, if any, by the selling stockholders, all shares being offered pursuant to this prospectus will be sold by the selling stockholders without our involvement.

MARKET INFORMATION FOR OUR COMMON STOCK

Our common stock is not listed on a national securities exchange, an over-the-counter market or any other exchange. Therefore, there is no trading market, active or otherwise, for our common stock and our common stock may never be included for trading on any stock exchange, automated quotation system or any over-the-counter market.

As of October 31, 2018, we had 44,983,655 shares of common stock outstanding held by 233 stockholders of record.

DIVIDEND POLICY

We have never declared or paid any cash dividends on our capital stock. We intend to retain future earnings, if any, to finance the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. Any future determination to pay dividends will be made at the discretion of our board of directors or any authorized committee thereof after considering our financial condition, results of operations, capital requirements, business prospects and other factors our board of directors or such committee deems relevant, and subject to the restrictions contained in our current or future financing instruments. Pursuant to our Credit and Security Agreement, dated as of October 16, 2017, with Midcap Funding X Trust as Agent, or Midcap, and the lenders party thereto, as amended, or the Midcap Credit Agreement, we are prohibited from paying any dividends without the prior written consent of Midcap.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statement of operations data and comprehensive loss data for the years ended December 31, 2016 and 2017, and the selected consolidated balance sheet data as of December 31, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. All of the financial disclosures within this prospectus are for Mohawk Opco as the transaction with Mohawk Group Holdings has not been reflected in this document and Mohawk Group Holdings, Inc. had no operation prior to this transaction.

The historical results presented below are not necessarily indicative of the results to be expected for any future period and our interim results are not necessarily indicative of the results that may be expected for a full year. You should read the selected financial and operating data for the periods presented in conjunction with the sections of this prospectus entitled "Risk Factors," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	Year-ended December 31,	
	2016	2017
	(in thousands, except share and per share data)	
Net sales	$ 18,124	$ 36,459
Cost of goods sold (1)	11,856	22,781
Gross profit	6,268	13,678
Sales and distribution expenses (1)	11,155	26,928
Research and development expenses (1)	3,279	3,698
General and administrative expenses (1)	2,489	5,645
Operating loss	(10,655)	(22,593)
Interest expense, net	13	412
Other expense, net	(83)	24
Loss before income taxes	(10,585)	(23,029)
Provision (benefit) for income taxes	—	38
Net loss attributable to common stockholders	$ (10,585)	$ (23,067)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.54)	$ (5.53)
Weighted-average shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,170,040	4,170,040

(1) Amounts include stock-based compensation expense as follows:

	December 31,	
	2016	2017
	(in thousands)	
Cost of goods sold	$—	$ —
Sales and distribution expenses	44	63
Research and development expenses	19	24
General and administrative expenses	21	957
Total stock-based compensation	$ 84	$1,044

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for further information.

	As of December 31,	
	2016	2017
	(in thousands)	
Consolidated Balance Sheet Data		
Cash	$ 5,869	$ 5,297
Inventory, net	4,932	20,578
Working capital (1)	10,340	12,027
Total assets	13,370	31,171
Total current liabilities	2,255	18,198
Total debt	752	10,252
Total stockholders’ equity	11,080	8,154

(1) Working capital is calculated by taking current assets minus current liabilities

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the section of this prospectus entitled "Selected Consolidated Financial Data" and the consolidated financial statements and related notes thereto included elsewhere in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from these forward-looking statements as a result of certain factors. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this prospectus, including those set forth in the sections of this prospectus entitled "Risk Factors" and "Special Note Regarding Forward-Looking Statements." All of the financial disclosures within this prospectus are for Mohawk Opco as the transaction with Mohawk Group Holdings has not been reflected in this document and Mohawk Group Holdings, Inc. had no operation prior to this transaction.

Overview

Mohawk was founded on the premise that if a consumer product company ("CPG") was founded today, it would be created based on artificial intelligence ("A.I.") and machine learning , the synthesis of massive quantities of data, and the use of social proof to validate high caliber product offerings as opposed to over-reliance on brand value and other traditional marketing tactics.

We believe we are reinventing how to rapidly, successfully and autonomously identify new product opportunities, and to launch, autonomously market and sell products in the rapidly growing global e-commerce market by leveraging our proprietary software technology platform, known as A.I.M.E.E. (Artificial Intelligence Mohawk e-Commerce Engine or "AIMEE"). AIMEE combines big data, A.I. and assisted machine learning to automate, at scale, rapid opportunity identification and online sales and marketing of consumer products. Using AIMEE, we determine which products to market, manufacturer through contract manufacturers, import and sell on e-commerce marketplaces.

Today we generate revenues primarily through the online sales of our various digital native consumer products. As of today, substantially all of our sales are through the Amazon US marketplace. AIMEE is integrated with marketplaces in the US and globally, including Amazon, Walmart, Jet, flipkart, Rakuten, and eBay, among others and we will launch products in the future, managed by AIMEE, on marketplaces outside the US. In 2018, we have begun to offer access to AIMEE to third party brands through our managed software-as-a-service ("SaaS") business and, through AIMEE, we expect to grow significantly in the future.

Since our founding, we have successfully launched and sold hundreds of stock-keeping units ("SKUs") on various e-commerce platforms. Through the success of those products, we have grouped them and have incubated four owned and operated brands: hOme, Vremi, Xtava and RIF6. These product categories include home and kitchen appliances and kitchenware, beauty related products and, to a lesser extent, consumer electronics.

We have scaled our business in a rapid, capital-efficient manner, having raised $72.6 million of equity capital from inception through October 31, 2018. The strength of AIMEE and our business model is evidenced by the following:

- We have doubled revenue every year since our founding in 2014. Our revenue was $36.5 million in 2017, up 101.2% over 2016; and
- We have approximately 200 SKUs selling online, including product variations.

Merger

On September 4, 2018, pursuant to the Merger Agreement, MGH Merger Sub, Inc. merged with and into Mohawk Opco, with Mohawk Opco remaining as the surviving entity and becoming a wholly-owned operating subsidiary of our Company. Pursuant to the Merger, we acquired the business of Mohawk Opco, an e-commerce technology provider.

The Merger was a reverse recapitalization for financial reporting purposes. Before the Merger, Mohawk Group Holdings, Inc. has no operations, no cash, and no debt. No stockholder obtained control of Mohawk Group Holdings, Inc., as a result of the Merger. Mohawk Opco stockholders obtained 92% of the voting interests in Mohawk Group Holdings, Inc. and continued to control Mohawk Group Holdings, Inc. after the Merger. As a result, no step-up in basis was recorded and the net assets of Mohawk Opco are stated at historical cost. The Merger was a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. The Merger is not yet reflected in the financial statements and financial disclosures included this prospectus and registration statement as the Merger did not take place until September 2018. Operations prior to the Merger are the historical operations of Mohawk Opco.

Seasonality of Business

Our individual product categories are typically affected by seasonal sales trends primarily resulting from the timing of the summer season for certain of our environmental appliance products and the fall and holiday season for our small kitchen appliances and accessories. With our current mix of environmental appliances, the sales of those products tend to be significantly higher in the summer season. Further, while our small kitchen appliances and accessories tend to have higher sales during the fourth quarter, which includes Thanksgiving and the December holiday season. As a result, our operational results and cash flows may fluctuate materially in any quarterly period depending on, among other things, increases or decreases in comparable store sales, adverse weather conditions, shifts in the timing of certain holidays and changes in merchandise mix.

Financial Operations Overview

Revenue

We derive our revenues from the sale of consumer products, primarily in the United States. We sell products directly to consumers through online retail channels and through wholesale channels. Direct to consumer sales, which is currently the majority of our revenue, is done through various online retail channels. We sell on Amazon.com, Jet.com, Walmart.com, eBay, shopify and our own websites. Today, substantially all of our sales are through Amazon.com. For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at the shipment date.

In 2018, we have started to explore Managed SaaS opportunities leveraging our technology platform AIMEE and expect this to be an area of growth in the future. We have entered into SaaS agreements with third-party brands and have launched pilot programs for our managed SaaS business.

Cost of Goods Sold — The "Cost of goods sold" line item in the consolidated statements of operations is comprised of the book value of inventory sold to customers during the reporting period. When circumstances dictate that we use net realizable value as the basis for recording inventory, we base our estimates on expected future selling prices less expected disposal costs.

Expenses

Research and Development Expenses — Research and development expenses include compensation and employee benefits for technology development employees, travel related costs, and fees paid to outside consultants related to development of the Company's owned intellectual property.

Sales and Distribution Expenses — Sales and marketing expenses consist of online advertising costs, marketing and promotional costs, sales and platform commissions, fulfillment, warehouse costs, and employee compensation and benefits. Costs associated with the Company's advertising and sales promotion are expensed as incurred and are included in sales and distribution expenses.

General and Administrative Expenses — General and administrative expenses include compensation and employee benefits for executive management, finance administration and human resources, facility costs, travel, professional service fees and other general overhead costs.

Interest expense, net — Interest expense, net includes the interest cost from our credit facility and term loans. This expense line also includes amortization of deferred finance costs and debt discounts from our MidCap credit facility and term loan.

Results of Operations

Comparison of Years Ended December 31, 2016 and 2017

The following table summarizes our results of operations for the years ended December 31, 2016 and 2017, together with the changes in those items in dollars (in thousands):

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Net sales	$18,124	$36,459	$18,335	101.2%
Cost of goods sold	11,856	22,781	10,925	92.1

Gross profit	6,268	13,678	7,410	118.2
Sales and distribution expenses	11,155	26,928	15,773	141.4
Research and development expenses	3,279	3,698	419	12.8
General and administrative expenses	2,489	5,645	3,156	126.8
Operating loss	(10,655)	(22,593)	(11,938)	(112.0)
Interest expense, net	13	412	399	(3069.2)
Other expense, net	(83)	24	107	128.9
Loss before income taxes	(10,585)	(23,029)	(12,444)	(117.6)
Provision (benefit) for income taxes	—	38	38	n/a
Net loss attributable to common stockholders	$(10,585)	$(22,067)	$(12,482)	(117.6)%

The following table sets forth the components of our results of operations as a percentage of revenue:

	Year-ended December 31,	
	2016	2017
Net sales	100.0%	100.0%
Cost of goods sold	65.4	62.5
Gross margin	34.6	37.5
Sales and distribution expenses	61.5	73.9
Research and development expenses	18.1	10.1
General and administrative expenses	13.7	15.5
Operating loss	(58.7)	(62.0)
Interest expense, net	0.1	1.1
Other expense, net	(0.5)	0.1
Loss before income taxes	(58.3)	(63.2)
Provision (benefit) for income taxes	—	(0.1)
Net loss attributable to common stockholders	(58.3)%	(63.3)%

Revenues

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Direct	$15,052	$35,968	$20,916	139.0%
Wholesale	3,072	491	(2,581)	(84.0)
Net revenue	$18,124	$36,459	$18,335	101.2%

Revenues increased $18.3 million, or 101.2%, to $36.5 million during the year-ended December 31, 2017 compared to $18.1 million for the year-ended December 31, 2016. The increase was primarily attributed to increased Direct sales volume of $20.9 million from new products launched in 2017 and the full year 2017 impact of products released in the second half of 2016. We also saw a decrease in Wholesale revenue of $2.6 million versus prior year as 2016 had certain customers which desired Wholesale arrangements on certain of our products instead of allowing us to sell via a Direct method. Wholesale is currently not a strategic focus for us, but we

expect from time to time to sell our products via Wholesale arrangements as we may determine that is the most advantageous channel for certain product categories we enter.

Cost of Sales and Gross Margin

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Cost of goods sold	$11,856	$22,781	$10,925	92.1
Gross profit	$ 6,268	$13,678	$ 7,410	118.2

Cost of sales increased $10.9 million, or 92.1%, to $22.8 million during the year-ended December 31, 2017 compared to $11.9 million for the year-ended December 31, 2016. The increase was primarily attributed to increased sales volume from new products launched in 2017 and the full year 2017 impact of products released in the second half of 2016.

Gross margin increased to 37.5% for the year-ended December 31, 2017 compared to 34.6% for the year-ended December 31, 2016. The increase was primarily attributed to product mix as the year-ended December 31, 2017 had a higher mix of higher margin product revenue versus the year-ended December 31, 2016.

Sales and Distribution Expenses

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Sales and distribution expenses	$11,155	$26,928	$15,773	141.4

Sales and distribution expenses increased by $15.7 million from $11.1 million for the year-ended December 31, 2016 to $26.9 million for the year-ended December 31, 2017. The increase in sales and distribution expenses for the year-ended December 31, 2017 compared to the prior year period was primarily attributable to increase in net sales, which increases e-commerce platform commissions, online advertising and logistic expenses by $13.4 million. The year-ended December 31, 2017 also increased versus the prior year period as the Company expanded its sales and distribution fixed costs by increasing headcount and office expenses by $2.3 million by opening its Shenzhen office and increasing its workforce in New York. As a percentage of net revenues, sales and distribution expenses increased to 73.9% in the year-ended December 31, 2017 from 61.5% in the year-ended December 31, 2016. This is attributable to Company shipping more oversized goods during the period and increasing its online advertising spend as part of those launches. The Company expects to see future period costs savings in sales and distribution expenses as a percentage of net revenues as it continues to automate its online advertising and optimize its fulfillment operations cost.

Research and Development Expenses

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Research and development expenses	$3,279	$3,698	$ 419	12.8

Research and development expenses increased by $0.4 million from $3.3 million for the year-ended December 31, 2016 to $3.7 million for the year-ended December 31, 2017. The increase in research and development expenses was primarily attributable to increase in headcount and office expenses as the Company opened its Shenzhen office and Montreal office in the second half of 2017.

General and Administrative Expenses

	Year-ended December 31,		Change	
	2016	2017	Amount	%
General and administrative expenses	$2,489	$5,645	$3,156	126.8

General and administrative expenses increased by $3.1 million from $2.5 million for the year-ended December 31, 2016 to $5.6 million for the year-ended December 31, 2017. The increase in general and administrative expenses was primarily attributable to increase in headcount expense of $1.2 million as the Company built out its finance and administrative functions in the second half of

2017, the opening of its Shenzhen and Montreal office in the second half of 2017 and increased professional fees and overhead of $1.0 million. The general and administrative expense was also increased by a charge in stock-based compensation of $0.8 million as certain founder shares were modified and fully expensed in the first half of 2017 and a general increase in issuance of stock options to new hires as compared to the prior year.

Interest expense, net

	Year-ended December 31,		Change	
	2016	2017	Amount	%
Interest expense, net	$ 13	$ 412	$ 399	(3069.2)

Interest expense, net was income $0.1 million for the year-ended December 31, 2016 and expense of $0.4 million for the year-ended December 31, 2017. The increase was primarily related to interest expense from the Company's credit facility and term loan from MidCap, which commenced in October 2017. We expect interest expense to continue to increase as we continue to utilize our credit facility and purchase additional inventories as part of our growth strategy.

Liquidity and Capital Resources

Sources of Liquidity

We are an early-stage growth company. As a result of the early stage of our business, we are investing in launching new products, advancing our software, and our sales and distribution infrastructure to accelerate revenue growth and scale operations to support such growth. To fund this investment, we have incurred losses with the expectation that we will generate profitable revenue streams in the future. While management and our board of directors anticipate that we will eventually reach a scale where the growth of our product revenues will offset the continued investments required in launching new products, completing the development of our software, and our sales and distribution operations, we have believed that the size and nascent stage of our target market justify continuing to invest in growth at the expense of short-term profitability. In pursuit of this strategy, for the years ended December 31, 2016 and 2017, we incurred operating losses of $10.7 million and $22.6 million, respectively, primarily due to the impact from our continued investment in launching new products, advancing our artificial intelligence software and building out our sales and distribution infrastructure.

The Company's growth strategy will require additional external investment in the form of equity, debt or both. We have successfully funded our losses to-date through two rounds of equity financing, beginning in July 2014 and continuing through our Series B-1 financing round, which was completed in August 2017. In October 2017, we improved our working capital flexibility by securing a $30.0 million credit facility and $7.0 million term loan. Further we completed our Series C financing in September 2018. As of September 30, 2018, we raised over $72.6 million in equity financing to fund our operations. Further, the Company had cash on hand of $16.2 million as of September 30, 2018 and borrowings under its line of credit of $8.2 million with minimal availability due to the timing of our borrowings versus collections of accounts receivable.

Management believes that based upon its historical track record and committed investor base, it will be successful in financing the business until profitability. Further, we continue to reduce our operational cash deficit. However, we have not had a sufficient track record of improvement of our operating cash outflows. As such, in the event that we are unsuccessful in its ability to continue to reduce our cash outflows or obtain additional financing if such reduction in cash outflows is not achieved, we would be unable to meet our obligations as they become due within one year from the date these consolidated financial statements were issued and as such that raises substantial doubt about our ability to continue as a going concern.

Midcap Credit Facility and Term Loan

On October 16, 2017, we entered into a three-year $15.0 million revolving credit facility ("Credit Facility") with Midcap Financial Trust ("Midcap") pursuant to a Credit and Security Agreement. The Credit Facility can be increased to $30.0 million at our discretion. Loans under the Credit Facility are determined based on percentages of our eligible accounts receivable and eligible inventory. The Credit Facility bears interest at LIBOR plus 5.75% for outstanding borrowings. We are required to pay a facility availability fee of 0.5% on the average unused portion of the facility. The Credit Facility contains certain financial covenants that require us to maintain minimum liquidity targets and other ratios starting in October 2018. We incurred approximately $1.2 million in debt issuance costs, which has been offset against the debt and will be expensed over the three years. As of December 31, 2017, there was $4.6 million outstanding on the Credit Facility and an available balance of approximately $5.6 million.

As part of the Credit and Security Agreement entered into on October 16, 2017, we also obtained a three-year $7.0 million term loan ("Term Loan") with MidCap. The Term Loan bears interest at LIBOR plus 9.75% for outstanding borrowings and payments on principal are made on a monthly basis. The maturity date of the Term Loan is October 2020.

The Company recorded interest expense from both the Credit Facility and Term Loan of approximately $0.3 million for the year ended December 31, 2017, which included $0.1 million relating to debt issuance costs.

In October 2017, in connection with the Mid Cap Credit Facility and Term Loan agreement, Mohawk Opco issued 139,194 warrants to purchase shares of its B-1 Preferred Shares at an exercise price of $5.029 per share. In connection with the Merger, the warrants became exercisable for 175,000 shares of our common stock at an exercise price of $4.00 per share. The warrants are exercisable and expire ten years from the date of issuance. We utilized the Binomial option-pricing model to determine the fair value of the warrants. The fair value of the warrants on issuance was $0.1 million, which has been recorded as a debt discount against the Mid Cap Credit Facility and Term Loan. For year ended December 31, 2017, we expensed less than $0.1 million related to these warrants.

Cash Flows

The following table provides information regarding our cash flows for the years ended December 31, 2016 and 2017, respectively (in thousands):

	Year-ended December 31,	
	2016	2017
	(in thousands)	
Cash used in operating activities	$(9,280)	$(28,759)
Cash used in investing activities	(631)	(375)
Cash provided by financing activities	752	28,596

Net Cash Used in Operating Activities

Net cash used in operating activities was $9.3 million for the year December 31, 2016 compared to $28.8 million of net cash used in operating activities for the year ended December 31, 2017. The increase of $19.5 million in cash used in operating activities was primarily due to the increase in operating losses in the year ended December 31, 2017 compounded by increased inventory levels to support our growth and replenishment post-holiday season.

Net Cash Used in Investing Activities

Net cash used in investing activities was $0.6 million for the year December 31, 2016 compared to $0.4 million of net cash used in investing activities for the year ended December 31, 2017. The decrease of $0.2 million in cash used in investing activities was primarily due to the reduced need for certain engineering equipment purchases in the year ended December 31, 2017 offset by increased purchases for the establishment of our Shenzhen and Montreal offices and establishment of certain restricted cash accounts.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was $0.8 million for the year December 31, 2016 compared to $28.6 million of net cash provided by financing activities for the year December 31, 2017. The increase of $27.8 million in cash provided by financing activities was primarily due to the proceeds from Mohawk Opco’s Series B Preferred Stock financing for $8.4 million, net, the proceeds from Mohawk Opco’s Series B-1 Preferred Stock financing for $10.5 million, net and borrowings from the MidCap Credit Facility and Term Loan for $10.3 million for the year December 31, 2017, offset by the repayment of other term loans for $0.8 million. The majority of cash provided by financing activities for the year December 31, 2016 was other term loans for $0.8 million.

Funding Requirements

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue to expand our product portfolio, expand internationally into different e-commerce marketplaces and further our development of AIMEE. Accordingly, we expect to need additional funding in connection with our continuing operations. If we are unable to raise capital when needed or on attractive terms, we would be forced to delay, reduce or eliminate our planned product and international expansions, and delay or eliminate our development of AIMEE or our operations generally.

We expect to finance our cash needs through a combination of product sales and one or more potential equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. To the extent that we raise additional capital through the

sale of equity or convertible debt securities, your ownership interest will be diluted. In addition, the terms of these securities may include liquidation or other preferences that adversely affect your rights as a common stockholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams, research programs or products or services or grant licenses on terms that may not be favorable to us.

If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market products or services that we would otherwise prefer to develop and market ourselves.

Management believes that based upon its historical track record and committed investor base, it will be successful in financing the business until profitability but there is no guarantee that Management will be have the same success in the future.

Contractual Obligations

The following table summarizes our significant contractual obligations as of payment due date by period at December 31, 2017 (in thousands):

	Payments Due by Period				
	Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
	(in thousands)				
Midcap Term Loan (1)	$ 8,003	2,610	$5,393	$—	$ —
Midcap Credit Facility	3,631	3,631	—	—	—
Operating Lease Obligations	1,163	598	565	—	—
Inventory Purchases	8,359	8,359	—	—	—
Total contractual obligations	$21,302	$15,198	$5,958	$—	$ —

(1) Includes estimated interest payments of $0.7 million in the less than 1 Year period and $0.5 million in the 1 to 3 years period. Interest was estimated based on LIBOR as of December 31, 2017 plus the contractual rate of 9.75% and estimated based on our anticipated future payments.

Inventory Purchases

As of December 31, 2017, we had $8.4 million, respectively, of inventory purchase orders placed with vendors waiting to be fulfilled.

Operating Lease Obligations

We had operating leases for our offices expiring at various dates through 2020. Rental expense for operating leases was $0.4 million and $0.5 million for the years ended December 31, 2016 and 2017, respectively.

Off-Balance Sheet Arrangements

We do not currently have any off-balance sheet arrangements and did not have any such arrangements during the years-ended December 31, 2016 and 2017.

Critical Accounting Policies and Use of Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of our financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities in our financial statements. We base our estimates on historical experience, known trends and events and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts and experience. The effects of material revisions in estimates, if any, will be reflected in the financial statements prospectively from the date of change in estimates.

While our significant accounting policies are described in more detail in the notes to our financial statements appearing elsewhere in this prospectus, we believe the following accounting policies used in the preparation of our financial statements require the most significant judgments and estimates.

Revenue Recognition — We account for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers. Our revenue is generated from the sale of finished product to customers, through online retail channels and through wholesale channels. Those sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks and rewards transfer. Revenue from consumer product sales is recorded at the net sales price (transaction price), which includes an estimate of future returns based on historical return rates. There is judgment in utilizing historical trends for estimating future returns. Our refund liability for sales returns was $0.1 million and $0.2 million at December 31, 2016 and 2017, respectively, which is included in accrued liabilities and represents the expected value of the refund that will be due to our customers.

Inventory and cost of goods sold — Our inventory consists almost entirely of finished goods. We currently record inventory on our balance sheet on a first-in first-out ("FIFO") basis, or net realizable value, if it is below our recorded cost. Our costs include the amounts we pay manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from our manufacturers to our warehouses, as applicable.

Stock-based compensation expense — We grant stock options to our employees, consultants and members of our board of directors and recognize stock-based compensation expense based on the fair value of stock options at grant date. We estimate the fair value of stock options using the Black-Scholes option-pricing model. This model requires us to use certain estimates and assumptions such as:

Fair value of Common Stock – The fair value of the shares of common stock underlying our stock options has been determined by the board of directors. As there is no public market for our common stock, the board of directors has determined the fair value of the common stock on the stock option grant date by considering a number of objective and subjective factors, including third-party valuations of our common stock, sales of our common stock, operating and financial performance, the lack of marketability of our common stock and general macro-economic conditions.

Expected Term – The expected term represents the period that our stock options are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term).

Expected Volatility – Because we are privately held and do not have an active trading market for our common stock, the expected volatility was estimated based on the average volatility for publicly-traded companies that we consider to be comparable, over a period equal to the expected term of the stock option grants.

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon notes in effect at the time of grant for periods corresponding with the expected term of the option.

Expected Dividend – We have not paid dividends on our common stock and do not anticipate paying dividends on our common stock; therefore, we use an expected dividend yield of zero.

If any of the assumptions used in the Black-Scholes option-pricing model changes significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

We record stock-based compensation expense net of estimated forfeitures so that expense is recorded for only those stock options that we expect to vest. We estimate forfeitures based on our historical forfeiture of stock options adjusted to reflect future changes in facts and circumstances, if any. We will revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates.

JOBS Act

In April 2012, the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act") was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" ("EGC"), can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards. We have elected to avail ourselves of this exemption and, as a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies. Section 107 of the JOBS Act provides that we can elect to opt out of the extended transition period at any time, which election is irrevocable.

In addition, as an EGC, we may also take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements under the JOBS Act. We will remain an EGC until the earlier of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1.0 billion in non-convertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC (*i.e.*, the first day of the fiscal year after we have (1) more than $700.0 million in outstanding common equity held by our non-affiliates, measured each year on the last day of our second fiscal quarter, and (2) been public for at least 12 months).

Recent Accounting Pronouncements

Other than described below, no new accounting pronouncements issued by the FASB may have a material impact on our consolidated financial statements.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (Topic 718), which simplifies several aspects of the accounting for share-based payment transactions. This standard requires companies to record excess tax benefits and tax deficiencies as income tax benefit or expense in the statement of operations when the awards vest, or are settled, and eliminates the requirement to reclassify cash flows related to excess tax benefits from operating activities to financing activities on the statement of cash flows. This standard also allows an entity to make an accounting policy election to either estimate expected forfeitures or to account for them as they occur. This standard is effective for annual and interim reporting periods beginning after December 15, 2017, and interim periods within those annual periods. The new guidance will be adopted on January 1, 2018 and we do not expect this guidance to have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments," which addresses eight specific cash flow issues and is intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2018. The amendments in the ASU should be applied using a retrospective transition method to each period presented. The new guidance will be adopted on January 1, 2019 and we do not expect this guidance to have a material impact on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, or ASU 2016-18. ASU 2016-18 requires that the statement of cash flows explains the change during the period in the total cash and restricted cash. Therefore, amounts generally described as restricted cash should be included with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. We will adopt this standard January 1, 2019 and we do not expect this standard to have a material impact on the consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation—Stock Compensation (Topic 718) Scope of Modification Accounting,” which provides guidance on the various types of changes which would trigger modification accounting for share-based payment awards. In summary, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The amendments are applied prospectively to awards modified on or after the adoption date. The new guidance will be adopted on January 1, 2019 and we do not expect this standard to have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), or ASU 2016-02, which requires lessees to record most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. This ASU is effective for all annual reporting periods beginning after December 15, 2019, with early adoption permitted. We are currently evaluating the effect that the updated standard will have on its consolidated financial statements.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk related to changes in interest rates. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our investments, including cash equivalents, are in the form, or may be in the form of, money market funds or marketable securities and are or may be invested in U.S. Treasury and U.S. government agency obligations. Due to the short-term maturities and low risk profiles of our investment, an immediate 100 basis point change in interest rates would not have a material effect on the fair market value of our investments. We do not currently use or plan to use financial derivatives in our investment portfolio or engage in hedging transactions to manage our exposure to interest rate risk.

In addition, we have outstanding debt under the Midcap Credit Agreement that bears interest. As of September 30, 2018, our outstanding indebtedness in our credit facility was $5.4 million, which bears interest at a rate of LIBOR plus 5.75% and our outstanding indebtedness in our term loan was $5.4 million, which bears interest at a rate of LIBOR plus 9.75%. We do not believe that an immediate 10% increase in interest rates would have a material effect on interest expense for our credit facility and term loan with Midcap, and therefore we do not expect our operating results or cash flows to be materially affected to any degree by a sudden change in market interest.

We are currently exposed to market risk related to changes in foreign currency exchange rates. We do not currently engage in hedging transactions to manage our exposure to foreign currency exchange rate risk as we do not believe our exposure to be currently material. Revenue from sales outside of the United States represented approximately 2% of our revenue for the years-ended December 31, 2016 and 2017. Currently, our revenue-producing transactions are primarily denominated in U.S. dollars; however, as we continue to expand internationally, our results of operations and cash flows may increasingly become subject to fluctuations due to changes in foreign currency exchange rates. In periods when the U.S. dollar declines in value as compared to foreign currencies in which we incur expenses, our foreign-currency based expenses will increase when translated into U.S. dollars. In addition, future fluctuations in the value of the U.S. dollar may affect the price at which we sell our products outside the United States. To date, our foreign currency risk has been minimal and we have not historically hedged our foreign currency risk; however, we may consider doing so in the future.

Inflation would generally affect us by increasing our cost of labor and overhead costs. We do not believe that inflation had a material effect on our business, financial condition or results of operations during the period and year ended December 31, 2016 and 2017.

Internal Control over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our financial statements will not be prevented or detected on a timely basis. In connection with the audits of our 2016 and 2017 consolidated financial statements, we and our independent registered public accounting firm identified control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness.

The material weakness identified in our internal control over financial reporting in 2016 and 2017 primarily related to our accounting and proprietary systems used in our financial reporting process not having the proper level of controls. As a result, journal entries were prepared and posted to our accounting system without evidence of an independent review. In addition, our accounting and proprietary systems lacked controls over access, program change management and computer operations that are needed to ensure access to financial data is adequately restricted to appropriate personnel. During 2017, we took certain actions towards remediating the material

weakness, which included implementing an accounting system that has the ability to better manage segregation of duties and controls over the preparation and review of journal entries, and engaging external consultants to conduct a review of processes that involve financial data within our accounting and proprietary systems.

We are still in the process of completing the remediation of the 2016 and 2017 material weakness related to our accounting and proprietary systems. However, we cannot assure you that the steps we are taking will be sufficient to remediate our material weakness or prevent future material weaknesses or significant deficiencies from occurring.

See “Risk Factors—Material weaknesses in our internal control over financial reporting may cause us to fail to timely and accurately report our financial results or result in material misstatement of our financial statements.”

Overview

Mohawk was founded on the premise that if a CPG was founded today, it would be created based on A.I. and machine learning, the synthesis of massive quantities of data, and the use of social proof to validate high caliber product offerings as opposed to over-reliance on brand value and other traditional marketing tactics.

We believe we are reinventing how to rapidly, successfully and autonomously identify new product opportunities, and to launch, autonomously market and sell products in the rapidly growing global e-commerce market by leveraging our proprietary software technology platform, known as A.I.M.E.E. AIMEE combines big data, A.I. and assisted machine learning to automate, at scale, rapid opportunity identification and online sales and marketing of consumer products. Using AIMEE, we determine which products to market, manufacture through contract manufacturers, import and sell on e-commerce marketplaces.

Today we generate revenues primarily through the online sales of our various digital native consumer products. As of today substantially all of our sales are through the Amazon US marketplace. AIMEE is integrated with marketplaces in the US and globally, including Amazon, Walmart, Jet, flipkart, Rakuten, and eBay, among others and we will launch products in the future, managed by AIMEE, on marketplaces outside the US. In 2018, we have begun to offer access to AIMEE to third party brands through our SaaS business and, through AIMEE, we expect to grow significantly in the future.

Since our founding, we have successfully launched and sold hundreds of SKUs on various e-commerce platforms. Through the success of those products, we have grouped them and have incubated four owned and operated brands: hOme, Vremi, Xtava and RIF6. These product categories include home and kitchen appliances and kitchenware, beauty related products and, to a lesser extent, consumer electronics.

We have scaled our business in a rapid, capital-efficient manner, having raised $72.6 million of equity capital from inception through October 31, 2018. The strength of AIMEE and our business model is evidenced by the following:

- We have doubled revenue every year since our founding in 2014. Our revenue was $36.5 million in 2017, up 101.2% over 2016;
- We have approximately 200 SKUs selling online, including product variations; and
- We have begun to execute SaaS agreements and have launched pilot programs for our managed SaaS business with several leading third-party brands.

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” for further information.

Our Platform

AIMEE, our proprietary machine learning technology platform, identifies product and market opportunities and dynamically manages and executes online marketing strategies. In addition, AIMEE’s innovative data analytics platform provides real-time supply chain visibility allowing us to automate and manage the life-cycle our consumer product portfolio.

Using AIMEE, we determine which products to market, manufacture through contract manufacturers, import and sell on e-commerce marketplaces. We contract manufacturers, predominately in China, for our consumer products. We have employees in China that perform sourcing, product testing, manufacturer qualification, quality assurance and control and purchasing, among other things. We take ownership and import these goods from China through various transportation methods via third party transporters. We use a combination of Amazon warehouses, other third-party warehouses and logistics partners to fulfill direct-to-consumer orders. Our scalable fulfillment services are integrated with AIMEE and are Amazon Prime Certified. We believe we can deliver products within two days of order through ground shipment across 95% of the US market. Our sales and marketing is fully integrated into AIMEE, which allows us to automate price, media buying, and search engine optimization.

AIMEE is product agnostic and we believe it can identify opportunities in most product categories and its other lifecycle capabilities can be applied to any consumer product. To date, we have focused more towards products that require limited internal research and development, where small but meaningful data-driven adjustments to the product can powerfully address customer needs. We

aggressively market our products at launch to capture highly visible virtual shelf space. When combined with social proof for our product, we can create long term revenue streams for our business that require limited human touch as AIMEE autonomously optimizes certain proprietary online marketing strategies for the product. Our large and growing data set provides the foundation for proprietary algorithms that AIMEE executes throughout our business, including algorithms that predict and drive purchase behavior, forecast demand and optimize inventory. We believe our data-driven approach, powered by AIMEE, is optimized for the massive and growing e-Commerce market.

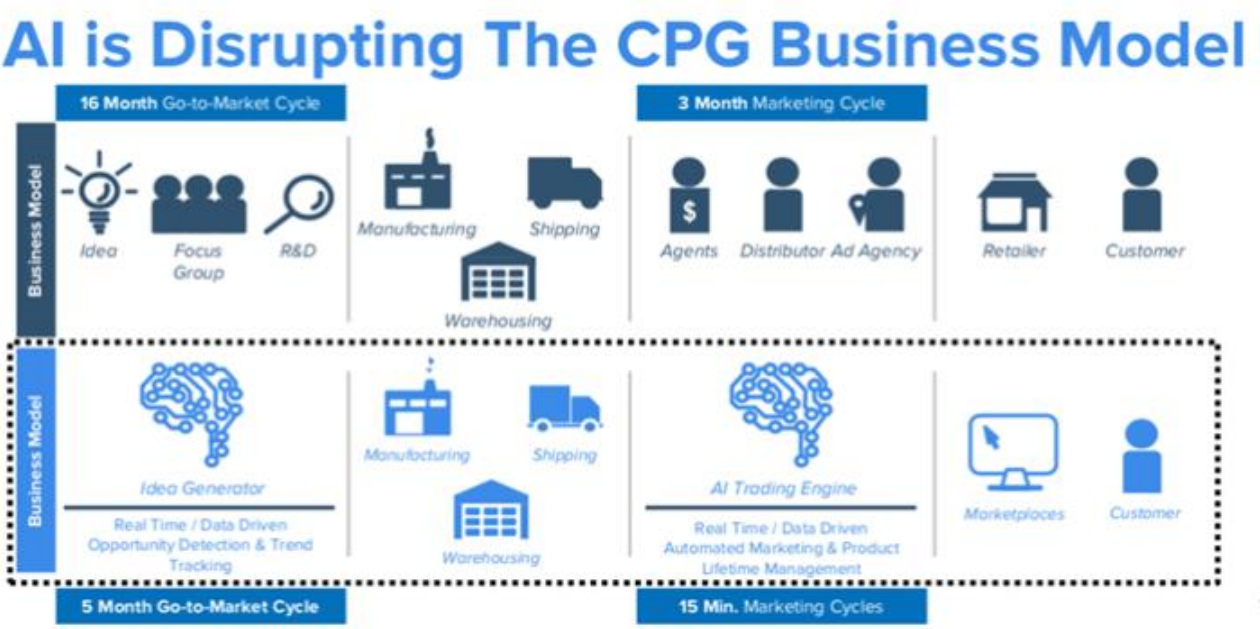
AIMEE is comprised of three modules that operate today in combination with human judgment:

Market Research. AIMEE's idea generator functionality quickly analyzes and filters millions of shopping-related data points to identify product opportunities, including relevant product specifications, based on product trends and attributes and competitive landscape analysis, among other things.

Financial Planning & Analysis. AIMEE's financial planning and analysis functionality performs product cash flow projections at the individual product level, provides visibility into product pipeline, and compares projections against real-time results. We are expanding AIMEE's capabilities to include the development of financial models to be used to execute automated marketing strategies.

Automated Marketing Strategy Execution. AIMEE's algorithms select and execute online marketplace trading strategies to optimize product sales and contribution margin. AIMEE manages, at approximately 15-minute intervals, price, media buying, product description, SEO, and inventory levels. AIMEE's architecture continues to be developed to learn new skills and to execute complex tactics and strategies.

We continue to develop AIMEE's capabilities, including with respect to forecasting, inventory management, online marketing and other aspects, which today involve human judgment.



Market Opportunity & Industry

The eCommerce Industry is Experiencing Massive Growth and Technology is Driving Transformation Across Consumer Product Industries and Marketplaces

According to eMarketer's June 2017 publication, the e-Commerce market has been forecasted to grow to approximately $4.5 trillion in 2021 as consumers shift to digital marketplaces. Technological innovation has profoundly impacted how consumers discover and purchase products, forcing businesses, in particular the traditional brick and mortar CPG companies who have primarily relied on wholesaler distribution channels, to adapt to engage effectively with online consumers. We believe that new, highly powered data

driven business models that embrace these changes and deeply focus on the consumer will be the winners in this rapidly changing environment. We also believe that human beings cannot accurately and efficiently process the massive quantities of various data points required to address real-time dynamic marketplace changes. We believe that our data-driven approach, powered by AIMEE, is optimized to address these structural shifts as consumers move to digital marketplaces to satisfy their needs.

Many CPG Companies Have Failed to Adapt to Changing Consumer Behavior in the eCommerce Market

In recent years, the traditional brick and mortar CPG industry has experienced a number of structural shifts and trends. e-Commerce continues to take market share from brick-and-mortar CPG companies. In addition, smaller digital native brands are also taking market share from traditional incumbent consumer product companies. Digital native brands that sell direct-to-consumer with competitive pricing and product features and have significant social proof in the form of reviews, and have deeper relationships with, and understanding of, their consumer base. According to the Catalina Report for the year-ended June 2015, the top 100 CPG companies have experienced a decline in sales and/or market share as their consumer base has shifted to online marketplaces where they have been less successful in competing. This issue is projected to increase, and quickly. Barriers to entry in the brick and mortar CPG industry relating to economies of scale for manufacturing and logistics, have not extended to e-Commerce marketplaces, allowing for the rapid expansion for new consumer product businesses. Newer, more agile, data driven CPG companies, like Mohawk, have the ability to better understand what consumers are looking for in real time and to make our products visible to consumers on the right virtual shelves and at efficient costs.

The Consumer Journey is Data-Driven and No Longer Relies Primarily on Brand Value to Drive Buying Decisions

Online consumers are becoming less brand-focused due to the availability of data search engines that allow consumers to make more informed buying decisions. This means less reliance on established brands and more of a focus on competitive offerings relating to price discovery, product features, and social proof in the form of product ratings and consumer reviews, among other things. According to a 2017 study by Cadent Consulting Group, approximately 51% of millennials have no real preference between private-label and national brands. In addition, according to Google's 2015 published research, approximately 40% of product searches do not involve a specific brand. Instead, the consumer journey begins with a search for features specific to customer needs. We believe our platform addresses these changes in shopping behavior. AIMEE has the ability to synthesize large quantities of data relating to relevant features and trends in consumer preferences and to quickly develop products that delight consumers. AIMEE's algorithms also manage the online marketing strategies of our products to ensure they rank highly for relevant searches.

Our Strengths

We believe that the following strengths contribute to our success and are differentiating factors:

Visionary, founder-led management team. We are led by our founder, Yaniv Sarig, who has a unique combination of knowledge of and passion for automation, AI and machine learning, and a deep understanding of e-commerce marketplaces.

Highly Scalable AI-Based Proprietary Technology Platform. We believe our platform, AIMEE allows us rapidly, successfully and autonomously identify new product opportunities, and to launch market and sell products in the rapidly growing global e-commerce market faster than the traditional brick and mortar CPG industry. This brings tremendous competitive advantage in the fast changing consumer goods landscape.

Faster, Data-Driven, Automated Product Development Cycles. AIMEE's idea generator functionality quickly analyzes and filters millions of shopping-related data points to identify product opportunities, including relevant product specifications, based on product trends and attributes and competitive landscape analysis, among other things. We believe this allows our technologies to achieve and maintain a higher than industry product success rate.

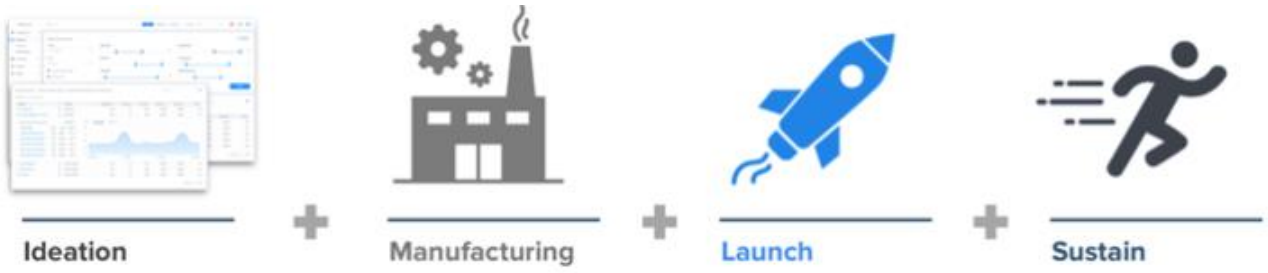
AIMEE is Product Category Agnostic. AIMEE has the ability to synthesize large quantities of data relating to relevant features and trends in consumer preferences and to quickly develop products that delight consumers. That agnostic approach gives us flexibility and reach across market opportunities wherever they present themselves.

Culture of Innovation. Innovation is intrinsic to Mohawk. We believe that technology will continue to enable a better consumer goods business model and we will continue to pioneer innovation.

Data-Driven, Automated Marketing Engine. AIMEE's algorithms select and execute online marketplace trading strategies to optimize product sales and contribution margin. AIMEE manages, at approximately 15-minute intervals, price, media buying, product

description, SEO, and inventory levels. We believe these capabilities give us a competitive advantage over traditional consumer goods companies.

Integrated Fulfillment Program. Our scalable fulfillment services are integrated with AIMEE and are Amazon Prime Certified. We believe we can deliver products within two days of order through ground shipment across approximately 95% of the US market.



Consumer Products

We have used AIMEE to create a portfolio of four owned consumer product brands and have over approximately 200 SKUs available for sale. AIMEE's idea generator is product agnostic and can generate product opportunities in most product categories.

Managed SaaS

Traditional CPG companies lack the data and the technology platform to be able to act, at scale, in quasi real time on the marketplaces to maximize their market share and profitability for every single product they own. This is what provides us with a significant competitive advantage on our owned and operated products compared to our less agile competitors. Given the large number of product categories in existence and Mohawk is not able to address all of them with its owned and operated products. To that end, we are now offering to third party brands, for product categories we do not cover, the ability to use AIMEE and create for themselves a significant competitive advantage over other brands. We are in the process of creating a managed SaaS division to offer AIMEE's capabilities to third-party consumer product brands. We have engaged several third-party consumer product brands and are in pilot programs with a number of others. Our offering provides substantially the same capabilities we provide for our owned and operated portfolio of products. We currently structure our offering as a standalone managed SaaS service or, in cases where the third-party's logistics do not allow for fulfillment direct-to-consumer, as a managed SaaS service coupled with a standard reseller agreement that leverages our integrated direct-to-consumer fulfillment program.

Our Growth Strategy

The key elements of our growth strategies include:

- Pursue higher value products and larger product markets;
- Accelerate growth in our managed SaaS business;
- Expand into international markets and other online marketplaces;
- Continue to optimize unit economics on existing product portfolio;
- Continue to expand into new domestic e-commerce marketplaces; and
- Expand sales through our own branded websites.

Intellectual Property

We rely primarily on a combination of trade secrets, trademarks, employee and third-party nondisclosure agreements and licensing arrangements (including open source software) to protect our intellectual property in the United States and internationally. We generally do not pursue patent applications as a means of protecting our intellectual property. We have applied to register or have registered certain of our trademarks in the United States and other jurisdictions, and we will pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

Customers

Our customers are primarily individual online consumers who purchase our products primarily on Amazon US, and to a lesser extent on our owned and operated websites and other market places. Amazon represents over 92% of our revenues in 2016 and 98% in 2017. Customers in our managed SaaS business consist of third-party consumer product companies who are primarily engaged in pilot programs and are immaterial with respect to our current result of operations.

Seasonality

A majority of our revenues come from online marketplace consumers and sales revenues. Overall, our consumer products have seen revenues that are higher during the second half of the year driven by the summer months, based on our product mix today, and the holiday season. There are no assurances that these trends will continue.

Sales and Marketing

Our sales and marketing strategy and approach is substantially integrated into AIMEE. AIMEE allows us to automate price, media buying, search engine optimization, and a/b testing leveraging the proprietary technology software and algorithms we have built into AIMEE. We believe this automation brings significant competitive advantages for our products and SaaS customers alike. For our SKUs, our advertising investment is focused on online channels and e-commerce platforms. Currently our primary focus on advertising spend is online across Amazon, Google and Facebook. Our spend and approach on advertising is different depending on the life cycle of products on our platform. We view and classify products into two key categories: launch and sustain.

The launch phase is for new products being introduced into the marketplace: this stage of advertising spend is aggressive and can last for three months to ensure the product launch is successful, with a focus on search optimization and ranking, and social proof. Once our products reach the sustain phase, our sales and marketing strategy then focuses on price and pay-per-click ("ppc") optimization, along with a corresponding reduction in spending on search optimization, ranking, and social proof.

Third-Party Manufacturing & Logistics

We contract with approximately 80 manufacturers in China for all of our consumer products. We have an operations team of approximately 20 people in Shenzhen, China that performs sourcing, product testing, manufacturer qualification, quality assurance and control and purchasing, among other things. In general, we do not use master agreements with vendors and aim to have flexibility in our supply chain to match our forecasting needs.

We use a combination of Amazon warehouses, other third-party warehouses and logistics partners to fulfill direct-to-consumer orders. In addition to Amazon warehouses, we have two third-party fulfillment centers located in Indiana and Nevada. Warehouse selection for any particular product depends on the size and other aspects of the products to be warehoused, with a focus on optimizing storage and fulfillment costs. Through these third parties, we believe that approximately 95% of the US market we serve can receive products within two to three days of order through ground shipment.

Competition

The consumer goods and e-commerce market is very competitive. Our competitors include traditional and non-traditional consumer good companies, discount stores, traditional retailers, independent retail stores, the online platforms of these traditional retail competitors and eCommerce companies. As we expand our SaaS business, we also see competitors who offer automation and ideation services for e-commerce platforms, along with e-commerce platforms themselves and consumer goods companies. In areas of CPG, we believe our competitors are Amazon, Helen of Troy, Newell Brands, Frigidaire, Trademark Global and any CPG companies selling products similar to ours in the e-commerce space. In the areas of our proprietary software, we believe our competitors are Amazon, Jungle Scout, Helium 10, Scope, Datahawk, Caramelizer, Abobe and AMZScount. We believe that we are able to compete effectively because of our platform, its AI and other automation.

Regulatory Matters/Governmental Regulations

We are subject to a variety of U.S. federal, state and locals laws and international laws governing the processing of payments, consumer protection, the privacy of consumer information and other laws regarding unfair and deceptive trade practices.

The products sold by us are also subject to regulation in the United States by governmental agencies, including the Federal Consumer Product Safety Commission, the Federal Trade Commission, United States Food and Drug Administration, and similar state and international regulatory authorities. We are also subject to environmental laws, rules and regulations. We do not estimate any significant capital expenditures for environmental control matters either in the current fiscal year or in the near future.

We are also subject to regulations relating to our supply chain. For example, the California Transparency in Supply Chains Act requires retail sellers that do business in California to disclose their efforts to eradicate slavery and human trafficking in their supply chains. We require our suppliers to adhere to labor and workplace standards and to warrant that any products sent to us were made in compliance with all applicable laws, including laws prohibiting child labor, forced labor and unsafe working conditions.

Although we have not suffered any material restriction from doing business in the past due to government regulation, significant impediments may arise in the future as we expand product offerings.

From time to time we dispose of obsolete inventory, which is disposed of or destroyed in compliance with applicable laws and regulations.

People

As of October 31, 2018, we had approximately 70 full-time and part-time employees and 81 independent contractors. Of our employees and contractors, 36 are engaged in research and development and 95 are engaged in sales, marketing, and operations and 20 are in administrative positions.

Our employees and contractors are based in five offices in 7 countries, including 24 in China where we perform operations and manufacturers inspections, two in the Canada where we perform research and development and certain administrative functions, 7 in Israel where we perform certain sale operations and research and development functions, and 37 in the Philippines where we perform customer service and other logistic functions. We also contract 29 consultants predominately for research and development functions in the Ukraine, India and Poland.

Our employees are not represented by any collective bargaining agreements or labor unions.

Facilities/Properties

As of September 30, 2018, we had offices, including shared workspaces, in five locations.

Our New York office with approximately 5,200 square feet of space is our corporate headquarters and is leased for a term of five years expiring in March 2020. Our China office is leased for a term of one year expiring in June 2019.

All our other offices are either shared workspaces or leases with a short-term commitment (month to month).

Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations, primarily with respect to the sale of our consumer products. We believe that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material effect on our business, financial condition or operating results.

Our History and Corporate Information

We were incorporated in Delaware under the name Mohawk Group Holdings, Inc. in March 2018 and were formed solely to effect the Merger (as defined below). We were capitalized with 3.5 million in common stock issued at par value. We have a single direct operating subsidiary, Mohawk Opco, which was incorporated in Delaware in April 2014. As of October 31, 2018, Mohawk Opco has multiple operating subsidiaries located in the United States, Canada, Ireland and China and conducts various aspects of its business in a number of other geographic locations including Philippines, Israel, Poland, France, and Ukraine.

On September 4, 2018, pursuant to the Merger Agreement, MGH Merger Sub, Inc. merged with and into Mohawk Opco, with Mohawk Opco remaining as the surviving entity and becoming a wholly-owned operating subsidiary of our Company. This transaction is referred to herein as the Merger. The Merger was effective as of September 4, 2018 upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware.

Pursuant to the Merger, we acquired the business of Mohawk Opco, an e-commerce technology provider. At the Effective Time, each outstanding share of Mohawk Opco's common and preferred stock (other than shares of Mohawk Opco's Series C Preferred Stock) issued and outstanding immediately prior to the closing of the Merger was exchanged for 1.221121122 shares of our common stock, each outstanding share of Mohawk Opco's Series C Preferred Stock issued and outstanding immediately prior to the closing of the Merger was exchanged for one share of our common stock, and each outstanding warrant to purchase shares of Mohawk Opco's Series C Preferred Stock was exchanged for a warrant to purchase an equal number of shares of our common stock and retained the exercise price per share of $4.00. As a result, an aggregate of 41,483,655 shares of our common stock were issued to the holders of Mohawk Opco's capital stock after adjustments due to rounding for fractional shares and warrants to purchase 175,000 shares of our common stock were issued to former holders of warrants to purchase shares of Mohawk Opco's Series C Preferred Stock. See "Description of Capital Stock—Warrants" below for more information. In addition, pursuant to the Merger Agreement, options to purchase 1,181,356 shares of Mohawk Opco's common stock with a weighted average exercise price of $1.92 issued and outstanding immediately prior to the closing of the Merger were assumed and exchanged for options to purchase 1,442,553 shares of our common stock with a weighted average exercise price of $1.57. See "Description of Capital Stock—Options" below for more information.

The Merger was a reverse recapitalization for financial reporting purposes. Before the Merger, Mohawk Group Holdings, Inc. has no operations, no cash, and no debt. No stockholder obtained control of Mohawk Group Holdings, Inc., as a result of the Merger. Mohawk Opco stockholders obtained 92% of the voting interests in Mohawk Group Holdings, Inc. and continued to control Mohawk Group Holdings, Inc. after the Merger. As a result, no step-up in basis was recorded and the net assets of Mohawk Opco are stated at historical cost. The Merger was a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. The Merger is not yet reflected in the financial statements and financial disclosures included this prospectus and registration statement as the Merger did not take place until September 2018. Operations prior to the Merger are the historical operations of Mohawk Opco.

The issuance of shares of our common stock, and options to purchase shares of our common stock, to holders of Mohawk Opco's capital stock and options in connection with the Merger was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act, which exempts transactions by an issuer not involving any public offering, and Rule 506(b) of Regulation D promulgated by the SEC. These

securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirement, and are subject to further contractual restrictions on transfer as described below. This prospectus relates to the sale or other disposition from time to time of up to 45,749,521 shares of our common stock issued in connection with the Merger (including 765,866 shares of our common stock issuable upon exercise of the Warrants) or held by the pre-Merger stockholders of our company.

Our principal executive offices are located at 37 East 18th Street, 7th Floor, New York, NY 10003, and our telephone number is (347) 676-1681. Our website address is *www.mohawkgp.com.* We do not incorporate the information on, or accessible through, our website into this prospectus, and you should not consider any information on, or accessible through, our website as part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference.

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of September 30, 2018:

Name	Age	Position(s)
Executive Officers:		
Yaniv Sarig	41	President and Chief Executive Officer, Director
Fabrice Hamaide	53	Chief Financial Officer, Director
Joseph A. Risico	45	General Counsel
Pete Datos	52	Chief Operating Officer
Mihal Chaouat-Fix	38	Chief Product Officer
Non-Employee Directors:		
Asher Delug	37	Director
Stephen Liu, M.D.	58	Director

Executive Officers

Yaniv Sarig has served as a director and our President and Chief Executive Officer since September 2018, is a co-founder of Mohawk Opco and has served as a director and President and Chief Executive Officer of Mohawk Opco since July 2014. Prior to co-founding Mohawk Opco, Mr. Sarig led the Financial Services Engineering department at Coverity, a leading software startup providing code quality and security solutions for top financial institutions and hedge funds in New York including NYSE, NASDAQ, JPMC, BARCLAY'S and more. Before joining Coverity, Mr. Sarig held lead technical roles at Bloomberg and at EPIQ Systems (NASDAQ:EPIQ). Prior to moving to New York City, Mr. Sarig lived in Israel where he held various software engineering roles at startups from various industries including companies involved in Digital Printing solutions and Military Navigation Systems. Mr. Sarig also served in the IDF Special Forces where he obtained the rank of Sergeant First Class. Mr. Sarig holds a Bachelor of Science in Computer Science from Touro College, is fluent in English, French, Hebrew and C++. We believe that Mr. Sarig is qualified to serve as a member of our board of directors based on the perspective and experience he brings as co-founder and President and Chief Executive Officer of Mohawk Opco.

Fabrice Hamaide has served as a director and our CFO since September 2018 and has served as CFO of Mohawk Opco since July 2017. Prior to joining Mohawk Opco, Mr. Hamaide has held numerous financial, CFO or President roles in various technology and consumer product companies in Europe and in the US such as Piksel (TV Everywhere, Over-the-Top ("OTT") SaaS), Parrot (drone and Bluetooth consumer electronics), and Logitech (PC / TV peripherals). Mr. Hamaide holds an MBA from Columbia Business School, an MS in Information Systems design from the Sorbonne University and a BS in Applied Mathematics form Jussieu University.

Joseph A. Risico has served as our General Counsel since September 2018 and has served as General Counsel for Mohawk Opco since February 2018. Prior to joining Mohawk Opco, Mr. Risico held a number of legal and business positions, most recently at AutoModality, Inc., a UAV flight control software company, where he served as Chief Operating Officer and General Counsel, Ecovative Design LLC, a biomaterials company, where he served as General Counsel and Head of Business Development, and 3M Company, where he served as the General Counsel of 3M's corporate ventures business. Mr. Risico started his legal career as a corporate associate at the law firm of Cravath, Swaine & Moore. Mr. Risico holds a B.A. from New York University with concentrations in accounting and economics and a J.D. from Columbia Law School. Mr. Risico also holds a CPA (not active).

Pete Datos has served as our Chief Operating Officer since September 2018. Prior to joining Mohawk, he was head of supply chain for Warby Parker. Mr. Datos has held a variety of roles across operations (sourcing, procurement, manufacturing, distribution, customer service, IT, finance and corporate strategy) with companies such as L'Oreal, Unilever and Scholastic. He holds a B.S. in Operations Research and Industrial Engineering from Cornell University and an M.B.A. in Finance and Marketing from New York University.

Mihal Chaouat-Fix has served as our Chief Product Officer since September 2018. Prior to taking the Chief Product Officer role, Ms. Chaouat-Fix served as our Chief Operating Officer where she was responsible for our day-to-day leadership and operational management. Prior to joining Mohawk, Ms. Chaouat-Fix worked in various strategic roles over a 14-year span at Gottex Models Ltd., an international fashion swimwear company. Among her various roles spanning operations and marketing she oversaw manufacturing, supply chain and distribution of 12 million units a year over 40 countries world-wide.

Non-Employee Directors

Asher Delug has served as a director since June 2014. Mr. Delug is a Los Angeles based technology entrepreneur and investor. Mr. Delug has founded multiple companies including Airpush, a leading mobile ad network with 200 employees globally and Golive! Mobile, a mobile content company ranked number 1 in media on the 2011 Inc. 500 List. Mr. Delug was lead investor and board member of Titan Aerospace (which was sold to Google in 2014) and currently holds investments and board roles in several other emerging companies. Mr. Delug has also held various positions in the telecommunications industry including Aardvark Networks and 011 Communications, and was a derivatives trader at Blue Capital Group.

Stephen Liu, M.D. has served as a director since September 2018. Dr. Liu brings more than 25 years of experience as a physician-executive, entrepreneur, an academic orthopedic surgeon specializing in sports medicine, and a senior clinical advisor to several medical device companies and financial organizations in the U.S. and Asia. Dr. Liu is both a General Partner and Venture Partner in multiple healthcare ventures, including Bio Ventures Investors Fund, Uptick Healthcare Advisors Fund, IFGWorld Health Investment Fund, all of which are strategically focused on making investments in medical technology and the specialized health care space. He is currently executive Chairman/Founder of IFGcure (www.ifgcure.com), a VR application focus in mental and physical wellness, and IFGfit (www.ifgfit.com), a posture wearable tech company. He is on the board of POC Medical system, a breast cancer diagnostic company. Dr. Liu served as a Senior Advisor to Opko Health, Inc. (OPK) and a Strategic Advisor to Ladenburg Thalman (LTS). He also served as a member of the Board of Directors of American International Bank, as Chairman/founder of Interbusiness Bank and as Chairman/founder of First China Capital Partners, all of which were acquired. Dr. Liu was a two-term Chairman of the National Association of Chinese-American Bankers Association. In 2013 he was elected as a founding board member of the Yale Asia Development Council. He has served on the board of Center Theater Group and World Affairs Council in Los Angeles. He was the recipient of the Verdugo Hills Hospital Foundation Humanitarian Award. He co-authored 7 books, published over 40 peer-reviewed articles, and has given over 100 lectures and presentations in over 25 countries. He was a clinical advisor to Asia J&J and to Stryker and became the director of the bio-skill laboratory while he was an assistant professor at UCLA School of Medicine. His team also commercialized several medical device R&D projects which were later acquired. In 2000 he founded IFG Health Media, a medical education animation company that was also acquired. Dr. Liu holds a B.A. in Biology and Psychology from UCLA and an M.D. from the University of Southern California.

There are no family relationships among any of the directors or executive officers or director nominees except for Yaniv Sarig and Mihal Chaouat-Fix. Mr. Sarig is the brother of Ms. Chaouat-Fix.

Board of Directors

Our business and affairs are managed under the direction of our board of directors, which currently consists of four members. The primary responsibilities of our board of directors are to provide oversight, strategic guidance, counseling and direction to our management.

Director Independence

Our securities are not listed on a national securities exchange or on any inter-dealer quotation system that has a requirement that a majority of directors be independent.

Committees of the Board of Directors

Our board of directors will adopt an audit committee and a compensation committee. The composition and responsibilities of each of the committees of our board of directors shall be as described below. Members will serve on these committees until their resignation or removal or until otherwise determined by our board of directors.

Audit Committee

Our audit committee will be comprised of and , with serving as Chairperson of the committee. Each member of the audit committee must be independent as defined under the applicable Nasdaq Rules and SEC rules and financially literate under the Nasdaq Rules. Our board of directors has determined that each member of the audit committee is “independent” and “financially literate” under the Nasdaq Rules and the SEC and that is an “audit committee financial expert” under the rules of the SEC. The responsibilities of the audit committee are included in a written charter. The audit committee acts on behalf of our board of directors in fulfilling our board of directors’ oversight responsibilities with respect to our corporate accounting and financial reporting processes, the systems of internal control over financial reporting and audits of financial statements, and also assists our board of directors in its oversight of the quality and integrity of our financial statements and reports and the qualifications, independence and

performance of our independent registered public accounting firm. For this purpose, the audit committee performs several functions. The audit committee's responsibilities include, among others:

- appointing, determining the compensation of, retaining, overseeing and evaluating our independent registered public accounting firm and any other registered public accounting firm engaged for the purpose of performing other review or attest services for us;
- determining the engagement of our independent registered public accounting firm;
- prior to commencement of the audit engagement, reviewing and discussing with the independent registered public accounting firm a written disclosure by the prospective independent registered public accounting firm of all relationships between us, or persons in financial oversight roles, and such independent registered public accounting firm or their affiliates;
- determining and approving engagements of the independent registered public accounting firm, prior to commencement of the engagement, and the scope of and plans for the audit;
- monitoring the rotation of partners of the independent registered public accounting firm on our audit engagement;
- reviewing with management and the independent registered public accounting firm any fraud that includes management or employees who have a significant role in our internal control over financial reporting and any significant changes in internal controls;
- establishing and overseeing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or other auditing matters and the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
- reviewing management's efforts to monitor compliance with our policies designed to ensure compliance with laws and rules; and
- reviewing and discussing with management and the independent registered public accounting firm the results of the annual audit and the independent registered public accounting firm's assessment of the quality and acceptability of our accounting principles and practices and all other matters required to be communicated to the audit committee by the independent registered public accounting firm under generally accepted accounting standards, the results of the independent registered public accounting firm's review of our quarterly financial information prior to public disclosure and our disclosures in our periodic reports filed with the SEC.

Compensation Committee

Our compensation committee will be comprised of and , with serving as Chairperson of the committee. Our board of directors has determined that each member of the committee is "independent" under the Nasdaq Rules and all applicable laws. Each of the members of this committee is also a "nonemployee director" as that term is defined under Rule 16b-3 of the Exchange Act and an "outside director" as that term is defined in Treasury Regulations Section 1.162-27(3). The compensation committee acts on behalf of our board of directors to fulfill our board of directors' responsibilities in overseeing our compensation policies, plans and programs; and in reviewing and determining the compensation to be paid to our executive officers and non-employee directors. The responsibilities of the compensation committee are included in its written charter. The compensation committee's responsibilities include, among others:

- reviewing, modifying and approving (or, if the compensation committee deems appropriate, making recommendations to our board of directors regarding) our overall compensation strategies and policies, and reviewing and approving corporate performance goals and objectives relevant to the compensation of our executive officers and senior management;
- determining and approving (or, if the compensation committee deems appropriate, recommending to our board of directors for determination and approval) the compensation and terms of employment of our Chief Executive Officer, including seeking to achieve an appropriate level of risk and reward in determining the long-term incentive component of the Chief Executive Officer's compensation;
- determining and approving (or, if the compensation committee deems appropriate, recommending to our board of directors for determination and approval) the compensation and terms of employment of our executive officers and senior management;
- evaluating and approving (or, if it deems appropriate, making recommendations to our board of directors regarding) corporate performance goals and objectives relevant to the compensation of our executive officers and senior management;
- reviewing and approving (or, if it deems appropriate, making recommendations to our board of directors regarding) the terms of employment agreements, severance agreements, change-of-control protections and other compensatory arrangements for our executive officers and senior management;
- conducting periodic reviews of the base compensation levels of all of our employees generally;

- reviewing and approving the type and amount of compensation to be paid or awarded to non-employee directors;
- reviewing and approving the adoption, amendment and termination of our stock option plans, stock appreciation rights plans, pension and profit sharing plans, incentive plans, stock bonus plans, stock purchase plans, bonus plans, deferred compensation plans and similar programs, if any; and administering all such plans, establishing guidelines, interpreting plan documents, selecting participants, approving grants and awards and exercising such other power and authority as may be permitted or required under such plans; and
- reviewing our incentive compensation arrangements to determine whether such arrangements encourage excessive risk-taking, and reviewing and discussing the relationship between our risk management policies and practices and compensation, and evaluating compensation policies and practices that could mitigate any such risk, at least annually.

The compensation committee may delegate authority to the Chief Executive Officer to grant rights in, or options to purchase, shares of our common stock to eligible employees who are not executive officers, subject to certain limitations.

Role of Board in Risk Oversight Process

Our board of directors is responsible for overseeing our overall risk management process. The responsibility for managing risk rests with executive management while the committees of our board of directors and our board of directors as a whole participate in the oversight process. Our board of directors' risk oversight process builds upon management's risk assessment and mitigation processes, which include reviews of long-term strategic and operational planning, executive development and evaluation, regulatory and legal compliance, and financial reporting and internal controls.

Executive Officers

Our executive officers are elected by, and serve at the discretion of, our board of directors.

Code of Business Conduct and Ethics

Prior to the completion of this offering, our board of directors will adopt a code of business conduct and ethics that will apply to all of our employees, officers and directors, including our Chief Executive Officer, Chief Financial Officer and other executive and senior officers. Upon completion of this offering, the code of business conduct and ethics will be posted on our website. The code of business conduct and ethics can only be amended by the approval of a majority of our board of directors or our audit committee. Any waiver to the code of business conduct and ethics for an executive officer or director may only be granted by our board of directors or our audit committee and must be timely disclosed as required by applicable law. We expect that any amendments to the code of business conduct and ethics, or any waivers of its requirements, will be disclosed on our website.

Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee has at any time in the past year been one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Non-Employee Director Compensation

Because we were incorporated in 2018, we did not have any directors in 2017 and, therefore, no director compensation was paid in 2017. In 2017, Mohawk Opco did not pay any compensation to, reimburse any expense of, or grant any equity awards or non-equity awards to any of the non-employee members of Mohawk Opco's board of directors.

We may adopt a compensation program for our non-employee directors in connection with or after this offering.

See the section titled "Executive Compensation" for information regarding the compensation earned by Mr. Sarig, our Chief Executive Officer, and Mr. Hamaide, our Chief Financial Officer.

Pursuant to the Merger, on September 4, 2018, Mohawk Opco became our wholly owned subsidiary. Because we were incorporated in 2018, we did not have any executive officers in 2017. The information in this section summarizes the compensation earned by Mohawk Opco's executive officers.

Mohawk Opco's named executive officers for the year ended December 31, 2017, or Named Executive Officers, are:

- Yaniv Sarig, our President and Chief Executive Officer;
- Fabrice Hamaide, our Chief Financial Officer; and
- Mihal Chaouat-Fix, our former Chief Operations Officer and current Chief Product Officer.

Summary Compensation Table

The following table sets forth certain information with respect to the compensation paid to the Named Executive Officers for the year ended December 31, 2017:

Name and principal position	Year	Salary/ Fees ($)	Bonus ($)	Non-equity Incentive Plan Compensation ($)	Option awards ($)(1)	All Other Compensation ($)	Total ($)
Yaniv Sarig							
President and Chief Executive Officer	2017	$150,000	$—	$ —	$ —	$ —	$150,000
Fabrice Hamaide							
Chief Financial Officer (2)	2017	$150,000	$—	$ —	$681,648	$ —	$831,648
Mihal Chaouat-Fix							
Chief Operating Officer (3)	2017	$116,667	$—	$ —	$ 21,745	$ —	$138,412

(1) The amounts in this column represent the aggregate grant date fair value of the option awards computed in accordance with FASB ASC Topic 718. Assumptions used in the calculation of these amounts are included in Note 11 to our financial statements and related notes included elsewhere in this prospectus. These amounts do not reflect the actual economic value that will be realized by the Named Executive Officer upon the vesting of the stock options, the exercise of the stock options or the sale of the common stock underlying such stock options.

(2) Mr. Hamaide did not begin his contract with us until June 17, 2017.

(3) Ms. Chaouat-Fix took the role of Chief Product Officer in September 2018 and relinquished the role of Chief Operating Officer at such time.

Narrative Disclosure to Summary Compensation Table

Base Salaries

We use base salaries to recognize the experience, skills, knowledge and responsibilities required of all our employees, including our named executive officers. Base salaries are reviewed annually, typically in connection with our annual performance review process, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. For the year ended December 31, 2017, the annual base salaries for each of Mr. Sarig, Mr. Hamaide, and Ms. Chaouat-Fix were $150,000, $300,000, and $116,667, respectively.

Bonuses

None of our named executive officers received any bonuses or non-equity incentive compensation in 2017.

Equity Compensation

Although we do not have a formal policy with respect to the grant of equity incentive awards to our executive officers, we believe that equity grants provide our executives with a strong link to our long-term performance, create an ownership culture and help to align the interests of our executives and our stockholders. In addition, we believe that equity grants with a time-based vesting feature promote executive retention because this feature incentivizes our executive officers to remain in our employment during the vesting period. Accordingly, our board of directors periodically reviews the equity incentive compensation of our named executive officers and from time to time may grant equity incentive awards to them. During the year ended December 31, 2017, we granted options to purchase shares of our common stock to Mr. Hamaide in connection with him commencing employment with us, as described in more detail in the "Outstanding Equity Awards at 2017 Year-End" table.

Potential Payments Upon Termination or Change in Control

We entered into a contractor agreement with Fabrice Hamaide, dated July 1, 2017, whereby if Mr. Hamaide's contractor agreement is terminated without cause, Mr. Hamaide will be entitled to six months of compensation.

Perquisites, Health, Welfare and Retirement Plans and Benefits

We provide healthcare coverage to our employees. In addition, we have adopted a 401(k) plan for eligible employees. However, we do not currently match any portion of the contributions made by our employees to the 401(k) plan.

Outstanding Equity Awards at Fiscal Year-End 2017

The following table presents certain information concerning outstanding equity awards held by each of the Named Executive Officers at December 31, 2017:

	Option awards			
Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price per share ($)	Option expiration date
Yaniv Sarig	—	—	$ —	—
Fabrice Hamaide	—	620,922	$ 2.13	11/20/2027
Mihal Chaouat-Fix	13,500	87,500	$ 1.50	06/04/2025
	5,938	1,562	$ 1.31	02/11/2027
	—	15,000	$ 2.13	11/20/2027

Equity-Based Incentive Plans

2014 Amended and Restated Equity Incentive Plan

Mohawk Opco's board of directors adopted, and Mohawk Opco's stockholders approved, the Mohawk Group, Inc. 2014 Equity Incentive Plan on June 11, 2014. On March 1, 2017, Mohawk Opco's board of directors adopted, and Mohawk Opco's stockholders approved, an amendment and restatement of the 2014 Equity Incentive Plan (as amended, the "Mohawk 2014 Plan"). In addition, pursuant to the Merger Agreement, options to purchase 1,181,356 shares of Mohawk Opco's common stock with a weighted average exercise price of $1.92 issued and outstanding immediately prior to the closing of the Merger were assumed and exchanged for options to purchase 1,442,553 shares of our common stock with a weighted average exercise price of $1.57. As of October 31, 2018, options to purchase an aggregate of 1,442,553 shares of our common stock were outstanding and no shares were available for future issuance under the Mohawk 2014 Plan. Notwithstanding the foregoing, the Mohawk 2014 Plan will continue to govern outstanding awards granted thereunder.

The following is only a summary of the material terms of the Mohawk 2014 Plan relating to the issued options granted under the Mohawk 2014 Plan, is not a complete description of all provisions of the Mohawk 2014 Plan and should be read in conjunction with the Mohawk 2014 Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part. Since there are currently no stock appreciation rights, restricted stock awards, restricted stock unit awards and other stock awards were granted under the Mohawk 2014 Plan and no new awards can be granted under the Mohawk 2014 Plan, this summary only addresses the option awards.

Purpose. The purpose of the Mohawk 2014 Plan is to attract, retain and motivate employees, officers, directors, consultants, agents, advisors and independent contractors and by provide the eligible recipients with the opportunity to acquire a proprietary interest in our company and to align their interests and efforts to the long-term interests of our stockholders.

Plan Administration. The Mohawk 2014 Plan, and any related instrument evidencing an award, notice or agreement, is interpreted and administered by our board of directors, although our board of directors may delegate ministerial duties to such employee it so desires. In connection with administering the Mohawk 2014 Plan, our board of directors has the responsibility for determining, among other things, the recipient of each award, what type or types of award will be granted, the terms and conditions of each award, the number of shares of our common stock covered by an award, whether, to what extent and under what circumstances awards may be settled in cash, shares of common stock or other property or canceled or suspended and the fair market value of each award.

Authorized Shares. A total of 2,405,722 shares of our common stock were reserved, which have been all issued pursuant to the Mohawk 2014 Plan. The shares of our common stock deliverable pursuant to awards under the Mohawk 2014 Plan will be authorized but unissued shares of our common stock.

Eligibility. Our board of directors selected participants in the Mohawk 2014 Plan from among our employees, officers, directors, consultants, agents and advisors.

Stock Options. The exercise price of stock options and strike price of stock appreciation rights granted under the Mohawk 2014 Plan may not be less than 100% of the fair market value of our common stock on the grant date. The term of a stock option or stock appreciation rights may not exceed ten years. An incentive stock option ("ISO") may only be granted to employees or employees of our parent or subsidiary corporations. An ISO granted to an employee who owns more than 10% of the combined voting power of all of our classes of stock or that of its parent or subsidiary corporations must have an exercise price of at least 110% of the fair market value of our common stock on the grant date, and the term of the ISO may not exceed five years from the grant date. To the extent that the aggregate fair market value of shares of our common stock with respect to which ISOs first become exercisable by a participant in any calendar year exceeds $100,000, such excess stock options will be treated as Non-ISOs. The methods of payment of the exercise price of a stock option may include, among other things, cash, check or wire transfer, "net exercise" (for Non-ISOs), cashless exercise or shares of our common stock (so long as our common stock is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, as amended), or promissory note or similar arrangements, as well as other forms of legal consideration that our board of directors permits. Our board of directors may establish and set forth in the applicable stock option award agreement or other agreement the terms and conditions on which a stock option or stock appreciation right will remain exercisable, if at all, following termination of a participant's service. Unless an award agreement provides otherwise, the termination date shall be the earlier of: (i) if termination is due to disability or death, one year after such termination of service; (ii) if the termination is due to reasons other than for death, disability or cause, three months following termination of service; and (iii) the last day of the maximum term of an option. If the termination is for cause, then the stock option or stock appreciation right generally will cease to be exercisable upon first notification of such termination. If a participant is not entitled to exercise a stock option right at the date of termination of service, or if the participant does not exercise the stock option or stock appreciation right to the extent so entitled within the time specified in the applicable stock option award agreement or other agreement or in the Mohawk 2014 Plan, the stock option will terminate and the

shares of our common stock underlying the unexercised portion of the stock option will revert to the Mohawk 2014 Plan and become available for future awards.

Taxes. Award recipients agree to promptly deliver to us any tax withholding obligations that may arise in connection with the exercise of the awards.

Non-Transferability of Awards. Unless pursuant to a will or by the laws of descent and distribution and designated as a beneficiary on an approved form to receive payment upon the beneficiary's death, the Mohawk 2014 Plan generally does not allow for the transfer, sale, assignment or pledge of awards and only the participant who is granted an award may exercise an award during his or her lifetime.

Certain Adjustments. In the event of a stock dividend, stock split, spin-off, combination or exchange of shares, recapitalization, merger, consolidation, distribution to stockholders other than a normal cash dividend, or other change in our corporate or capital structure results in (i) exchange of our common stock for other our securities or those of another company, or (ii) receipt of new, different or additional securities of any company by holders of our common stock, then our board of directors will proportionally adjust the number and kinds of shares issuable as ISOs or any subject to any outstanding award and the per share price of such securities, without any change in the aggregate price to be paid therefor. To the extent not previously exercised or settled, and unless our board of directors determines otherwise, all awards will terminate immediately prior to the dissolution or liquidation.

Change in Control. In the event of a change of control involving us, notwithstanding any provision in any award agreement to the contrary, our board of directors may, in its sole and absolute discretion and without the need for the consent of any recipient, amongst other things: (i) cause any or all outstanding affected options to become vested and immediately exercisable; (ii) cause any or all outstanding unvested options to be cancelled without consideration therefor; (iii) cancel any option in exchange for a substitute option in a manner consistent with the requirements of Treasury Regulation Section 1.424-1(a); or (iv) cancel any affected option in exchange for cash and/or other substitute consideration with a value equal to (A) the number of common stock subject to that option, multiplied by (B) the difference, if any, between the fair market value per share on the date of the change of control and the exercise price of that option, provided, that if the fair market value per share on the date of the change of control did not exceed the exercise price of such option, our board of directors may cancel that option without any payment of consideration therefor. A change of control means the consummation of: (a) a merger or consolidation of us with or into another company, (b) a sale of all of our outstanding voting securities, or (c) a sale, lease, exchange or other transfer of all or substantially all of our assets. A change of control does not include (1) a merger or consolidation of us in which the holders of the outstanding voting securities immediately prior to the merger of consolidation hold at least a majority of the outstanding voting securities of the successor company immediately after the merger or consolidation, (2) the sale, lease, exchange or other transfer of all or substantially all of our assets to a majority-owned subsidiary company, (3) a transaction undertaken for the principal purpose of restructuring the capital of us, or (4) any transaction deemed not to be a change of control by our board of directors for purposes of the Mohawk 2014 Plan.

Amendment; Termination. The Mohawk 2014 Plan may be amended, suspended or terminated by our board of directors as it deems advisable; provided, however, that to the extent required by applicable law, regulation or stock exchange rule, stockholder approval is required. The Mohawk 2014 Plan has no fixed expiration date.

2018 Equity Incentive Plan

Our board of directors adopted the Mohawk Group Holdings, Inc. 2018 Equity Incentive Plan (the "Mohawk 2018 Plan") on October 11, 2018. Our Mohawk 2018 Plan has not been approved by our stockholders. As of October 31, 2018, options to purchase zero shares of our common stock were outstanding under the Mohawk 2018 Plan.

The following is only a summary of the material terms of the Mohawk 2018 Plan, is not a complete description of all provisions of the Mohawk 2018 Plan and should be read in conjunction with the Mohawk 2018 Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Purpose. The purpose of the Mohawk 2018 Plan is to help us to (i) attract and retain the best available personnel, (ii) incentivize employees, directors, and consultants with long-term, equity based compensation to align their interests with our stockholders, and (iii) promote the success of our business.

Eligibility. The compensation committee of our board of directors (the "Committee") will select participants from among our employees, consultants, directors and investor director providers, or individuals to whom an offer of a service relationship as an employee, consultant, or director has been extended.

Authorized Shares. A total of 8,104,326 shares of our common stock have been reserved for issuance pursuant to the Mohawk 2018 Plan, with additional shares added each January 1st beginning after 2019 equal to the lesser of (i) 15% of the shares deemed outstanding as of the preceding December 31, minus the number of shares in the share reserve as of immediately prior to the increase, or (ii) such number of shares as determined by our board of directors, which number is also the limit on shares of our common stock available for awards of ISOs. The shares of our common stock deliverable pursuant to awards under the Mohawk 2018 Plan will be authorized but unissued shares of common stock or reacquired common stock, including common stock that we repurchased on the open market or otherwise, or holds in treasury or trust. Any shares of our common stock withheld in connection with any exercise price or tax withholdings relating to an award or tendered in satisfaction of tax withholdings or payment of purchase price will again be available for issuance under the Mohawk 2018 Plan.

Types of Awards. The Mohawk 2018 Plan provides that the Committee may grant stock options, restricted stock awards, restricted stock unit awards and other stock awards to participants under the Mohawk 2018 Plan.

Stock Options. The exercise price of stock options and exercise price of stock appreciation rights granted under the Mohawk 2018 Plan must not be less than 100% of the fair market value of our common stock on the grant date, subject to certain exceptions relating to Section 409A of Internal Revenue Code of 1986, as amended. The term of a stock option or stock appreciation rights may not exceed ten years. If a stock option or stock appreciation right is granted to an employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the stock option or stock appreciation right will not be first exercisable for any shares of our common stock until at least six months following its grant date (although the award may vest prior to such date). An ISO may only be granted to our employees or employees of certain of its affiliates. An ISO granted to an employee who owns more than 10% of the combined voting power of all of our classes of stock or that of its affiliates must have an exercise price of at least 110% of the fair market value of our common stock on the grant date, and the term of the ISO may not exceed five years from the grant date. To the extent that the aggregate fair market value of shares of our common stock with respect to which ISOs first become exercisable by a participant in any calendar year exceeds $100,000, such excess stock options will be treated as Non-ISOs. The methods of payment of the exercise price of a stock option may include, among other things, cash or check, other shares (subject to certain conditions), “net exercise” (for Non-ISOs), cashless exercise, as well as other forms of legal consideration that may be acceptable to the Committee, at its sole discretion. To exercise any outstanding stock appreciation right, the participant must provide written notice of exercise to us as well as full payment of the exercise price. Our board of directors may establish and set forth in the applicable stock option award agreement or other agreement the terms and conditions on which a stock option or stock appreciation right will remain exercisable, if at all, following termination of a participant’s service. Unless an award agreement provides otherwise: (i) if termination is due to death or disability, the stock option or stock appreciation right will remain exercisable for twelve months after such termination of service; (ii) if termination is due to cause, the stock option or stock appreciation right will expire immediately upon such termination of service, or when cause first existed, if earlier; and (iii) if termination is due to reasons other than for death, disability or cause, the stock option or stock appreciation right generally will remain exercisable for ninety days following termination of service.

Restricted Stock and Restricted Stock Unit Awards. Each restricted stock, restricted stock unit or unrestricted shares award agreement will be in the form and contain such terms and conditions as the Committee deems appropriate. Unless otherwise provided in the award agreement, we will hold certificates or, if not certificated, other indicia representing the restricted shares, until the restrictions lapse. Restricted shares and restricted stock units not yet vested shall be forfeit upon termination of the recipient’s employment unless otherwise set forth in the award agreement or determined by the Committee or unless we have a contingent contractual obligation to provide for accelerated vesting, whereupon the recipient shall have the maximum contractual time for determining whether such contingency will occur before termination.

Right of First Refusal/Repurchase. The awards granted under the Mohawk 2018 Plan may, at the Committee’s discretion, include provisions whereby we or our designee may elect to repurchase or exercise a right of first refusal for any options, restricted shares, restricted stock units, or unrestricted shares acquired pursuant to an award. The repurchase price shall be the lower of (i) the fair market value of the shares on the date of repurchase, or (ii) their original purchase price.

Taxes. Award recipients are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with awards granted pursuant to the Mohawk 2018 Plan and our obligation to deliver any common stock pursuant to the Mohawk 2018 Plan is dependent on the prior or simultaneous satisfaction of all withholding obligations. We have no duty or obligation to minimize the tax consequences of a stock award to the holder.

Non-Transferability of Awards. Unless the Committee provides otherwise in an award agreement, grants an exception, or unless transferred pursuant to a will or by the laws of descent and distribution or the terms of a domestic relations order as approved by us, the Mohawk 2018 Plan generally does not allow for the transfer of awards and only the participant who is granted an award may exercise an award during his or her lifetime.

Certain Adjustments. In the event of certain changes in our capitalization, such as stock splits, reverse stock splits, stock dividends, combinations, recapitalizations or reclassifications with respect to our common stock, or mergers, consolidations, changes in organization form or other increases or decreases in the number of issued shares of our common stock effected without receipt or payment of consideration by us, the Committee will equitably adjust the number and price of shares covered by each outstanding award and the total number of shares authorized for issuance under the Mohawk 2018 Plan. Unless our board of directors provides otherwise in an award agreement, in the event of any proposed dissolution or liquidation of us, other than as part of a change of control, all awards will terminate immediately prior to the consummation of such proposed corporate transaction.

Change in Capital Structure. In the event of a corporate transaction involving us, unless otherwise provided in any award agreement or other applicable agreements between us or any of our affiliates, on the one hand, and the applicable participant, on the other hand, each outstanding award will be assigned to or assumed or substituted by the surviving or successor company or a parent or subsidiary of such company upon consummation of the corporate transaction. Notwithstanding the foregoing, our board of directors has the discretion to take one or more of the following actions with respect to any or all awards: (i) accelerate the vesting of the awards so that some or all the awards that would not have vested will vest and/or cause our repurchase rights to lapse; (ii) provide payment of cash or other consideration in exchange for the satisfaction and cancellation of all or some of the outstanding awards, based on any reasonable valuation method selected by the Committee; (iii) terminate all or some of the awards upon the consummation of the transaction; or (iv) make any modification, adjustment, or amendment to outstanding awards or the Mohawk 2018 Plan as the Committee deems necessary or appropriate. Our board of directors is not required to take the same action or actions with respect to all awards granted under the Mohawk 2018 Plan, or portions thereof, or with respect to all participants, and may take any of the different actions described above with respect to the vested and unvested portions of any award. A change of control includes, any one or more of the following events: (a) a sale or other disposition of all or substantially all of our assets, (b) a sale or other disposition of at least 50% of the combined voting power of our outstanding securities, not including any bona fide sale of our securities for purposes of raising capital, (c) a merger or consolidation of us with any other corporation unless (1) our voting securities outstanding immediately before the merger or consolidation would constitute at least 50% of the combined voting power of the voting securities after the merger or consolidation, and (2) no person becomes a beneficial owner, directly or indirectly, of 50% or more of the combined voting power of our then outstanding securities, (d) during any consecutive one-year period commencing after an initial public offering, the individuals who constituted the board of directors at the beginning of the period cease for any reason to constitute a majority of the board, or (e) our stockholders approve a plan or proposal for the liquidation or dissolution of us.

Plan Administration. The Mohawk 2018 Plan is administered by the Committee, and, in the absence of a compensation committee, by our board of directors, although the Committee may delegate administration of the Mohawk 2018 Plan to a subcommittee of the board of directors. In connection with administering the Mohawk 2018 Plan, the Committee has the responsibility for determining, among other things, the recipient of each award, the number of shares, units or dollars of our common stock subject to an award when and how each award will be granted, the fair market value of each award, the terms and conditions of each award, what type of stock award will be granted and the forms of the award agreements and other documents, notices and certificates therewith.

Amendment; Termination. The Mohawk 2018 Plan may be amended or terminated by the Committee as it deems advisable; however, stockholder approval is required for any change that increases the number of shares of our common stock available for issuance under the Mohawk 2018 Plan. The Mohawk 2018 Plan will terminate on October 11, 2028, if not sooner terminated by our board of directors.

We intend to file a registration statement on Form S-8 to register all of the shares of common stock reserved for issuance under the 2014 Amended and Restated Equity Incentive Plan and the 2018 Equity Incentive Plan.

Employment, Severance and Transaction Bonus Agreements

Yaniv Sarig - We entered into an offer letter with Mr. Sarig, dated April 1, 2015. Pursuant to the offer letter, Mr. Sarig's base salary was initially $120,000 per year. During his employment, Mr. Sarig has received various base salary adjustments and his current base salary is $300,000 per year. Mr. Sarig's employment is at will and may be terminated at any time by us or Mr. Sarig, with or without cause.

Fabrice Hamaide - We entered into a contractor agreement with Mr. Hamaide, dated July 1, 2017. Pursuant to this agreement, Mr. Hamaide's current compensation is $300,000 per year. If Mr. Hamaide's agreement is terminated without cause, Mr. Hamaide will be entitled to six months of compensation.

Joseph A Risico - We entered into an offer letter with Mr. Risico, dated May 14, 2018. Pursuant to the offer letter, Mr. Risico's current base salary is $250,000 per year. Mr. Risico's employment is at will and may be terminated by us or Mr. Risico at any time, with or without cause.

***Mihal Chaouat-Fix*—**We entered into an offer letter with Ms. Chaouat-Fix, dated January 1, 2016. Pursuant to the offer letter, Ms. Chaouat-Fix's base salary is $100,000 per year. During her employment, Ms. Chaouat-Fix has received various base salary adjustments and her current base salary is $250,000 per year. Ms. Chaouat-Fix's employment is at will and may be terminated by us or Ms. Chaouat-Fix at any time, with or without cause.

***Pete Datos*—**We entered into an offer letter with Mr. Datos, dated August 15, 2018. Pursuant to the offer letter, Mr. Datos' base salary is $300,000 per year. Mr. Datos' employment is at will and may be terminated at any time, with or without cause.

Transaction Bonus Plan

Effective July 9, 2018, we established the Transaction Bonus Plan (the "Transaction Bonus Plan") to provide a means by which select employees may be given incentives to remain with Mohawk through a liquidity transaction. The following is only a summary of the material terms of the Transaction Bonus Plan, is not a complete description of all provisions of the Transaction Bonus Plan and should be read in conjunction with the Transaction Bonus Plan, which is filed as an exhibit to the registration statement of which this prospectus forms a part.

Under the Transaction Bonus Plan, our board of directors may, by unanimous approval, grant contractual rights to receive payments (each right, a "Participation Unit") to any full-time employees or independent contractors that have at least three months of service with us. Participation Units shall vest in nine monthly installments on each of the nine monthly anniversaries of the date of grant, subject to continued employment with us or a subsidiary of ours. Each Participation Unit represents a proportional interest in the amount set aside for participants of the Transaction Bonus Plan (the "Plan Pool"). Payments from the Plan Pool shall occur under the Transaction Bonus Plan upon either a "Sale of the Company" or a "Qualified IPO" and shall be distributed in the manner set forth in the Transaction Bonus Plan.

A "Sale of the Company" is defined as (i) the accumulation, whether directly or indirectly, beneficially or of record, by an individual and/or entity of more than 50% of the outstanding shares of our common stock or (ii) a sale of all or substantially all of our assets, which may include a license transaction. A "Qualified IPO" is defined as either (i) a firm commitment underwritten public offering pursuant to an effective registration statement filed under the Securities Act covering the offer and sale of our common stock or (ii) a transaction pursuant to which we reverse merge directly or indirectly with a publicly listed special purpose acquisition company, and in each case, provided that surviving company's common stock is listed for trading on The Nasdaq Stock Market LLC, the New York Stock Exchange or another exchange or marketplace approved by our board of directors, and provided further that the aggregate gross proceeds to us are not less than $50,000,000.

The Plan Pool shall be funded following the closing of either a Sale of the Company or a Qualified IPO as follows: (i) 5% of Value, if total Value is below the historical total amount invested in Mohawk Opco in respect of preferred equity, as determined at the closing ("Level 1"); (ii) 10% of total Value if total Value equals or exceeds Level 1 and is below a Value of $300,000,000 ("Level 2"); or (iii) 15% of total Value if Value equals or exceeds $300,000,000. In a Sale of the Company, Value is the amount of proceeds paid or distributed to our stockholders, treating amounts otherwise payable under the Transaction Bonus Plan as amounts paid to stockholders, with Value increasing upon every release of proceeds to our stockholders. If our stockholders shall hold our common stock or the voting securities of the surviving or acquiring entity after a Sale of the Company, then Value shall be the fully diluted number of shares of our common stock multiplied by the per share price paid to us or selling stockholders. In a Sale of the Company, the Plan Pool shall be funded with the same form of consideration paid in respect of our common stock. In a Qualified IPO, Value is either (i) our market capitalization using the 30-day average volume-weighted average price for the 30 days immediately following, and inclusive of, the date of the Qualified IPO in the case of an underwritten public offering or (ii) our post-money valuation immediately after giving effect to a reverse merger. In a Qualified IPO, the Plan Pool shall be deemed funded one-third in cash and two-thirds in our common stock.

As of October 31, 2018, we granted 91.85% of the total Participation Units under the Transaction Bonus Plan, including 66.65% of the total Participation Units to our executive officers.

Related Party Transactions

In addition to the director and executive officer compensation arrangements discussed in the section of this prospectus entitled "Executive Officer Compensation," the following is a summary of material provisions of transactions since January 1, 2015 that we or Mohawk Opco have been a party to and in which the amount involved exceeded or will exceed $120,000, and in which any of our directors, executive officers, beneficial owners of more than 5% of our capital stock, or their immediate family members, have had or will have a direct or indirect material interest.

We used a third-party vendor, Mommy Guru LLC ("Mommy Guru"), for certain product promotions, marketing activities and product rebates. In September 2017, we hired Mommy Guru's CEO as our Chief Marketing Officer ("CMO") and continued to use the services of Mommy Guru during the CMO's employment. During the years-ended December 31, 2016 and 2017, we paid Mommy Guru approximately less than $0.1 million and $2.4 million, respectively, in fees, of which $1.9 million was incurred during the CMO's employment, which reduces our net revenue. We paid the CMO approximately $0.0 million and $0.1 million in compensation for years-ended December 31, 2016 and 2017, respectively. The CMO is no longer employed with us as of June 30, 2018.

Limitation of Liability and Indemnification of Officers and Directors

Prior to the completion of this offering, we expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the completion of this offering, and which will contain provisions that limit the liability of our directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, our directors will not be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to our company or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the General Corporation Law of the State of Delaware (the "DGCL"); or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of our directors will be further limited to the greatest extent permitted by the DGCL.

Our certificate of incorporation provides that we will, under certain circumstances, indemnify our directors to the fullest extent permitted by law. Our bylaws provide that we will indemnify, to the fullest extent permitted by law, any person who is or was or is made a party or is threatened to be made a party to, or is otherwise involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or any other type whatsoever, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was one of our directors or officers, or is or was serving at our request as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, against all expenses, liability and loss (including attorney's fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such director, officer, employee, agent or trustee in connection therewith, subject to certain conditions. Our bylaws also provide us with the power to, to the extent authorized by our board of directors, enter into indemnification contracts with any director, officer, employee or agent of the Company, or any person serving at the request of the corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise and such rights may be greater than those provided in our bylaws. In addition, our bylaws also provide that we must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to certain exceptions.

Further, prior to the completion of this offering, we expect to enter into indemnification agreements with each of our directors and executive officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements will require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements will also require us to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding, subject to certain exceptions. We believe that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that are included in our certificate of incorporation, bylaws and in indemnification agreements that we enter into with our directors and executive officers may discourage stockholders from bringing a lawsuit against our directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against our directors and executive officers even though an action, if successful, might benefit us and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, we are not aware of any pending litigation or proceeding involving any person who is or was one of our directors, officers, employees or other agents or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and we are not aware of any threatened litigation that may result in claims for indemnification.

Our bylaws provide that we may purchase and maintain insurance, at our expense, to protect us and any person who is or was a director, officer, employee or agent of us or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not we would have the power to indemnify such person against such expense, liability or loss under the DGCL. We will obtain prior to the closing of this offering insurance under which, subject to the limitations of the insurance policies, coverage is provided to our directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to us with respect to payments that may be made by us to these directors and executive officers pursuant to our indemnification obligations or otherwise as a matter of law.

Certain of our non-employee directors may, through their relationships with their employers, be insured or indemnified against certain liabilities incurred in their capacity as members of our board of directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling our company pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Policies and Procedures for Related Party Transactions

Our board of directors expects to adopt a written related person transaction policy to be effective upon completion of this offering to set forth the policies and procedures for the review and approval or ratification of related person transactions. This policy will cover, with certain exceptions set forth in Item 404 of Regulation S-K under the Securities Act, any transaction, arrangement, or relationship, or any series of similar transactions, arrangements, or relationships in which we were or are to be a participant, the amount involved exceeds $120,000, and a related person had or will have a direct or indirect material interest, including, without limitation, purchases of goods or services by or from the related person or entities in which the related person has a material interest, indebtedness, guarantees of indebtedness, and employment by us of a related person. A related person is any individual who is, or who has been since the beginning of our last fiscal year, one of our directors or executive officers, or a nominee to become one of our directors, or any person known to be the beneficial owner of more than 5% of any class of our voting securities, or any immediate family member of any of the foregoing persons. Additionally, any firm, corporation or other entity by which any of the foregoing persons is employed or in which such person is a general partner or principal, or in a similar position, or in which such person has a 10% or greater beneficial ownership interest, will also be deemed to be a related person. Transactions involving compensation for services provided to us as an employee, consultant or director are not considered related-person transactions under this policy. As provided by our audit committee charter to be effective upon completion of this offering, our audit committee is responsible for reviewing and approving in advance any related party transaction. Prior to the creation of our audit committee, our full board of directors will review related party transaction.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock as of October 31, 2018 for:

- each of the Named Executive Officers;
- each of our directors;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, known by us to be the beneficial owner of more than five percent of any class of our voting securities.

We have determined beneficial ownership in accordance with the rules of the SEC. We have deemed shares of our common stock subject to warrants and options that are currently exercisable or exercisable within 60 days of October 31, 2018 to be outstanding and to be beneficially owned by the person holding the option for the purpose of computing the percentage ownership of that person but have not treated them as outstanding for the purpose of computing the percentage ownership of any other person.

Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Mohawk Group Holdings, Inc., 37 East 18th Street, 7th Floor, New York, NY 10003. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

	Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Greater than 5% Stockholders:		
Entities Affiliated with GV 2016, L.P.	4,118,225(1)	9.2%
Larisa Storozhenko	5,366,147(2)	11.9%
MV II, LLC	8,280,007(3)	18.4%
Named Executive Officers and Directors:		
Yaniv Sarig	1,679,360(4)	3.7%
Fabrice Hamaide	268,536(5)	*
Joseph A. Risico	—	—
Pete Datos	—	—
Mihal Chaouat-Fix	149,372(6)	*
Asher Delug	10,931,194(7)	24.3%
Stephen Liu	1,125,000(8)	2.5%
All current executive officers and directors as a group (7 persons)(9)	14,153,462	31.2%

* Denotes less than 1%

(1) Comprised of (i) 3,868,225 shares of common stock held by GV 2016, L.P. and (ii) 250,000 shares of common stock held by GV 2017, L.P. GV 2016 GP, L.P., the general partner of GV 2016, L.P., GV 2016 GP, L.L.C., the general partner of GV 2016 GP, L.P., Alphabet Holdings LLC, the sole member of GV 2016 GP, L.L.C., XXVI Holdings Inc., the managing member of Alphabet Holdings LLC, and Alphabet Inc., the sole stockholder of XXVI Holdings Inc., may each be deemed to have sole power to vote or dispose of the shares held directly by GV 2016, L.P. GV 2017 GP, L.P., the general partner of GV 2017, L.P., GV 2017 GP, L.L.C., the general partner of GV 2017 GP, L.P., Alphabet Holdings LLC, the sole member of GV 2017 GP, L.L.C., XXVI Holdings Inc., the managing member of Alphabet Holdings LLC, and Alphabet Inc., the sole stockholder of XXVI Holdings Inc., may each be deemed to have sole power to vote or dispose of the shares held directly by GV 2017, L.P. Between March 6, 2017 and September 4, 2018 David C. Munichiello was a director of Mohawk Group, Inc., the predecessor entity to the Company. Mr. Munichiello is a partner at GV and an affiliate of GV 2016, L.P. and GV 2017, L.P. but does not have voting or dispositive power over the shares held by GV 2016, L.P. or GV 2017, L.P. The principal business address of each of GV 2016, L.P., GV 2016 GP, L.P., GV 2016 GP, L.L.C., GV 2017, L.P., GV 2017 GP, L.P., GV 2017 GP, L.L.C., Alphabet Holdings LLC, XXVI Holdings Inc., and Alphabet Inc. is 1600 Amphitheatre Parkway, Mountain View, California 94043.

(2) Comprised of 5,366,147 shares of common stock held directly. Dr. Storozhenko was a member of our board of directors until March 2017. The address of Larisa Storozhenko is 388 2nd Ave, # 134 New York NY 10010. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.

(3) Comprised of 8,280,007 shares of common stock held directly. Lucille Yaney is the control person of MV II, LLC and has dispositive power over the shares held by MV II, LLC. The address of MV II, LLC is 1013 Centre Road, STE 403-A, Wilmington, DE 19805. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.

(4) Comprised of 1,679,360 shares of common stock held directly.

(5) Mr. Hamaide's holdings consist of (i) 236,943 shares of common stock issuable pursuant to stock options immediately exercisable and (ii) 31,593 shares of common stock issuable pursuant to stock options exercisable within 60 days after October 31, 2018. Promptly after the completion of this offering, the Company intends to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock reserved for issuance under the 2014 Amended and Restated Equity Incentive Plan and the 2018 Equity Incentive Plan.

(6) Ms. Chaouat-Fix's holdings consist of (i) 16,958 shares of common stock, (ii) 131,269 shares of common stock issuable pursuant to stock options immediately exercisable and (iii) 1,145 shares of common stock issuable pursuant to stock options exercisable within 60 days after October 31, 2018. Promptly after the completion of this offering, the Company intends to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock reserved for issuance under the 2014 Amended and Restated Equity Incentive Plan and the 2018 Equity Incentive Plan.

(7) Comprised of (i) 9,231,463 shares of common stock held directly and (ii) 1,699,731 shares of common stock held by Asher Maximus I, LLC. Mr. Delug is the control person of Asher Maximus I, LLC and has dispositive power over the shares held by Asher Maximus I, LLC. The address of Asher Maximus I, LLC is PO Box 69859, Hollywood, CA 90069. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.

(8) Comprised of 1,125,000 shares of common stock held by IFG Health Inc. Dr. Liu is the control person of IFG Health Inc. and has dispositive power over the shares held by IFG Health Inc. The address of IFG Health Inc. is 11301 W. Olympic Boulevard, #558, Los Angeles, CA 90064.

(9) Comprised of shares included under "Named Executive Officers and Directors".

SELLING STOCKHOLDERS

This prospectus covers the resale by the selling stockholders identified below of 45,749,521 shares of our common stock. The selling stockholders were our pre-Merger stockholders or acquired our securities in connection with the Merger. The registration of the common stock of the selling stockholders through this prospectus constitutes a secondary offering and is not an offering by or on behalf of the Company. We will not receive any proceeds from the resale of the shares of our common stock by the selling stockholders.

Except as disclosed in the footnotes below, none of the selling stockholders has been an officer or director of ours or any of our predecessors or affiliates within the past three years. Except as disclosed in the footnotes below, no selling stockholder had a material relationship with us or any of our affiliates within the last three years.

The following table and the accompanying footnotes are based in part on information supplied to us by the selling stockholders. The table and footnotes assume that the selling stockholders will sell all of the shares listed. However, because the selling stockholders may sell all or some of their shares under this prospectus from time to time, or in another permitted manner, we cannot assure you as to the actual number of shares that will be sold by the selling stockholders or that will be held by the selling stockholders after completion of any sales. We do not know how long the selling stockholders will hold the shares before selling them.

The inclusion of any shares in this table does not constitute an admission of beneficial ownership by the persons named below. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Mohawk Group Holdings, Inc., 37 East 18th Street, 7th Floor, New York, NY 10003. Unless otherwise indicated below, to our knowledge, the persons and entities named in the table have sole voting and sole investment power with respect to all shares that they beneficially owned, subject to community property laws where applicable.

	Shares Beneficially Owned Before this Offering		Shares of Common Stock to be Sold in this Offering	Shares Beneficially Owned After this Offering	
Beneficial Owner Name	Number	%	Number (247)	Number	%
1994, LLC (1)	1,647,995	3.7%	1,647,995	—	—
A&A Group, S.A. (2)	169,599	*	169,599	—	—
ABCS Partners (3)	210,260	*	210,260	—	—
Alan Bilzi (4)	6,250	*	6,250	—	—
Albert Gentile & Hiedi Gentile (5)	12,500	*	12,500	—	—
Alexander Arrow (6)	12,500	*	12,500	—	—
Allan Lipkowitz Revocable Living Trust dtd August 26, 2005 (7)	12,500	*	12,500	—	—
Alok Agrawal and Ankur Agrawal (8)	5,000	*	5,000	—	—
Amedeo Dino Sgueglia (9)	30,000	*	30,000	—	—
American Portfolios Financial Services, Inc. (10)	9,477	*	9,477	—	—
Amir & Mona Zaghloul (11)	6,500	*	6,500	—	—
Amit Khot & Nimisha Bhatnagar (12)	5,000	*	5,000	—	—
Andrew Brenner (13)	10,000	*	10,000	—	—
Andrew Good (14)	12,500	*	12,500	—	—
Anthony Azzara (15)	18,750	*	18,750	—	—
Anthony Briguglio (16)	2,500	*	2,500	—	—
Ardara Capital LP (17)	25,000	*	25,000	—	—
Arielle E. Crothers (18)	15,000	*	15,000	—	—
Artyom Astafurov (19)	42,399	*	42,399	—	—
Arun Virick (20)	3,750	*	3,750	—	—
Asher Delug (21)	9,231,463	20.5%	9,231,463	—	—
Asher Maximus I, LLC (22)	1,699,731	3.8%	1,699,731	—	—
Ashish Grover & Manisha Grover (23)	5,000	*	5,000	—	—
AtClique Fund LLC (24)	38,053	*	38,053	—	—
ATW Fund LLC (25)	42,281	*	42,281	—	—
Barry S. Cohn (26)	6,168	*	6,168	—	—
Belzberg & Co., Ltd. (27)	125,000	*	125,000	—	—
Bianka Yankov (28)	15,000	*	15,000	—	—
BoxGroup Three LLC (29)	163,691	*	163,691	—	—

Beneficial Owner Name	Shares Beneficially Owned Before this Offering		Shares of Common Stock to be Sold in this Offering	Shares Beneficially Owned After this Offering	
	Number	%	Number (247)	Number	%
Brian M. Miller (30)	18,000	*	18,000	—	—
Bruce Rosen (31)	8,000	*	8,000	—	—
Bryan Ciambella (32)	6,653	*	6,653	—	—
Byron Hughey (33)	4,000	*	4,000	—	—
Carol Giorello & Anthony Giorello (34)	6,250	*	6,250	—	—
Carol Cody (35)	25,000	*	25,000	—	—
Casimir S. Skrzypczak (36)	12,500	*	12,500	—	—
Chaks LLC (37)	12,500	*	12,500	—	—
Charles Freeland (38)	6,250	*	6,250	—	—
Christopher Figoni (39)	10,000	*	10,000	—	—
Christine Gordon Brown (40)	6,250	*	6,250	—	—
Christopher Cozzolino (41)	77,475	*	77,475	—	—
Christopher Innace (42)	70,000	*	70,000	—	—
CKR Law LLP (43)	22,500	*	22,500	—	—
Clayton A. Struve (44)	75,000	*	75,000	—	—
Lee Harrison Corbin (45)	31,250	*	31,250	—	—
Craig Bordon (46)	12,500	*	12,500	—	—
Daniel D. Sambucci (47)	6,250	*	6,250	—	—
Daniel Salvas (48)	19,000	*	19,000	—	—
Daryl Squicciarini (49)	50,000	*	50,000	—	—
David Frydrych (50)	25,000	*	25,000	—	—
David Giljohann (51)	2,500	*	2,500	—	—
David Sutton (52)	939	*	939	—	—
Deccan Pacific Ventures, LLC (53)	6,250	*	6,250	—	—
Dennis T. Brooks (54)	7,500	*	7,500	—	—
Dhruv Garg (55)	2,442	*	2,442	—	—
DiamondRock, LLC (56)	17,500	*	17,500	—	—
Dinosaur Financial Group, LLC (57)	3,797	*	3,797	—	—
Douglas W. Kohrs (58)	50,000	*	50,000	—	—
Dov Junik (59)	50,000	*	50,000	—	—
Drew Katz (60)	62,500	*	62,500	—	—
Dyke Rogers (61)	37,500	*	37,500	—	—
Edward King (62)	25,000	*	25,000	—	—
Edward Mermelstein (63)	25,000	*	25,000	—	—
EFD Capital Inc. (64)	13,238	*	13,238	—	—
Elizabeth Crothers (65)	11,250	*	11,250	—	—
Eric Aroesty (66)	62,500	*	62,500	—	—
Eric Schwartz (67)	290,822	*	290,822	—	—
Erick E. Richardson (68)	20,000	*	20,000	—	—
Ernest J. & Michele M. Mattei, JTWROS (69)	10,000	*	10,000	—	—
Ernest W. Moody Revocable Trust, DTD Jan 14 2009 (70)	125,000	*	125,000	—	—
Esther Gelfand (71)	283,750	*	283,750	—	—
F&M Star Alliance, Inc. (72)	60,000	*	60,000	—	—
FirstFire Global Opportunities Fund LLC (73)	60,000	*	60,000	—	—
Frank Farello (74)	6,250	*	6,250	—	—
George Kingsley & Nadine Kingsley (75)	20,000	*	20,000	—	—
Giles Sandvik & Jeanne Sandvik (76)	6,000	*	6,000	—	—
Griffin Page & Co. Inc. (77)	20,240	*	20,240	—	—
Gunther Meyberg (78)	6,250	*	6,250	—	—
GV 2016, LP (79)	3,868,225	8.6%	3,868,225	—	—
GV 2017, LP (80)	250,000	*	250,000	—	—
Howard David Liebreich Revocable Trust UA DTD 11.28.2012 (81)	25,000	*	25,000	—	—
Howard Stringer (82)	6,250	*	6,250	—	—
Hudson Bay Master Fund Ltd. (83)	875,000	1.9%	875,000	—	—
IFG Health Inc. (84)	1,125,000	2.5%	1,125,000	—	—
Igor Belousov (85)	12,500	*	12,500	—	—
Igor Semenov (86)	390,000	*	390,000	—	—
Ilario & Barbara J. Licul, JTWROS (87)	75,000	*	75,000	—	—
Inna Mamuta (88)	12,500	*	12,500	—	—
Intracoastal Capital, LLC (89)	75,000	*	75,000	—	—

Beneficial Owner Name	Shares Beneficially Owned Before this Offering		Shares of Common Stock to be Sold in this Offering	Shares Beneficially Owned After this Offering	
	Number	%	Number (247)	Number	%
Irwin Rosenfeld (90)	5,000	*	5,000	—	—
James and Dorothy Saylor (91)	12,500	*	12,500	—	—
James Messing (92)	6,250	*	6,250	—	—
Jay Bradbury (93)	25,000	*	25,000	—	—
Jeff & Christine Rennell (94)	125,000	*	125,000	—	—
Jeffrey Berman (95)	50,000	*	50,000	—	—
Jeffrey Kuhr (96)	2,500	*	2,500	—	—
Jeffrey P. Wiegand (97)	30,000	*	30,000	—	—
Jesse Janssen (98)	35,194	*	35,194	—	—
Jingren (James) Xu (99)	2,442	*	2,442	—	—
JNS Holdings Group LLC (100)	25,000	*	25,000	—	—
Joel Pruzansky (101)	12,500	*	12,500	—	—
Joel Yanowitz (102)	12,500	*	12,500	—	—
John A. Friede (103)	125,000	*	125,000	—	—
John C. Blazier & Fleur Christensen (104)	7,500	*	7,500	—	—
John M. DeCanio (105)	6,250	*	6,250	—	—
John Joubert (106)	250,000	*	250,000	—	—
John V. Wagner, Jr. (107)	22,500	*	22,500	—	—
Jonathan & Gina Blatt Childrens' Trust UA 02.20.2002 (108)	4,000	*	4,000	—	—
Jonathan & Gina Blatt, JTWROS (109)	8,750	*	8,750	—	—
Joseph & Cynthia M. Torsiello (110)	12,500	*	12,500	—	—
Joseph F. Grassi (111)	5,000	*	5,000	—	—
Joseph Rubino (112)	12,500	*	12,500	—	—
Joseph Schump (113)	25,000	*	25,000	—	—
Judson Cooper (114)	18,256	*	18,256	—	—
Julie Wineman (115)	15,000	*	15,000	—	—
K. David Tritsch (116)	11,500	*	11,500	—	—
KashFlow18 LLC (117)	12,500	*	12,500	—	—
Kaushal Pandya (118)	4,000	*	4,000	—	—
Keith Murphy (119)	90,000	*	90,000	—	—
Kevin Andrew McColl (120)	6,250	*	6,250	—	—
Kevin Filosa (121)	5,397	*	5,397	—	—
Kevin Li (122)	6,250	*	6,250	—	—
Kevin Weinman (123)	11,192	*	11,192	—	—
Kola Agbaje (124)	9,550	*	9,550	—	—
Lam Lu (125)	406	*	406	—	—
Larisa Storozhenko (126)	5,366,147	11.9%	5,366,147	—	—
Larry Caillouet (127)	7,500	*	7,500	—	—
Lawrence Serini (128)	2,500	*	2,500	—	—
Lee J. Seidler Revocable Trust dtd 4.12.1990 (129)	12,500	*	12,500	—	—
Leland Zurich & Valerie Zurich (130)	50,000	*	50,000	—	—
Leonite Capital LLC (131)	82,500	*	82,500	—	—
Lina Kay (132)	100,250	*	100,250	—	—
Linda DelPonte (133)	5,000	*	5,000	—	—
Lisa Dvorin (134)	6,250	*	6,250	—	—
Lisa M. Van Goor (135)	25,000	*	25,000	—	—
Lisa Piper (136)	8,000	*	8,000	—	—
Lisa Torsiello (137)	50,000	*	50,000	—	—
Louis Alan Klevan (138)	6,250	*	6,250	—	—
Louis Sanzo (139)	12,500	*	12,500	—	—
Lynn Zheng (140)	12,500	*	12,500	—	—
Macgregor Fogelsong (141)	11,250	*	11,250	—	—
Mackie Klingbeil (142)	12,500	*	12,500	—	—
Mark L. Eurek (143)	6,250	*	6,250	—	—
Mark Tompkins (144)	25,000	*	25,000	—	—
Mark W. Spencer (145)	25,000	*	25,000	—	—
Martin & Claudia Toner, JTWROS (146)	25,000	*	25,000	—	—
Martin J. Junge (147)	30,000	*	30,000	—	—
Matthew Longo (148)	15,000	*	15,000	—	—
Matthew Monchik (149)	5,000	*	5,000	—	—
Matthew Orr (150)	62,500	*	62,500	—	—
Mauricio Martinez (151)	6,000	*	6,000	—	—

Beneficial Owner Name	Shares Beneficially Owned Before this Offering		Shares of Common Stock to be Sold in this Offering	Shares Beneficially Owned After this Offering	
	Number	%	Number (247)	Number	%
Michael LoRusso & Valerie LoRusso (152)	12,500	*	12,500	—	—
Michael Colandrea (153)	10,000	*	10,000	—	—
Michael J. Mathieu (154)	12,500	*	12,500	—	—
Michael Levine (155)	10,000	*	10,000	—	—
Michael Silverman (156)	304,750	*	304,750	—	—
Michael T. Rich, Jr. (157)	6,250	*	6,250	—	—
Michael Zapolin (158)	5,000	*	5,000	—	—
Mihal Chaouat-Fix (159)	16,958	*	16,958	—	—
Michele McCarthy (160)	25,000	*	25,000	—	—
Mikhail Dank (161)	7,500	*	7,500	—	—
Mohawk Interplay LLC (162)	42,281	*	42,281	—	—
Morgan Janssen (163)	42,927	*	42,927	—	—
MV II, LLC (164)	8,280,007	18.4%	8,280,007	—	—
Najafi Enterprises, LLC (165)	25,000	*	25,000	—	—
Nitin & Neelima Bhatnagar (166)	6,250	*	6,250	—	—
Noel McGee (167)	2,500	*	2,500	—	—
Oceanic I Club LLC (168)	25,000	*	25,000	—	—
Opes Equities, Inc. (169)	20,000	*	20,000	—	—
Osprey I, LLC (170)	12,500	*	12,500	—	—
Parizou Trading EOOD (171)	62,500	*	62,500	—	—
Patricia E. King (172)	12,500	*	12,500	—	—
Patrick G. Patel (173)	150,000	*	150,000	—	—
Paul Ehrenstein (174)	1,425	*	1,425	—	—
Peter K. Janssen (175)	510,142	1.1%	510,142	—	—
Peter W. Janssen (176)	700,000	1.6%	700,000	—	—
Philip Rabinovich (177)	10,000	*	10,000	—	—
Philip W. Faucette, II (178)	6,250	*	6,250	—	—
Proactive Capital Partners, L.P. (179)	25,000	*	25,000	—	—
Randall A. Sebring & Alice M. Sebring (180)	50,000	*	50,000	—	—
Ravi Gutta (181)	55,000	*	55,000	—	—
Raymond Warenik (182)	2,500	*	2,500	—	—
Reinaldo Cubi (183)	5,000	*	5,000	—	—
Renato Labadan (184)	25,000	*	25,000	—	—
Richard Dietl (185)	25,000	*	25,000	—	—
Richard Madison (186)	8,000	*	8,000	—	—
Richard Pashayan (187)	12,500	*	12,500	—	—
Richard A. Pisacano (188)	6,250	*	6,250	—	—
RMR Wealth Management, LLC (189)	21,515	*	21,515	—	—
Robert Burkhardt (190)	6,250	*	6,250	—	—
Robert Crothers (191)	80,167	*	80,167	—	—
Robert D. Frankel (192)	5,000	*	5,000	—	—
Robert G. Maxon (193)	10,000	*	10,000	—	—
Robert & Christine Jacob (194)	3,750	*	3,750	—	—
Robert Lengwenus (195)	2,125	*	2,125	—	—
Robinson Crothers (196)	20,041	*	20,041	—	—
Roman Livson (197)	99,148	*	99,148	—	—
Ronald & Annette Bonelli, JTWROS (198)	12,500	*	12,500	—	—
Ronald D. Bartlett & Valerie Bartlett (199)	12,500	*	12,500	—	—
Rory McGee (200)	2,500	*	2,500	—	—
Samuel Fisher (201)	2,500	*	2,500	—	—
Sapan Nainani (202)	5,000	*	5,000	—	—
Sara Blake (203)	5,342	*	5,342	—	—
Satterfield Vintage Investments L.P. (204)	250,000	*	250,000	—	—
Saurabh Gupta (205)	24,280	*	24,280	—	—
Scot Cohen (206)	157,531	*	157,531	—	—
Sergey Nedoroslev (207)	600,000	1.3%	600,000	—	—
Shaar Hazuhov LLC (208)	115,250	*	115,250	—	—
Sneh Singhal (209)	7,500	*	7,500	—	—
SP Capital Partners, LLC (210)	12,500	*	12,500	—	—
Spencer Stouffer (211)	25,000	*	25,000	—	—

Beneficial Owner Name	Shares Beneficially Owned Before this Offering		Shares of Common Stock to be Sold in this Offering	Shares Beneficially Owned After this Offering	
	Number	%	Number (247)	Number	%
Stan Rabinovich (212)	40,000	*	40,000	—	—
Racho Ribarov (213)	75,000	*	75,000	—	—
Stephen Pisacano (214)	6,500	*	6,500	—	—
Stephen R. Mut (215)	12,500	*	12,500	—	—
Stephen Renaud (216)	117,080	*	117,080	—	—
Steven Bernhard (217)	12,500	*	12,500	—	—
Steven & Bessie Elias (218)	6,250	*	6,250	—	—
Steven L. Wittels & Risa Kirsch, JTWROS (219)	25,000	*	25,000	—	—
Terry Khorassani (220)	6,250	*	6,250	—	—
Thad C. Berger (221)	12,500	*	12,500	—	—
The 2000 Welch Charitable Remainder Unitrust Agreement II (222)	37,500	*	37,500	—	—
The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16 (223)	40,000	*	40,000	—	—
The Steven and Kaye Yost Family Trust dtd 02.07.92 (224)	5,000	*	5,000	—	—
Thomas McGurk (225)	6,000	*	6,000	—	—
Thomas L. DuPont (226)	37,500	*	37,500	—	—
Thomas LaMarca (227)	2,500	*	2,500	—	—
Thomas Leith (228)	50,000	*	50,000	—	—
Thomas Norgiel (229)	13,000	*	13,000	—	—
Thomas Zahavi (230)	15,000	*	15,000	—	—
Tim Elmes, LLC Pension Plan (231)	35,000	*	35,000	—	—
Toba Capital Ventures Series of Toba Capital LLC (232)	2,000,000	4.4%	2,000,000	—	—
Trout Lake Enterprises LP (233)	75,000	*	75,000	—	—
Tushar Trivedi (234)	25,000	*	25,000	—	—
US International Consulting Network-New Jersey Corp (dba ICN Holding) (235)	50,000	*	50,000	—	—
Vasily Sidorov (236)	75,000	*	75,000	—	—
Veronica Marano and Thomas M. Volckening JTWROS (237)	12,500	*	12,500	—	—
Walsh Capital Fund Trust (238)	50,000	*	50,000	—	—
William Barthelme (239)	4,000	*	4,000	—	—
William C. Sykes (240)	40,000	*	40,000	—	—
William Crothers (241)	11,750	*	11,750	—	—
William Jeffrey Kadi (242)	62,500	*	62,500	—	—
William Monchik (243)	5,000	*	5,000	—	—
William Strawbridge (244)	5,000	*	5,000	—	—
Yaniv Sarig (245)	1,679,360	3.7%	1,679,360	—	—
Zhanna Sokolova (246)	12,410	*	12,410	—	—

* Denotes less than 1%

(1) is the control person of 1994, LLC and has dispositive power over the shares held by 1994, LLC. The address of 1994, LLC is .

(2) is the control person of A&A Group, S.A and has dispositive power over the shares held by A&A Group, S.A. The address of A&A Group, S.A. is .

(3) Jeffrey Berman is the control person of ABCS Partners and has dispositive power over the shares held by ABCS Partners. The address of ABCS Partners is 21 Innes Road, Scarsdale, NY 10583.

(4) The address of Alan Bilzi is 403 Nokomis Avenue S, Venice, FL 34285.

(5) The address of Albert Gentile & Hiedi Gentile is 5 Mountain View Avenue, Mayfield, NY 12117.

(6) The address of Alexander Arrow is 9562 Winter Gardens Boulevard, Suite D, Lakeside, CA 92040.

(7) Allan Lipkowitz is the control person of Allan Lipkowitz Revocable Living Trust dtd August 26, 2005 and has dispositive power over the shares held by Allan Lipkowitz Revocable Living Trust dtd August 26, 2005. The address of Allan Lipkowitz Revocable Living Trust dtd August 26, 2005 is 2686 Anza Trail, Palm Springs, CA 92264.

(8) The address of Alok Agrawal & Ankur Agrawal is 18841 SW 41st Street, Miramar, FL 33029.

(9) The address of Amedeo Dino Sgueglia is 14 Carlyle Drive, Glen Cove, NY 11542.

(10) Damon Joyner is the control person of American Portfolios Financial Services, Inc. and has dispositive power over the shares held by American Portfolios Financial Services, Inc. The number of shares offered by American Portfolios Financial Services, Inc. is comprised of 9,477 shares of common stock issuable upon exercise of warrants

held by American Portfolios Financial Services, Inc. American Portfolios Financial Services, Inc. is a FINRA registered broker-dealer. American Portfolios Financial Services, Inc. was issued warrants for shares of common stock pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of American Portfolios Financial Services, Inc. is 4250 Veterans Memorial Highway, Holbrook, NY 11741.

(11) The address of Amir & Mona Zaghloul is 7121 Arrowood Road, Bethesda, MD 20817.
(12) The address of Amit Khot & Nimisha Bhatnagar is 5035 Camino San Fermin, San Diego, CA 92130-6510.
(13) The address of Andrew Brenner is 19 Bedell Road, Amawalk, NY 10501.
(14) The address of Andrew Good is 52 High Hill Road, Wallingford, CT 06492.
(15) The address of Anthony Azzara is 11284 162nd Place N, Jupiter, FL, 33478.
(16) The address of Anthony Briguglio is 4241 Express Drive N, Ronkonkoma, NY 11779.
(17) Patrick Mullin is the control person of Ardara Capital LP and has dispositive power over the shares held by Ardara Capital LP. The address of Ardara Capital LP is 246 Brookside Road, Darien, CT 06820.
(18) The address of Arielle E. Crothers is 2 Rezso Court, Patchogue, NY 11772.
(19) The address of Artyom Astafurov is .
(20) The address of Arun Virick is 1512 Foxborough Lane, Plano, TX 75093.
(21) Asher Delug is a member of our board of directors. The address of Asher Delug is . MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.
(22) Asher Delug is the control person of Asher Maximus I, LLC and has dispositive power over the shares held by Asher Maximus I, LLC. Asher Delug is a member of our board of directors. The address of Asher Maximus I, LLC is P.O. BOX 69859, Hollywood, CA 90069. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.
(23) The address of Ashish Grover & Manisha Grover is 106 Central Park S, New York, NY 10019.
(24) is the control person of AtClique Fund LLC and has dispositive power over the shares held by AtClique Fund LLC. The address of AtClique Fund LLC is .
(25) is the control person of ATW Fund LLC and has dispositive power over the shares held by ATW Fund LLC. The address of ATW Fund LLC is .
(26) The number of shares offered by Barry S. Cohn is comprised of 9,477 shares of common stock issuable upon exercise of warrants held by Barry S. Cohn. Barry S. Cohn is a FINRA registered broker-dealer. Barry S. Cohn is also affiliated with American Portfolio Financial Services, Inc., a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Barry S. Cohn was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Barry S. Cohn is 2728 Bayview Avenue, Merrick, NY 11566.
(27) Ryan Chan is the control person of Belzberg & Co., Ltd. and has dispositive power over the shares held by Belzberg & Co., Ltd. The address of Belzberg & Co., Ltd. is 1075 West Georgia, Suite 2600, Vancouver, BC V6E3C9.
(28) The address of Bianka Yankov is 200 East 27th Street, Apt 14, New York, NY 10016.
(29) is the control person of BoxGroup Three LLC and has dispositive power over the shares held by BoxGroup Three LLC. The address of BoxGroup Three LLC is .
(30) The address of Brian M. Miller is 123 Fernwood Drive, Woodstock, GA 30188.
(31) The address of Bruce Rosen is P.O. Box 861, Iron, MI 49801.
(32) The address of Brian Ciambella is .
(33) The address of Byron Hughey is 1111 Dogwood Drive, McLean, VA 22101.
(34) The address of Carol Giorello and Anthony Giorello is 1261 Tuttle Street, Holbrook, NY 11741.
(35) The address of Carol Cody is 507 Westwinds Drive, Jacksonville, FL 62650.
(36) The address of Casimir S. Skrzypczak is 413 Indies Drive, Orchid, FL 32963.
(37) is the control person of Chaks LLC and has dispositive power over the shares held by Chaks LLC. The address of Chaks LLC is 1661 Nora Way, San Jose, CA 95124.
(38) The address of Charles Freeland is 4 Timothys Green Court, Baltimore, MD 21208.
(39) The address of Christopher Figoni is 105 Linden Farms Road, Locust Valley, NY 11560.
(40) The address of Christine Gordon Brown is 2420 Adamson Road, Cocoa, FL 32926.
(41) The number of shares offered by Christopher Cozzolino is comprised of (i) 50,000 shares of common stock and (ii) 27,475 shares of common stock issuable upon exercise of warrants held by Christopher Cozzolino. Christopher Cozzolino is a FINRA registered broker-dealer. Christopher Cozzolino is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Christopher Cozzolino was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Christopher Cozzolino is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(42) The address of Christopher Innace is 3240 Sunrise Highway, East Islip, NY 11730.

(43) The number of shares offered by CKR Law LLP is comprised of (i) 20,000 shares of common stock and (ii) 2,500 shares of common stock issuable upon exercise of warrants held by CKR Law LLP. The warrants for shares of common stock were issued to CKR Law LLP pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. is the control person of CKR Law LLP and has dispositive power over the shares held by CKR Law LLP. The address of CKR Law LLP is .

(44) The address of Clayton A. Struve is 675 Arbor Drive, Lake Bluff, IL 60044.

(45) The address of Lee Harrison Corbin is 45 Avon Road, Larchmont, NY 10538.

(46) The address of Craig Bordon is 516 Loma Drive, Hermosa Beach, CA 90254.

(47) The address of Daniel D. Sambucci is 2003 N. Ocean Boulevard, Apt. N301, Boca Raton, FL 33431.

(48) The address of Daniel Salvas is 6335 Around Hills Road, Indianapolis, IN 46226.

(49) The address of Daryl Squicciarini is 1 Heatherwood Court, Manorville, NY 11949.

(50) The address of David Frydrych is 125 Parson Street, Volant, PA 16156.

(51) The address of David Giljohann is 1890 Maple Avenue, 410E, Evanston, IL 60201.

(52) The address of David Sutton is .

(53) Ramesh Karipeneni is the control person of Deccan Pacific Ventures, LLC and has dispositive power over the shares held by Deccan Pacific Ventures, LLC. The address of Deccan Pacific Ventures, LLC is 44655 Vista Grande Terrace, Freemont, CA 94539.

(54) The address of Dennis T. Brooks is 116 West Granada Ave., Lindenhurst, NY 11757.

(55) The address of Dhruv Garg is .

(56) Neil Rock is the control person of DiamondRock, LLC and has dispositive power over the shares held by DiamondRock, LLC. The address of DiamondRock, LLC is 715 N. Kilkea Drive, Los Angeles, CA 90046.

(57) Elliot Grossman is the control person of Dinosaur Financial Group, LLC and has dispositive power over the shares held by Dinosaur Financial Group, LLC. The number of shares offered by Dinosaur Financial Group, LLC is comprised of 3,797 of common stock issuable upon exercise of warrants held by Dinosaur Financial Group, LLC. Dinosaur Financial Group, LLC is a FINRA registered broker-dealer. The warrants for shares of common stock were issued to Dinosaur Financial Group, LLC pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of Dinosaur Financial Group, LLC is 470 Park Avenue South, 9th Floor, New York, NY 10016.

(58) The address of Douglas W. Kohrs is 1755 Concordia Street, Wayzata, MN 55391.

(59) The address of Dov Junik is 1366 Carroll Street, Brooklyn, NY 11213.

(60) The address of Drew Katz is 71 Laight Street, PH B, New York, NY 10013.

(61) The address of Dyke Rogers is 1205 Olive, Dalhart, TX 79022.

(62) The address of Edward King is 51 Snyder Avenue, Denville, NJ 07834.

(63) The address of Edward Mermelstein is 48 West 68th Street, 11F, New York, NY 10023.

(64) Barbara Glenns is the control person of EFD Capital Inc. and has dispositive power over the shares held by EFD Capital Inc. The number of shares offered by EFD Capital Inc. is comprised of 13,238 of common stock issuable upon exercise of warrants held by EFD Capital Inc. The warrants for shares of common stock were issued to EFD Capital Inc. pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of EFD Capital Inc. is 30 Waterside Plaza, Suite 25G, New York, NY 10010.

(65) The address of Elizabeth Crothers is 262 Waldo Street, Copaigue, NY 11726.

(66) The address of Eric Aroesty is 80 Oshaughnessy Lane, Closter, NJ 07624.

(67) The address of Eric Schwartz is .

(68) The address of Erick E. Richardson is 16084 Maricopa Highway, Ojai, CA 93023.

(69) The address of Ernest J. & Michele M. Mattei, JTWROS is 108 Gary Lynn Lane, Windsor, CT 06095.

(70) Ernest W. Moody is the control person of Ernest W. Moody Revocable Trust, DTD Jan 14 2009 and has dispositive power over the shares held by Ernest W. Moody Revocable Trust, DTD Jan 14 2009. The address of Ernest W. Moody Revocable Trust, DTD Jan 14 2009 is 175 E. Reno Avenue, Suite C6, Las Vegas, NV 89119, Attn: David Keys.

(71) The address of Esther Gelfand is .

(72) Roman Ryzhkov is the control person of F&M Star Alliance, Inc. and has dispositive power over the shares held by F&M Star Alliance, Inc. The address of F&M Star Alliance, Inc. is 556 Main Street, Hunkins Plaza, Charlestown, Nevis.

(73) Eliezer S. Fireman is the control person of FirstFire Global Opportunities Fund LLC and has dispositive power over the shares held by FirstFire Global Opportunities Fund LLC. The address of FirstFire Global Opportunities Fund LLC is 1040 1st Avenue, Suite 190, New York, NY 10022.

(74) The address of Frank Farello is 118 Mockingbird Lane, Marathon, FL 33050.

(75) The address of George Kingsley & Nadine Kingsley is 6105 E US Highway 24, Monticello, IN 47960.

(76) The address of Giles Sandvik & Jeanne Sandvik is 253 Palmdale Lane, Okatie, SC 29909.

(77) Kim Page is the control person of Griffin Page & Co. Inc. and has dispositive power over the shares held by Griffin Page & Co. Inc. The address of Griffin Page & Co. Inc. is 26 Hallocks Run, Somers, NY 10589.

(78) The address of Gunther Meyberg is 1601 Meridian Avenue, San Jose, CA 95125.

(79) GV 2016, L.P. holds 3,868,225 shares of common stock of the Company. GV 2016 GP, L.P., the general partner of GV 2016, L.P., GV 2016 GP, L.L.C., the general partner of GV 2016 GP, L.P., Alphabet Holdings LLC, the sole member of GV 2016 GP, L.L.C., XXVI Holdings Inc., the managing member of Alphabet Holdings LLC, and Alphabet Inc., the sole stockholder of XXVI Holdings Inc., may each be deemed to have sole power to vote or dispose of the shares held directly by GV 2016, L.P. Between March 6, 2017 and September 4, 2018 David C. Munichiello was a director of Mohawk Group, Inc., the predecessor entity to the Company. Mr. Munichiello is an a partner at GV and affiliate of GV 2016, L.P. but does not have voting or dispositive power over the shares held by GV 2016, L.P. The principal business address of each of GV 2016, L.P., GV 2016 GP, L.P., GV 2016 GP, L.L.C., Alphabet Holdings LLC, XXVI Holdings Inc., and Alphabet Inc. is 1600 Amphitheatre Parkway, Mountain View, California 94043.

(80) GV 2017, L.P. holds 250,000 shares of common stock of the Company. GV 2017 GP, L.P., the general partner of GV 2017, L.P., GV 2017 GP, L.L.C., the general partner of GV 2017 GP, L.P., Alphabet Holdings LLC, the sole member of GV 2017 GP, L.L.C., XXVI Holdings Inc., the managing member of Alphabet Holdings LLC, and Alphabet Inc., the sole stockholder of XXVI Holdings Inc., may each be deemed to have sole power to vote or dispose of the shares held directly by GV 2017, L.P. Between March 6, 2017 and September 4, 2018 David C. Munichiello was a director of Mohawk Group, Inc., the predecessor entity to the Company. Mr. Munichiello is an a partner at GV and affiliate of GV 2017, L.P. but does not have voting or dispositive power over the shares held by GV 2017, L.P. The principal business address of each of GV 2017, L.P., GV 2017 GP, L.P., GV 2017 GP, L.L.C., Alphabet Holdings LLC, XXVI Holdings Inc., and Alphabet Inc. is 1600 Amphitheatre Parkway, Mountain View, California 94043.

(81) Howard David Liebreich is the control person of Howard David Liebreich Revocable Trust UA DTD 11.28.2012 and has dispositive power over the shares held by Howard David Liebreich Revocable Trust UA DTD 11.28.2012. The address of Howard David Liebreich Revocable Trust UA DTD 11.28.2012 is 6107 SW Murray Boulevard, #106, Beaverton, OR 97008.

(82) The address of Howard Stringer is 1107 Fifth Avenue, #14-S, New York, NY 10128.

(83) Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., has voting and investment power over these securities. Sander Gerber is the managing member of Hudson Bay GP LLC, which is the general partner of Hudson Bay Capital Management LP. Each of Hudson Bay Master Fund Ltd. and Sander Gerber disclaims beneficial ownership over these securities. The address of Hudson Bay Master Fund Ltd. is 777 Third Avenue, 30th Floor, New York, NY 10017.

(84) Stephen Liu, M.D. is the control person of IFG Health Inc. and has dispositive power over the shares held by IFG Health Inc. Stephen Liu is also a member of our board of directors. The address of IFG Health Inc. is 11301 W. Olympic Boulevard, #558, Los Angeles, CA 90064.

(85) The address of Igor Belousov is Zmeinogorsky Trakt, Bldg 69/5/14, Barnaul, Russia.

(86) The address of Igor Semenov is 9971 Winding Ridge Lane, Davie, FL 33324.

(87) The address of Ilario & Barbara J. Licul, JTWROS is 30 Waterside Plaza, Suite 25G, New York, NY 10010.

(88) The address of Inna Mamuta is Weinbergstrasse 47, CY-6300 Zug, Switzerland.

(89) Mitchell P. Kopin and Daniel B. Asher, each of whom are managers of Intracoastal Capital, LLC, have shared voting control and investment discretion over the securities reported herein that are held by Intracoastal Capital, LLC. As a result, each of Mr. Kopin and Mr. Asher may be deemed to have beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended) of the securities reported herein that are held by Intracoastal Capital, LLC. The address of Intracoastal Capital, LLC is 2211A Lakeside Drive, Bannockburn, IL 60015.

(90) The address of Irwin Rosenfeld is 23121 Plaza Point Drive, #150, Laguna Hills, CA 92653.

(91) The address of James and Dorothy Saylor is 48-43 195th Street, Fresh Meadows, NY 11365.

(92) The address of James Messing is 670 West End Avenue, Apt. 3C, New York, NY 10025.

(93) The address of Jay Bradbury is 1298 Hill Stream Drive, Geneva, FL 32732.

(94) The address of Jeff & Christine Rennell is 18425 Flagler Drive, Austin, TX 78738.

(95) The number of shares offered by Jeffrey Berman is comprised of 50,000 shares of common stock issuable upon exercise of warrants held by Jeffrey Berman. Jeffrey Berman is a FINRA registered broker-dealer. Jeffrey Berman is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Jeffrey Berman was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Jeffrey Berman is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.

(96) The address of Jeffrey Kuhr is 16 Acardia Hills Drive, Dix Hills, NY 11746.

(97) Jeffrey P. Wiegand is a FINRA registered broker-dealer. Jeffrey P. Wiegand is also affiliated with Robotti Securities, LLC, a FINRA registered broker-dealer. The address of Jeffrey P. Wiegand is 100 Pryer Terrace, New Rochelle, NY 10804.

(98) The number of shares offered by Jesse Janssen is comprised of 35,194 shares of common stock issuable upon exercise of warrants held by Jesse Janssen. Jesse Janssen is a FINRA registered broker-dealer. Jesse Janssen is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Jesse Janssen was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Jesse Janssen is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.

(99) The address of Jingren (James) Xu is .

(100) Joshua Silverman is the control person of JNS Holdings Group LLC and has dispositive power over the shares held by JNS Holdings Group LLC. The address of JNS Holdings Group LLC is 3 Pinecrest Road, Scarsdale, NY 10583.

(101) The address of Joel Pruzansky is 1066 Clifton Avenue, Suite 200, Clifton, NJ 07013.

(102) The address of Joel Yanowitz is 3 Stanton Way, Mill Valley, CA 94941.

(103) The address of John A. Friede is 54 High Street, Peterborough, NH 03458.

(104) The address of John C. Blazier & Fleur Christensen is 901 S. Mopac, Building V, Suite 200, Austin, TX 78746.

(105) The address of John M. DeCanio is 1270 Dunvegan Drive, Clifton, VA 20124.

(106) The address of John Joubert is 720 Beach Drive, Destin, FL 32541.

(107) The address of John V. Wagner, Jr. is 233 Jardin Drive, Los Altos, CA 94022.
(108) H. Joshua Blatt is the control person of Jonathan & Gina Blatt Childrens' Trust UA 02.20.2002 and has dispositive power over the shares held by Jonathan & Gina Blatt Childrens' Trust UA 02.20.2002. The address of Jonathan & Gina Blatt Childrens' Trust UA 02.20.2002 is 3473 Principio Avenue, Cincinnati, OH 45208.
(109) The address of Jonathan & Gina Blatt, JTWROS is 3743 Principio Avenue, Cincinnati, OH 45208.
(110) The address of Joseph & Cynthia M. Torsiello is 5 Crick Holly Lane, East Islip, NY 11730.
(111) The address of Joseph F. Grassi is 48-30 40th Street, Apt. 4H, Sunnyside, NY 11104.
(112) The address of Joseph Rubino is 106 Founders Path, Baiting Hollow, NY 11933.
(113) The address of Joseph Schump is 827 Southridge Greens Boulevard, Fort Collins, CO 80525.
(114) The address of Judson Cooper is 4 Terrace Circle, Armonk, NY 10504.
(115) The address of Julie Wineman is 4930 Mill Creek Court, Rochester, MI 48306.
(116) The address of K. David Tritsch is 650 Pinellas Bayway S, St. Petersburg, FL 33715.
(117) Peter Kash is the control person of KashFlow18 LLC and has dispositive power over the shares held by KashFlow18 LLC. The address of KashFlow18 LLC is 48 King Arthur Court, New City, NY 10956.
(118) The address of Kaushal Pandya is 673 Eisenhower Way, Simi Valley, CA 93065.
(119) The address of Keith Murphy is 3 Pine Tree Lane, Rolling Hills, CA 90274.
(120) The address of Kevin Andrew McColl is 94 Polo Lane RDI Manurewa, Auckland, New Zealand 2576.
(121) Kevin Filosa is a FINRA registered broker-dealer. Kevin Filosa is also affiliated with American Portfolio Financial Services, Inc., a FINRA registered broker-dealer. Kevin Filosa was issued warrants for shares of common stock pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of Kevin Filosa is 23 Elan Lane, Ronkonkoma, NY 11779. The number of shares offered by Kevin Filosa is comprised of 5,397 shares of common stock issuable upon exercise of warrants held by Kevin Filosa.
(122) The address of Kevin Li is 370 Gates Avenue, Unit 3, Brooklyn NY 11216.
(123) The address of Kevin Weinman is .
(124) The number of shares offered by Kola Agbaje is comprised of 9,550 of common stock issuable upon exercise of warrants held by Kola Agbaje. Kola Agbaje is a FINRA registered broker-dealer. Kola Agbaje is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Kola Agbaje was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Kola Agbaje is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(125) The address of Lam Lu is .
(126) Larisa Storzhenko was a member of our board of directors until March 2017. The address of Larisa Storozhenko is 388 2nd Ave, # 134 New York NY 10010. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.
(127) The address of Larry Caillouet is 140 Morningstar Court, Bowling Green, KY 42103.
(128) The address of Lawrence Serini is 43 Arlene Street, Farmingville, NY 11738.
(129) Lee Seidler is the control person of Lee J. Seidler Revocable Trust dtd 4.12.1990 and has dispositive power over the shares held by Lee J. Seidler Revocable Trust dtd 4.12.1990. The address of Lee J. Seidler Revocable Trust dtd 4.12.1990 is 5001 Joewood Drive, Sanibel, FL 33957.
(130) The address of Leland Zurich & Valerie Zurich is 4258 Orchid Drive, Hernando Beach, FL 34607.
(131) Avi Geller is the control person of Leonite Capital LLC and has dispositive power over the shares held by Leonite Capital LLC. The address of Leonite Capital LLC is 1 Hillcrest Center Drive, Suite 232, Spring Valley, NY 10977.
(132) The address of Lina Kay is 9705 Collins Avenue, Apt. 1004 N, Bal Harbor, FL 33154.
(133) The address of Linda DelPonte is 227 Smith Road, Shirley, NY 11967.
(134) The address of Lisa Dvorin is 506 Hoagland Court, Hillsborough, NJ 08844.
(135) The address of Lisa M. Van Goor is 10563 E. Goosehaven Drive, Lafayette, CO 80026.
(136) The address of Lisa Piper is 11382 W Hampden Place, Lakewood, CO 80227.
(137) The address of Lisa Torsiello is 35 Cutter Ct., West Islip, NY 11795.
(138) The address of Louis Alan Klevan is 56 Birch Lane, Greenwich, CT 06830.
(139) The address of Louis Sanzo is 32 Boulevard, Malba, NY 11357.
(140) The address of Lynn Zheng is 31 Cutter Court, West Islip, NY 11795.
(141) The address of Macgregor Fogelsong is 4203 Palisades Park Drive, Billings, MT 59106.
(142) The address of Mackie Klingbeil is 1109 Gardengate Circle, Garland, TX 75043.
(143) The address of Mark L. Eurek is P.O. Box 202, Loup City, NE 68853.
(144) The address of Mark Tompkins is APP 1 Via Guidino 23, 6900 Lugano-Paradiso, Switzerland.
(145) The address of Mark W. Spencer is 324 E. Shore Drive, Massapequa, NY 11758.
(146) The address of Martin & Claudia Toner, JTWROS is 7412 Northeast Manual Road, Bainbridge Island, WA 98110.

(147) The address of Martin J. Junge is c/o O'Grady Chem Corp, 200 1st Street, Van Home, IA 52346.
(148) The address of Matthew Longo is 283 William Floyd Parkway, Shirley, NY 11967.
(149) The address of Matthew Monchik is 122 Bristol Drive, Woodbury, NY 11797.
(150) The address of Matthew Orr is 9200 Sunset Boulevard, Suite 1232, Los Angeles, CA 90069.
(151) The address of Mauricio Martinez is 615 Vine Street, Babylon, NY 11702.
(152) The address of Michael LoRusso & Valerie LoRusso is 49 Silas Wood Road, Manorville, NY 11949.
(153) The address of Michael Colandrea is 39 Rockland Ave, Staten Island, NY 10306.
(154) The address of Michael J. Mathieu is 20 Andrews Road, Westborough, MA 01581.
(155) The address of Michael Levine is 450 Little Silver Point Road, Little Silver, NJ 07739.
(156) The number of shares offered by Michael Silverman is comprised of (i) 116,250 shares of common stock and (ii) 188,500 shares of common stock issuable upon exercise of warrants held by Michael Silverman. Michael Silverman is a FINRA registered broker-dealer. Michael Silverman is also affiliated with Katalyst Securities, LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Michael Silverman was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. Michael Silverman was previously our President, Secretary, Treasurer and a member of our board of directors. The address of Michael Silverman is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(157) The address of Michael T. Rich, Jr. is 289 Bryant Avenue, Plainedge, NY 11756.
(158) The address of Michael Zapolin is 663 Dover Street, Unit 1, Boca Raton, FL 33487.
(159) Mihal Chaouat-Fix is our current Chief Product Officer and former Chief Operating Officer. The address of Mihal Chaouat-Fix is .
(160) The address of Michele McCarthy is 4611 S. Muskogee Avenue, Tahlequah, OK 74464.
(161) The address of Mikhail Dank is 540 Fairview Avenue, Apt. 103, Westwood, NJ 07675.
(162) is the control person of Mohawk Interplay LLC and has dispositive power over the shares held by Mohawk Interplay LLC. The address of Mohawk Interplay LLC is .
(163) The number of shares offered by Morgan Janssen is comprised of (i) 10,000 shares of common stock and (ii) 32,927 shares of common stock issuable upon exercise of warrants held by Morgan Janssen. Morgan Janssen is a FINRA registered broker-dealer. Morgan Janssen is also affiliated with Katalyst Securities LLC, a FINRA registered broker dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Morgan Janssen was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Morgan Janssen is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(164) Lucille Yaney is the control person of MV II, LLC and has dispositive power over the shares held by MV II, LLC. The address of MV II, LLC is 1013 Centre Road, STE 403-A, Wilmington, DE 19805. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.
(165) Ali Najafi is the control person of Najafi Enterprises, LLC and has dispositive power over the shares held by Najafi Enterprises, LLC. The address of Najafi Enterprises, LLC is 1 Tide Watch, Newport Coast, CA 92657.
(166) The address of Nitin & Neelima Bhatnagar is 664 Camino Del Sol, Thousand Oaks, CA 91320.
(167) The address of Noel McGee is 35-24 165th Street, Flushing, NY 11358.
(168) Igor Kokorine is the control person of Oceanic I Club LLC and has dispositive power over the shares held by Oceanic I Club LLC. The address of Oceanic I Club LLC is 80 Scenic Drive, Suite 5, Freehold, NJ 07728.
(169) Barbara Glenns is the control person of Opes Equities, Inc. and has dispositive power over the shares held by Opes Equities, Inc. The address of Opes Equities, Inc. is 30 Waterside Plaza, Suite 25G, New York, NY 10010.
(170) Dale Burns is the control person of Osprey I, LLC and has dispositive power over the shares held by Osprey I, LLC. The address of Osprey I, LLC is 10460 Roosevelt, #133, Saint Petersburg, FL 33716.
(171) Yordan Lyubeuov Yorslanov is the control person of Parizou Trading EOOD and has dispositive power over the shares held by Parizou Trading EOOD. The address of Parizou Trading EOOD is 98 Bulgaria Blvd, Sofia, Bulgaria, 1618.
(172) The address of Patricia E. King is 19 Savage Road, Denville, NJ 07834.
(173) The address of Patrick G. Patel is 3 Lagoon Drive East, Toms River, NJ 08753.
(174) The number of shares offered by Paul Ehrenstein is comprised of 1,425 shares of common stock issuable upon exercise of warrants held by Paul Ehrenstein. Paul Ehrenstein is a FINRA registered broker-dealer. Paul Ehrenstein is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Paul Ehrenstein was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Paul Ehrenstein is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(175) The number of shares offered by Peter K. Janssen is comprised of (i) 400,000 shares of common stock and (ii) 110,142 shares of common stock issuable upon exercise of warrants held by Peter K. Janssen. Peter K. Janssen is a FINRA registered broker-dealer. Peter K. Janssen is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Peter K. Janssen was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Peter K. Janssen is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(176) The address of Peter W. Janssen is 507 West Mango Street, Lantana, FL 33462.

(177) Philip Rabinovich is a FINRA registered broker-dealer. Philip Rabinovich is also affiliated with Dinosaur Financial Group, LLC, a FINRA registered broker-dealer The address of Philip Rabinovich is 73 Holly Lane, Roslyn Heights, NY 11577.
(178) The address of Philip W. Faucette, II is 7725 Friendship Church Road, Brown Summitt, NC 27214.
(179) Jeffrey Ramson is the control person of Proactive Capital Partners, L.P. and has dispositive power over the shares held by Proactive Capital Partners, L.P. The address of Proactive Capital Partners, L.P. is 150 E 58th Street, 20th Floor, New York, NY 10155.
(180) The address of Randall A. Sebring & Alice M. Sebring is 2440 S 29 Road, Cadillac, MI 49601.
(181) The address of Ravi Gutta is 2715 Autumn Ridge Drive, Thousand Oaks, CA 91362.
(182) The address of Raymond Warenik is 45 Evelyn Road, West Islip, NY 11795.
(183) The address of Reinaldo Cubi is 22 Lake Shore Drive, Patchogue, NY 11772.
(184) The address of Renato Labadan is 226 Brazilian Avenue, Unit 2D, Palm Beach, FL 33480.
(185) The address for Richard Dietl is c/o Beau Dietl & Associates, One Penn Plaza, Suite 2611, New York, NY 10119, Attn: Richard Dietl.
(186) The address of Richard Madison is P.O. Box 255, Roswell, NM 88202.
(187) The address of Richard Pashayan is 3 Whitehall Boulevard South, Garden City, NY 11530.
(188) The address of Richard A. Pisacano is PO Box 2161, Bridgehampton, NY 11932.
(189) The number of shares offered by RMR Wealth Management, LLC is comprised of 21,515 shares of common stock issuable upon exercise of warrants held by RMR Wealth Management, LLC. The warrants for shares of common stock were issued to RMR Wealth Management, LLC pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. Philip Rabinovich is the control person of RMR Wealth Management, LLC and has dispositive power over the shares held by RMR Wealth Management, LLC. The address of RMR Wealth Management, LLC is 630 Third Ave, 5th Floor, New York, NY 10017.
(190) The address of Robert Burkhardt is 165 West End Avenue, #22E, New York, NY 10023.
(191) The number of shares offered by Robert Crothers is comprised of 80,167 shares of common stock issuable upon exercise of warrants held by Robert Crothers. Robert Crothers is a FINRA registered broker-dealer. Robert Crothers is also affiliated with American Portfolio Financial Services, Inc., a FINRA registered broker-dealer. Robert Crothers was issued warrants for shares of common stock pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of Robert Crothers is 2 Rezso Court, E. Patchogue, NY 11772.
(192) The address of Robert D. Frankel is 1918 Carrotwood Street, The Villages, FL 32163.
(193) The address of Robert G. Maxon is PO Box 1434, 7139 FM337E, Medina, TX 78055.
(194) The address of Robert & Christine Jacob is 425 Saint Anns Avenue, Copiague, NY 11726.
(195) The number of shares offered by Robert Lengwenus is comprised of 2,125 shares of common stock issuable upon exercise of warrants held by Robert Lengwenus. Robert Lengwenus is a FINRA registered broker-dealer. Robert Lengwenus is also affiliated with American Portfolio Financial Services, Inc., a FINRA registered broker-dealer. Robert Lengwenus was issued warrants for shares of common stock pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of Robert Lengwenus is 34 Roosevelt Ave, Hicksville, NY 11801.
(196) The number of shares offered by Robinson Crothers is comprised of 20,041 shares of common stock issuable upon exercise of warrants held by Robinson Crothers. Robinson Crothers is a FINRA registered broker-dealer. Robinson Crothers is also affiliated with American Portfolios Financial Services, Inc., a FINRA registered broker-dealer. Robinson Crothers was issued warrants for shares of common stock pursuant to an agreement between Katalyst Securities LLC and Mohawk Opco. The agreement was entered into in the ordinary course of business. The address of Robinson Crothers is 2 Rezso Court, Patchogue, NY 11772.
(197) The number of shares offered by Roman Livson is comprised of (i) 10,000 shares of common stock and (ii) 89,148 shares of common stock issuable upon exercise of warrants held by Roman Livson. Roman Livson is a FINRA registered broker-dealer. Roman Livson is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Roman Livson was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Roman Livson is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(198) The address of Ronald & Annette Bonelli, JTWROS is 401 Thornblade Boulevard, Greer, SC 29650.
(199) The address of Ronald D. Bartlett & Valerie Bartlett is 21730 3rd Street, Burney, CA 96013.
(200) The address of Rory McGee is 35-24 165th Street, Flushing, NY 11358.
(201) The address for Samuel Fisher is 22 Coleman Road, Garrison, NY 10524.
(202) The address of Sapan Nainani is 51 Legion Place, Closter, NJ 07624.
(203) The address of Sara Blake is .
(204) Thomas A. Satterfield Jr. is the control person of Satterfield Vintage Investments L.P. and has dispositive power over the shares held by Satterfield Vintage Investments L.P. The address of Satterfield Vintage Investments L.P. is 571 McDonald Road, Rockwall, TX 75038.
(205) The address of Saurabh Gupta is .
(206) The address of Scot Cohen is 20 E 20th Street, Apt. 6, New York, NY 10003.
(207) The address of Sergey Nedoroslev is 1 Palace Gardens Terrace, W8 4SA, London, UK, c/o Alex Okun.
(208) Ahron Gold is the control person of Shaar Hazuhov LLC and has dispositive power over the shares held by Shaar Hazuhov LLC. The address of Shaar Hazuhov LLC is 100 Hewes Street, Brooklyn, NY 11249.

(209) The address of Sneh Singhal is 1218 Main Line Boulevard, Alexandria, VA 22301.
(210) Stan Rabinovich is the control person of SP Capital Partners, LLC and has dispositive power over the shares held by SP Capital Partners, LLC. The address of SP Capital Partners, LLC is 601 Smith Court, Edgewater, NJ 07020.
(211) The address of Spencer Stouffer is 19 McKays Point Rd, Hilton Head, SC 29928.
(212) The address of Stan Rabinovich is 601 Smith Court, Edgewater, NJ 07020.
(213) The address of Racho Ribarov is 95 Tsar Acen Street, Floor 4, Apt. 13, Sofia, Bulgaria 1437.
(214) The address of Stephen Pisacano is 16405 Route 48, Cutchogue, NY 11935.
(215) The address of Stephen R. Mut is 3 Churchill Drive, Cherry Hills Village, CO 80113.
(216) The number of shares offered by Stephen Renaud is comprised of (i) 60,000 shares of common stock and (ii) 57,080 shares of common stock issuable upon exercise of warrants held by Stephen Renaud. Stephen Renaud is a FINRA registered broker-dealer. Stephen Renaud is also affiliated with Katalyst Securities LLC, a FINRA registered broker-dealer. Katalyst Securities LLC entered into an agreement with Mohawk Opco, pursuant to which Stephen Renaud was issued warrants for shares of common stock. The agreement was entered into in the ordinary course of business. The address of Stephen Renaud is 630 Third Avenue, 5th Floor, New York, NY 10017, c/o Katalyst Securities LLC.
(217) The address of Steven Bernhard is 1 Bay Club Drive, Bayside, NY 11360.
(218) The address of Steven & Bessie Elias is 201 E 17th Street, New York, NY 10003.
(219) The address of Steven L. Wittels & Risa Kirsch, JTWROS is 18 Half Mile Road, Armonk, NY 10504.
(220) The address of Terry Khorassani is 6 Marwood Road, Port Washington, NY 11050.
(221) The address of Thad C. Berger is 4130 244th Avenue NE, Redmond, WA 98053.
(222) David Welch is the control person of The 2000 Welch Charitable Remainder Unitrust Agreement II and has dispositive power over the shares held by The 2000 Welch Charitable Remainder Unitrust Agreement II. The address of The 2000 Welch Charitable Remainder Unitrust Agreement II is 217 Camino Al Lago, Atherton, CA 94027.
(223) Craig Whited is the control person of The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16 and has dispositive power over the shares held by The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16. The address of The Craig R. Whited and Gilda Whited Joint Living Trust DTD 03.25.16 is 31145 Palos Verdes Drive East, Rancho Palos Verdes, CA 90275.
(224) Steven A. Yost is the control person of The Steven and Kaye Yost Family Trust dtd 02.07.92 and has dispositive power over the shares held by The Steven and Kaye Yost Family Trust dtd 02.07.92. The address of The Steven and Kaye Yost Family Trust dtd 02.07.92 is 1265 Lynnmere Drive, Thousand Oaks, CA 91360.
(225) The address of Thomas McGurk is 7 Douglass Manor, Covington, IN 47932.
(226) The address of Thomas L. DuPont is 430 Saint Andrew Drive, Bellaire, FL 33756.
(227) The address of Thomas LaMarca is 461 Howard Avenue, Staten Island, NY 10301.
(228) The address of Thomas Leith is 250 Cedarwood Lane, Newington, CT 06111.
(229) The address of Thomas Norgiel is 1850 Megans Meadows Dr., Walled Lake, MI 48390.
(230) The address of Thomas Zahavi is 240 Danbury Circle North, Rochester, NY 14618.
(231) Tim Elmes is the control person of Tim Elmes, LLC Pension Plan and has dispositive power over the shares held by Tim Elmes, LLC Pension Plan. The address of Tim Elmes, LLC Pension Plan is 901 E. Las Olas Boulevard, Suite 101, Fort Lauderdale, FL 33301.
(232) Vincent C. Smith is the control person of Toba Capital Ventures Series of Toba Capital LLC and has dispositive power over the shares held by Toba Capital Ventures Series of Toba Capital LLC. The address of Toba Capital Ventures Series of Toba Capital LLC is 17595 Harvard Avenue, Suite C511, Irvine, CA 92614.
(233) Charles Underbrink is the control person of Trout Lake Enterprises LP and has dispositive power over the shares held by Trout Lake Enterprises LP. The address of Trout Lake Enterprises LP is 2359 W. Red Pine Road, Park City, UT 84098.
(234) The address of Tushar Trivedi is 840 Blanch Avenue, Norwood, NJ 07648.
(235) Igor Kokorine is the control person of US International Consulting Network-New Jersey Corp (dba ICN Holding) and has dispositive power over the shares held by US International Consulting Network-New Jersey Corp (dba ICN Holding). The address of US International Consulting Network-New Jersey Corp (dba ICN Holding) is 80 Scenic Drive, Suite 5, Freehold, NJ 07728.
(236) The address of Vasily Sidorov is 628 E. 20th Street, Apt. 9H, New York, NY 10009.
(237) The address of Veronica Marano and Thomas M. Volckening, JTWROS is 802 Lenel Lane, Franklin Lakes, NJ 07417.
(238) Scott Walsh is the control person of Walsh Capital Fund Trust and has dispositive power over the shares held by Walsh Capital Fund Trust. The address of Walsh Capital Fund Trust is 675 SW Salerno Road, Stuart, FL 34997.
(239) The address of William Barthelme is 766 Montauk Highway, Bayport, NY 11705.
(240) The address of William C. Sykes is 130 N. Country Road, 1675E, Hindsboro, IL 61930.
(241) The address of William Crothers is 125 Church Place, Copiague, NY 11726.
(242) The address of William Jeffrey Kadi is P.O. Box 6126, Incline Village, NV 89450.
(243) The address of William Monchik is 21 Sabine Road, Syosset, NY 11791.
(244) The address of William Strawbridge is 11 Graceful Elm Court, The Woodlands, TX 77381.

(245) Yaniv Sarig is our President, Chief Executive Officer and a member of our board of directors. The address of Yaniv Sarig is .

(246) The address of Zhanna Sokolova is Seibeneichengasse 14, Top 12, Vienna, Austria 1150.

(247) We do not know when or in what amounts a selling stockholder may offer shares for sale. The selling stockholders may choose not to sell any or all of the shares offered by this prospectus. The Company has entered into lock-up agreements with certain selling stockholders which limits the ability of certain selling stockholders to sell or otherwise transfer the shares of common stock it beneficially owns. Because the selling stockholders may offer all or some of the shares pursuant to this offering, we cannot estimate the number of the shares that will be held by the selling stockholders after completion of the offering. However, for purposes of this table, we have assumed that, after completion of the offering, all of the shares covered by this prospectus will be sold by the selling stockholders.

General

The following description summarizes the most important terms of our capital stock, as they will be in effect upon the closing of this offering. We expect to adopt an amended and restated certificate of incorporation and amended and restated bylaws in connection with this offering, and this description summarizes the provisions that will be included in such documents. Because it is only a summary, it does not contain all of the information that may be important to you. For a complete description of the matters set forth in this "Description of Capital Stock," you should refer to our amended and restated certificate of incorporation, amended and restated bylaws and the Registration Rights Agreement, each of which are included as exhibits to the registration statement of which this prospectus forms a part, and to the applicable provisions of Delaware law. Immediately following the closing of this offering, our authorized capital stock will consist of 500,000,000 shares of common stock, $0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, $0.0001 par value per share.

As of October 31, 2018, there were 44,983,655 shares of our common stock outstanding, held by 233 stockholders of record, and no shares of our convertible preferred stock outstanding. Our board of directors is authorized, without stockholder approval, to issue additional shares of our capital stock.

Common Stock

Dividend Rights

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine. Pursuant to the Midcap Credit Agreement, we are prohibited from paying any dividends without the prior written consent of Midcap.

Voting Rights

Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of our stockholders. We have not provided for cumulative voting for the election of directors in our amended and restated certificate of incorporation. MV II, LLC, Larisa Storozhenko, AsherMaximus I, LLC, stockholders of the Company (the "Designating Parties"), have entered into a voting agreement with Asher Delug, a stockholder of the Company and member of our Board of Directors, pursuant to which Mr. Delug will have the power to vote certain of the shares of our common stock beneficially held by the Designating Parties with respect to the election of directors, the appointment of officers and any amendments of our Certificate of Incorporation or Bylaws. The voting agreement will become effective upon the effectiveness of the registration statement on Form S-1 of which this prospectus forms a part and will automatically expire on the earlier to occur of November 2, 2019 and a dissolution, winding up, liquidation or change of in control of the Company.

No Preemptive or Similar Rights

Our common stock is not entitled to preemptive rights, and is not subject to conversion, redemption, or sinking fund provisions.

Right to Receive Liquidation Distributions

If we become subject to a liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time], subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Fully Paid and Non-Assessable

All of the outstanding shares of our common stock are, and the shares of our common stock to be issued pursuant to this offering will be, fully paid and non-assessable.

Preferred Stock

Following this offering, our board of directors will be authorized, subject to limitations prescribed by Delaware law, to issue up to 10,000,000 shares of our preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with

voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock. We have no current plan to issue any shares of preferred stock.

Warrants

As of October 31, 2018, we had outstanding warrants to purchase an aggregate of 940,866 shares of our common stock, with a weighted-average exercise price of $4.00. All of our outstanding warrants are currently exercisable. All of our outstanding warrants contain provisions for the adjustment of the exercise price in the event of stock dividends, stock splits or similar transactions. In addition, all of the warrants contain a “cashless exercise” feature that allows the holders thereof to exercise the warrants without a cash payment to us under certain circumstances.

Equity Awards

As of October 31, 2018, we had outstanding options to purchase an aggregate of 1,442,553 shares of our common stock under our 2014 Amended and Restated Equity Incentive Plan, with a weighted-average exercise price of $1.57. No equity awards were outstanding as of October 31, 2018 under our 2018 Equity Incentive Plan.

Registration Rights

In connection with the issuance and sale by Mohawk Opco of shares of its Series C Preferred Stock and the Merger, Mohawk Opco entered into a Registration Rights Agreement, pursuant to which we have agreed that promptly, but no later than 60 calendar days from the date of the closing of the Merger, we will file a registration statement with the SEC covering (a) the shares of common stock issued in the Merger, (b) the shares of common stock issuable upon exercise of the Warrants, and (c) 3,500,000 shares of common stock held by our pre-Merger stockholders, or collectively, the Registrable Shares. We have filed the registration statement of which this prospectus forms a part to satisfy our obligations under the Registration Rights Agreement. As required under the Registration Rights Agreement, we will use our commercially reasonable efforts to ensure that such registration statement is declared effective within 135 calendar days after the date of the filing of the registration statement. Subject to customary limitations, if we are late in filing the registration statement, if the registration statement is not declared effective within 135 calendar days after the date of the filing, if we fail to maintain the effectiveness of the registration statement, or if the holders of Registrable Shares cannot use the registration statement to resell the Registrable Shares, for a period of more than 15 consecutive trading days (except for suspension of the use of the registration statement in connection with the filing of a post-effective amendment in connection with filing our Annual Report on Form 10-K for the time reasonably required to respond to any comments from the SEC on the post-effective amendment or during a permitted blackout period as described in the Registration Rights Agreement) or if, following the listing or inclusion for quotation on the OTC Markets Group, the Nasdaq Stock Market, the New York Stock Exchange or the NYSE MKT, the trading of our common stock is suspended or halted for more than three consecutive trading days, or if the Registrable Shares are not listed or quoted on such markets, which we refer to collectively as the Registration Events, we will be required to make payments to each holder of Registrable Shares as monetary penalties at a rate equal to 12% per annum of the total value of Registrable Shares held or purchased by such holder and affected during the period, based on the monetary values assigned in the Registration Rights Agreement, subject to a 8% cap with respect to such holder’s Registrable Shares that are affected by all Registration Events in the aggregate. No monetary penalties will accrue with respect to any Registrable Shares removed from the registration statement in response to a comment from the staff of the SEC limiting the number of shares of common stock that may be included in the registration statement, or Cutback Comment, or after the Registrable Shares may be resold without volume or other limitations under Rule 144 or another exemption from registration under the Securities Act. Any cutback resulting from a Cutback Comment shall be allocated as follows: first, to the shares of common stock issued pursuant to the merger in exchange for equity in Mohawk Opco; second, to the 3,000,000 shares of common stock held by Mohawk Opco prior to the merger; third, to the other Registrable Shares taken together; and fourth, to the Offering Shares, in each case, pro rata based on the total number of such shares held by or issuable to each holder in such group.

Pursuant to the Registration Rights Agreement, we must use commercially reasonable efforts to keep the Registration Statement effective for five years from the date it is declared effective by the SEC or until the date on which all Registrable Shares have been transferred other than to certain enumerated permitted assignees under the Registration Rights Agreement.

We will pay all expenses in connection with any registration obligation provided in the Registration Rights Agreement, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of our counsel and of our independent accountants and reasonable fees and disbursements of counsel to the investors. Each investor will be responsible for its own sales commissions, if any, transfer taxes and the expenses of any attorney or other advisor such investor decides to employ.

The foregoing description of the Registration Rights Agreement herein is qualified in its entirety by reference to the full text thereof filed as Exhibit 4.2 hereto, which is incorporated herein by reference.

Anti-Takeover Provisions

Certain provisions of Delaware law, along with our amended and restated certificate of incorporation and our amended and restated bylaws, as will take effect immediately prior to the completion of this offering, all of which are summarized below, may have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed, in part, to encourage persons seeking to acquire control of our company to first negotiate with our board of directors. However, these provisions could have the effect of delaying, discouraging or preventing attempts to acquire us, which could deprive our stockholders of opportunities to sell their shares of common stock at prices higher than prevailing market prices.

Delaware Law

We are governed by the provisions of Section 203 of the DGCL. In general, Section 203 prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes mergers, asset sales, or other transactions resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years did own, 15% or more of the corporation's outstanding voting stock. These provisions may have the effect of delaying, deferring or preventing a change in our control.

Amended and Restated Certificate of Incorporation and Amended and Restated Bylaw Provisions

Our amended and restated certificate of incorporation and our amended and restated bylaws, as will take effect immediately prior to the completion of this offering, include a number of provisions that could deter hostile takeovers or delay or prevent changes relating to the control of our board of directors or management team, including the following:

- *Board of Directors Vacancies.* Our amended and restated certificate of incorporation and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors will be permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions would prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors and promotes continuity of management.
- *Stockholder Action; Special Meeting of Stockholders.* Our amended and restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock would not be able to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Our amended and restated bylaws will further provide that special meetings of our stockholders may be called only by a majority of our board of directors, the Chairperson of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder (in the capacity as a stockholder) from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws will provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws will also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting.* The DGCL provides that stockholders may cumulate votes in the election of directors if the corporation's certificate of incorporation allows for such mechanism. Our amended and restated certificate of incorporation does not provide for cumulative voting.
- *Directors Removed Only for Cause.* Our amended and restated certificate of incorporation provides that stockholders may remove directors only for cause.

- *Exclusive Jurisdiction for Certain Actions.* Our amended and restated bylaws require, to the fullest extent permitted by law, that derivative actions brought in our name, actions against our directors, officers and employees for breach of fiduciary duty and other similar actions be brought only in the Court of Chancery in the State of Delaware, unless we otherwise consent. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.
- *Amendment of Charter Provisions.* Any amendment of the above provisions in our amended and restated certificate of incorporation, with the exception of the ability of our board of directors to issue shares of preferred stock and designate any rights, preferences and privileges thereto, would require approval by the affirmative vote of the holders of at least two-thirds of our then outstanding common stock.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of our company by means of a merger, tender offer, proxy contest, or other means.

Transfer Agent and Registrar

There is currently no transfer agent for our common stock. In connection with applying to have our common stock quoted on the OTCQB, we intend to appoint as transfer agent and registrar for our common stock. The transfer agent and registrar's address is .

Prior to this offering, there has been no public market for our common stock, and we cannot predict the effect, if any, that market sales of shares of our common stock or the availability of shares of our common stock for sale will have on the market price of our common stock prevailing from time to time. Future sales of our common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect market prices prevailing from time to time. As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after consummation of the Merger due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

Sale of Restricted Shares

Of the 44,983,655 shares of common stock outstanding as of October 31, 2018, all of such shares will be "restricted securities" as such term is defined in Rule 144. These restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701, which rules are summarized below.

Lock-up Agreements

In connection with the Merger and the closing of Mohawk Opco's Series C Financing, holders of approximately 44.9 million shares of our common stock have agreed, subject to certain exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock. These restricted securities will be available for sale in the public market as follows:

- holders of approximately 11.4 million shares of our common stock will be permitted to sell up to 50% of their shares immediately and the remaining 50% after 90 days after the effectiveness of the registration statement of which this prospectus forms a part;
- holders of approximately 8.5 million shares of our common stock will be permitted to sell 100% of their shares after 180 days after the effectiveness of the registration statement of which this prospectus forms a part;
- officers and directors of the Company will be permitted to sell 100% of their shares after twelve months after the effectiveness of the registration statement of which this prospectus forms a part;
- holders of approximately 23.2 million shares of our common stock will be permitted to sell up to 25% of their shares after one year after the effectiveness of the registration statement of which this prospectus forms a part, up to 50% of their shares after 15 months after the effectiveness of the registration statement of which this prospectus forms a part, up to 75% of their shares after 18 months after the effectiveness of the registration statement of which this prospectus forms a part, and 100% of their shares after 21 months after the effectiveness of the registration statement of which this prospectus forms a part; provided that we will have a right of first offer for a period of 30 days to purchase up to approximately 23.2 million shares that such holders may wish to sell at a price per share equal to the volume-weighted average price of our common stock on its principal trading market over the ten trading days immediately following our receipt of written notice from such holder of its intention to sell.

Following the lock-up periods set forth in the agreements described above, and assuming that no parties are released from these agreements and that there is no extension of the lock-up period, certain of the shares of common stock that are restricted securities will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

In general, under Rule 144 as currently in effect, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a person who is not deemed to have been one of our affiliates for purposes of the Securities Act at any time during the 90 days preceding a sale and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year,

including the holding period of any prior owner other than our affiliates, then that person would be entitled to sell those shares without complying with any of the requirements of Rule 144.

In general, under Rule 144, as currently in effect, our affiliates or persons selling shares on behalf of our affiliates are entitled to sell upon expiration of the lock-up agreements described above, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the number of shares of our common stock then outstanding, which will equal approximately 449,836, shares as of immediately after this offering, based on the number of shares to be sold in this offering as set forth on the cover page of this prospectus; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale.

Sales under Rule 144 by our affiliates or persons selling shares on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us. Rule 144 also provides that affiliates relying on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement.

Notwithstanding the availability of Rule 144, the holders of all of our restricted shares have entered into lock-up agreements as described below and their restricted shares will become eligible for sale at the expiration of the restrictions set forth in those agreements.

Rule 701

Rule 701 generally allows a stockholder who purchased shares of our common stock pursuant to a written compensatory plan or contract and who is not deemed to have been an affiliate of our company during the immediately preceding 90 days to sell these shares in reliance upon Rule 144, but without being required to comply with the public information, holding period, volume limitation or notice provisions of Rule 144. Rule 701 also permits affiliates of our company to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. All holders of Rule 701 shares, however, are required by such rule to wait until 90 days after the date of this prospectus before selling those shares pursuant to Rule 701.

As of October 31, 2018, options to purchase a total of 1,442,553 shares of common stock granted under 2014 Amended and Restated Equity Incentive Plan were outstanding, of which 640,809 options to purchase shares were exercisable.

Registration Statement on Form S-8

Promptly after the completion of this offering, we intend to file a registration statement on Form S-8 under the Securities Act to register all of the shares of common stock reserved for issuance under our 2014 Amended and Restated Equity Incentive Plan and our 2018 Equity Incentive Plan. The registration statement on Form S-8 is expected to become effective immediately upon filing, and shares covered by the registration statement will then become eligible for sale in the public market, subject to the Rule 144 limitations applicable to affiliates, vesting restrictions and any applicable lock-up agreements and market standoff agreements. See the section titled “Executive Officer Compensation – Equity-Based Incentive Plans” for a description of our 2014 Amended and Restated Equity Incentive Plan and our 2018 Equity Incentive Plan.

Registration Rights

See the section of this prospectus entitled “Description of Capital Stock – Registration Rights” for a description of the registration rights granted to the holders of Registrable Shares.

PLAN OF DISTRIBUTION

The selling stockholders, which as used herein includes donees, pledgees, transferees or other successors-in-interest selling shares of common stock or interests in shares of common stock received after the date of this prospectus from a selling stockholder as a gift, pledge, partnership distribution or other transfer, may, from time to time, sell, transfer or otherwise dispose of any or all of their shares of common stock or interests in shares of common stock on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These dispositions may be at fixed prices, at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale, or at negotiated prices.

The selling stockholders may use any one or more of the following methods when disposing of shares or interests therein:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- in transactions through broker-dealers that agree with the selling stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The selling stockholders may, from time to time, pledge or grant a security interest in some or all of the shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock, from time to time, under this prospectus, or under an amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer the shares of common stock in other circumstances, in which case the transferees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

In connection with the sale of our common stock or interests therein, the selling stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the common stock in the course of hedging the positions they assume. The selling stockholders may also sell shares of our common stock short and deliver these securities to close out their short positions, or loan or pledge the common stock to broker-dealers that in turn may sell these securities. The selling stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or the creation of one or more derivative securities which require the delivery to such broker-dealer or other financial institution of shares offered by this prospectus, which shares such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The aggregate proceeds to the selling stockholders from the sale of the common stock offered by them will be the purchase price of the common stock less discounts or commissions, if any. Each of the selling stockholders reserves the right to accept and, together with their agents from time to time, to reject, in whole or in part, any proposed purchase of common stock to be made directly or through agents. We will not receive any of the proceeds from this offering.

The selling stockholders and any underwriters, broker-dealers or agents that are involved in selling the common stock or interests therein may be deemed to be “underwriters” within the meaning of Section 2(a)(11) of the Securities Act. In such event, any

commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each selling stockholder has informed us that it does not have any agreement or understanding, directly or indirectly, with any person to distribute the common stock. If a selling stockholder is deemed to be an "underwriter" within the meaning of the Securities Act, it will be subject to the prospectus delivery requirements of the Securities Act.

To the extent required, the shares of our common stock to be sold, the names of the selling stockholders, the respective purchase prices and public offering prices, the names of any agents, dealer or underwriter, any applicable commissions or discounts with respect to a particular offer will be set forth in an accompanying prospectus supplement or, if appropriate, a post-effective amendment to this registration statement that includes this prospectus.

In order to comply with the securities laws of some states, if applicable, the common stock may be sold in these jurisdictions only through registered or licensed brokers or dealers. In addition, in some states the common stock may not be sold unless it has been registered or qualified for sale or an exemption from registration or qualification requirements is available and is complied with.

We have advised the selling stockholders that the anti-manipulation rules of Regulation M under the Exchange Act may apply to sales of shares in the market and to the activities of the selling stockholders and their affiliates. In addition, we will make copies of this prospectus (as it may be supplemented or amended from time to time) available to the selling stockholders for the purpose of satisfying the prospectus delivery requirements of the Securities Act. The selling stockholders may indemnify any broker-dealer that participates in transactions involving the sale of the shares against certain liabilities, including liabilities arising under the Securities Act.

We have agreed to indemnify the selling stockholders against liabilities, including liabilities under the Securities Act and state securities laws, relating to the registration of the shares offered by this prospectus.

We have agreed with the selling stockholders to keep this registration statement of which this prospectus forms a part effective for five years from the date it is declared effective by the SEC or until the date on which all of the shares required to be registered by us have been transferred other than to certain enumerated permitted assignees under the Registration Rights Agreement. See the section of this prospectus entitled "Description of Capital Stock – Registration Rights" for a description of the registration rights granted to the holders of Registrable Shares.

LEGAL MATTERS

Paul Hastings LLP, Palo Alto, California, which has acted as our counsel in connection with this offering, will pass upon the validity of the shares of common stock being offered by this prospectus.

EXPERTS

The financial statements of Mohawk Group, Inc., as of and for the years-ended December 31, 2016 and 2017 included in this Prospectus and the related financial statement schedule included elsewhere in the Registration Statement, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the financial statements and financial statement schedule and includes an emphasis of a matter paragraph referring to Mohawk Group, Inc.'s ability to continue as a going concern). Such financial statements and financial statement schedule have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement, some of which is contained in exhibits to the registration statement as permitted by the rules and regulations of the SEC. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, please see the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. You may obtain copies of this information by mail from the Public Reference Section of the SEC, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the public reference rooms by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet website that contains reports, proxy statements and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the SEC's public reference facilities and the website of the SEC referred to above. We also maintain a website at *www.mohawkgp.com*. Upon completion of this offering, you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. Information contained on our website is not a part of this prospectus and the inclusion of our website address in this prospectus is an inactive textual reference only.

MOHAWK GROUP, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of
Mohawk Group, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mohawk Group, Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows, for each of the two years in the period ended December 31, 2017, and the related notes and the schedule listed in the Index at Item 16 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

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

Emphasis of Matter Regarding Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company's stated growth strategy has resulted in operating losses and negative cash flows from operations since inception which will necessitate further external financing. Management's plans in regard to this matter is described in Note 1 to the consolidated financial statements. In the event that the Company is unsuccessful in its ability to achieve the plan, the Company would be unable to meet its obligations as they become due within one year from the date these consolidated financial statements were issued. These uncertainties raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Deloitte & Touche LLP
New York, New York

November 2, 2018

We have served as the Company's auditor since 2017.

MOHAWK GROUP, INC
Consolidated Balance Sheets
(in thousands, except share and per share data)

	December 31, 2016	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash	$ 5,869	$ 5,297
Accounts receivable — net	807	1,333
Inventory	4,932	20,578
Prepaid and other current assets	987	3,017
Total current assets	12,595	30,225
PROPERTY AND EQUIPMENT — net	572	494
OTHER NON-CURRENT ASSETS	203	452
TOTAL ASSETS	$ 13,370	$ 31,171
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Credit facility	$ —	$ 3,631
Term loans — current	752	1,889
Accounts payable	158	7,984
Accrued and other current liabilities	1,345	4,694
Total current liabilities	2,255	18,198
OTHER LIABILITIES	35	87
TERM LOAN	—	4,732
Total liabilities	2,290	23,017
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY:		
Series A preferred stock, par value $0.0001 per share — 25,000,000 shares authorized and 18,256,938 shares outstanding at December 31, 2016; 18,256,938 shares authorized and 18,256,938 shares outstanding at December 31,2017	26,278	26,278
Series B preferred stock, par value $0.0001 per share — 0 shares authorized and outstanding at December 31, 2016; 2,852,239 shares authorized and outstanding at December 31, 2017	—	8,415
Series B-1 preferred stock, par value $0.0001 per share — 0 shares authorized and outstanding at December 31, 2016; 2,447,829 shares authorized, and 2,109,787 shares outstanding at December 31, 2017	—	10,550
Common stock, par value $0.0001 per share — 40,000,000 shares authorized and 4,171,040 shares outstanding at December 31, 2016; 31,800,000 shares authorized and 4,171,040 shares outstanding at December 31, 2017	—	—
Additional paid-in capital	1,014	2,150
Accumulated deficit	(16,129)	(39,196)
Accumulated other comprehensive (loss)	(83)	(43)
Total stockholders' equity	11,080	8,154
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 13,370	$ 31,171

See notes to consolidated financial statements.

MOHAWK GROUP, INC
Consolidated Statements of Operations
(in thousands, except share and per share data)

	Year Ended December 31,	
	2016	**2017**
NET REVENUE	$ 18,124	$ 36,459
COST OF GOODS SOLD	11,856	22,781
GROSS PROFIT	6,268	13,678
OPERATING EXPENSES:		
Research and development	3,279	3,698
Sales and distribution	11,155	26,928
General and administrative	2,489	5,645
TOTAL OPERATING EXPENSES:	16,923	36,271
OPERATING LOSS	(10,655)	(22,593)
INTEREST EXPENSE — net	13	412
OTHER EXPENSE — net	(83)	24
LOSS BEFORE INCOME TAXES	(10,585)	(23,029)
PROVISION FOR INCOME TAXES	—	38
NET LOSS ATTRIBUTABLE TO COMMON STOCKHODLERS	$ (10,585)	$ (23,067)
Net loss per share attributable to common stockholders, basic and diluted	$ (2.54)	$ (5.53)
Weighted-average number of shares outstanding used to compute net loss per share attributable to common stockholders, basic and diluted	4,171,040	4,171,040

See notes to consolidated financial statements.

MOHAWK GROUP, INC
Consolidated Statement of Comprehensive Loss
(in thousands)

	Year Ended December 31,	
	2016	**2017**
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$ (10,585)	$ (23,067)
OTHER COMPREHENSIVE (LOSS) INCOME:		
Foreign currency translation adjustments	(83)	40
Other comprehensive (loss) income	(83)	40
COMPREHENSIVE LOSS	$ (10,668)	$ (23,027)

See notes to consolidated financial statements.

MOHAWK GROUP, INC
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31, 2016	2017
OPERATING ACTIVITIES:		
Net loss attributable to common stockholders	$ (10,585)	$ (23,067)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	149	258
Bad debt expense	465	—
Provision for sales returns	42	119
Unrealized foreign exchange (gain) loss	(83)	40
Amortization of deferred financing cost and debt discounts	—	105
Stock-based compensation	85	1,046
Changes in assets and liabilities:		
Accounts receivable	(1,034)	(526)
Inventory	1,317	(15,646)
Prepaid and other current assets	(381)	(2,030)
Accounts payable, accrueds and other liabilities	745	10,942
Cash used in operating activities	(9,280)	(28,759)
INVESTING ACTIVITIES:		
Purchase of fixed assets	(631)	(125)
Increase in restricted cash	—	(250)
Cash used in / provided by investing activities	(631)	(375)
FINANCING ACTIVITIES:		
Proceeds from issuance of Series B preferred stock	—	8,500
Proceeds from issuance of Series B-1 preferred stock	—	10,610
Issuance costs of Series B preferred stock	—	(85)
Issuance costs of Series B-1 preferred stock	—	(60)
Borrowings from Mid Cap credit facility	—	10,891
Repayments from Mid Cap credit facility	—	(6,385)
Borrowings from Mid Cap term loan	—	7,000
Repayments from Mid Cap term loan	—	(224)
Debt issuance costs	—	(973)
Borrowings from other term loans	1,299	784
Repayments from other term loans	(547)	(1,536)
Capital lease financing proceeds	—	99
Capital lease obligation payments	—	(25)
Cash provided by financing activities	752	28,596
EFFECT OF EXCHANGE RATE ON CASH	(41)	(34)
NET CHANGE IN CASH FOR PERIOD	(9,159)	(538)
CASH AT BEGINNING OF PERIOD	15,069	5,869
CASH AT END OF PERIOD	$ 5,869	$ 5,297

See notes to consolidated financial statements.

MOHAWK GROUP, INC.
Consolidated Statement of Stockholder's Equity
(in thousands, except share and per share data)

	Series A Preferred Stock Shares	Series A Preferred Stock Amount	Series B Preferred Stock Shares	Series B Preferred Stock Amount	Series B-1 Preferred Stock Shares	Series B-1 Preferred Stock Amount	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Common Stock Warrants	Accumulated Deficit	Accumulated Other Comprehensive (Loss)	Total Stockholders' Equity
BALANCE — January 01, 2016	18,256,938	$ 26,278	—	$ —	—	$ —	4,166,665	$ —	$ 929	$ 0	$ (5,544)	$ —	$ 21,663
Net loss	—	—	—	—	—	—	—	—	—	—	(10,585)	—	(10,585)
Stock-based compensation	—	—	—	—	—	—	—	—	85	—	—	—	85
Exercise of stock options	—	—	—	—	—	—	4,375	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	—	—	—	—	(83)	(83)
BALANCE — December 31, 2016	18,256,938	$ 26,278	—	$ —	—	$ —	4,171,040	$ —	$ 1,014	$ 0	$ (16,129)	$ (83)	$ 11,080
Net loss	—	—	—	—	—	—	—	—	—	—	(23,067)	—	(23,067)
Issuance of preferred shares	—	—	2,852,239	8,415	2,109,787	10,550	—	—	—	—	—	—	18,965
Issuance of warrants and related expense	—	—	—	—	—	—	—	—	90	—	—	—	90
Stock-based compensation	—	—	—	—	—	—	—	—	1,046	—	—	—	1,046
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	40	40
BALANCE — December 31, 2017	18,256,938	$ 26,278	2,852,239	$ 8,415	2,109,787	$ 10,550	4,171,040	$ —	$ 2,150	$ —	$ (39,196)	$ (43)	$ 8,154

See notes to consolidated financial statements.

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Mohawk Group Inc. and subsidiaries ("Mohawk" or the "Company") is an artificial intelligence and consumer packaged goods company that uses advanced machine learning, natural language processing, and big data analytics to design, develop, market and sell products. Mohawk predominately operates through online retail channels such as Amazon, eBay, Walmart and Jet.

Headquartered in New York, Mohawk's offices can be found in China, Canada and the United States.

Liquidity and Going Concern — The Company is an early-stage growth company. As a result of the early stage of its business, the Company is investing in launching new products, advancing its software, and its sales and distribution infrastructure to accelerate revenue growth and scale operations to support such growth. To fund this investment, the Company has incurred losses with the expectation that it will generate profitable revenue streams in the future. While management and the Company's board of directors anticipate that the Company will eventually reach a scale where the growth of its product revenues will offset the continued investments required in launching new products, completing the development of its software, and its sales and distribution operations, they believe that the size and nascent stage of the Company's target market justify continuing to invest in growth at the expense of short-term profitability. In pursuit of this strategy, for the years ended December 31, 2016 and 2017 the Company incurred operating losses of $10.7 million and $22.6 million primarily due to the impact from its continued investment in launching new products, advancing its artificial intelligence software and building out its sales and distribution infrastructure. At December 31, 2016 and 2017, the Company had an accumulated deficit of $16.1 million and $39.2 million respectively.

The Company's growth strategy will require additional external investment in the form of either equity or debt. The Company has successfully funded its losses to-date through two rounds of equity financing, beginning in July 2014 and continuing through its Series B financing round, which was completed in April 2018. As of December 31, 2017, the Company has raised over $45.0 million in equity financing to fund its operations. Further, in October 2017, the Company improved its working capital flexibility by securing a $30.0 million credit facility and $7.0 million term loan. At December 31, 2017, the Company had cash on hand of $5.3 million, and borrowings under its line of credit of $4.6 million with availability of $5.6 million. On April 5, 2018, the Company issued approximately 6.0 million shares of Series C preferred stock with original issuance prices of $4.00 for a total of $21.0 million, net of transaction expenses. On September 4, 2018, the Company raised additional funds as part of a Series C-1. The Company issued approximately 1.9 million shares of Series C preferred stock with an issuance price of $4.00 for a total of $6.4 million, net of transaction expenses.

Management believes that based upon its historical track record and committed investor base, it will be successful in financing the business until profitability. Further, the Company continues to reduce its operational cash deficit. However, it still has not had a sufficient track record of improvement of its operating cash outflows. As such, in the event that the Company is unsuccessful in its ability to continue to reduce its cash outflows or obtain additional financing if such reduction in cash outflows is not achieved, the Company would be unable to meet its obligations as they become due within one year from the date these consolidated financial statements were issued and as such would not be able to continue as a going concern.

These consolidated financial statements have been prepared on the basis that the Company will continue to operate as a going concern and as such, include no adjustments that might be necessary in the event that the Company was unable to operate on this basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates — Preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period covered by the financial statements and accompanying notes. The most significant estimates relate to the determination of fair value of the Company's common stock and stock-based compensation. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from those estimates.

Principles of Consolidation — The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All inter-company balances and transactions have been eliminated in consolidation.

Fair Value of Financial Instruments — The Company's financial instruments, including cash, restricted cash, net accounts receivable, accounts payable, and accrued and other current liabilities are carried at historical cost. At December 31, 2016 and 2017, the carrying amounts of these instruments approximated their fair values because of their short-term nature. The term loans and credit facility are carried at amortized cost and at December 31, 2017, the carrying amount approximates fair value as the stated interest rate approximates market rates currently available to the Company.

Assets and liabilities recorded at fair value on a recurring basis in the Consolidated Balance Sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair values. Fair value is defined as the exchange price that would be received for an asset or an exit price that would be paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The authoritative guidance on fair value measurements establishes a three-tier fair value hierarchy for disclosure of fair value measurements as follows:

Level 1 — Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

Level 2 — Inputs are observable, unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the related assets or liabilities; and

Level 3 — Unobservable inputs that are supported by little or no market data for the related assets or liabilities.

The categorization of a financial instrument within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Restricted Cash — The Company has restricted cash with its primary banks for use as collateral with its credit cards and required minimum restricted capital for its Chinese subsidiary which commenced operations in 2017. As of December 31, 2016, the Company has classified $0.3 million in prepaid and other current assets for collateral of its credit cards. As of December 31, 2017, the Company has classified $0.3 million in prepaid and other current assets for collateral of its credit cards and $0.3 million cash for its Chinese subsidiary, within other non-current assets, as restricted cash, on the Consolidated Balance Sheets.

Accounts Receivable — Accounts receivable are stated at historical cost less allowance for doubtful accounts. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if any accounts should be written off based on past history of write-offs, collections and current credit conditions. A receivable is considered past due if the Company has not received payments based on agreed-upon terms. The Company generally does not require any security or collateral to support its receivables. The Company performs on-going evaluations of its customers and maintains an allowance for bad and doubtful receivables. At December 31, 2016 and 2017, the allowance for doubtful accounts was $0.5 million.

Concentration of Credit Risk — Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company maintains cash and restricted cash with various domestic and foreign financial institutions of high credit quality. The Company performs periodic evaluations of the relative credit standing of all of the aforementioned institutions.

The Company's accounts receivables are derived from sales contracts with a large number of customers. The Company maintains reserves for potential credit losses on customer accounts when deemed necessary.

Significant customers are those which represent more than 10% of the Company's total revenues or gross accounts receivable balance at the balance sheet date. During the years ended December 31, 2016 and 2017, the Company had no customer that accounted for 10%

or more of total revenues. In addition, as of December 31, 2016 and 2017, the Company has no customer that accounted for 10% or more of gross accounts receivable.

The Company's business is reliant on one key vendor which currently provides the Company with its sales platform, logistics and fulfillment operations, including certain warehousing for the Company's goods, and invoicing and collection of its revenue from the Company's end customers. In 2016, approximately 92% of our revenue was through or with the Amazon sales platform and in 2017, 98% of our revenue was through or with the Amazon sales platform.

Property and Equipment — Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets. Capital leases and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life of the asset. Costs of maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

The estimated useful lives for significant property and equipment categories are as follows:

Computer equipment and software	3 years
Furniture, fixtures, and equipment	3-5 years
Leasehold improvements and capital leases	Shorter of remaining lease tearm or estimated useful life

Income Taxes — The Company accounts for income taxes under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to operating loss carry-forwards and temporary differences between financial statement bases of existing assets and liabilities and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in the income tax rates on deferred tax asset and liability balances is recognized in income in the period that includes the enactment date of such rate change. A valuation allowance is recorded for loss carry-forwards and other deferred tax assets when it is determined that it is more likely than not that such loss carry-forwards and deferred tax assets will not be realized. The Company recognizes the tax benefits on any uncertain tax positions taken or expected to be taken in the consolidated financial statements when it is more likely than not the position will be realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company recognizes estimated interest and penalties related to uncertain tax positions as a part of the provision for income taxes.

Revenue Recognition — The Company accounts for revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") Topic 606, Revenue from Contracts with Customers.

The Company derives its revenue from the sale of consumer products. The Company sells its products directly to consumers through online retail channels and through wholesale channels.

For direct to consumer sales, the Company considers customer order confirmations to be a contract with the customer. Customer confirmations are executed at the time an order is placed through third party online channels. For wholesale sales, the Company considers the customer purchase order to be the contract.

For all of the Company's sales and distribution channels, revenue is recognized when control of the product is transferred to the customer (i.e., when the Company's performance obligation is satisfied), which typically occurs at shipment date. As a result, we have a present and unconditional right to payment and record the amount due from the customer in accounts receivable.

Revenue from consumer product sales is recorded at the net sales price (transaction price), which includes an estimate of future returns based on historical return rates. There is judgment in utilizing historical trends for estimating future returns. Our refund liability for sales returns was $0.1 million and $0.2 million at December 31, 2016 and 2017, respectively which is included in accrued liabilities and represents the expected value of the refund that will be due to our customers.

*Performance Obligations***.** A performance obligation is a promise in a contract to transfer a distinct good to the customer and is the unit of account in ASC Topic 606. A contract's transaction price is recognized as revenue when the performance obligation is satisfied. Each of the Company's contracts have a single distinct performance obligation, which is the promise to transfer individual goods.

For consumer product sales, the Company has elected to treat shipping and handling as fulfillment activities, and not a separate performance obligation. Accordingly, we recognize revenue for our single performance obligation related to product sales at the time control of the merchandise passes to the customer, which is generally at the time of shipment.

For each contract, the Company considers the promise to transfer products to be the only identified performance obligation. In determining the transaction price, the Company evaluates whether the price is subject to refund or adjustment to determine the net consideration to which the Company expects to be entitled.

All of the Company's revenues as reflected on the consolidated statements of operations for the years ended December 31, 2016 and 2017 are recognized at a point in time.

Sales taxes—Consistent with prior periods, sales taxes collected from customers are presented on a net basis and as such are excluded from revenue.

Revenue by Category: The following table sets forth the Company's revenue disaggregated by sales channel and geographic region based on the billing addresses of its customers:

	December 31, 2016		
	Direct	Wholesale	Total
North America	$14,661	$ 3,072	$17,733
Other	391	—	391
Total net revenues	$15,052	$ 3,072	$18,124

	Year Ended December 31, 2017		
	Direct	Wholesale	Total
North America	$35,356	$ 491	$35,847
Other	611	—	611
Total net revenues	$35,967	$ 491	$36,458

Revenue by Product Categories: The following table sets forth the Company's revenue disaggregated by product categories:

	Year-ended December 31,	
	2016	2017
Cookware, kitchen tools and gadgets	$ 2,544	$12,057
Environmental appliances	—	7,815
Hair appliances and accessories	7,320	6,196
Small home appliances	385	4,242
Portable projectors, speakers and headphones	5,048	2,327
Batteries, Chargers and other related accessories	1,517	1,208
All others	1,310	2,614
Total net revenues	$18,124	$36,459

Inventory and cost of goods sold — Our inventory consists almost entirely of finished goods. We currently record inventory on our balance sheet on a first-in first-out ("FIFO") basis, or net realizable value, if it is below our recorded cost. Our costs include the amounts we pay manufacturers for product, tariffs and duties associated with transporting product across national borders, and freight costs associated with transporting the product from our manufacturers to our warehouses, as applicable.

The "Cost of goods sold" line item in the consolidated statements of operations is comprised of the book value of inventory sold to customers during the reporting period. When circumstances dictate that we use net realizable value as the basis for recording inventory, we base our estimates on expected future selling prices less expected disposal costs.

Sales and Distribution — Sales and marketing expenses consist of online advertising costs, marketing and promotional costs, sales and platform commissions, fulfillment, warehouse costs, and employee compensation and benefits. Costs associated with the Company's advertising and sales promotion are expensed as incurred and are included in sales and distribution expenses. For the years ended December 31, 2016 and 2017, the Company recognized $0.5 million and $2.9 million, respectively, for advertising costs, which consists primarily of online advertising expense.

Research and Development — Research and development expenses include compensation and employee benefits for technology development employees, travel related costs, and fees paid to outside consultants related to development of the Company's owned intellectual property.

General and Administrative — General and administrative expenses include compensation and employee benefits for executive management, finance administration and human resources, facility costs, travel, professional service fees and other general overhead costs.

Stock-based compensation expense — Stock-based compensation expense to employees is measured based on the grant-date fair value of the awards and recognized in the consolidated statements of operations over the period during which the employee is required to perform services in exchange for the award (the vesting period of the award).

The Company estimates the fair value of stock options granted using the Black-Scholes option pricing model. Compensation expense is recognized over the vesting period of the applicable award using the straight-line method.

The Company estimates forfeitures in order to calculate the stock-based compensation expense. Compensation expense for nonemployee stock options is calculated using the Black-Scholes option pricing model and is recorded as the options vest. Options subject to vesting are revalued periodically over the service period, which is the same as the vesting period. Compensation expense for nonemployee stock options was immaterial for all periods presented.

Deferred offering costs — Deferred offering costs, which consist of direct incremental legal, consulting, banking and accounting fees relating to anticipated equity offerings, are capitalized and will be offset against proceeds upon the consummation of the offerings within stockholders' equity. In the event an anticipated offering is terminated, deferred offering costs will be expensed. As of December 31, 2016 and 2017, there were no capitalized deferred offering costs in the consolidated balance sheets.

Foreign Currency — The functional currency of the Company's foreign subsidiaries is the local currency. All assets and liabilities of foreign subsidiaries are translated at the current exchange rate as of the end of the period, and revenues and expenses are translated at the average exchange rates in effect during the period. The gain or loss resulting from the process of translating foreign currency financial statements into U.S. dollars is reflected as a foreign currency cumulative translation adjustment and reported as a component of accumulated other comprehensive income loss. Foreign currency transaction gains and losses resulting from or expected to result from transactions denominated in a currency other than the functional currency are recognized in other expense, net in the consolidated statements of operations. The Company recorded net loss from foreign currency transactions less than $0.1 million for the years ended December 31, 2016 and 2017.

Net Loss Per Common Share — The Company follows the two-class method when computing net loss per common share when shares are issued that meet the definition of participating securities. The two-class method determines net income (loss) per common share for common stock and participating securities according to dividends declared or accumulated and participation rights in undistributed earnings. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company's preferred stock contractually entitles the holders of such shares to participate in dividends but does not contractually require the holders of such shares to participate in the Company's losses. For periods in which the Company reports net losses, diluted net loss per common share attributable to common stockholders is the same as basic net loss per common share attributable to common stockholders, because potentially dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

Segment Information -The Company reports segment information in accordance with ASC Topic No. 280 "Segment Reporting." The Company has one reportable segment.

Recent Accounting Pronouncements — Other than described below, no new accounting pronouncements issued by the FASB may have a material impact on the Company's consolidated financial statements.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We have elected to use this extended transition period until we are no longer an emerging growth company or until we affirmatively and irrevocably opt out of the extended transition period. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

In March 2016, the FASB issued ASU No. 2016-09, Compensation—Stock Compensation (Topic 718), which simplifies several aspects of the accounting for share-based payment transactions. This standard requires companies to record excess tax benefits and tax deficiencies as income tax benefit or expense in the statement of operations when the awards vest, or are settled, and eliminates the requirement to reclassify cash flows related to excess tax benefits from operating activities to financing activities on the statement of cash flows. This standard also allows an entity to make an accounting policy election to either estimate expected forfeitures or to account for them as they occur. This standard is effective for annual and interim reporting periods beginning after December 15, 2017, and interim periods within those annual periods. The new guidance will be adopted on January 1, 2018 and the Company does not expect this guidance to have a material impact on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments," which addresses eight specific cash flow issues and is intended to reduce diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2018. The amendments in the ASU should be applied using a retrospective transition method to each period presented. The new guidance will be adopted on January 1, 2019 and the Company does not expect this guidance to have a material impact on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash (Topic 230)*, or ASU 2016-18. ASU 2016-18 requires that the statement of cash flows explains the change during the period in the total cash and restricted cash. Therefore, amounts generally described as restricted cash should be included with cash when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. This ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company will adopt this standard effective January 1, 2019 and the Company does not expect this standard to have a material impact on the consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, "Compensation—Stock Compensation (Topic 718) Scope of Modification Accounting," which provides guidance on the various types of changes which would trigger modification accounting for share-based payment awards. In summary, an entity would not apply modification accounting if the fair value, vesting conditions, and classification of the awards are the same immediately before and after the modification. The guidance is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The amendments are applied prospectively to awards modified on or after the adoption date. The new guidance will be adopted on January 1, 2019 and the Company does not expect this standard to have a material impact on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), or ASU 2016-02, which requires lessees to record most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. This ASU is effective for all annual reporting periods beginning after December 15, 2019, with early adoption permitted. The Company is currently evaluating the effect that the updated standard will have on its consolidated financial statements.

3. INVENTORY

Inventory consisted of the following as of December 31, 2016 and 2017:

	December 31, 2016	December 31, 2017
Inventory on-hand	$ 3,131	$ 15,703
Inventory in-transit	1,801	4,875
Inventory	$ 4,932	$ 20,578

4. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of December 31, 2016 and 2017:

	December 31, 2016	December 31, 2017
Trade accounts receivable	$ 1,272	$ 1,798
Allowance for doubtful accounts	(465)	(465)
Accounts receivable- net	$ 807	$ 1,333

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2016 and 2017:

	December 31, 2016	December 31, 2017
Computer equipment and software	$ 318	$ 392
Furniture, fixtures and equipment	375	429
Leasehold improvements	47	47
Subtotal	740	868
Less: accumulated depreciation and amortization	(168)	(374)
Property and equipment — net	$ 572	$ 494

Depreciation expense for property and equipment totaled $0.1 million and $0.3 million during the years ended December 31, 2016 and 2017, respectively.

6. FAIR VALUE MEASUREMENTS

The Company's financial instruments consist of Level 1 assets at December 31, 2016 and 2017. The Company's cash and restricted cash was $6.1 million and $5.8 million and included savings deposits and overnight investments at December 31, 2016 and 2017.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaids and other current assets consisted of the following as of December 31, 2016 and 2017:

	December 31, 2016	December 31, 2017
Prepaid inventory	$ 624	$ 2,230
Restricted cash	250	250
Other	113	537
Prepaid and other current assets	$ 987	$ 3,017

8. ACCRUED AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following as of December 31, 2016 and 2017:

	December 31, 2016	December 31, 2017
Accrued compensation costs	$ 65	$ 250
Accrual for deferred financing fees	—	205
Accrued professional fees and consultants	68	444
Accrued logistics costs	246	2,017
Product related accruals	275	565
Sales tax payable	343	405
Sales return reserve	124	244
All other accruals	224	564
Accrued and other current liabilities	$ 1,345	$ 4,694

The Company sponsors, through its professional employer organization provider, a 401(k) defined contribution plan covering all eligible US employees. Contributions to the 401(k) plan are discretionary. Currently the Company does not match nor make any contributions to the 401(k) plan.

9. CREDIT FACILITY AND TERM LOAN

MIDCAP CREDIT FACILITY AND TERM LOAN

	December 31, 2017
Credit facility	$ 4,575
Less: deferred debt issuance costs	(876)
Less discount associated with issuance of warrants	(68)
Total credit facility	$ 3,631
Term loan	$ 6,841
Less: deferred debt issuance costs	(204)
Less discount associated with issuance of warrants	(16)
Total term loan	$ 6,621
Less- current portion	(1,889)
Term loan- non current portion	$ 4,732

On October 16, 2017, the Company entered into a three-year $15.0 million revolving credit facility (“Credit Facility”) with Midcap Financial Trust (“Midcap”), pursuant to a Credit and Security Agreement. The Credit Facility can be increased to $30.0 million on the Company’s discretion. Loans under the Credit Facility are determined based on percentages of our eligible accounts receivable and eligible inventory. The Credit Facility bears interest at LIBOR plus 5.75% for outstanding borrowings. The Company is required to pay a facility availability fee of 0.5% on the average unused portion of the facility. The Credit Facility contains certain financial covenants that require us to maintain minimum liquidity targets and other ratios starting in October 2018. The Company incurred approximately $1.2 million in debt issuance costs which has been offset against the debt and will expense over the three years. As of December 31, 2017, there was $4.6 million outstanding on the Credit Facility and an available balance of approximately $5.6 million, respectively.

As part of the Credit and Security Agreement entered into on October 16, 2017, the Company also obtained a three-year $7.0 million term loan (“Term Loan”) with MidCap. The Term Loan bears interest at LIBOR plus 9.75% for outstanding borrowings and payments on principle are made on a monthly basis. The maturity date of the Term Loan is October 2020.

The Credit Facility and Term Loan contain covenants that, among other things, restrict the ability of Mohawk Group Holdings, Inc. and certain of its subsidiaries to (i) incur, assume or guarantee additional indebtedness; (ii) pay dividends or redeem or repurchase capital stock; (iii) make other restricted payments; (iv) incur liens; (v) redeem debt that is junior in right of payment to the notes; (vi) sell or otherwise dispose of assets, including capital stock of subsidiaries; (vii) enter into mergers or consolidations; and (viii) enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications.

The Company recorded interest expense from both the Credit Facility and Term Loan of approximately $0.3 million for the year ended December 31, 2017, which included $0.1 million relating to debt issuance costs.

In October 2017, in connection with the MidCap Credit Facility and Term Loan agreement, Mohawk issued 139,194 warrants to purchase shares of its B-1 Preferred Shares at an exercise price of $5.029 per share. The warrants are exercisable and expire ten years from the date of issuance. The Company utilized the Binomial option-pricing model to determine the fair value of the Warrants. The fair value of the warrants on issuance was $0.1 million which has been recorded as a debt discount against the Mid Cap Credit Facility and Term Loan. For year ended December 31, 2017, the Company expensed less than $0.1 million related to these warrants.

OTHER TERM LOANS

The Company at times has taken certain term loans from its key vendor as part of a program that assists in growth within the vendor’s online sales platform. These loans are short-term in nature and carry an interest rate of approximately 12%. During 2016, the

Company borrowed $1.3 million during the period and had approximately $0.8 million outstanding as of December 31, 2016. Interest paid during the year ended December 31, 2016 was approximately $0.1 million.

During 2017, the Company had borrowed an additional $0.7 million during the period and prior to obtaining the Credit Facility and Term Loan the Company repaid all loans outstanding. Interest paid during the year ended December 31, 2017 was approximately $0.1 million.

10. STOCKHOLDERS' EQUITY

Common Shares — The Company has one class of common shares issued and available. Each share of common stock has the right to one vote per share.

Preferred Shares — In 2014, the Company issued approximately 18.3 million shares of Series A preferred stock ("Series A") with original issuance prices of $1.44 for a total of $26.3 million, net of transaction expenses. As of December 31, 2017, there are 18.3 million Series A outstanding.

In March 2017, the Company issued approximately 2.9 million shares of Series B preferred stock ("Series B") with original issuance prices of $2.98 for a total of $8.4 million, net of transaction expenses. As of December 31, 2017, there are 2.9 million Series B authorized and outstanding.

In August 2017, the Company issued approximately 2.1 million shares of Series B-1 preferred stock ("Series B-1") with original issuance prices of $5.03 for a total of $10.5 million, net of transaction expenses. As of December 31, 2017, there are 2.4 million Series B-1 authorized for issuance and 2.1 million outstanding.

In April 2018, the Company opened a Series C preferred stock ("Series C") fundraise, which allowed it to issue 15.0 million shares or $40.0 million in Series C preferred stock. As of April 2018, the Company issued approximately 6.0 million shares Series C with original issuance prices of $4.00 for a total of $21.0 million, net of transaction expenses.

The significant terms of each series of the Preferred Stock, after the issuance of Series B, Series B-1 and Series C are as follows:

i. **Dividends—**The Company may not declare, pay or set aside dividends on its common stock (the "Common Stock") (other than dividends on shares of Common Stock payable in shares of Common Stock) unless (in addition to obtaining any consents required) the holders of Preferred Stock first receive, or simultaneously receive, a dividend at a rate of 5% for Series A and 8% for both Series B, Series B-1 and Series C, of the original issue price per share, as adjusted for stock dividends, stock splits, combinations, or other recapitalization. The Board of Directors of the Company is under no obligation to declare dividends, and no rights accrue to the holders of the Preferred Stock if dividends are not declared or paid in any calendar year, and any dividends paid are non-cumulative. If the Company declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Company, the dividend payable to the holders of Preferred Stock must be calculated based on the dividend on the class or series of capital stock that would result in the largest dividend amount on the Preferred Stock.

ii. **Liquidation Preference**—Upon Liquidation (defined below), the holders of Preferred Stock are entitled to be paid, on a pari passu basis, out of the assets of the Company that are available for distribution to its stockholders, before any payment is made to the holders of Common Stock, an amount per share equal to the greater of (1) the original issue price, plus any declared and unpaid dividends, or (2) such amount per share as would have been payable had all shares of Preferred Stock been converted into Common Stock immediately prior to Liquidation. If upon such Liquidation, the assets of the Company available for distribution to its stockholders are insufficient to pay the holders of shares of Preferred Stock the full amount to which they are entitled, the holders of shares of Preferred Stock will share ratably in the distribution of assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares of Preferred Stock were paid in full. After the payment of all preferential amounts required to be paid to the holders of shares of Preferred Stock, the remaining assets of the Company available for distribution to its stockholders will be distributed pro rata among the holders of shares of Common Stock.

> "Liquidation" is defined as "any voluntary or involuntary liquidation, dissolution, or winding up of the Company, or a Deemed Liquidation Event." A "Deemed Liquidation Event" is defined to include (1) a merger or consolidation involving the Company (other than one for which the holders of voting securities of the Company continue to maintain a majority of voting power after the transaction), and (2) a sale, lease, transfer, exclusive license or other disposition, of all or substantially all of the assets of the Company. A merger or consolidation of the Company would include a change in control for less than 100% of the equity of the Company.

iii. **Conversion**—Each share of Preferred Stock is convertible at any time at the option of the holder to Common Stock at a rate determined by dividing the original issuance price for such series of Preferred Stock by the conversion price for such series of Preferred Stock. The "conversion price" is defined as the original issuance price of the Preferred Stock and is adjusted for stock splits and other subdivisions of Common Stock, reorganizations, and other dilutive issuances, excluding the issuance of Common Stock pursuant to the Company's 2014 stock incentive plan, warrants outstanding at the time of issuance of the Preferred Stock, and various other exclusions. Each share of Preferred Stock is automatically converted into shares of Common Stock at the then effective conversion price upon the affirmative vote of an investor majority or upon an initial public offering ("IPO") resulting in at least $50.0 million of gross proceeds.

iv. **Voting Rights—**The holders of Preferred Stock and Common Stock each vote together as a single class with the holders of Preferred Stock voting on an as-converted basis. The Series A Preferred Stock also contains certain protective provisions whereby holders of the Series A Preferred Stock vote together as a single class and the Series B and Series B-1 Preferred Stock (collectively, the "Series B Preferred Stock") vote together as a single class.

v. **Board—**The Board of Directors shall have three members. The holders of the Series B and Series B-1 voting together (on an as-converted basis) have the right to select one (1) director, and the holders of record of the shares of Common Stock are entitled to elect two directors (one of which must be the CEO pursuant to the Company's voting agreement).

vi. **Protective Provisions for Preferred Stock**—At any time when shares of Preferred Stock are outstanding, the Company shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Preferred Stock, consenting or voting together as a single class on an as-converted basis:

i. Authorize or create any additional class or series of capital stock or security convertible into or exercisable into any additional class or series of capital stock, unless the same ranks junior to the Series A, Series B and Series B-1

ii. Pay or declare dividends on any shares of capital stock (other than a dividend on the then outstanding shares of Common Stock payable solely in shares of Common Stock)

iii. Repurchase the Company's capital stock (except for the repurchase of shares of stock held by employees, consultants, directors, or advisors upon termination of the employment or services)

iv. Amend, alter or repeal any provision of the Company's Certificate of Incorporation or By-laws

v. Increase or decrease the authorized number of directors constituting the board of directors

vi. Liquidate, dissolve or wind-up the business and affairs of the Company or effect any merger or consolidation of the Company, or any other Deemed Liquidation Event; or authorize or effectuate any reclassification, reorganization or recapitalization of the Company's outstanding capital stock

vii. Increase or decrease the authorized number of shares of Common Stock or Preferred Stock or any series thereof

viii. Create, or hold capital stock in, any subsidiary that is not directly or indirectly wholly owned by the Company, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Company, or permit any direct or indirect subsidiary of the Company to sell, lease, transfer, exclusively license or otherwise dispose of all or substantially all of the assets of such subsidiary

ix. Increase the number of shares of capital stock of the Company reserved for issuance pursuant to any equity incentive plan or similar agreement or arrangement of the Company.

vii. **Protective Provisions for Series B Preferred Stock** —At any time when shares of Series B Preferred Stock are outstanding, the Company shall not, either directly or indirectly by amendment, merger, consolidation or otherwise, do any of the following without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series B Preferred Stock, consenting or voting together as a single class on an as-converted basis:

i. liquidate, dissolve or wind-up the business and affairs of the Corporation, or effect any merger or consolidation or any other Deemed Liquidation Event, unless the per share proceeds payable to the holders of Series B Preferred Stock in connection with such liquidation event equal or exceed the Series B Original Issue Price and

the per share proceeds payable to the holders of Series B-1 Preferred Stock in connection with such liquidation event equal or exceed the Series B-1 Original Issue Price;

ii. amend, alter, repeal or waive any of the protective provisions of the Series B Preferred Stock;

iii. increase or decrease the authorized number of shares of Series B Preferred Stock or Series B-1 Preferred Stock;

iv. change the voting or other powers, preferences, or other special rights, privileges or restrictions of the Series B Preferred Stock or Series B-1 Preferred Stock adversely, disproportionately, or in a manner differently than any other series of Preferred Stock;

v. create, or hold capital stock in, any subsidiary that is not directly or indirectly wholly owned by the Company, or sell, transfer or otherwise dispose of any capital stock of any direct or indirect subsidiary of the Company, or permit any direct or indirect subsidiary of the Company to sell, lease, transfer, exclusively license or otherwise dispose of (in a single transaction or series of related transactions) all or substantially all of the assets of such subsidiary

vii. **Other** —We classify our preferred stock within of stockholders' equity because the shares contain certain liquidation features that are solely within our control.

vii. **Merger Agreement and Registration Rights under Series C**— Under the terms of Series C, upon the conclusion of the Series C fundraise the Company will be required to consummate a reverse merger, ultimately the Company as a wholly-owned subsidiary on a new Delaware corporation, Mohawk Group Holdings, Inc. ("MGHI"). All outstanding common shares, preferred shares and warrants, excluding Series C and warrants for Series C, will convert to new common shares of MGHI ("MGHI shares") at a ratio of 1 to 1.22. All outstanding Series C, including any warrants for Series C will convert on a one to one basis to MGHI shares. MGHI currently has 3.5 million shares outstanding held by certain Series C holders. The Company expects the merger to be completed in September 2018. After the completion of the merger and within sixty days of the effective date of the merger, MGHI will be required to file with the Securities and Exchange Commissions (the "SEC") a registration statement on Form S-1 and must have such filing become effective with the SEC within a one hundred and thirty-five days from such initial filing. If MGHI's filings and registrations are not completed timely, the Company may be subject to liquidation damages to Series C holders which are capped at 8% of the total proceeds invested by Series C holders.

11. STOCK-BASED COMPENSATION

The Company has one plan, the 2014 Equity Incentive Plan ("Plan"). The Plan, as amended, covers a total of 2,405,722 shares of common stock for issuance to key officers, employees and consultants of the Company. Under this Plan, the Company offers stock-based compensation that includes stock options, restricted share awards and stock units. The Plan has no set termination date, but it cannot make any grants after ten years from its original effective date of June 2014. As of December 31, 2017, 1,396,989 shares have been issued under the plan.

Stock options granted under the Plan are granted at a price per share not less than the fair value at the date of the grant. Options granted to date generally vest over a four-year period with 25% of the shares underlying the options vesting on the first anniversary of the vesting commencement date with the remaining 75% of the shares vesting on a pro-rata basis over the succeeding thirty-six months, subject to continued service with the Company through each vesting date. Options granted are generally exercisable for up to 10 years subject to continued service with the Company.

The following is a summary of stock options activity during the year ended December 31, 2017:

	Options Outstanding			
	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Balance—January 1, 2016	223,000	$ 1.50		
Options granted	316,500	1.30		
Options exercised	(4,375)	1.50		
Options cancelled	(76,899)	1.40		
Balance—December 31, 2016	458,226	$ 1.38	8.86	$ 2,786
Exercisable as of December 31, 2016	142,932	$ 1.44	7.85	$ 438
Vested and expected to vest as of December 31, 2016	376,606	$ 1.39	8.75	$ 2,132
Balance—January 1, 2017	458,226	$ 1.38		
Options granted	1,046,556	2.05		
Options exercised	—	—		
Options cancelled	(107,793)	1.31		
Balance—December 31, 2017	1,396,989	$ 1.88	9.35	$ 344,677
Exercisable as of December 31, 2017	252,209	$ 1.41	8.02	$ 181,297
Vested and expected to vest as of Balance—December 31, 2017	1,108,770	$ 1.85	9.25	$ 314,726

Stock-based compensation expense for options granted was $0.1 million and $0.2 million for the years ended December 31, 2016 and 2017, respectively.

The weighted-average grant date fair value of options granted during 2016 and 2017 was $1.11 and $1.10, respectively. As of December 31, 2016 and 2017, the total unrecognized compensation expense related to unvested options, net of estimated forfeitures, was $0.1 million and $0.8 million, respectively, which we expect to recognize over an estimated weighted average period of 1.3 and 1.4 years, respectively.

In determining the fair value of the stock-based awards, we use the Black-Scholes option-pricing model and assumptions discussed below. Each of these inputs is subjective and generally requires significant judgment.

Fair value of Common Stock – The fair value of the shares of common stock underlying our stock options has been determined by the board of directors. As there is no public market for our common stock, the board of directors has determined the fair value of the common stock on the stock option grant date by considering a number of objective and subjective factors, including third-party valuations of our common stock, sales of our common stock, operating and financial performance, the lack of marketability of our common stock and general macro-economic conditions.

Expected Term – The expected term represents the period that our stock options are expected to be outstanding and is determined using the simplified method (based on the mid-point between the vesting date and the end of the contractual term).

Expected Volatility – Because we are privately held and do not have an active trading market for our common stock, the expected volatility was estimated based on the average volatility for publicly-traded companies that we consider to be comparable, over a period equal to the expected term of the stock option grants.

Risk-Free Interest Rate – The risk-free interest rate is based on the U.S. Treasury zero coupon notes in effect at the time of grant for periods corresponding with the expected term of the option.

Expected Dividend – We have not paid dividends on our common stock and do not anticipate paying dividends on our common stock; therefore, we use an expected dividend yield of zero.

The following are weighted average assumptions used in the Black-Scholes option-pricing model with to determine grant fair value:

	2016 Weighted-Average	2017 Weighted-Average
Expected term (in years)	5.80	5.91
Volatility	55.91%	53.51%
Risk-free interest rate	1.25%	2.16%
Dividend yield	0.000	0.000

Founder Shares

As part of the initial creation of the Company each of the Company's founders contributed capital and intellectual property in connection with the formation of the business in exchange for shares of common stock. The Company and founders agreed to certain vesting provisions as part of the initial issuance of these shares. These vesting provisions gave the Company a right to repurchase unvested shares if such founder would exit the Company prior to the completion of such vesting. As such, the Company recorded no compensation expense upon issuance as the non-vested shares only have value if any of the founders left the business prior to shares fully vesting, and as it was not expected that any founders would terminate prior to full vesting of their shares.

In March 2017, the Company entered into an agreement with one founder, extending the vesting provisions of these shares by 18 months. As such, the Company valued the remaining shares to vest at their estimated fair-market-value totaling $0.5 million and will expense that amount over the remaining vesting period. For year ended December 31, 2017, the Company recorded $0.3 million in stock-based compensation expense related to this modification.

In March 2017, the Company entered into an agreement with a second founder, in which the founder agreed to step down from the Board of Directors and any management roles held at the Company and in turn the Company did not exercise its options to repurchase the shares. As such, the Company valued the remaining unvested shares at their estimated fair-market-value totaling $0.5 million and expensed that amount as stock-based compensation in the period. As of March 2017, that founder has no active role with the Company.

12. COMMITMENT AND CONTINGENCIES

Commitments and Contingencies Operating Leases

The Company has operating leases for its offices expiring at various dates through 2020. Rental expense for operating leases was $0.4 million and $0.5 million for the years ended December 31, 2016 and 2017, respectively. The following is a schedule by year of future minimum lease payments required under the operating leases that have initial or non-cancelable lease terms in excess of one year as of December 31, 2017.

Future minimum lease payments under these operating leases consisted of the following as of December 31, 2017:

	Year Ending December 31
2018	598
2019	452
2020	113
2021	—
2022	—
Thereafter	—
Total minimum lease payments	$ 1,163

Legal Proceedings—The Company is party to various actions and claims arising in the normal course of business. The Company does not believe that the final outcome of these matters will have a material adverse effect on the Company's consolidated financial position or results of operations. In addition, the Company maintains what it believes is adequate insurance coverage to further mitigate risk. However, no assurance can be given that the final outcome of such proceedings may not materially impact the Company's consolidated financial condition or results of operations. Further, no assurance can be given that the amount or scope of existing insurance coverage will be sufficient to cover losses arising from such matters.

Inventory Purchases—As of December 31, 2016 and 2017, the Company had $1.7 million and $8.4 million, respectively, of inventory purchase orders placed with vendors waiting to be fulfilled.

Sales or Other Similar Taxes - Based on the location of the Company's current operations, the majority of sales tax is collected and remitted in the following states: New Jersey, New York, Florida, Texas, Pennsylvania, Tennessee, Virginia and California. To date, the Company has had no actual or threatened sales and use tax claims from any state where it does not already claim nexus or any state where it sold products prior to claiming nexus. However, the Company believes that the likelihood of incurring a liability as a result of sales tax nexus being asserted by certain states where it sold products prior to claiming nexus is reasonably possible. As of December 31, 2016 and 2017, the Company estimates that the potential liability is approximately $0.3 million and $0.4 million, respectively, which has been recorded as an accrued liability. The Company believes this is the best estimate of an amount due to taxing agencies, given that such a potential loss is an unasserted liability that would be contested and subject to negotiation between the Company and the state, or decided by a court.

13. INCOME TAXES

Loss before provision for (benefit from) income taxes consisted of the following for the periods indicated (in thousands):

	December 31, 2016	December 31, 2017
Domestic	(10,585)	(22,978)
International	—	(51)
Total	$ (10,585)	$ (23,029)

The components of the Company's income tax provision (benefit) were as follows for the periods indicated (in thousands):

	December 31, 2016	December 31, 2017
Current:		
Federal	$ —	$ —
State	—	4
Foreign	—	34
Total current	—	38
Deferred:	—	—
Federal	—	—
State	—	—
Foreign	—	—
Total deferred	—	—
Income tax provision	$ —	$ 38

The reconciliation of the Federal statutory income tax provision to the Company's effective income tax provision is as follows for the periods indicated (in thousands):

	December 31, 2016	December 31, 2017
Income tax benefit at statutory rates	(3,610)	(7,822)
Permanent differences	4	324
Foreign rate differential	—	13
State income taxes, net of federal tax benefit	(318)	(683)
Effect of tax rate change	—	4,046
Valuation allowance	3,914	4,160
Other	10	—
Total income tax expense	$ —	$ 38

The Company's deferred tax assets and liabilities as of the dates indicated were as follows (in thousands):

	December 31, 2016	December 31, 2017
Deferred tax assests:		
Allowance for doubtful accounts	218	174
Net operating loss carryforwards	3,611	8,008
Stock options	49	82
Other accrual	(171)	(425)
Deferred revenue	13	9
Fixed assets	9	12

Miscellaneous	—	30
Less: valuation allowances	(3,729)	(7,890)
Net deferred tax assets	—	—
Deferred tax liabilities:		
Foreign currency exchange gain/loss		
Net deferred tax liabilities	—	—
Net deferred tax assets	—	—
Net deferred tax assets (liabilities)	—	—

The Company has temporary differences due to differences in recognition of revenue and expenses for tax and financial reporting purposes, principally related to net operating losses, inventory, depreciation, and other expenses that are not currently deductible or realizable. The primary component of the Company's deferred tax assets is a $3.6 million and $8.0 million net operating loss carryforward as of December 31, 2016 and 2017, respectively, which does not begin to expire until 2024, resulting in a gross deferred tax asset of $3.7 million and $7.9 million as of December 31, 2016 and 2017, respectively, for which a full valuation allowance has been recorded because there is significant uncertainty about the realization of the deferred tax asset until the Company has proven to operate profitably.

On December 22, 2017, the Tax Cuts and Jobs Act (the "TCJ Act") was enacted into law. The TCJ Act provides for significant changes to the U.S. Internal Revenue Code of 1986, as amended (the "Code"), that impact corporate taxation requirements, such as the reduction of the federal tax rate for corporations from 35% to 21% and changes or limitations to certain tax deductions. The reduction in the corporate tax rate under the TCJ Act will also require a one-time revaluation of certain tax-related assets to reflect their value at

the lower corporate tax rate of 21%. As such, the Company currently calculates a reduction in the value of these assets of approximately $4.1 million as of December 31, 2017, which is fully offset by a valuation allowance and has no impact on the income tax provision. The company is still evaluating the full impact of the TCJ Act but due to a full valuation against deferred taxes, the company does not expect a material impact to the income tax provision.

In December 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations where a company does not have the necessary information available, prepared, or analyzed in reasonable detail to complete the accounting for certain income tax effects of the TCJ Act. It allows companies to record provisional amounts during a measurement period, which is not to extend beyond one year. Consistent with SAB 118, the Company was able to make reasonable estimates and recorded provisional amounts related to the impact of tax reform. The recorded amount may require further adjustments due to evolving analysis and interpretations of law, including issuance by the IRS and other regulatory bodies, state tax conformity to federal changes, as well as interpretations of how accounting for income taxes should be applied. As of December 31, 2017, there were no material uncertain tax positions taken by the Company.

The Company regularly assesses the realizability of its deferred tax assets and establishes a valuation allowance if it is more-likely-than-not that some portion of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Due to the Company's history of net operating losses, the Company believes it is more likely than not its federal, state and foreign deferred tax assets will not be realized as of December 31, 2016 and 2017.

The Company's major taxing jurisdictions are New Jersey, New York, Florida, Texas, Pennsylvania, Tennessee, Virginia and California. The Company files income tax returns in the U.S. federal jurisdiction as well as many U.S. states and a few certain foreign jurisdictions. The Company is subject to examination in these jurisdictions for all years since inception. Fiscal years outside the normal statute of limitations remain open to audit due to tax attributes generated in the early years which have been carried forward and may be audited in subsequent years when utilized. The Company is not currently under examination for income taxes in any jurisdiction.

14. RELATED PARTY TRANSACTION

The Company used a third-party vendor called Mommy Guru LLC ("Mommy Guru") for certain product promotions, marketing activities and product rebates. In September 2017, the Company hired Mommy Guru's CEO as the Company's Chief Marketing Officer ("CMO") and continued to use the services of Mommy Guru during the CMO's employment. During the years-ended December 31, 2016 and 2017, the Company paid to Mommy Guru approximately less than $0.1 million and $2.4 million, respectively in fees, of which $1.9 million was incurred during the CMO's employment, which reduces the Company's net revenue. The Company paid to the CMO approximately $0.0 million and $0.1 million in compensation for years-ended December 31, 2016 and 2017. The CMO is no longer employed with the Company.

15. NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share data):

	Year Ended December 31,	
	2016	2017
Net loss attributable to common shareholders	$ (10,585)	$ (23,067)
Weighted-average number of shares used in computing net loss per share, basic and diluted	4,171,040	4,171,040
Net loss per share, basic and diluted	$ (2.54)	$ (5.53)

(1) The preferred stock has the right to non-cumulative dividends as described in Note 10. Since the Company is in a net loss position, and as no dividends were declared to preferred stockholders, no amounts were included in the loss per share calculation.

(2) Since the Company is in a net loss position in the years-ended December 31, 2016 and 2017, no allocation of earnings to preferred holders were included in the basic and diluted loss per share calculation.

All other outstanding shares of potentially dilutive securities were excluded from the computation of diluted net loss per share because including them would have had an anti-dilutive effect.

16. SUBSEQUENT EVENTS

The Company has evaluated whether any events have occurred from December 31, 2017 through October 31, 2018. There are no significant additional events that require disclosure in these consolidated financial statements, except as follows:

Recall

In April 2018, the Company retained outside counsel to assist it in evaluating a safety issue related to certain hair dryers that it imported and sold through its subsidiaries between 2014 and 2018 (“the Xtava Allure Hair Dryer”). The Company had received communications directly from consumers and identified online reviews of overheating or fires associated with these hair dryers. The Company sold approximately 170,000 net units from the introduction of the product in 2015 through its discontinuance in the first quarter of 2018 totaling approximately $6.2 million in net revenues.

In May 2018 the Company’s board of directors approved a voluntary recall of the Xtava Allure Hair Dryer. In June 2018, the Company filed an application for a voluntary recall with the US Consumer Product Safety Commission (“CPSC”) pursuant to Section 15(b) of the Consumer Product Safety Act (“CPSA”). The Company has received approval from the CPSC to provide consumers with replacement units and publicly announced the recall on August 15, 2018. The Company estimates it will incur approximately $2.2 million in costs related to the recall for procurement, manufacturing, fulfillment and delivery to consumers who apply and qualify for the recall costs. The Company recorded the expense in June 2018. The Company also estimates it will incur legal and other expenses of approximately $0.4 million related to the recall which will be expensed as incurred.

Pursuant to the CPSC and the guidelines set forth by the CPSA, a company may be subject to a late reporting investigation when a recall is announced. If a company is deemed to be a late reporter upon investigation by the CPSC, it may be subject to penalties. The Company believes it is likely that the CPSC will launch a discovery process to understand if a late reporting penalty is warranted. The investigation would evaluate a number of statutory and regulatory factors in determining a penalty amount, such as the severity of the risk of injury, the occurrence or absence of injury, the appropriateness of such penalty in relation to the size of the business and other factors. As of the date of issuance of this report, the Company believes it has met all the appropriate reporting requirements. If the Company is determined to have violated the reporting guidelines a penalty may be material to the consolidated financial statements. If CPSC seeks significant civil penalties for late reporting, the Company intends to vigorously defend itself. As of the date of the issuance of these financial statements the Company cannot reasonably estimate what, if any, penalties for potential late reporting may be levied.

The Company has also incurred and settled all but one consumer legal matter related to Xtava Allure Hair Dryer for insignificant amounts. The Company believes the remaining legal matter will be settled for an insignificant amount.

Series C & Series C-1

As discussed in Notes 1 and 10, on April 5, 2018, the Company issued approximately 6.0 million shares of Series C preferred stock with an original issuance price of $4.00 for a total of $21.0 million, net of transaction expenses. Additionally, the Company issued 556,775 warrants to the lead broker of the Series C fundraise to purchase shares of its Series C at an exercise price of $4.00 per share.

On September 4, 2018, the Company raised additional funds as part of a Series C-1. The Company issued approximately 1.9 million shares of Series C preferred stock with an issuance price of $4.00 for a total of $6.4 million, net of transaction expenses. Additionally, as part of the Series C-1, in September 2018, the Company issued 209,091 warrants to the lead broker of the Series C fundraise to purchase shares of its Series C at an exercise price of $4.00 per share.

Merger

On September 4, 2018, pursuant to an Agreement and Plan of Merger and Reorganization among the Company, MGH Merger Sub, Inc. and Mohawk Group Holdings, Inc., as amended by Amendment No. 1 dated as of April 1, 2018 (the “Merger Agreement”), the Company merged with Merger Sub, Inc., with the Company remaining as the surviving entity and becoming a wholly-owned operating subsidiary of Mohawk Group Holdings, Inc (“The Merger”). The Merger was a reverse recapitalization for financial reporting purposes. Before the Merger, Mohawk Group Holdings, Inc. has no operations, no cash, and no debt. No stockholder obtained control of Mohawk Group Holdings, Inc., as a result of the Merger. The Company’s stockholders obtained 92% of the voting interests in Mohawk Group Holdings, Inc. and continued to control Mohawk Group Holdings, Inc. after the Merger. As a result, no step-up in basis was recorded and the net assets of The Company are stated at historical cost. The Merger was a tax-free reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended. The Merger is not yet reflected in the financial statements and financial disclosures included this prospectus and registration statement as the Merger did not take place until September 2018. Operations prior to the Merger are the historical operations of the Company.

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MOHAWK GROUP, INC. AND SUBSIDIARIES
Schedule II – Valuation and Qualifying Accounts and Reserves
(All amounts in thousands)

Description	Balance at Beginning of Period	Charged to Costs & Expenses	Charged to Other Accounts	Accounts Written Off or Deductions	Balance at End of Period
Year ended December 31, 2016					
Allowance for doubtful accounts	$ —	$ 465	$ —	$ —	$ 465
Deferred tax valuation allowance	$ (185)	$ —	$ 3,914	$ —	$ 3,729
Year ended December 31, 2017					
Allowance for doubtful accounts	$ 465	$ —	$ —	$ —	$ 465
Deferred tax valuation allowance	$ 3,729	$ —	$ 4,161	$ —	$ 7,890

45,749,521 Shares of Common Stock

PROSPECTUS

, 2018

Neither we nor the Selling Stockholders have authorized anyone to provide you with additional information or information different from that contained in this prospectus filed with the SEC. The Selling Stockholders hare offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus, the applicable prospectus supplement and any related free writing prospectus is accurate only as of the respective dates of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth all expenses to be paid by Mohawk Group Holdings, Inc. (the Registrant) in connection with the offering. All amounts shown are estimates except for the SEC registration fee.

SEC registration fee	$22,179
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Blue sky fees and expenses	*
Miscellaneous fees and expenses	*
Total	$ *

* To be provided by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the General Corporation Law of the State of Delaware, or the DGCL, authorizes a corporation's board of directors to grant, and authorizes a court to award, indemnity to officers, directors and other corporate agents.

Prior to the completion of the offering, the Registrant expects to adopt an amended and restated certificate of incorporation and amended and restated bylaws, which will become effective immediately prior to the completion of the offering, and which will contain provisions that limit the liability of the Registrant's directors for monetary damages to the fullest extent permitted by Delaware law. Consequently, the Registrant's directors will not be personally liable to the Registrant or the Registrant's stockholders for monetary damages for any breach of fiduciary duties as directors, except liability for the following:

- any breach of their duty of loyalty to the Registrant or the Registrant's stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the DGCL; or
- any transaction from which they derived an improper personal benefit.

Any amendment to, or repeal of, these provisions will not eliminate or reduce the effect of these provisions in respect of any act, omission or claim that occurred or arose prior to that amendment or repeal. If the DGCL is amended to provide for further limitations on the personal liability of directors of corporations, then the personal liability of the Registrant's directors will be further limited to the greatest extent permitted by the DGCL.

The Registrant's amended and restated certificate of incorporation will also provide that the Registrant will indemnify, to the fullest extent permitted by law, each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Registrant, or is or was serving, or has agreed to serve, at the request of the Registrant, as a director, officer, incorporator, employee or agent of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity. In addition, the

Registrant's amended and restated certificate of incorporation will provide that the Registrant must advance expenses incurred by or on behalf of a director or officer in advance of the final disposition of any action or proceeding, subject to very limited exceptions.

Further, prior to the completion of the offering, the Registrant expects to enter into indemnification agreements with each of its directors and executive officers that may be broader than the specific indemnification provisions contained in the DGCL. These indemnification agreements will require the Registrant, among other things, to indemnify its directors and executive officers against liabilities that may arise by reason of their status or service. These indemnification agreements will also require the Registrant to advance all expenses incurred by the directors and executive officers in investigating or defending any such action, suit or proceeding, subject to certain exceptions. The Registrant believes that these agreements are necessary to attract and retain qualified individuals to serve as directors and executive officers.

The limitation of liability and indemnification provisions that will be included in the Registrant's amended and restated certificate of incorporation, amended and restated bylaws and in indemnification agreements that the Registrant enters into with its directors and executive officers may discourage stockholders from bringing a lawsuit against its directors and executive officers for breach of their fiduciary duties. They may also reduce the likelihood of derivative litigation against the Registrant's directors and executive officers even though an action, if successful, might benefit the Registrant and other stockholders. Further, a stockholder's investment may be adversely affected to the extent that the Registrant pays the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions. At present, the Registrant is not aware of any pending litigation or proceeding involving any person who is or was one of its directors, officers, employees or other agents or is or was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, for which indemnification is sought, and the Registrant is not aware of any threatened litigation that may result in claims for indemnification.

The Registrant's amended and restated bylaws will provide that the Registrant may purchase and maintain insurance, at its expense, to protect itself and any person who is or was a director, officer, employee or agent of the Registrant or is or was serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Registrant would have the power to indemnity such person against such expense, liability or loss under the DGCL. The Registrant will obtain prior to the closing of the offering insurance under which, subject to the limitations of the insurance policies, coverage is provided to the Registrant's directors and executive officers against loss arising from claims made by reason of breach of fiduciary duty or other wrongful acts as a director or executive officer, including claims relating to public securities matters, and to the Registrant with respect to payments that may be made by the Registrant to these directors and executive officers pursuant to the Registrant's indemnification obligations or otherwise as a matter of law.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Since its incorporation in March 2018 the Registrant has issued the following securities that were not registered under the Securities Act:

(1) On March 26, 2018, the Registrant issued and sold an aggregate of 3,500,000 shares of common stock at a price of $0.0001 per share to accredited investors for aggregate gross proceeds of approximately $350.

The issuance of shares of the Registrant's common stock in the above transaction was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated by the SEC.

(2) On September 4, 2018, pursuant to an Agreement and Plan of Merger and Reorganization among the Registrant, MGH Merger Sub, Inc. and Mohawk Group, Inc. ("Mohawk Opco"), as amended by Amendment No. 1 dated as of April 1, 2018 (the "Merger Agreement"), MGH Merger Sub, Inc. merged with and into Mohawk Opco, with Mohawk Opco remaining as the surviving entity and becoming a wholly-owned operating subsidiary the Registrant (the "Merger"). The Merger became effective as of September 4, 2018 upon the filing of a Certificate of Merger with the Secretary of State of the State of Delaware (the "Effective Time").

At the Effective Time, each outstanding share of Mohawk Opco's common and preferred stock (other than shares of Mohawk Opco's Series C Preferred Stock) issued and outstanding immediately prior to the closing of the Merger was exchanged for 1.221121122 shares of the Registrant's common stock, each outstanding share of Mohawk Opco's Series C Preferred Stock issued and outstanding immediately prior to the closing of the Merger was exchanged for one share of the Registrant's common stock and each outstanding warrant to purchase shares of Mohawk Opco's Series C Preferred Stock was exchanged for a warrant to purchase an equal number of shares of the Registrant's common stock and retained the exercise price per share of $4.00. As a result, an aggregate of 44,983,655 shares of the Registrant's common stock were issued to the holders of Mohawk Opco's capital stock after adjustments due to rounding for fractional shares and warrants to purchase 175,000 shares of the Registrant's common stock were issued to former holders of warrants to purchase shares of Mohawk Opco's Series C Preferred Stock. In addition, pursuant to the Merger Agreement, options to

purchase 1,181,356 shares of Mohawk Opco's common stock issued and outstanding immediately prior to the closing of the Merger with a weighted average exercise price of $1.92 were assumed and exchanged for options to purchase 1,442,553 shares of the Registrant's common stock with a weighted average exercise price of $1.57.

The issuance of shares of the Registrant's common stock, and options to purchase shares of the Registrant's common stock to holders of Mohawk Opco's capital stock and options in connection with the Merger was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated by the SEC.

(3) On September 4, 2018, the Registrant issued warrants to purchase an aggregate of 765,866 shares of its common stock with an exercise price of $4.00 per share to certain accredited investors as consideration for providing certain placement agent services to Mohawk Opco.

The issuance of shares of the Registrant's common stock in the above transaction was not registered under the Securities Act of 1933, as amended, or the Securities Act, in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated by the SEC.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits. See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference:

(b) Financial Statement Schedules.

Schedule II – Valuation and Qualifying Accounts and Reserves

ITEM 17. UNDERTAKINGS.

(a) The undersigned registrant hereby undertakes:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

   (i) to include any prospectus required by Section 10(a)(3) of the Securities Act;

   (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

   (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

2. That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

3. To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

4. That, for the purpose of determining liability under the Securities Act to any purchaser:

(i) Each prospectus filed pursuant to Rule 424(b) as part of the registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

EXHIBIT INDEX

Exhibit Number	Description
3.1	Certificate of Incorporation, as currently in effect.
3.2	Certificate of Correction of Certificate of Incorporation, dated April 4, 2018.
3.3	Bylaws, as currently in effect.
4.1*	Form of Common Stock Certificate.
4.2	Registration Rights Agreement, dated as of April 6, 2018, among Mohawk Group Holdings, Inc. and the purchasers party thereto.
5.1*	Opinion of Paul Hastings LLP.
10.1*#	Form of Indemnification Agreement.
10.2#	2014 Amended and Restated Equity Incentive Plan.
10.3#	Form of Stock Option Agreement (2014 Amended and Restated Equity Incentive Plan).
10.4#	2018 Equity Incentive Plan.
10.5#	Form of Stock Option Award Agreement (2018 Equity Incentive Plan).
10.6	Credit and Security Agreement, dated October 16, 2017, by and among Mohawk Group, Inc. and its subsidiaries from time to time party thereto and Midcap Financial Trust as Agent and Lender and the Lenders party thereto.
10.7	Amendment No. 1 to Credit and Security Agreement and Limited Waiver, dated April 5, 2018, by and among Mohawk Group, Inc. and its subsidiaries from time to time party thereto and Midcap Funding X Trust as Agent for the Lenders and the Lenders party thereto.
10.8	Amendment No. 2 to Credit and Security Agreement and Limited Consent, dated August 8, 2018, by and among Mohawk Group, Inc. and its subsidiaries from time to time party thereto and Midcap Funding X Trust as Agent for the Lenders and the Lenders party thereto.
10.9	Omnibus Consent, Joinder and Amendment No. 3 to Credit and Security Agreement, dated September 4, 2018, by and among Mohawk Group Holdings, Inc., Mohawk Group, Inc. and its subsidiaries from time to time party thereto and Midcap Funding X Trust as Agent for the Lenders and the Lenders party thereto.
10.10#	Transaction Bonus Plan
10.11#	Employment Agreement, dated May 14, 2018, by and between Mohawk Group, Inc. and Joseph Risico.
10.12#	Employment Agreement, dated January 1, 2016, by and between Mohawk Group, Inc. and Mihal Chaouat-Fix.
10.13#	Independent Contractor Agreement, dated July 1, 2017, by and between Mohawk Group, Inc. and Fabrice Hamaide.
10.14#	Employment Agreement, dated August 15, 2018, by and between Mohawk Group, Inc. and Peter Datos.
10.15#	Employment Agreement, dated April 1, 2015, by and between Mohawk Group, Inc. and Yaniv Sarig.
21.1	List of Subsidiaries of the Registrant.
23.1*	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
23.2*	Consent of Paul Hastings LLP (included in Exhibit 5.1).
24.1*	Power of Attorney (included on the signature page to this Registration Statement).

* To be filed by amendment.
\# Indicates management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on , 2018.

MOHAWK GROUP HOLDINGS, INC.

By: _____
Yaniv Sarig
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Yaniv Sarig, Fabrice Hamaide, and Joseph A. Risico, and each of them, as his or her true and lawful attorneys-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign the Registration Statement on Form S-1 of Mohawk Group Holdings, Inc., and any or all amendments (including post-effective amendments) thereto and any new registration statement with respect to the offering contemplated thereby filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises hereby ratifying and confirming all that said attorneys-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Yaniv Sarig	President, Chief Executive Officer and Director (Principal Executive Officer)	
Fabrice Hamaide	Chief Financial Officer and Director (Principal Accounting and Financial Officer)	
Asher Delug	Director	
Stephen Liu, M.D.	Director	

Exhibit 3.1

MOHAWK GROUP HOLDINGS, INC.

CERTIFICATE OF INCORPORATION

ARTICLE I: NAME

The name of the corporation is Mohawk Group Holdings, Inc. (the "***Corporation***").

ARTICLE II: AGENT FOR SERVICE OF PROCESS

The address of the Corporation's registered office in the State of Delaware is 251 Little Falls Drive, City of Wilmington, County of New Castle, Delaware 19808. The name of the registered agent of the Corporation at that address is Corporation Service Company.

ARTICLE III: PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE IV: AUTHORIZED STOCK

1. Total Authorized. The total number of shares of all classes of stock that the Corporation has authority to issue is 510,000,000 shares, consisting of: 500,000,000 shares of Common Stock, $0.0001 par value per share ("***Common Stock***") and 10,000,000 shares of Preferred Stock, $0.0001 par value per share (the "***Preferred Stock***").

The number of authorized shares of Preferred Stock and/or Class B Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law; subject, however, to any additional votes of the holders of Class A Common Stock or Preferred Stock that may be required by the terms of this Certificate of Incorporation (including any Certificate of Designation filed pursuant to Article IV, Section 2 below).

2. Designation of Preferred Stock.

2.1. The Board of Directors is authorized, subject to any limitations prescribed by the law of the State of Delaware, to provide for the issuance of the shares of Preferred Stock in one or more series, and, by filing a Certificate of Designation pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, to fix the designation, powers, preferences and relative, participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof, and to increase (but not above the total number of authorized shares of the class) or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series.

2.2. Except as otherwise expressly provided in any Certificate of Designation designating any series of Preferred Stock pursuant to the foregoing provisions of this Article IV, Section 2, any new series of Preferred Stock may be designated, fixed and determined as provided herein by the Board of Directors without approval of the holders of Common Stock or the holders of Preferred Stock, or any series thereof, and any such new series may have voting powers, preferences and relative, participating, optional or other rights, including, without limitation, voting rights, dividend rights, liquidation rights, redemption rights and conversion rights, senior to, junior to or pari passu with the rights of the Common Stock, the Preferred Stock, or any future class or series of Preferred Stock or Common Stock.

2.3. Except as otherwise required by law, holders of shares of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the General Corporation Law, provided that such amendment does not provide that shares of the affected series of Preferred Stock vote together with the Common Stock on any matter or vote on (or have nominating rights with respect to) election of directors.

ARTICLE V: AMENDMENT OF BYLAWS

The Board shall have the power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the Whole Board. For purposes of this Certificate of Incorporation, the term "***Whole Board***" shall mean the total number of authorized directors whether or not there exist any vacancies in previously authorized directorships. The stockholders shall also have power to adopt, amend or repeal the Bylaws of the Corporation; *provided*, *however*, that in addition to any vote of the holders of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, shall be required to adopt, amend or repeal any provision of the Bylaws; *provided*, *further*, that if two-thirds (2/3) of the Whole Board has approved such adoption, amendment or repeal of any provisions of the Bylaws, then only the affirmative vote of the holders of a majority of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, shall be required to adopt, amend or repeal any provision of the Bylaws.

ARTICLE VI: MATTERS RELATING TO THE BOARD OF DIRECTORS

1. Director Powers. The conduct of the affairs of the Corporation shall be managed by or under the direction of the Board. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

2. Number of Directors. The number of directors shall be fixed from time to time exclusively by resolution adopted by a majority of the Whole Board.

3. Term and Removal. Each director shall hold office until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal. Any director may resign at any time upon notice to the Corporation given in writing or by any electronic transmission permitted in the Corporation's Bylaws. No director may be removed except for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of the then-outstanding shares of capital stock of the Corporation then entitled to vote at an election of directors. No decrease in the authorized number of directors constituting the Board shall shorten the term of any incumbent director.

4. Board Vacancies. Any vacancy occurring in the Board for any cause, and any newly created directorship resulting from any increase in the authorized number of directors, shall, unless (a) the Board determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders or (b) as otherwise required by law, be filled only by the affirmative vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for a term expiring at the annual meeting of stockholders, with each director to hold office or until such director's successor shall have been duly elected and qualified, or until such director's earlier death, resignation or removal.

5. Vote by Ballot Election of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

ARTICLE VII: DIRECTOR LIABILITY

1. Limitation of Liability. To the fullest extent permitted by law, no director of the Corporation shall be personally liable for monetary damages for breach of fiduciary duty as a director. Without limiting the effect of the preceding sentence, if the Delaware General Corporation Law is hereafter amended to authorize the further elimination or limitation of the liability of a director, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

2. Change in Rights. Neither any amendment nor repeal of this Article VII, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article VII, shall eliminate, reduce or otherwise adversely affect any limitation on the personal liability of a director of the Corporation existing at the time of such amendment, repeal or adoption of such an inconsistent provision.

ARTICLE VIII: MATTERS RELATING TO STOCKHOLDERS

1. Action by Written Consent of Stockholders. Prior to the registration of the Corporation's Common Stock under the Securities Act of 1933, as amended (the "***Securities Act***"), the stockholders of the Corporation shall be permitted to take an action in any manner permitted under the Delaware General Corporation Law of the State of Delaware, Upon and after the registration of the Corporation's Common Stock under the Securities Act, no action shall

be taken by the stockholders of the Corporation except at a duly called annual or special meeting of stockholders and no action shall be taken by the stockholders by written consent.

2. Special Meeting of Stockholders. Special meetings of the stockholders of the Corporation may be called only by the Chairperson of the Board, the Chief Executive Officer, the President, or the Board acting pursuant to a resolution adopted by a majority of the Whole Board.

3. Advance Notice of Stockholder Nominations and Business Transacted at Special Meetings. Advance notice of stockholder nominations for the election of directors of the Corporation and of business to be brought by stockholders before any meeting of stockholders of the Corporation shall be given in the manner provided in the Bylaws of the Corporation, Business transacted at special meetings of stockholders shall be confined to the purpose or purposes stated in the notice of meeting.

ARTICLE IX: CHOICE OF FORUM

Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation; (b) any action asserting a claim of breach of a fiduciary duty owed by, or other wrongdoing by, any director, officer or other employee or agent of the Corporation to the Corporation or the Corporation's stockholders; (c) any action asserting a claim against the Corporation (or, its directors, officers, employees or agents) arising pursuant to any provision of the Delaware General Corporation Law, this Certificate of Incorporation or the Bylaws; (d) any action to interpret, apply, enforce or determine the validity of this Certificate of Incorporation or the Bylaws; or (e) any action asserting a claim against the Corporation governed by the internal affairs doctrine.

Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended.

Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article IX.

ARTICLE X: AMENDMENT OF CERTIFICATE OF INCORPORATION

If any provision of this Certificate of Incorporation becomes or is declared on any ground by a court of competent jurisdiction to be illegal, unenforceable or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Certificate of Incorporation, and the court will replace such illegal, void or unenforceable provision of this Certificate of Incorporation with a valid and enforceable provision that most accurately reflects the Corporation's intent, in order to achieve, to the maximum extent possible, the same economic, business and other purposes of the illegal, void or unenforceable provision. The balance of this Certificate of Incorporation shall be enforceable in accordance with its terms.

The Corporation reserves the right to amend or repeal any provision contained in this Certificate of Incorporation in the manner prescribed by the laws of the State of Delaware and all rights conferred upon stockholders are granted subject to this reservation; ***provided***, ***however***, that, notwithstanding any other provision of this Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any vote of the holders of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of the holders of at least two-thirds (2/3) of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote thereon, shall be required to amend or repeal any provision of this Certificate of Incorporation; ***provided***, ***further***, that if two-thirds of the Whole Board has approved such amendment or repeal of any provisions of this Certificate of Incorporation, then only the affirmative vote of the holders of at least a majority of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, shall be required to amend or repeal any provision of this Certificate of Incorporation.

ARTICLE XI: INCORPORATOR

The name and mailing address of the incorporator is as follows:

Michael Silverman
c/o Katalyst Securities LLC
630 Third Avenue, 5th Floor
New York, NY 10017

The undersigned incorporator hereby acknowledges that the foregoing certificate is the act and deed of the undersigned and that the facts stated herein are true.

Dated: March 26, 2018

/s/ Michael Silverman
Michael Silverman, Incorporator

Exhibit 3.2

CERTIFICATE OF CORRECTION OF
CERTIFICATE OF INCORPORATION
OF MOHAWK GROUP HOLDINGS, INC.

Mohawk Group Holdings, Inc., a Delaware corporation (the "***Company***"), in accordance with the provisions of Section 103 of the General Corporation Law of the State of Delaware (the "***General Corporation Law***"), does hereby certify:

1. The name of the corporation is Mohawk Group Holdings, Inc. The date of filing its original Certificate of Incorporation with the Secretary of State was March 26, 2018 (the "***Certificate of Incorporation***").

2. The Certificate of Incorporation of the Company requires correction as permitted by subsection (f) of Section 103 of the General Corporation Law, The original Certificate of Incorporation contained scrivener's errors referencing Class A Common Stock and Class B Common Stock, whereas there is only one class of Common Stock.

3. The Certificate of Incorporation is hereby corrected such that the second sentence of Article IV, Section 1 shall read in its entirety as follows:

"The number of authorized shares of Preferred Stock and/or Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the voting power of all the then-outstanding shares of capital stock of the Corporation entitled to vote thereon, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law; subject, however, to any additional votes of the holders of Common Stock or Preferred Stock that may be required by the terms of this Certificate of Incorporation (including any Certificate of Designation filed pursuant to Article IV, Section 2 below)."

4. All other provisions of the Certificate of Incorporation remain unchanged.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Certificate of Correction to be executed on this 4th day of April, 2018.

MOHAWK GROUP HOLDINGS, INC.

By: /s/ Michael A. Silverman
Name: Michael A. Silverman
Title: President

Exhibit 3.3

MOHAWK GROUP HOLDINGS, INC.
(a Delaware corporation)

BYLAWS

As Adopted March 26, 2018 and

As Effective March 26, 2018

MOHAWK GROUP HOLDINGS, INC.
(a delaware corporation)

BYLAWS

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MOHAWK GROUP HOLDINGS, INC.

(a Delaware corporation)

BYLAWS

As Adopted March 26, 2018 and
As Effective March 26, 2018

ARTICLE I: STOCKHOLDERS

Section 1.1: Annual Meetings. An annual meeting of stockholders shall be held for the election of directors at such date and time as the Board of Directors of the Corporation (the "***Board***") shall each year fix. The meeting may be held either at a place, within or without the State of Delaware as permitted by the Delaware General Corporation Law (the "***DGCL***"), or by means of remote communication as the Board in its sole discretion may determine. Any proper business may be transacted at the annual meeting. The Board may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders. For the avoidance of doubt, the foregoing clause (iii) shall be the exclusive means for a stockholder to make nominations or propose business (other than business included in the Corporation's proxy materials pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended (such act, and the rules and regulations promulgated thereunder, the "***Exchange Act***")) at an annual meeting of stockholders.

Section 1.2: Special Meetings. Special meetings of stockholders for any purpose or purposes shall be called in the manner set forth in the Certificate of Incorporation of the Corporation (as the same may be amended and/or restated from time to time, the "***Certificate of Incorporation***"). The special meeting may be held either at a place, within or without the State of Delaware, or by means of remote communication as the Board in its sole discretion may determine. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of the meeting. The Board may postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

Section 1.3: Notice of Meetings. Notice of all meetings of stockholders shall be given in writing or by electronic transmission in the manner provided by applicable law (including, without limitation, as set forth in Section 7.1.1 of these Bylaws) stating the date, time and place, if any, of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting and the record date for determining the stockholders entitled to vote at the meeting. In the case of a special meeting, such notice shall also set forth the purpose or purposes for which the meeting is called. Unless otherwise required by applicable law or the Certificate of Incorporation, notice of any meeting of stockholders shall be given not less than ten (10), nor more than sixty (60), days before the date of the meeting to each stockholder of record entitled to vote at such meeting.

Section 1.4: Adjournments. The chairperson of the meeting shall have the power to adjourn the meeting to another time, date and place (if any). Any meeting of stockholders, annual or special, may be adjourned from time to time, and notice need not be given of any such

adjourned meeting if the time, date and place (if any) thereof and the means of remote communications (if any) by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if the adjournment is for more than thirty (30) days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting.

Section 1.5: Quorum. Except as otherwise provided by applicable law, the Certificate of Incorporation or these Bylaws, at each meeting of stockholders the holders of a majority of the voting power of the shares of stock issued and outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; *provided*, *however*, that where a separate vote by a class or classes or series of stock is required by applicable law or the Certificate of Incorporation, the holders of a majority of the voting power of the shares of such class or classes or series of the stock issued and outstanding and entitled to vote on such matter, present in person or represented by proxy at the meeting, shall constitute a quorum entitled to take action with respect to the vote on such matter. If a quorum shall fail to attend any meeting, the chairperson of the meeting or, if directed to be voted on by the chairperson of the meeting, the holders of a majority of the voting power of the shares entitled to vote who are present in person or represented by proxy at the meeting may adjourn the meeting. Shares of the Corporation's stock belonging to the Corporation (or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation are held, directly or indirectly, by the Corporation), shall neither be entitled to vote nor be counted for quorum purposes; *provided*, *however*, that the foregoing shall not limit the right of the Corporation or any other corporation to vote any shares of the Corporation's stock held by it in a fiduciary capacity and to count such shares for purposes of determining a quorum. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

Section 1.6: Organization. Meetings of stockholders shall be presided over by (a) such person as the Board may designate, or (b) in the absence of such a person, the Chairperson of the Board, or, (c) in the absence of such person, the Chief Executive Officer of the Corporation, or (d) in the absence of such person, the President of the Corporation, or (e) in the absence of such person, by a Vice President. Such person shall be chairperson of the meeting and, subject to Section 1.10 hereof, shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her to be in order. The Secretary of the Corporation shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 1.7: Voting; Proxies. Each stockholder of record entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy. Such a proxy may be prepared, transmitted and delivered in any manner permitted by applicable law. Except as may be required in the Certificate of Incorporation, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Unless otherwise provided by applicable law, rule or regulation applicable to the Corporation or its securities, the rules or regulations of any stock

exchange applicable to the Corporation, the Certificate of Incorporation or these Bylaws, every matter other than the election of directors shall be decided by the affirmative vote of the holders of a majority of the voting power of the shares of stock entitled to vote on such matter that are present in person or represented by proxy at the meeting and are voted for or against the matter (or if there are two or more classes or series of stock entitled to vote as separate classes, then in the case of each class or series, the holders of a majority of the voting power of the shares of stock of that class or series present in person or represented by proxy at the meeting voting for or against such matter).

Section 1.8: Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided*, *however*, that the Board may fix a new record date for determination of stockholders entitled to vote at the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which shall not be more than sixty (60) days prior to such action. If no such record date is fixed by the Board, then the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

Section 1.9: List of Stockholders Entitled to Vote. The Secretary shall prepare, at least ten (10) days before every meeting of stockholders, a complete list of stockholders entitled to vote at the meeting (*provided*, *however*, if the record date for determining the stockholders entitled to vote is less than ten (10) days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the tenth (10th) day before the meeting date), arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (a) on a reasonably accessible electronic network as permitted by applicable law (*provided* that the information required to gain access to the list is provided with the notice of the meeting), or (b) during ordinary business hours, at the principal place of business of the Corporation. If the meeting is held at a place, the list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present at the meeting. If the meeting is held solely by means of remote communication, then the list shall be open to the examination of any stockholder during the whole time of the

meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Except as otherwise provided by law, the list shall presumptively determine the identity of the stockholders entitled to vote at the meeting and the number of shares held by each of them.

Section 1.10: Inspectors of Elections.

1.10.1 Applicability. Unless otherwise required by the Certificate of Incorporation or by the DGCL, the following provisions of this Section 1.10 shall apply only if and when the Corporation has a class of voting stock that is: (a) listed on a national securities exchange; (b) authorized for quotation on an interdealer quotation system of a registered national securities association; or (c) held of record by more than two thousand (2,000) stockholders. In all other cases, observance of the provisions of this Section 1.10 shall be optional, and at the discretion of the Board.

1.10.2 Appointment. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting.

1.10.3 Inspector's Oath. Each inspector of election, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability.

1.10.4 Duties of Inspectors. At a meeting of stockholders, the inspectors of election shall (a) ascertain the number of shares outstanding and the voting power of each share, (b) determine the shares represented at a meeting and the validity of proxies and ballots, (c) count all votes and ballots, (d) determine and retain for a reasonable period of time a record of the disposition of any challenges made to any determination by the inspectors, and (e) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

1.10.5 Opening and Closing of Polls. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced by the chairperson of the meeting at the meeting. No ballot, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors after the closing of the polls unless the Court of Chancery upon application by a stockholder shall determine otherwise.

1.10.6 Determinations. In determining the validity and counting of proxies and ballots, the inspectors shall be limited to an examination of the proxies, any envelopes submitted with those proxies, any information provided in connection with proxies pursuant to Section 211(a)(2)b.(i) of the DGCL, or in accordance with Sections 211(e) or 212(c)(2) of the DGCL, ballots and the regular books and records of the Corporation, except that the inspectors may consider other reliable information for the limited purpose of reconciling proxies and ballots

submitted by or on behalf of banks, brokers, their nominees or similar persons which represent more votes than the holder of a proxy is authorized by the record owner to cast or more votes than the stockholder holds of record. If the inspectors consider other reliable information for the limited purpose permitted herein, the inspectors at the time they make their certification of their determinations pursuant to this Section 1.10 shall specify the precise information considered by them, including the person or persons from whom they obtained the information, when the information was obtained, the means by which the information was obtained and the basis for the inspectors' belief that such information is accurate and reliable.

Section 1.11: Notice of Stockholder Business; Nominations.

1.11.1 Annual Meeting of Stockholders.

(a) Nominations of persons for election to the Board and the proposal of other business to be considered by the stockholders at an annual meeting of stockholders shall be made (i) pursuant to the Corporation's notice of such meeting, (ii) by or at the direction of the Board or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of the notice provided for in this Section 1.11, who is entitled to vote at such meeting and who complies with the notice procedures set forth in this Section 1.11.

(b) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Section 1.11.1(a):

(i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation;

(ii) such other business (other than the nomination of persons for election to the Board) must otherwise be a proper matter for stockholder action;

(iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in this Section 1.11, such stockholder or beneficial owner must, in the case of a proposal other than the nomination of persons for election to the Board, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in such materials the Solicitation Notice; and

(iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 1.11, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice under this Section 1.11.

To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the seventy-fifth (75th) day nor

earlier than the close of business on the one hundred and fifth (105th) day prior to the first anniversary of the preceding year's annual meeting (except in the case of the Corporation's first annual meeting following its initial public offering, for which such notice shall be timely if delivered in the same time period as if such meeting were a special meeting governed by Section 1.11.2); *provided*, *however*, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the stockholder to be timely must be so delivered (A) no earlier than the close of business on the one hundred and fifth (105th) day prior to such annual meeting and (B) no later than the close of business on the later of the seventy-fifth (75th) day prior to such annual meeting or the close of business on the tenth (10th) day following the day on which Public Announcement of the date of such meeting is first made by the Corporation. Such stockholder's notice shall set forth:

(x) as to each person whom the stockholder proposes to nominate for election or reelection as a director, all information relating to such person that would be required to be disclosed in solicitations of proxies for election of directors, or would be otherwise required, in each case pursuant to and in accordance with Section 14(a) under the Exchange Act, and the rules and regulations promulgated thereunder, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected;

(y) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the text of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and

(z) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (ii) the class or series and number of shares of capital stock of the Corporation that are directly or indirectly owned beneficially and held of record by such stockholder and such beneficial owner, including any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of capital stock of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of capital stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise directly or indirectly owned beneficially by such stockholder or beneficial owner, and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation, (iii) a description of any agreement, arrangement or understanding with respect to the nomination or proposal between or among such stockholder or such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing, including, in the case of a nomination, the nominee, (iv) a description of any agreement, arrangement or understanding (including any derivative or short

positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder and any such beneficial owner, whether or not such instrument or right shall be subject to settlement in underlying shares of capital stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner, with respect to securities of the Corporation, (v) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, (vi) a representation whether such stockholder or beneficial owner intends (or is part of a group that intends) to deliver a proxy statement or form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent being a "***Solicitation Notice***"), (vii) any proxy, contract, arrangement, or relationship pursuant to which the stockholder or beneficial owner has a right to vote, directly or indirectly, any shares of any security of the Corporation, and (viii) any other information relating to such stockholder and beneficial owner, if any, required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal or for the election of directors in an election contest pursuant to and in accordance with Section 14(a) of the Exchange Act and the rules and regulations promulgated thereunder.

(c) Notwithstanding anything in the second sentence of Section 1.11.1(b) to the contrary, in the event that the number of directors to be elected to the Board is increased and there is no Public Announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board at least seventy five (75) days prior to the first anniversary of the preceding year's annual meeting (or, if the annual meeting is held more than thirty (30) days before or sixty (60) days after such anniversary date, at least seventy five (75) days prior to such annual meeting), a stockholder's notice required by this Section 1.11 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive office of the Corporation no later than the close of business on the tenth (10th) day following the day on which such Public Announcement is first made by the Corporation.

1.11.2 Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of such meeting. Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of such meeting (a) by or at the direction of the Board or (b) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice of the special meeting, who shall be entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 1.11. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder

may nominate a person or persons (as the case may be), for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by Section 1.11.1(b) shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation (i) no earlier than the one hundred fifth (105th) day prior to such special meeting and (ii) no later than the close of business on the later of the seventy-fifth (75th) day prior to such special meeting or the tenth (10th) day following the day on which Public Announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

1.11.3 General.

(a) Only such persons who are nominated in accordance with the procedures set forth in this Section 1.11 shall be eligible to be elected at a meeting of stockholders and serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.11. Except as otherwise provided by law or these Bylaws, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 1.11 and, if any proposed nomination or business is not in compliance herewith, to declare that such defective proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 1.11, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or proposed business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. For purposes of this Section 1.11, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

(b) For purposes of this Section 1.11, the term "***Public Announcement***" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Reuters or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(c) Notwithstanding the foregoing provisions of this Section 1.11, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth herein. Nothing in this Section 1.11 shall be deemed to affect any rights of (a) stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation.

ARTICLE II: BOARD OF DIRECTORS

Section 2.1: Number; Qualifications. The total number of directors constituting the Board (the "***Whole Board***") shall be fixed from time to time in the manner set forth in the Certificate of Incorporation. No decrease in the authorized number of directors constituting the Whole Board shall shorten the term of any incumbent director. Directors need not be stockholders of the Corporation.

Section 2.2: Election; Resignation; Removal; Vacancies. Election of directors need not be by written ballot. Each director shall hold office until the annual meeting at which such director's term expires and until such director's successor is elected and qualified or until such director's earlier death, resignation, disqualification or removal. Any director may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at a later time or upon the happening of an event. Subject to the special rights of holders of any series of Preferred Stock to elect directors, directors may be removed only as provided by the Certificate of Incorporation and applicable law. All vacancies occurring in the Board and any newly created directorships resulting from any increase in the authorized number of directors shall be filled in the manner set forth in the Certificate of Incorporation.

Section 2.3: Regular Meetings. Regular meetings of the Board may be held at such places, within or without the State of Delaware, and at such times as the Board may from time to time determine. Notice of regular meetings need not be given if the date, times and places thereof are fixed by resolution of the Board.

Section 2.4: Special Meetings. Special meetings of the Board may be called by the Chairperson of the Board, the Chief Executive Officer or a majority of the members of the Board then in office and may be held at any time, date or place, within or without the State of Delaware, as the person or persons calling the meeting shall fix. Notice of the time, date and place of such meeting shall be given, orally, in writing or by electronic transmission (including electronic mail), by the person or persons calling the meeting to all directors at least four (4) days before the meeting if the notice is mailed, or at least twenty-four (24) hours before the meeting if such notice is given by telephone, hand delivery, telegram, telex, mailgram, facsimile, electronic mail or other means of electronic transmission. Unless otherwise indicated in the notice, any and all business may be transacted at a special meeting.

Section 2.5: Remote Meetings Permitted. Members of the Board, or any committee of the Board, may participate in a meeting of the Board or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to conference telephone or other communications equipment shall constitute presence in person at such meeting.

Section 2.6: Quorum; Vote Required for Action. At all meetings of the Board, a majority of the Whole Board shall constitute a quorum for the transaction of business. If a quorum shall fail to attend any meeting, a majority of those present may adjourn the meeting to another place, date or time without further notice thereof. Except as otherwise provided herein or in the Certificate of Incorporation, or required by law, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 2.7: Organization. Meetings of the Board shall be presided over by (a) the Chairperson of the Board, or (b) in such person's absence, by the Chief Executive Officer, or (c) in such person's absence, by a chairperson chosen by the Board at the meeting. The Secretary shall act as secretary of the meeting, but in such person's absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8: Unanimous Action by Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee, as applicable. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.9: Powers. Except as otherwise provided by the Certificate of Incorporation or the DGCL, the business and affairs of the Corporation shall be managed by or under the direction of the Board.

Section 2.10: Compensation of Directors. Members of the Board, as such, may receive, pursuant to a resolution of the Board, fees and other compensation for their services as directors, including without limitation their services as members of committees of the Board.

ARTICLE III: COMMITTEES

Section 3.1: Committees. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting of such committee who are not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent provided in a resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving, adopting, or recommending to the stockholders any action or matter (other than the election or removal of members of the Board) expressly required by the DGCL to be submitted to stockholders for approval or (b) adopting, amending or repealing any bylaw of the Corporation.

Section 3.2: Committee Rules. Each committee shall keep records of its proceedings and make such reports as the Board may from time to time request. Unless the Board otherwise provides, each committee designated by the Board may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board conducts its business pursuant to Article II of these Bylaws. Except as otherwise provided in the Certificate of Incorporation, these Bylaws or the resolution of the Board designating the committee, any committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and may delegate to any such subcommittee any or all of the powers and authority of the committee.

ARTICLE IV: OFFICERS

Section 4.1: Generally. The officers of the Corporation shall consist of a Chief Executive Officer (who may be the Chairperson of the Board or the President), a President, a Secretary and a Treasurer and may consist of such other officers, including a Chairperson of the Board, Chief Technology Officer, Chief Financial Officer, and one or more Vice Presidents, as may from time to time be appointed by the Board. All officers shall be elected by the Board; *provided*, *however*, that the Board may empower the Chief Executive Officer of the Corporation to appoint any officer other than the Chairperson of the Board, the Chief Executive Officer, the President, the Chief Technology Officer, the Chief Financial Officer or the Treasurer. Except as otherwise provided by law, by the Certificate of Incorporation or these Bylaws, each officer shall hold office until such officer's successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal. Any number of offices may be held by the same person. Any officer may resign by delivering a resignation in writing or by electronic transmission to the Corporation at its principal office or to the Chairperson of the Board, the Chief Executive Officer, or the Secretary. Such resignation shall be effective upon delivery unless it is specified to be effective at some later time or upon the happening of some later event. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board and the Board may, in its discretion, leave unfilled, for such period as it may determine, any offices. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is duly elected and qualified or until such officer's earlier resignation, death, disqualification or removal.

Section 4.2: Chief Executive Officer. Subject to the control of the Board and such supervisory powers, if any, as may be given by the Board, the powers and duties of the Chief Executive Officer of the Corporation are:

(a) To act as the general manager and, subject to the control of the Board, to have general supervision, direction and control of the business and affairs of the Corporation;

(b) Subject to Article I, Section 1.6, to preside at all meetings of the stockholders;

(c) Subject to Article I, Section 1.2, to call special meetings of the stockholders to be held at such times and, subject to the limitations prescribed by law or by these Bylaws, at such places as he or she shall deem proper; and

(d) To affix the signature of the Corporation to all deeds, conveyances, mortgages, guarantees, leases, obligations, bonds, certificates and other papers and instruments in writing which have been authorized by the Board or which, in the judgment of the Chief Executive Officer, should be executed on behalf of the Corporation; to sign certificates for shares of stock of the Corporation (if any); and, subject to the direction of the Board, to have general charge of the property of the Corporation and to supervise and control all officers, agents and employees of the Corporation.

The person holding the office of President shall be the Chief Executive Officer of the Corporation unless the Board shall designate another officer to be the Chief Executive Officer.

Section 4.3: Chairperson of the Board. The Chairperson of the Board shall have the power to preside at all meetings of the Board and shall have such other powers and duties as provided in these Bylaws and as the Board may from time to time prescribe.

Section 4.4: President. The person holding the office of Chief Executive Officer shall be the President of the Corporation unless the Board shall have designated one individual as the President and a different individual as the Chief Executive Officer of the Corporation. Subject to the provisions of these Bylaws and to the direction of the Board, and subject to the supervisory powers of the Chief Executive Officer (if the Chief Executive Officer is an officer other than the President), and subject to such supervisory powers and authority as may be given by the Board to the Chairperson of the Board, and/or to any other officer, the President shall have the responsibility for the general management and control of the business and affairs of the Corporation and the general supervision and direction of all of the officers, employees and agents of the Corporation (other than the Chief Executive Officer, if the Chief Executive Officer is an officer other than the President) and shall perform all duties and have all powers that are commonly incident to the office of President or that are delegated to the President by the Board.

Section 4.5: Chief Technology Officer. The Chief Technology Officer shall have responsibility for the general research and development activities of the Corporation, for supervision of the Corporation's research and development personnel, for new product development and product improvements, for overseeing the development and direction of the Corporation's intellectual property development and such other responsibilities as may be given to the Chief Technology Officer by the Board, subject to: (a) the provisions of these Bylaws; (b) the direction of the Board; (c) the supervisory powers of the Chief Executive Officer of the Corporation; and (d) those supervisory powers that may be given by the Board to the Chairperson or Vice Chairperson of the Board.

Section 4.6: Chief Financial Officer. The person holding the office of Chief Financial Officer shall be the Treasurer of the Corporation unless the Board shall have designated another officer as the Treasurer of the Corporation. Subject to the direction of the Board and the Chief Executive Officer, the Chief Financial Officer shall perform all duties and have all powers that are commonly incident to the office of Chief Financial Officer, or as the Board may from time to time prescribe.

Section 4.7: Treasurer. The person holding the office of Treasurer shall have custody of all monies and securities of the Corporation. The Treasurer shall make such disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties and have such other powers as are commonly incident to the office of Treasurer, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.8: Vice President. Each Vice President shall have all such powers and duties as are commonly incident to the office of Vice President or that are delegated to him or her by the Board or the Chief Executive Officer. A Vice President may be designated by the Board to perform the duties and exercise the powers of the Chief Executive Officer or President in the event of the Chief Executive Officer's or President's absence or disability.

Section 4.9: Secretary. The Secretary shall issue or cause to be issued all authorized notices for, and shall keep, or cause to be kept, minutes of all meetings of the stockholders and the Board. The Secretary shall have charge of the corporate minute books and similar records and shall perform such other duties and have such other powers as are commonly incident to the office of Secretary, or as the Board or the Chief Executive Officer may from time to time prescribe.

Section 4.10: Delegation of Authority. The Board may from time to time delegate the powers or duties of any officer of the Corporation to any other officers or agents of the Corporation, notwithstanding any provision hereof.

Section 4.11: Removal. Any officer of the Corporation shall serve at the pleasure of the Board and may be removed at any time, with or without cause, by the Board; *provided* that if the Board has empowered the Chief Executive Officer to appoint any officer of the Corporation, then such officer may also be removed by the Chief Executive Officer. Such removal shall be without prejudice to the contractual rights of such officer, if any, with the Corporation.

ARTICLE V: STOCK

Section 5.1: Certificates; Uncertificated Shares. The shares of capital stock of the Corporation shall be uncertificated shares; *provided*, *however*, that the resolution of the Board that the shares of capital stock of the Corporation shall be uncertificated shares shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation (or the transfer agent or registrar, as the case may be). Notwithstanding the foregoing, the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be certificated shares. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Corporation, by the Chairperson or Vice-Chairperson of the Board, the Chief Executive Officer or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the Corporation, representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by

the Corporation with the same effect as if such person were an officer, transfer agent or registrar at the date of issue.

Section 5.2: Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates or Uncertificated Shares. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate previously issued by it, alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to agree to indemnify the Corporation and/or to give the Corporation a bond sufficient to indemnify it, against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.3: Other Regulations. Subject to applicable law, the Certificate of Incorporation and these Bylaws, the issue, transfer, conversion and registration of shares represented by certificates and of uncertificated shares shall be governed by such other regulations as the Board may establish.

ARTICLE VI: INDEMNIFICATION

Section 6.1: Indemnification of Officers and Directors. Each person who was or is made a party to, or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, legislative or any other type whatsoever (a "***Proceeding***"), by reason of the fact that such person (or a person of whom such person is the legal representative), is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (for purposes of this Article VI, an "***Indemnitee***"), shall be indemnified and held harmless by the Corporation to the fullest extent permitted by the DGCL as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expenses, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes and penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such Indemnitee in connection therewith, provided such Indemnitee acted in good faith and in a manner that the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or Proceeding, had no reasonable cause to believe the Indemnitee's conduct was unlawful. Such indemnification shall continue as to an Indemnitee who has ceased to be a director or officer of the Corporation and shall inure to the benefit of such Indemnitees' heirs, executors and administrators. Notwithstanding the foregoing, subject to Section 6.5 of this Article VI, the Corporation shall indemnify any such Indemnitee seeking indemnity in connection with a Proceeding (or part thereof) initiated by such Indemnitee only if such Proceeding (or part thereof) was authorized by the Board or such indemnification is authorized by an agreement approved by the Board.

Section 6.2: Advance of Expenses. The Corporation shall pay all expenses (including attorneys' fees) incurred by an Indemnitee in defending any Proceeding in advance of its final disposition; *provided, however*, that if the DGCL then so requires, the advancement of such expenses shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such Indemnitee, to repay such amounts if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified under this Article VI or otherwise.

Section 6.3: Non-Exclusivity of Rights. The rights conferred on any person in this Article VI shall not be exclusive of any other right that such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote or consent of stockholders or disinterested directors, or otherwise. Additionally, nothing in this Article VI shall limit the ability of the Corporation, in its discretion, to indemnify or advance expenses to persons whom the Corporation is not obligated to indemnify or advance expenses pursuant to this Article VI.

Section 6.4: Indemnification Contracts. The Board is authorized to cause the Corporation to enter into indemnification contracts with any director, officer, employee or agent of the Corporation, or any person serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation, partnership, joint venture, trust or other enterprise, including employee benefit plans, providing indemnification or advancement rights to such person. Such rights may be greater than those provided in this Article VI.

Section 6.5: Right of Indemnitee to Bring Suit. The following shall apply to the extent not in conflict with any indemnification contract provided for in Section 6.4 above.

6.5.1 Right to Bring Suit. If a claim under Section 6.1 or 6.2 of this Article VI is not paid in full by the Corporation within sixty (60) days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to be paid, to the fullest extent permitted by law, the expense of prosecuting or defending such suit. In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the Indemnitee has not met any applicable standard of conduct which makes it permissible under the DGCL (or other applicable law) for the Corporation to indemnify the Indemnitee for the amount claimed.

6.5.2 Effect of Determination. Neither the absence of a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in applicable law, nor an actual determination that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit.

6.5.3 Burden of Proof. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article VI, or otherwise, shall be on the Corporation.

Section 6.6: Nature of Rights. The rights conferred upon Indemnitees in this Article VI shall be contract rights and such rights shall continue as to an Indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the Indemnitee's heirs, executors and administrators. Any amendment, repeal or modification of any provision of this Article VI that adversely affects any right of an Indemnitee or an Indemnitee's successors shall be prospective only, and shall not adversely affect any right or protection conferred on a person pursuant to this Article VI and existing at the time of such amendment, repeal or modification.

Section 6.7: Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

ARTICLE VII: NOTICES

Section 7.1: Notice.

7.1.1 Form and Delivery. Except as otherwise specifically required in these Bylaws (including, without limitation, Section 7.1.2 below) or by applicable law, all notices required to be given pursuant to these Bylaws shall be in writing and may (a) in every instance in connection with any delivery to a member of the Board, be effectively given by hand delivery (including use of a delivery service), by depositing such notice in the mail, postage prepaid, or by sending such notice by overnight express courier, facsimile, electronic mail or other form of electronic transmission and (b) be effectively be delivered to a stockholder when given by hand delivery, by depositing such notice in the mail, postage prepaid or, if specifically consented to by the stockholder as described in Section 7.1.2 of this Article VII by sending such notice by facsimile, electronic mail or other form of electronic transmission. Any such notice shall be addressed to the person to whom notice is to be given at such person's address as it appears on the records of the Corporation. The notice shall be deemed given (a) in the case of hand delivery, when received by the person to whom notice is to be given or by any person accepting such notice on behalf of such person, (b) in the case of delivery by mail, upon deposit in the mail, (c) in the case of delivery by overnight express courier, when dispatched, and (d) in the case of delivery via facsimile, electronic mail or other form of electronic transmission, at the time provided in Section 7.1.2.

7.1.2 Electronic Transmission. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given in accordance with Section 232 of the DGCL. Any such consent shall be

revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed revoked if (a) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (b) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; *provided*, *however*, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given pursuant to this Section 7.1.2 shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of such posting and the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder.

7.1.3 Affidavit of Giving Notice. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Corporation that the notice has been given in writing or by a form of electronic transmission shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

Section 7.2: Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver of notice, signed by the person entitled to notice, or waiver by electronic transmission by such person, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any waiver of notice.

ARTICLE VIII: INTERESTED DIRECTORS

Section 8.1: Interested Directors. No contract or transaction between the Corporation and one or more of its members of the Board or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are members of the board of directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if: (a) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; (b) the material facts as to his, her or their relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract

or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof, or the stockholders.

Section 8.2: Quorum. Interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE IX: MISCELLANEOUS

Section 9.1: Fiscal Year. The fiscal year of the Corporation shall be determined by resolution of the Board.

Section 9.2: Seal. The Board may provide for a corporate seal, which may have the name of the Corporation inscribed thereon and shall otherwise be in such form as may be approved from time to time by the Board.

Section 9.3: Form of Records. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account and minute books, may be kept on or by means of, or be in the form of any other information storage device or method, electronic or otherwise, *provided* that the records so kept can be converted into clearly legible paper form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect such records pursuant to any provision of the DGCL.

Section 9.4: Reliance upon Books and Records. A member of the Board, or a member of any committee designated by the Board shall, in the performance of such person's duties, be fully protected in relying in good faith upon records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of the Corporation's officers or employees, or committees of the Board, or by any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 9.5: Certificate of Incorporation Governs. In the event of any conflict between the provisions of the Certificate of Incorporation and Bylaws, the provisions of the Certificate of Incorporation shall govern.

Section 9.6: Severability. If any provision of these Bylaws shall be held to be invalid, illegal, unenforceable or in conflict with the provisions of the Certificate of Incorporation, then such provision shall nonetheless be enforced to the maximum extent possible consistent with such holding and the remaining provisions of these Bylaws (including without limitation, all portions of any section of these Bylaws containing any such provision held to be invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation, that are not themselves invalid, illegal, unenforceable or in conflict with the Certificate of Incorporation) shall remain in full force and effect.

ARTICLE X: AMENDMENT

Notwithstanding any other provision of these Bylaws, any alteration, amendment or repeal of these Bylaws, and any adoption of new Bylaws, shall require the approval of the Board or the stockholders of the Corporation as expressly provided in the Certificate of Incorporation.

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "**Agreement**") is made and entered into effective as of April 6, 2018, among Mohawk Group Holdings, Inc., a Delaware corporation (the "**Company**"), the persons who have purchased the Offering Shares and have executed omnibus or counterpart signature page(s) hereto (each, a "**Purchaser**" and collectively, the "**Purchasers**"), the persons or entities identified on Schedule 1 hereto holding Placement Agent Warrants (collectively, the "**Brokers**"), the persons and entities identified on Schedule 2 hereto holding Merger Shares and the persons and entities identified on Schedule 3 hereto holding Pre-Merger Shares. Capitalized terms used herein shall have the meanings ascribed to them in Section 1 below or in the Subscription Agreement.

RECITALS:

WHEREAS, **Mohawk Group, Inc.**, a Delaware corporation ("**Mohawk**") has offered and sold in compliance with Rule 506 of Regulation D promulgated under the Securities Act to accredited investors in a private placement offering (the "**Offering**") shares of Mohawk's Series C Preferred Stock, par value $0.0001 per share (the "**Series C Stock**"), pursuant to that certain Subscription Agreement entered into by and between the Company and each of the subscribers for the Offering Shares set forth on the signature pages affixed thereto (the "**Subscription Agreement**"); and

WHEREAS, at the Initial Closing, the Company entered into the Merger Agreement with Newco providing for a reverse triangular Merger with Newco and Merger Subsidiary, and at the closing of the Merger, (a) all of the outstanding shares of the Company's stock (other than the Series C Stock), on a fully-diluted basis (including any outstanding convertible notes on an as-converted basis, and any outstanding warrants (other than the Placement Agent Warrants, but excluding outstanding options, will convert into 33,750,000 shares of Common Stock (or warrants therefor as applicable)), (b) each share of Series C Stock will convert into one (1) share of Common Stock, and (c) the Placement Agent Warrants will be exchanged for like warrants of Newco to purchase the same number of shares of Common Stock at the same price per share; and

WHEREAS, at the closing of the Merger, Mohawk is obligated to cause the Company to execute and deliver to each Purchaser and each holder of Merger Shares, of Pre-Merger Shares and of Placement Agent Warrants a counterpart of this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants, and conditions set forth herein, the parties mutually agree as follows:

1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"**Approved Market**" means the OTC Markets Group QB or QX Tier, the Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market, the New York Stock Exchange or the NYSE MKT, or any successor national securities exchange.

"**Blackout Period**" means, with respect to a registration, a period during which the Company, in the good faith judgment of its board of directors, determines (because of the existence of, or in anticipation of, any acquisition, financing activity or other transaction involving the Company, or the unavailability for reasons beyond the Company's control of any required financial statements, disclosure of information which is in its best interest not to publicly disclose, or any other event or condition of similar significance to the Company) that the registration and distribution of the Registrable Shares to be covered by such registration statement, if any, or the filing of an amendment to such registration

statement in the circumstances described in Section 4(g), would be seriously detrimental to the Company and its stockholders, in each case commencing on the day the Company notifies the Holders that they are required, because of the determination described above, to suspend offers and sales of Registrable Shares and ending on the earlier of (1) the date upon which the material non-public information resulting in the Blackout Period is disclosed to the public or ceases to be material and (2) such time as the Company notifies the selling Holders that sales pursuant to such Registration Statement or a new or amended Registration Statement may resume; provided, however, that no Blackout Period shall extend for a period of more than thirty (30) consecutive Trading Days (except for a Blackout Period arising from the filing of a post-effective amendment to the Registration Statement to update the prospectus therein to include the information contained in the Company's Annual Report on Form 10-K, which Blackout Period may extend for the amount of time reasonably required to respond to comments of the staff of the Commission (the "**Staff**") on such amendment) and aggregate Blackout Periods shall not exceed sixty (60) Trading Days in any twelve (12) month period.

"**Business Day**" means any day of the year, other than a Saturday, Sunday, or other day on which banks in the State of New York are required or authorized to close.

"**Commission**" means the U. S. Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"**Common Stock**" means the common stock of Newco and any and all shares of capital stock or other equity securities of: (i) Newco which are added to or exchanged or substituted for the Common Stock by reason of the declaration of any stock dividend or stock split, the issuance of any distribution or the reclassification, readjustment, recapitalization or other such modification of the capital structure of the Company; and (ii) any other corporation, now or hereafter organized under the laws of any state or other governmental authority, with which the Company is merged, which results from any consolidation or reorganization to which the Company is a party, or to which is sold all or substantially all of the shares or assets of the Company, if immediately after such merger, consolidation, reorganization or sale, the Company or the stockholders of the Company own equity securities having in the aggregate more than 50% of the total voting power of such other corporation.

"**Effective Date**" means the date of the closing of the Merger.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

"**Family Member**" means (a) with respect to any individual, such individual's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein, any trust all of the beneficial interests of which are owned by any of such individuals or by any of such individuals together with any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, the estate of any such individual, and any corporation, association, partnership or limited liability company all of the equity interests of which are owned by those above described individuals, trusts or organizations and (b) with respect to any trust, the owners of the beneficial interests of such trust.

"**Holder**" means (i) each Purchaser, (ii) each Broker, (iii) each Pre-Merger Stockholder, and (iv) each holder of the Merger Shares, in each case or any of such person's respective successors and Permitted Assignees who acquire rights in accordance with this Agreement with respect to any Registrable Shares directly or indirectly from a Purchaser or from any Permitted Assignee thereof.

"**Majority Holders**" means, at any time, Holders of a majority of the Registrable Shares then outstanding.

"**Merger Agreement**" means that certain Agreement and Plan of Merger dated as of the date of this Agreement, by and among the Company, Mohawk and Merger Subsidiary, as amended from time-to-time.

"**Merger Shares**" means the shares of Common Stock issued pursuant to the Merger Agreement in exchange for all of the equity securities of Mohawk that are outstanding immediately prior to the closing of the Merger (other than the Series C Stock).

"**Offering Shares**" means the shares of Common Stock issued pursuant to the Merger Agreement to the Purchasers in exchange for the Series C Stock and any shares of Common Stock issued or issuable with respect to such shares upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing.

"**Permitted Assignee**" means (a) with respect to a partnership, its partners or former partners in accordance with their partnership interests, (b) with respect to a corporation, its stockholders in accordance with their interest in the corporation, (c) with respect to a limited liability company, its members or former members in accordance with their interest in the limited liability company, (d) with respect to an individual party, any Family Member of such party, (e) an entity or trust that is controlled by, controls, or is under common control with a transferor, or (f) a party to this Agreement.

"**Placement Agent Warrants**" shall have the meaning set forth in the Subscription Agreement, as such securities have been assumed or substituted by the Company in accordance with the Merger Agreement.

"**Pre-Merger Shares**" means 3,000,000 shares of Common Stock of the Company held by stockholders of the Company prior to the Merger.

"**Pre-Merger Stockholder**" means a person holding Pre-Merger Shares.

The terms "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

"**Registrable Shares**" means (a) the Offering Shares, (b) the shares of Common Stock issuable upon exercise of the Placement Agent Warrants, (c) the Merger Shares, and (d) the Pre-Merger Shares; but, in each case, excluding any otherwise Registrable Shares that (i) have been sold or otherwise transferred other than to a Permitted Assignee, or (ii) may be sold at the time under the Securities Act without restriction, including manner of sale, current information requirements or volume limitations, either pursuant to Rule 144 of the Securities Act or otherwise, during any ninety (90) day period.

"**Registration Default Period**" means the period during which any Registration Event occurs and is continuing.

"**Registration Effectiveness Date**" means the date that is one hundred thirty-five (135) calendar days after the SEC Filing Date.

"**Registration Event**" means the occurrence of any of the following events:

(a) the Company fails to file with the Commission the Registration Statement on or before the Registration Filing Date;

(b) the Registration Statement is not declared effective by the Commission on or before the Registration Effectiveness Date;

(c) after the SEC Effective Date, the Registration Statement ceases for any reason to remain continuously effective or the Holders are otherwise not permitted to utilize the prospectus therein to resell the Registrable Shares for a period of more than fifteen (15) consecutive Trading Days, excluding Blackout Periods permitted herein, and as excused pursuant to Section 3(a);

(d) after the Common Stock has become listed or included for quotation, as applicable, on an Approved Market, the Registrable Shares, if issued and outstanding, are not listed or included for quotation on an Approved Market, or trading of the Common Stock is suspended or halted on the Approved Market, which at the time constitutes the principal markets for the Common Stock, for more than three (3) full, consecutive Trading Days; provided, however, a Registration Event shall not be deemed to occur if all or substantially all trading in equity securities (including the Common Stock) is suspended or halted on the Approved Market for any length of time.

"**Registration Filing Date**" means the date that is sixty (60) calendar days after the Effective Date.

"**Registration Statement**" means the registration statement that the Company is required to file pursuant to Section 3(a) of this Agreement to register the Registrable Shares.

"**Rule 144**" means Rule 144 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Rule 145**" means Rule 145 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Rule 415**" means Rule 415 promulgated by the Commission under the Securities Act, as such rule may be amended or supplemented from time to time, or any similar successor rule that may be promulgated by the Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, or any similar federal statute promulgated in replacement thereof, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"**SEC Effective Date**" means the date the Registration Statement is declared effective by the Commission.

"**SEC Filing Date**" means the date the Registration Statement is first filed by the Company with the Commission.

"**Trading Day**" means any day on which such national securities exchange, the OTC Markets Group or such other securities market or quotation system, which at the time constitutes the principal securities market for the Common Stock, is open for general trading of securities.

2. Term. This Agreement shall terminate with respect to each Holder on the earlier of: (i) the date that is five (5) years from the SEC Effective Date and (ii) the date on which all Registrable Shares held by such Holder have been transferred other than to a Permitted Assignee. Notwithstanding the foregoing, Section 3(b), Section 6, Section 8, Section 9 and Section 11 shall survive the termination of this Agreement.

3. Registration.

(a) Registration on Form S-1. The Company shall file with the Commission a Registration Statement on Form S-1, or any other form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the resale by the Holders of all of the Registrable Shares, and the Company shall (i) use its commercially reasonable efforts to make the initial filing of the Registration Statement no later than the Registration Filing Date, (ii) use its commercially reasonable efforts to cause such Registration Statement to be declared effective no later than the Registration Effectiveness Date and (iii) use its commercially reasonable efforts to keep such Registration Statement effective for a period of five (5) years after the SEC Effective Date or for such shorter period ending on the date on which all Registrable Shares have been transferred other than to a Permitted Assignee (the "**Effectiveness Period**"); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section, or keep such registration effective pursuant to the terms hereunder, in any particular jurisdiction in which the Company would be required to qualify to do business as a foreign corporation or as a dealer in securities under the securities laws of such jurisdiction or to execute a general consent to service of process in effecting such registration, qualification or compliance, in each case where it has not already done so; and provided further, the Company shall be entitled to suspend the effectiveness of the Registration Statement at any time prior to the expiration of the Effectiveness Period during a Blackout Period.

Notwithstanding the foregoing, in the event that the Staff should limit the number of Registrable Shares that may be sold pursuant to the Registration Statement, the Company may remove from the Registration Statement such number of Registrable Shares as specified by the Commission on behalf of all of the Holders of Registrable Shares as follows:

(i) first, from the Merger Shares, on a pro-rata basis among the Holders thereof,

(ii) second, from the Pre-Merger Shares, on a pro-rata basis among the Holders thereof,

(iii) third, from the Registrable Shares issuable upon exercise of the Placement Agent Warrants, on a pro-rata basis among the Holders thereof (and on an as-exercised basis with respect to any Placement Agent Warrants not then exercised), and

(iv) fourth, from the Offering Shares, on a pro rata basis among the holders thereof

(such Registrable Shares, the "**Cut-Back Shares**").

In such event, the Company shall give the Holders prompt notice of the Registrable Shares so excluded from the Registration Statement. The Company shall use its commercially reasonable efforts at the first opportunity that is permitted by the Commission to register for resale the Cut-Back Shares (pro rata among the Holders of such Cut-Back Shares, and in the same order of priority as set forth above) so long as they remain Registrable Shares using one or more registration statements that it is then entitled to use. The Company shall use its commercially reasonable efforts to cause each such registration statement to be declared effective under the Securities Act as soon as possible, and shall use its commercially reasonable efforts to keep such registration statement continuously effective under the Securities Act during the entire Effectiveness Period.

Notwithstanding the foregoing, the Company shall be entitled to suspend offers and sales of Registrable Shares under the Registration Statement at any time prior to the expiration of the Effectiveness Period during any Blackout Period.

(b) Liquidated Damages. If a Registration Event occurs, then the Company will make payments to each Holder of Offering Shares that are Registrable Shares and/or Registrable Shares issued or issuable upon exercise of Placement Agent Warrants (collectively, the "**Eligible Shares**"), as liquidated damages to such Holder by reason of the Registration Event, a cash sum calculated at a rate of twelve percent (12%) per annum of:

(i) in the case of Offering Shares, the aggregate Purchase Price therefor paid by the Purchaser thereof pursuant to the Subscription Agreement, or

(ii) in the case of Registrable Shares issued or issuable upon exercise of Placement Agent Warrants, the product of $4.00 (as adjusted for stock splits, stock dividends, combinations, recapitalizations or similar events) multiplied by the number of such Registrable Shares,

but in each case, only with respect to such Holder's Eligible Shares that are affected by such Registration Event and only for the period during which such Registration Event continues to affect such Eligible Shares.

Notwithstanding the foregoing, the maximum amount of liquidated damages that may be paid by the Company pursuant to this Section 3(b) shall be an amount equal to eight percent (8%) of the applicable foregoing amounts described in clauses (i) and (ii) in the preceding paragraph with respect to such Holder's Eligible Shares that are affected by all Registration Events in the aggregate. Each payment of liquidated damages pursuant to this Section 3(b) shall be due and payable in arrears within five (5) days after the end of each full 30-day period of the Registration Default Period until the termination of the Registration Default Period and within five (5) days after such termination. The Registration Default Period shall terminate upon the earlier of such time as the Eligible Shares that are affected by the Registration Event cease to be Registrable Shares or (i) the filing of the Registration Statement in the case of clause (a) of the definition of Registration Event, (ii) the SEC Effective Date in the case of clause (b) of the definition of Registration Event, (iii) the ability of the Holders to effect sales pursuant to the Registration Statement in the case of clause (c) of the definition of Registration Event, and (iv) the listing or inclusion and/or trading of the Common Stock on an Approved Market, as the case may be, in the case of clause (d) of the definition of Registration Event. The amounts payable as liquidated damages pursuant to this Section 3(b) shall be payable in lawful money of the United States.

No liquidated damages shall accrue or be payable to any Holder pursuant to this Section 3(b) (i) with respect to any Cut-Back Shares, provided that the Company continues to use commercially reasonable efforts to register such Cut-Back Shares for resale as provided in Section 3(a), or (ii) with

respect to any Eligible Shares during any period in which they are subject to an agreement between the Holder and the Company prohibiting the Holder from selling or distributing the Eligible Shares in the manner described in the Registration Statement, or (iii) if such Holder fails to perform its obligations under Section 5(b) or 5(c).

(c) If the Company receives a written notice from the Holders of at least 50% of the Registrable Shares then outstanding that they desire to distribute the Registrable Shares held by them (or a portion thereof) by means of an underwritten offering or a block trade, the Company shall use commercially reasonable efforts to promptly engage one or more underwriter(s) or investment bank(s) to conduct such an offering of the Registrable Shares (a "**Secondary Offering**"). The underwriter(s) or investment bank(s) will be selected by the Company and shall be reasonably acceptable to the Holders of a majority of the Registrable Shares providing such notice. All Holders proposing to distribute their securities through such Secondary Offering shall enter into an underwriting agreement or other agreement(s), including any lock-up or market standoff agreements, in customary form with the underwriter(s) or investment bank(s) selected for such Secondary Offering as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling Holders. In connection with a Secondary Offering, the Company shall enter into and perform its obligations under an underwriting agreement or other agreement(s), in usual and customary form as may be mutually agreed upon among the Company, the underwriter(s) or investment bank(s) and the selling Holders. Notwithstanding any other provision of this Section 3(c), if the underwriter(s) or investment bank(s) advise(s) such Holders in writing that marketing factors require a limitation on the number of shares to be offered in the Secondary Offering, then the number of Registrable Shares that may be included in such Secondary Offering shall be allocated among such Holders of Registrable Shares, in proportion (as nearly as practicable) to the number of Registrable Shares owned by each such Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Shares held by the Holders to be included in such Secondary Offering shall not be reduced unless all other securities are first entirely excluded from the Secondary Offering.

4. Registration Procedures. The Company will keep each Holder reasonably advised as to the filing and effectiveness of the Registration Statement. At its expense with respect to the Registration Statement, the Company will:

(a) prepare and file with the Commission with respect to the Registrable Shares, a Registration Statement in accordance with Section 3(a) hereof, and use its commercially reasonable efforts to cause such Registration Statement to become effective and to remain effective for the Effectiveness Period;

(b) not name any Holder in the Registration Statement as an underwriter without that Holder's prior written consent;

(c) if the Registration Statement is subject to review by the Commission, promptly respond to all comments and diligently pursue resolution of any comments to the satisfaction of the Commission;

(d) prepare and file with the Commission such amendments and supplements to such Registration Statement as may be necessary to keep such Registration Statement effective during the Effectiveness Period;

(e) not less than ten (10) Trading Days prior to filing a Registration Statement or any related prospectus or any amendment or supplement thereto, furnish to the Holders copies of all such

documents proposed to be filed (other than those incorporated by reference) and duly consider any comments received by the Holders;

(f) furnish, without charge, to each Holder of Registrable Shares covered by such Registration Statement (i) a reasonable number of copies of such Registration Statement (including any exhibits thereto other than exhibits incorporated by reference), each amendment and supplement thereto as such Holder may reasonably request, (ii) such number of copies of the prospectus included in such Registration Statement (including each preliminary prospectus and any other prospectus filed under Rule 424 of the Securities Act) as such Holders may reasonably request, in conformity with the requirements of the Securities Act, and (iii) such other documents as such Holder may reasonably require to consummate the disposition of the Registrable Shares owned by such Holder, but only during the Effectiveness Period; provided that the Company shall have no obligation to furnish any document pursuant to this clause that is available on the EDGAR system;

(g) use its commercially reasonable efforts to register or qualify such registration under such other applicable securities laws of such jurisdictions within the United States as any Holder of Registrable Shares covered by such Registration Statement reasonably requests and as may be necessary for the marketability of the Registrable Shares (such request to be made by the time the applicable Registration Statement is deemed effective by the Commission) and do any and all other acts and things necessary to enable such Holder to consummate the disposition in such jurisdictions of the Registrable Shares owned by such Holder; provided, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph, (ii) subject itself to taxation in any such jurisdiction, or (iii) consent to general service of process in any such jurisdiction where it has not already done so;

(h) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Shares, the disposition of which requires delivery of a prospectus relating thereto under the Securities Act, of the happening of any event, which comes to the Company's attention, that will after the occurrence of such event cause the prospectus included in such Registration Statement, if not amended or supplemented, to contain an untrue statement of a material fact or an omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and the Company shall promptly thereafter prepare and furnish to such Holder a supplement or amendment to such prospectus (or prepare and file appropriate reports under the Exchange Act) so that, as thereafter delivered to the purchasers of such Registrable Shares, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless suspension of the use of such prospectus otherwise is authorized herein or in the event of a Blackout Period, in which case no supplement or amendment need be furnished (or Exchange Act filing made) until the termination of such suspension or Blackout Period; provided that any and all information provided to the Holder pursuant to such notification shall remain confidential to each Holder until such information otherwise becomes public, unless disclosure by a Holder is required by law;

(i) comply, and continue to comply during the Effectiveness Period, in all material respects with the Securities Act and the Exchange Act and with all applicable rules and regulations of the Commission with respect to the disposition of all securities covered by such Registration Statement;

(j) as promptly as practicable after becoming aware of such event, notify each Holder of Registrable Shares being offered or sold pursuant to the Registration Statement of the issuance by the Commission of any stop order or other suspension of effectiveness of the Registration Statement;

(k) use its commercially reasonable efforts to cause all the Registrable Shares covered by the Registration Statement to be quoted on the OTC Markets Group or such other principal securities market or quotation system on which securities of the same class or series issued by the Company are then listed or traded or quoted;

(l) provide a transfer agent and registrar, which may be a single entity, for the shares of Common Stock at all times and cooperate with the Holders to facilitate the timely preparation and delivery of the Registrable Shares to be delivered to a transferee pursuant to the Registration Statement (whether electronically or in certificated form) which Registrable Shares shall be free, to the extent permitted by the Subscription Agreement, of all restrictive legends, and to enable such Registrable Shares to be in such denominations and registered in such names as any such Holders may request;

(m) cooperate with the Holders of Registrable Shares being offered pursuant to the Registration Statement to issue and deliver, or cause its transfer agent to issue and deliver, certificates representing Registrable Shares to be offered pursuant to the Registration Statement within a reasonable time after the delivery of certificates representing the Registrable Shares to the transfer agent or the Company, as applicable, and enable such certificates to be in such denominations or amounts as the Holders may reasonably request and registered in such names as the Holders may request;

(n) notify the Holders, the Placement Agents and their counsel as promptly as reasonably possible and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day: (i)(A) when a Prospectus or any prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed; (B) when the Commission notifies the Company whether there will be a "no review," "review" or a "completion of a review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement (in which case the Company shall provide true and complete copies thereof and all written responses thereto to each of the Holders that pertain to the Holders as a selling stockholder, but not information which the Company believes would constitute material and non-public information); and (C) with respect to each Registration Statement or any post-effective amendment, when the same has been declared effective, provided, however, that such notice under this clause (C) shall be delivered to each Holder; (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or prospectus or for additional information that pertains to the Holders as selling stockholders; or (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Shares for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose;

(o) during the Effectiveness Period, refrain from bidding for or purchasing any Common Stock or any right to purchase Common Stock or attempting to induce any person to purchase any such security or right if such bid, purchase or attempt would in any way limit the right of the Holders to sell Registrable Shares by reason of the limitations set forth in Regulation M of the Exchange Act;

(p) take all other commercially reasonable actions necessary to enable, expedite, or facilitate the Holders to dispose of the Registrable Shares by means of the Registration Statement during the term of this Agreement; and

(q) as soon as practicable after the SEC Effective Date, the Company will cause the Common Stock to be listed or included for quotation, as applicable, on an Approved Market.

5. Obligations of the Holders.

(a) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(h) hereof or of the commencement of a Blackout Period, such Holder shall discontinue the disposition of Registrable Shares included in the Registration Statement until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 4(h) hereof or notice of the end of the Blackout Period, and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies (including, without limitation, any and all drafts), other than permanent file copies, then in such Holder's possession, of the prospectus covering such Registrable Shares current at the time of receipt of such notice.

(b) The Holders of the Registrable Shares shall provide such information as may reasonably be requested by the Company in connection with the preparation of any registration statement, including amendments and supplements thereto, in order to effect the registration of any Registrable Shares under the Securities Act pursuant to Section 3(a) of this Agreement and in connection with the Company's obligation to comply with federal and applicable state securities laws, including a completed questionnaire in the form attached to this Agreement as Annex A (a "**Selling Securityholder Questionnaire**") or any update thereto not later than three (3) Business Days following a request therefore from the Company.

(c) Each Holder, by its acceptance of the Registrable Shares, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Holder has notified the Company in writing of its election to exclude all of its Registrable Shares from such Registration Statement.

6. Registration Expenses. The Company shall pay all expenses in connection with any registration obligation provided herein, including, without limitation, all registration, filing, stock exchange fees, printing expenses, all fees and expenses of complying with applicable securities laws, and the fees and disbursements of counsel for the Company and of the Company's independent accountants; provided, that, in any underwritten registration or other Secondary Offering, the Company shall have no obligation to pay any underwriting discounts, selling commissions or transfer taxes attributable to the Registrable Shares being sold by the Holders thereof, which underwriting discounts, selling commissions and transfer taxes shall be borne by such Holders. Except as provided in Section 8 of this Agreement, the Company shall not be responsible for the expenses of any attorney or other advisor employed by a Holder.

7. Assignment of Rights. No Holder may assign its rights under this Agreement to any party without the prior written consent of the Company; provided, however, that any Holder may assign its rights under this Agreement without such consent to a Permitted Assignee as long as (a) such transfer or assignment is effected in accordance with applicable securities laws; (b) such transferee or assignee agrees in writing to become bound by and subject to the terms of this Agreement; and (c) such Holder notifies the Company in writing of such transfer or assignment, stating the name and address of the transferee or assignee and identifying the Registrable Shares with respect to which such rights are being transferred or assigned. The Company may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto.

8. Indemnification.

(a) In the event of the offer and sale of Registrable Shares under the Securities Act, the Company shall, and hereby does, indemnify and hold harmless, to the fullest extent permitted by law, each Holder, its directors, officers, partners, and each other person, if any, who controls or is under common control with such Holder within the meaning of Section 15 of the Securities Act, against any

losses, claims, damages or liabilities, joint or several, and expenses to which the Holder or any such director, officer, partner or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of any material fact contained in any registration statement prepared and filed by the Company under which Registrable Shares were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission to state therein a material fact required to be stated or necessary to make the statements therein in light of the circumstances in which they were made not misleading, and the Company shall reimburse the Holder, and each such director, officer, partner and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating, defending or settling any such loss, claim, damage, liability, action or proceeding; provided, however, that the Company shall not be liable in any such case (i) to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (x) an untrue statement in or omission from such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information included in the Selling Securityholder Questionnaire, attached hereto as Annex A, furnished by a Holder or its representative to the Company expressly for use in the preparation thereof or (y) the failure of a Holder to comply with the covenants and agreements contained in Section 5 hereof respecting the sale of Registrable Shares; or (ii) if the person asserting any such loss, claim, damage, liability (or action or proceeding in respect thereof) who purchased the Registrable Shares that are the subject thereof did not receive a copy of an amended preliminary prospectus or the final prospectus (or the final prospectus as amended or supplemented) at or prior to the written confirmation of the sale of such Registrable Shares to such person because of the failure of such Holder to so provide such amended preliminary or final prospectus and the untrue statement or omission of a material fact made in such preliminary prospectus was corrected in the amended preliminary or final prospectus (or the final prospectus as amended or supplemented). Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Holders, or any such director, officer, partner or controlling person and shall survive the transfer of such shares by the Holder.

(b) As a condition to including Registrable Shares in any registration statement filed pursuant to this Agreement, each Holder agrees, severally and not jointly, to be bound by the terms of this Section 8 and to indemnify and hold harmless, to the fullest extent permitted by law, the Company, each of its directors, officers, partners, and each underwriter, if any, and each other person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director or officer or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement of a material fact or any omission of a material fact required to be stated in any registration statement, any preliminary prospectus, final prospectus, summary prospectus, amendment or supplement thereto or necessary to make the statements therein not misleading, to the extent, but only to the extent, that such untrue statement or omission is included or omitted in reliance upon and in conformity with written information included in the Selling Securityholder Questionnaire, attached hereto as Annex A, furnished by the Holder or its representative to the Company expressly for use in the preparation thereof, and such Holder shall reimburse the Company, and its directors, officers, partners, and any such controlling persons for any legal or other expenses reasonably incurred by them in connection with investigating, defending, or settling any such loss, claim, damage, liability, action, or proceeding; provided, however, that indemnity obligation contained in this Section 8(b) shall in no event exceed the amount of the net proceeds received by such Holder as a result of the sale of such Holder’s Registrable Shares pursuant to such registration statement, except in the case of fraud or willful misconduct by such Holder. Such indemnity shall remain in full force and effect, regardless of any

investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer by any Holder of such shares.

(c) Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding involving a claim referred to in this Section 8 (including any governmental action), such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the indemnifying party of the commencement of such action; provided, that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under this Section, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in the reasonable judgment of counsel to such indemnified party a conflict of interest between such indemnified party and indemnifying parties may exist or the indemnified party may have defenses not available to the indemnifying party in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties arises in respect of such claim after the assumption of the defenses thereof or the indemnifying party fails to defend such claim in a diligent manner, other than reasonable costs of investigation. Neither an indemnified party nor an indemnifying party shall be liable for any settlement of any action or proceeding effected without its consent. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement, which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation. Notwithstanding anything to the contrary set forth herein, and without limiting any of the rights set forth above, in any event any party shall have the right to retain, at its own expense, counsel with respect to the defense of a claim. Each indemnified party shall furnish such information regarding itself or the claim in question as an indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) If an indemnifying party does not or is not permitted to assume the defense of an action pursuant to Section 8(c) or in the case of the expense reimbursement obligation set forth in Sections 8(a) and 8(b), the indemnification required by Sections 8(a) and 8(b) shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or expenses, losses, damages, or liabilities are incurred.

(e) If the indemnification provided for in Section 8(a) or 8(b) is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense (i) in such proportion as is appropriate to reflect the proportionate relative fault of the indemnifying party on the one hand and the indemnified party on the other (determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission relates to information supplied by the indemnifying party or the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission), or (ii) if the allocation provided by clause (i) above is not permitted by applicable law or provides a lesser sum to the indemnified party than the amount hereinafter calculated, then in such proportion as is appropriate to reflect not only the proportionate relative fault of the indemnifying party and the indemnified party, but also the relative benefits received by the indemnifying party on the one hand and the indemnified party on the other, as well as any other relevant

equitable considerations. Notwithstanding any other provision of this Section 8(e), no Holder shall be required to contribute any amount in excess of the amount by which the net proceeds received by such Holder from the sale of the Registrable Shares pursuant to the Registration Statement exceeds the amount of damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement of a material fact or omission, except in the case of fraud or willful misconduct. No indemnified party guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any indemnifying party who was not guilty of such fraudulent misrepresentation.

9. Rule 144. Following the SEC Effective Date, the Company will use its commercially reasonable efforts to timely file all reports required to be filed by the Company after the date thereof under the Exchange Act and the rules and regulations adopted by the Commission thereunder, and if the Company is not required to file reports pursuant to such sections, it will prepare and furnish to the Purchasers and make publicly available in accordance with Rule 144(c) such information as is required for the Purchasers to sell shares of Common Stock under Rule 144.

10. Independent Nature of Each Purchaser's Obligations and Rights. The obligations of each Purchaser and each Broker under this Agreement are several and not joint with the obligations of any other Purchaser or Broker, and each Purchaser and each Broker shall not be responsible in any way for the performance of the obligations of any other Purchaser or any Broker under this Agreement. Nothing contained herein and no action taken by any Purchaser or Broker pursuant hereto, shall be deemed to constitute such Purchasers and/or Brokers as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchasers and/or Brokers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by this Agreement. Each Purchaser and each Broker shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Purchaser or Broker to be joined as an additional party in any proceeding for such purpose.

11. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the United States of America and the State of New York, both substantive and remedial, without regard to New York conflicts of law principles. Any judicial proceeding brought against either of the parties to this Agreement or any dispute arising out of this Agreement or any matter related hereto shall be brought in the state or federal courts located in the County of New York in the State of New York and, by its execution and delivery of this Agreement, each party to this Agreement accepts the jurisdiction of such courts. The foregoing consent to jurisdiction shall not be deemed to confer rights on any person other than the parties to this Agreement.

(b) Remedies. Except as otherwise specifically set forth herein with respect to a Registration Event, in the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Except as otherwise specifically set forth herein with respect to a Registration Event, the Company and each Holder agree that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(c) Subsequent Registration Rights. Except with respect to the Third Amended and Restated Investors' Rights Agreement by and among Mohawk, the Purchasers and certain of the initial Holders party hereto who were former stockholders of Mohawk dated of even date herewith, until the Registration Statement required hereunder is declared effective by the Commission, the Company shall not enter into any agreement granting any registration rights with respect to any of its securities to any Person without the written consent of Holders representing no less than a majority of the outstanding Registrable Shares.

(d) Successors and Assigns. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, Permitted Assignees, executors and administrators of the parties hereto.

(e) No Inconsistent Agreements. The Company has not entered, as of the date hereof, and shall not enter, on or after the date of this Agreement, into any agreement with respect to its securities that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

(f) Entire Agreement. This Agreement and the documents, instruments and other agreements specifically referred to herein or delivered pursuant hereto constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof.

(g) Notices, etc. All notices, consents, waivers, and other communications which are required or permitted under this Agreement shall be in writing will be deemed given to a party (a) upon receipt, when personally delivered; (b) one (1) Business Day after deposit with an nationally recognized overnight courier service with next day delivery specified, costs prepaid) on the date of delivery, if delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (c) the date of transmission if sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment if such notice or communication is delivered prior to 5:00 P.M., New York City time, on a Trading Day, or the next Trading Day after the date of transmission, if such notice or communication is delivered on a day that is not a Trading Day or later than 5:00 P.M., New York City time, on any Trading Day, provided confirmation of facsimile is mechanically or electronically generated and kept on file by the sending party and confirmation of email is kept on file, whether electronically or otherwise, by the sending party and the sending party does not receive an automatically generated message from the recipients email server that such e-mail could not be delivered to such recipient; (d) the date received or rejected by the addressee, if sent by certified mail, return receipt requested, postage prepaid; or (e) seven days after the placement of the notice into the mails (first class postage prepaid), to the party at the address, facsimile number, or e-mail address furnished by the such party,

If to the Company, to:

Mohawk Group Holdings, Inc.
37 East 18th Street, 7th Floor
New York, NY 10003
Attention: Yaniv Sarig, President & CEO
Email: yaniv@mohawkgp.com

with copies (which shall not constitute notice) to:

Fenwick & West, LLP
1211 Avenue of the Americas, 32nd Floor
New York, New York 10036

Attention: Mark Stevens, Esq.
E-mail: mstevens@fenwick.com, or

if to a Purchaser, Broker or Holder of Merger Shares or Pre-Merger Shares, to such person at the address set forth on the signature page hereto;

or, in either case, at such other address as any party shall have furnished to the other parties in writing in accordance with this Section 11(g).

(h) Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Holder, upon any breach or default of the Company under this Agreement, shall impair any such right, power or remedy of such Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of any similar breach or default thereunder occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Holder of any breach or default under this Agreement, or any waiver on the part of any Holder of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, or by law or otherwise afforded to any holder, shall be cumulative and not alternative.

(i) Counterparts. This Agreement may be executed in any number of counterparts, and with respect to any Purchaser, by execution of an Omnibus Signature Page to this Agreement and the Subscription Agreement, each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument. In the event that any signature is delivered by facsimile transmission or by an e-mail, which contains a portable document format (.pdf) file of an executed signature page, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or e-mail of a .pdf signature page were an original thereof.

(j) Severability. In the case any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

(k) Amendments. Except as otherwise provided herein, the provisions of this Agreement may be amended at any time and from time to time, and particular provisions of this Agreement may be waived, with and only with an agreement or consent in writing signed by the Company and the Majority Holders; provided that this Agreement may not be amended and the observance of any term hereof may not be waived with respect to any Holder (i) if the amendment or waiver affects only Holders of Registrable Shares of one category (a), (b), (c) or (d) in the definition of Registrable Shares or changes the relative rights or preferences of such category and not another category or categories without the written consent of Holders of a majority of the Registrable Shares of such category then outstanding, or (ii) if the amendment or waiver affects the Holder of Registrable Shares of any such category differently than other Holders of Registrable Shares of such category, without such Holder's prior written consent. Each Purchaser, Broker and Holder of Merger Shares or Pre-Merger Shares acknowledges that, by the operation of this Section, the Majority Holders, or the Holders of a majority of the Registrable Shares of one of such categories, may have the right and power to diminish or eliminate all rights of the Purchaser, Broker and Holder of Merger Shares or Pre-Merger Shares under this Agreement.

[*COMPANY SIGNATURE PAGE FOLLOWS*]

This Registration Rights Agreement is hereby executed as of the date first above written.

THE COMPANY:

MOHAWK GROUP HOLDINGS, INC.

By: /s/ Michael Silverman
Name: Michael Silverman
Title: President

PURCHASERS

See Omnibus Signature Pages to Subscription Agreement

BROKER (INDIVIDUAL):

Print Name

Signature

BROKER (ENTITY):

Print Name of Entity

By:
Name:
Title:

PRE-MERGER STOCKHOLDER (INDIVIDUAL):

Print Name

Signature

PRE-MERGER STOCKHOLDER (ENTITY):

Print Name of Entity

By:
Name:
Title:

HOLDER OF MERGER SHARES (INDIVIDUAL):

Print Name

Signature

HOLDER OF MERGER SHARES (ENTITY):

Print Name of Entity

By:
Name:
Title:

All Holders: Address

Schedule 1

Brokers

- Jesse Janssen
- Peter K. Janssen
- Christopher Cozzolino
- Morgan Janssen
- Roman Livson
- Kola Agbaje
- RMR Wealth Management LLC
- Dinosaur Financial Group, LLC
- Robert Crothers
- Robinson Crothers
- Kevin Filosa
- Robert Lengwenus
- Barry Cohn
- American Portfolios Financial Services Inc.
- EFD Capital Inc.
- Paul Ehrenstein
- Michael Silverman
- Stephen Renaud
- Jeffrey Berman
- CKR Law LLP

Schedule 2

Holders of Merger Shares

- Asher Delug
- Yaniv Sarig
- Larisa Storozhenko
- Sara Blake
- Kevin Weinman
- Lam Lu
- David Sutton
- Dhruv Garg
- Jingren (James) Xu
- Artyom Astafurov
- MV II, LLC
- Michal Sarig
- A&A Group, S.A.
- 1994, LLC
- Eric Schwartz
- GV 2016, L.P.
- BoxGroup Three LLC
- Scot Cohen
- ATW Fund I, L.P.
- Mohawk Interplay LLC
- AtClique Fund LLC
- Bryan Ciambella
- Asher Maximus I, LLC
- Saurabh Gupta
- Bryan Ciambella

Schedule 3

Pre-Merger Shareholders

- ABCS Partners
- CKR Law LLP
- Scot Cohen
- Christopher Cozzolino
- DiamondRock, LLC
- FirstFire Global Opportunities Fund LLC
- Esther Gelfand
- Belzberg & Co., Ltd.
- Griffin Page & Co. Inc.
- Hudson Bay Master Fund Ltd
- IFG Health Inc.
- Morgan Janssen
- Peter K. Janssen
- JNS Holdings Group LLC
- Lina Kay
- Leonite Capital LLC
- Roman Livson
- Opes Equities, Inc.
- Patrick Patel
- Stephen Renaud
- Shaar Hazuhov LLC
- Michael Silverman
- William Strawbridge
- Tim Elmes, LLC Pension Plan
- Toba Capital Ventures Series of Toba Capital LLC
- Mark Tompkins
- Michael Zapolin
- Intracoastal Capital, LLC
- F&M Star Alliance, Inc.
- Igor Semenov

Annex A

MOHAWK GROUP HOLDINGS, INC.

Selling Securityholder Notice and Questionnaire

The undersigned beneficial owner of Registrable Shares of **Mohawk Group Holdings, Inc.**, a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the U.S. Securities and Exchange Commission a registration statement (the "Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended, of the Registrable Shares, in accordance with the terms of the Registration Rights Agreement (the "Registration Rights Agreement") to which this document is annexed. A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling security holder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Shares are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling security holder in the Registration Statement and the related prospectus.

NOTICE

The undersigned beneficial owner (the "Selling Securityholder") of Registrable Shares hereby elects to include the Registrable Shares owned by it in the Registration Statement.

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

QUESTIONNAIRE

1. Name:

(a) Full Legal Name of Selling Securityholder

_____

_____

(b) Full Legal Name of Registered Holder (holder of record) (if not the same as (a) above) through which Registrable Shares are held:

_____

_____

(c) If you are not a natural person, full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

_____

_____

2. Address for Notices to Selling Securityholder:

_____

Telephone:_____ Fax:_____
Email:
Contact Person:_____

3. Broker-Dealer Status:

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Shares as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Shares in the ordinary course of business, and at the time of the purchase of the Registrable Shares to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Shares?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

4. Beneficial Ownership of Securities of the Company Owned by the Selling Securityholder:

Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company.

(a) Please list the type (common stock, warrants, etc.) and amount of all securities of the Company (including any Registrable Shares) beneficially owned[1] by the Selling Securityholder:

_____

_____

5. Relationships with the Company:

Except as set forth below, neither you nor (if you are a natural person) any member of your immediate family, nor (if you are not a natural person) any of your affiliates[2], officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

_____

_____

1 ***Beneficially Owned*****:** A "beneficial owner" of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares (i) ***voting power***, including the power to direct the voting of such security, *or* (ii) ***investment power***, including the power to dispose of, or direct the disposition of, such security. In addition, a person is deemed to have "beneficial ownership" of a security of which such person has the right to acquire beneficial ownership at any time within 60 days, including, but not limited to, any right to acquire such security: (i) through the exercise of any option, warrant or right, (ii) through the conversion of any security or (iii) pursuant to the power to revoke, or the automatic termination of, a trust, discretionary account or similar arrangement.

It is possible that a security may have more than one "beneficial owner," such as a trust, with two co-trustees sharing voting power, and the settlor or another third party having investment power, in which case each of the three would be the "beneficial owner" of the securities in the trust. The power to vote or direct the voting, or to invest or dispose of, or direct the investment or disposition of, a security may be indirect and arise from legal, economic, contractual or other rights, and the determination of beneficial ownership depends upon who ultimately possesses or shares the power to direct the voting or the disposition of the security.

The final determination of the existence of beneficial ownership depends upon the facts of each case. You may, if you believe the facts warrant it, disclaim beneficial ownership of securities that might otherwise be considered "beneficially owned" by you.

2 ***Affiliate*****:** An "affiliate" is a company or person that directly, or indirectly through one or more intermediaries, controls you, or is controlled by you, or is under common control with you.

The undersigned agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Selling Securityholder Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

BENEFICIAL OWNER (individual)

_____
Signature

_____
Print Name

_____
Signature (if Joint Tenants or Tenants in Common)

BENEFICIAL OWNER (entity)

_____
Name of Entity

_____
Signature

Print Name: _____

Title: _____

PLEASE E-MAIL A COPY OF THE COMPLETED AND EXECUTED SELLING SECURITYHOLDER NOTICE AND QUESTIONNAIRE, AND RETURN THE ORIGINAL BY OVERNIGHT MAIL, TO:

Fenwick & West LLP
1211 Avenue of the Americas, 32nd Floor
New York, New York 10036
Attention: Andrew Ancheta
E-mail Address: aancheta@fenwick.com

MOHAWK GROUP, INC.

AMENDED AND RESTATED
2014 EQUITY INCENTIVE PLAN

SECTION 1. PURPOSE

The purpose of the Mohawk Group, Inc. Amended and Restated 2014 Equity Incentive Plan is to attract, retain and motivate employees, officers, directors, consultants, agents, advisors and independent contractors of the Company and its Related Companies by providing them the opportunity to acquire a proprietary interest in the Company and to align their interests and efforts to the long-term interests of the Company's stockholders.

SECTION 2. DEFINITIONS

Certain capitalized terms used in the Plan have the meanings set forth in Appendix A.

SECTION 3. ADMINISTRATION

3.1 Administration of the Plan

The Plan shall be administered by the Board. All references in the Plan to the "***Plan Administrator***" shall be to the Board.

3.2 Administration and Interpretation by Plan Administrator

(a) Except for the terms and conditions explicitly set forth in the Plan, and to the extent permitted by applicable law, the Plan Administrator shall have full power and exclusive authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board to (i) select the Eligible Persons to whom Awards may from time to time be granted under the Plan; (ii) determine the type or types of Award to be granted to each Participant under the Plan; (iii) determine the number of shares of Common Stock to be covered by each Award granted under the Plan; (iv) determine the terms and conditions of any Award granted under the Plan; (v) approve the forms of notice or agreement for use under the Plan; (vi) determine whether, to what extent and under what circumstances Awards may be settled in cash, shares of Common Stock or other property or canceled or suspended; (vii) interpret and administer the Plan and any instrument evidencing an Award, notice or agreement executed or entered into under the Plan; (viii) establish such rules and regulations as it shall deem appropriate for the proper administration of the Plan; (ix) delegate ministerial duties to such of the Company's employees as it so determines; and (x) make any other determination and take any other action that the Plan Administrator deems necessary or desirable for administration of the Plan.

(b) The effect on the vesting of an Award of a Company-approved leave of absence or a Participant's reduction in hours of employment or service shall be determined by the Company's chief human resources officer or other person performing that function or, with respect to directors or executive officers, by the Board, whose determination shall be final.

(c) Decisions of the Plan Administrator shall be final, conclusive and binding on all persons, including the Company, any Participant, any stockholder and any Eligible Person. A majority of the members of the Plan Administrator may determine its actions.

SECTION 4. SHARES SUBJECT TO THE PLAN

4.1 Authorized Number of Shares

Subject to adjustment from time to time as provided in Section 14.1, a maximum of 2,405,722 shares of Common Stock shall be available for issuance under the Plan. Shares issued under the Plan shall be drawn from authorized and unissued shares or shares now held or subsequently acquired by the Company as treasury shares.

4.2 Share Usage

(a) Shares of Common Stock covered by an Award shall not be counted as used unless and until they are actually issued and delivered to a Participant. If any Award lapses, expires, terminates or is canceled prior to the issuance of shares thereunder or if shares of Common Stock are issued under the Plan to a Participant and thereafter are forfeited to or otherwise reacquired by the Company, the shares subject to such Awards and the forfeited or reacquired shares shall again be available for issuance under the Plan. Any shares of Common Stock (i) tendered by a Participant or retained by the Company as full or partial payment to the Company for the purchase price of an Award or to satisfy tax withholding obligations in connection with an Award, or (ii) covered by an Award that is settled in cash or in a manner such that some or all of the shares of Common Stock covered by the Award are not issued, shall be available for Awards under the Plan. The number of shares of Common Stock available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares of Common Stock or credited as additional shares of Common Stock subject or paid with respect to an Award.

(b) The Plan Administrator shall also, without limitation, have the authority to grant Awards as an alternative to or as the form of payment for grants or rights earned or due under other compensation plans or arrangements of the Company.

(c) Notwithstanding any other provision of the Plan to the contrary, the Plan Administrator may grant Substitute Awards under the Plan. In the event that a written agreement between the Company and an Acquired Entity pursuant to which a merger or consolidation is completed is approved by the Board and that agreement sets forth the terms and conditions of the substitution for or assumption of outstanding awards of the Acquired Entity, those terms and conditions shall be deemed to be the action of the Plan Administrator without any further action by the Plan Administrator, and the persons holding such awards shall be deemed to be Participants.

(d) Notwithstanding any other provisions of this Section 4.2 to the contrary, the maximum number of shares that may be issued upon the exercise of Incentive Stock Options shall equal the aggregate share number stated in Section 4.1, subject to adjustment as provided in Section 14.1.

SECTION 5. ELIGIBILITY

An Award may be granted to any employee, officer or director of the Company or a Related Company whom the Plan Administrator from time to time selects. An Award may also be granted to any consultant, agent, advisor or independent contractor for bona fide services rendered to the Company or any Related Company that (a) are not in connection with the offer and sale of the Company's securities in a capital-raising transaction and (b) do not directly or indirectly promote or maintain a market for the Company's securities.

SECTION 6. AWARDS

6.1 Form, Grant and Settlement of Awards

The Plan Administrator shall have the authority, in its sole discretion, to determine the type or types of Awards to be granted under the Plan. Such Awards may be granted either alone or in addition to or in tandem with any other type of Award. Any Award settlement may be subject to such conditions, restrictions and contingencies as the Plan Administrator shall determine.

6.2 Evidence of Awards

Awards granted under the Plan shall be evidenced by a written, including an electronic, instrument that shall contain such terms, conditions, limitations and restrictions as the Plan Administrator shall deem advisable and that are not inconsistent with the Plan.

6.3 Deferrals

To the extent permitted by applicable law, the Plan Administrator may permit or require a Participant to defer receipt of the payment of any Award. If any such deferral election is permitted or required, the Plan Administrator, in its sole discretion, shall establish rules and procedures for such payment deferrals, which may include the grant of additional Awards or provisions for the payment or crediting of interest or dividend equivalents, including converting such credits to deferred stock unit equivalents. All deferrals by Participants shall be made in accordance with Section 409A.

6.4 Dividends and Distributions

Participants may, if the Plan Administrator so determines, be credited with dividends or dividend equivalents paid with respect to shares of Common Stock underlying an Award in a manner determined by the Plan Administrator in its sole discretion. The Plan Administrator may apply any restrictions to the dividends or dividend equivalents that the Plan Administrator deems appropriate. The Plan Administrator, in its sole discretion, may determine the form of payment of dividends or dividend equivalents, including cash, shares of Common Stock, Restricted Stock or Stock Units. Notwithstanding the foregoing, the right to any dividends or dividend equivalents declared and paid on the number of shares underlying an Option or a Stock Appreciation Right may not be contingent, directly or indirectly, on the exercise of the Option or Stock Appreciation Right, and must comply with or qualify for an exemption under Section 409A. Also notwithstanding the foregoing, the right to any dividends or dividend equivalents declared and paid on Restricted Stock must (a) be paid at the same time such

dividends or dividend equivalents are paid to other stockholders and (b) comply with or qualify for an exemption under Section 409A.

SECTION 7. OPTIONS

7.1 Grant of Options

The Plan Administrator may grant Options designated as Incentive Stock Options or Nonqualified Stock Options.

7.2 Option Exercise Price

Options shall be granted with an exercise price per share not less than 100% of the Fair Market Value of the Common Stock on the Grant Date (and not less than the minimum exercise price required by Section 422 of the Code with respect to Incentive Stock Options), except in the case of Substitute Awards.

7.3 Term of Options

Subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the Option, the maximum term of an Option (the "***Option Term***") shall be ten years from the Grant Date. For Incentive Stock Options, the Option Term shall be as specified in Section 8.4.

7.4 Exercise of Options

The Plan Administrator shall establish and set forth in each instrument that evidences an Option the time at which, or the installments in which, the Option shall vest and become exercisable, any of which provisions may be waived or modified by the Plan Administrator at any time. If not so established in the instrument evidencing the Option, the Option shall vest and become exercisable according to the following schedule, which may be waived or modified by the Plan Administrator at any time:

Period of Participant's Continuous Employment or Service With the Company or Its Related Companies From the Vesting Commencement Date	**Portion of Total Option That Is Vested and Exercisable**
After 1 year	1/4th
After each additional one-month period of continuous service completed thereafter	An additional 1/48th
After 4 years	100%

To the extent an Option has vested and become exercisable, the Option may be exercised in whole or from time to time in part by delivery to or as directed or approved by the Company of a

properly executed stock option exercise agreement or notice, in a form and in accordance with procedures established by the Plan Administrator, setting forth the number of shares with respect to which the Option is being exercised, the restrictions imposed on the shares purchased under such exercise agreement or notice, if any, and such representations and agreements as may be required by the Plan Administrator, accompanied by payment in full as described in Section 7.5. An Option may be exercised only for whole shares and may not be exercised for less than a reasonable number of shares at any one time, as determined by the Plan Administrator.

7.5 Payment of Exercise Price

The exercise price for shares purchased under an Option shall be paid in full to the Company by delivery of consideration equal to the product of the Option exercise price and the number of shares purchased. Such consideration must be paid before the Company will issue the shares being purchased and must be in a form or a combination of forms acceptable to the Plan Administrator for that purchase, which forms may include:

(a) cash;

(b) check or wire transfer;

(c) having the Company withhold shares of Common Stock that would otherwise be issued on exercise of a Nonqualified Stock Option that have an aggregate Fair Market Value equal to the aggregate exercise price of the shares being purchased under the Option;

(d) tendering (either actually or, if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, by attestation) shares of Common Stock owned by the Participant that have an aggregate Fair Market Value equal to the aggregate exercise price of the shares being purchased under the Option;

(e) if and so long as the Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act, and to the extent permitted by law, delivery of a properly executed exercise agreement or notice, together with irrevocable instructions to a brokerage firm designated or approved by the Company to deliver promptly to the Company the aggregate amount of proceeds to pay the Option exercise price and any tax withholding obligations that may arise in connection with the exercise, all in accordance with the regulations of the Federal Reserve Board; or

(f) such other consideration as the Plan Administrator may permit.

In addition, to assist a Participant (including directors and executive officers) in acquiring shares of Common Stock pursuant to an Option granted under the Plan, the Plan Administrator, in its sole discretion and to the extent permitted by applicable law, may authorize, either at the Grant Date or at any time before the acquisition of Common Stock pursuant to the Option, (i) the payment by a Participant of the purchase price of the Common Stock by a promissory note or (ii) the guarantee by the Company of a loan obtained by the Participant from a third party. Such notes or loans must be full recourse to the extent necessary to avoid adverse accounting charges to the Company’s earnings for financial reporting purposes. Subject to the foregoing, the Plan Administrator shall in its sole discretion specify the terms of any loans or loan guarantees, including the interest rate and terms of and security for repayment.

7.6 Effect of Termination of Service

The Plan Administrator shall establish and set forth in each instrument that evidences an Option whether the Option shall continue to be exercisable, and the terms and conditions of such exercise, after a Termination of Service, any of which provisions may be waived or modified by the Plan Administrator at any time. If not otherwise established in the instrument evidencing the Option, the Option shall be exercisable according to the following terms and conditions, which may be waived or modified by the Plan Administrator at any time:

(a) Any portion of an Option that is not vested and exercisable on the date of a Participant's Termination of Service shall expire on such date.

(b) Any portion of an Option that is vested and exercisable on the date of a Participant's Termination of Service shall expire on the earliest to occur of:

(i) if the Participant's Termination of Service occurs for reasons other than Cause, Retirement, Disability or death, the date that is three months after such Termination of Service;

(ii) if the Participant's Termination of Service occurs by reason of Retirement, Disability or death, the one-year anniversary of such Termination of Service; and

(iii) the Option Expiration Date.

Notwithstanding the foregoing, if a Participant dies after the Participant's Termination of Service but while an Option is otherwise exercisable, the portion of the Option that is vested and exercisable on the date of such Termination of Service shall expire upon the earlier to occur of (y) the Option Expiration Date and (z) the one-year anniversary of the date of death, unless the Plan Administrator determines otherwise.

Notwithstanding the foregoing, to the extent required by applicable law, unless employment or services are terminated for Cause, the right to exercise an Option in the event of Termination of Service, to the extent that the Participant is otherwise entitled to exercise an Option on the date of Termination of Service, shall be

a. at least six months from the date of a Participant's Termination of Service if termination was caused by death or Disability; and

b. at least 30 days from the date of a Participant's Termination of Service if termination was caused by other than death or Disability;

c. but in no event later than the Option Expiration Date.

Also notwithstanding the foregoing, in case a Participant's Termination of Service occurs for Cause, all Options granted to the Participant shall automatically expire upon first notification to the Participant of such termination, unless the Plan Administrator determines otherwise. If a Participant's employment or service relationship with the Company is suspended pending an investigation of whether the Participant shall be terminated for Cause, all the Participant's rights under any Option shall likewise be suspended during the period of investigation. If any facts that

would constitute termination for Cause are discovered after a Participant's Termination of Service, any Option then held by the Participant may be immediately terminated by the Plan Administrator, in its sole discretion.

SECTION 8. INCENTIVE STOCK OPTION LIMITATIONS

Notwithstanding any other provisions of the Plan to the contrary, the terms and conditions of any Incentive Stock Options shall in addition comply in all respects with Section 422 of the Code or any successor provision, and any applicable regulations thereunder, including, to the extent required thereunder, the following:

8.1 Dollar Limitation

To the extent the aggregate Fair Market Value (determined as of the Grant Date) of Common Stock with respect to which a Participant's Incentive Stock Options become exercisable for the first time during any calendar year (under the Plan and all other stock option plans of the Company and its parent and subsidiary corporations) exceeds $100,000, such portion in excess of $100,000 shall be treated as a Nonqualified Stock Option. In the event the Participant holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

8.2 Eligible Employees

Individuals who are not employees of the Company or one of its parent or subsidiary corporations may not be granted Incentive Stock Options.

8.3 Exercise Price

Incentive Stock Options shall be granted with an exercise price per share not less than 100% of the Fair Market Value of the Common Stock on the Grant Date and, in the case of an Incentive Stock Option granted to a Participant who owns more than 10% of the total combined voting power of all classes of the stock of the Company or of its parent or subsidiary corporations (a "***Ten Percent Stockholder***"), shall be granted with an exercise price per share not less than 110% of the Fair Market Value of the Common Stock on the Grant Date. The determination of more than 10% ownership shall be made in accordance with Section 422 of the Code.

8.4 Option Term

Subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the Option, the maximum term of an Incentive Stock Option shall not exceed ten years, and in the case of an Incentive Stock Option granted to a Ten Percent Stockholder, shall not exceed five years.

8.5 Exercisability

An Option designated as an Incentive Stock Option shall cease to qualify for favorable tax treatment as an Incentive Stock Option to the extent it is exercised (if permitted by the terms of the Option) (a) more than three months after the date of a Participant's termination of

employment if termination was for reasons other than death or disability, (b) more than one year after the date of a Participant's termination of employment if termination was by reason of disability, or (c) more than six months following the first day of a Participant's leave of absence that exceeds three months, unless the Participant's reemployment rights are guaranteed by statute or contract.

8.6 Taxation of Incentive Stock Options

In order to obtain certain tax benefits afforded to Incentive Stock Options under Section 422 of the Code, the Participant must hold the shares acquired upon the exercise of an Incentive Stock Option for two years after the Grant Date and one year after the date of exercise. A Participant may be subject to the alternative minimum tax at the time of exercise of an Incentive Stock Option. The Participant shall give the Company prompt notice of any disposition of shares acquired on the exercise of an Incentive Stock Option prior to the expiration of such holding periods.

8.7 Code Definitions

For the purposes of this Section 8, "disability," "parent corporation" and "subsidiary corporation" shall have the meanings attributed to those terms for purposes of Section 422 of the Code.

8.8 Promissory Notes

The amount of any promissory note delivered pursuant to Section 7.5 in connection with an Incentive Stock Option shall bear interest at a rate specified by the Plan Administrator, but in no case less than the rate required to avoid imputation of interest (taking into account any exceptions to the imputed interest rules) for federal income tax purposes.

SECTION 9. STOCK APPRECIATION RIGHTS

9.1 Grant of Stock Appreciation Rights

The Plan Administrator may grant Stock Appreciation Rights to Participants at any time on such terms and conditions as the Plan Administrator shall determine in its sole discretion. An SAR may be granted in tandem with an Option (a "***tandem SAR***") or alone (a "***freestanding SAR***"). The grant price of a tandem SAR shall be equal to the exercise price of the related Option. The grant price of a freestanding SAR shall be established in accordance with procedures for Options set forth in Section 7.2. An SAR may be exercised upon such terms and conditions and for such term as the Plan Administrator determines in its sole discretion; provided, however, that, subject to earlier termination in accordance with the terms of the Plan and the instrument evidencing the SAR, the maximum term of a freestanding SAR shall be ten years, and in the case of a tandem SAR, (a) the term shall not exceed the term of the related Option and (b) the tandem SAR may be exercised for all or part of the shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, except that the tandem SAR may be exercised only with respect to the shares for which its related Option is then exercisable.

9.2 Payment of SAR Amount

Upon the exercise of an SAR, a Participant shall be entitled to receive payment in an amount determined by multiplying: (a) the difference between the Fair Market Value of the Common Stock on the date of exercise over the grant price of the SAR by (b) the number of shares with respect to which the SAR is exercised. At the discretion of the Plan Administrator as set forth in the instrument evidencing the Award, the payment upon exercise of an SAR may be in cash, in shares, in some combination thereof or in any other manner approved by the Plan Administrator in its sole discretion.

9.3 Waiver of Restrictions

The Plan Administrator, in its sole discretion, may waive any other terms, conditions or restrictions on any SAR under such circumstances and subject to such terms and conditions as the Plan Administrator shall deem appropriate.

SECTION 10. STOCK AWARDS, RESTRICTED STOCK AND STOCK UNITS

10.1 Grant of Stock Awards, Restricted Stock and Stock Units

The Plan Administrator may grant Stock Awards, Restricted Stock and Stock Units on such terms and conditions and subject to such repurchase or forfeiture restrictions, if any, which may be based on continuous service with the Company or a Related Company or the achievement of any performance goals, as the Plan Administrator shall determine in its sole discretion, which terms, conditions and restrictions shall be set forth in the instrument evidencing the Award.

10.2 Vesting of Restricted Stock and Stock Units

Upon the satisfaction of any terms, conditions and restrictions prescribed with respect to Restricted Stock or Stock Units, or upon a Participant's release from any terms, conditions and restrictions on Restricted Stock or Stock Units, as determined by the Plan Administrator (a) the shares covered by each Award of Restricted Stock shall become freely transferable by the Participant subject to the terms and conditions of the Plan, the instrument evidencing the Award, and applicable securities laws, and (b) Stock Units shall be paid in shares of Common Stock or, if set forth in the instrument evidencing the Awards, in cash or a combination of cash and shares of Common Stock. Any fractional shares subject to such Awards shall be paid to the Participant in cash.

10.3 Waiver of Restrictions

The Plan Administrator, in its sole discretion, may waive the repurchase or forfeiture period and any other terms, conditions or restrictions on any Restricted Stock or Stock Unit under such circumstances and subject to such terms and conditions as the Plan Administrator shall deem appropriate.

SECTION 11. OTHER STOCK OR CASH-BASED AWARDS

Subject to the terms of the Plan and such other terms and conditions as the Plan Administrator deems appropriate, the Plan Administrator may grant other incentives payable in cash or in shares of Common Stock under the Plan.

SECTION 12. WITHHOLDING

(a) The Company may require the Participant to pay to the Company or a Related Company, as applicable, the amount of (i) any taxes that the Company or a Related Company is required by applicable federal, state, local or foreign law to withhold with respect to the grant, vesting or exercise of an Award ("***tax withholding obligations***") and (ii) any amounts due from the Participant to the Company or to any Related Company ("***other obligations***"). Notwithstanding any other provision of the Plan to the contrary, the Company shall not be required to issue any shares of Common Stock or otherwise settle an Award under the Plan until such tax withholding obligations and other obligations are satisfied.

(b) The Plan Administrator, in its sole discretion, may permit or require a Participant to satisfy all or part of the Participant's tax withholding obligations and other obligations by (i) paying cash to the Company or a Related Company, as applicable, (ii) having the Company or a Related Company, as applicable, withhold an amount from any cash amounts otherwise due or to become due from the Company to the Participant, (iii) having the Company withhold a number of shares of Common Stock that would otherwise be issued to the Participant (or become vested, in the case of Restricted Stock) having a Fair Market Value equal to the tax withholding obligations and other obligations, or (iv) surrendering a number of shares of Common Stock the Participant already owns having a value equal to the tax withholding obligations and other obligations. The value of the shares so withheld or tendered may not exceed the employer's applicable minimum required tax withholding rate or such other applicable rate as is necessary to avoid adverse treatment for financial accounting purposes, as determined by the Plan Administrator in its sole discretion.

SECTION 13. ASSIGNABILITY

No Award or interest in an Award may be sold, assigned, pledged (as collateral for a loan or as security for the performance of an obligation or for any other purpose) or transferred by a Participant or made subject to attachment or similar proceedings otherwise than by will or by the applicable laws of descent and distribution, except to the extent the Participant designates one or more beneficiaries on a Company-approved form who may exercise the Award or receive payment under the Award after the Participant's death. During a Participant's lifetime, an Award may be exercised only by the Participant. Notwithstanding the foregoing and to the extent permitted by Section 422 of the Code, the Plan Administrator, in its sole discretion, may permit a Participant to assign or transfer an Award, subject to such terms and conditions as the Plan Administrator shall specify.

SECTION 14. ADJUSTMENTS

14.1 Adjustment of Shares

In the event that, at any time or from time to time, a stock dividend, stock split, spin-off, combination or exchange of shares, recapitalization, merger, consolidation, distribution to stockholders other than a normal cash dividend, or other change in the Company's corporate or capital structure results in (a) the outstanding shares of Common Stock, or any securities exchanged therefor or received in their place, being exchanged for a different number or kind of securities of the Company or any other company or (b) new, different or additional securities of the Company or any other company being received by the holders of shares of Common Stock, then the Plan Administrator shall make proportional adjustments in (i) the maximum number and kind of securities available for issuance under the Plan; (ii) the maximum number and kind of securities issuable as Incentive Stock Options as set forth in Section 4.2(d); and (iii) the number and kind of securities that are subject to any outstanding Award and the per share price of such securities, without any change in the aggregate price to be paid therefor. The determination by the Plan Administrator as to the terms of any of the foregoing adjustments shall be conclusive and binding.

Notwithstanding the foregoing, the issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, for cash or property, or for labor or services rendered, either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, or upon conversion of shares or obligations of the Company convertible into such shares or other securities, shall not affect, and no adjustment by reason thereof shall be made with respect to, outstanding Awards. Also notwithstanding the foregoing, a dissolution or liquidation of the Company or a Change of Control shall not be governed by this Section 14.1 but shall be governed by Sections 14.2 and 14.3, respectively.

14.2 Dissolution or Liquidation

To the extent not previously exercised or settled, and unless otherwise determined by the Plan Administrator in its sole discretion, Awards shall terminate immediately prior to the dissolution or liquidation of the Company. To the extent a vesting condition, forfeiture provision or repurchase right applicable to an Award has not been waived by the Plan Administrator, the Award shall be forfeited immediately prior to the consummation of the dissolution or liquidation.

14.3 Change of Control

(a) Notwithstanding any other provision of the Plan to the contrary, in anticipation of or the event of a Change of Control, the Board may, in its sole and absolute discretion and without the need for the consent of any Participant, take one or more of the following actions contingent upon the occurrence of that Change of Control: (i) cause any or all outstanding Options held by Participants affected by the Change of Control to become vested and immediately exercisable, in whole or in part; (ii) cause any or all outstanding unvested Options held by Participants affected by the Change of Control to be cancelled without consideration therefor; (iii) cause any or all Restricted Stock or Stock Units held by Participants affected by the Change of Control to become non-forfeitable, in whole or in part; (iv) cancel any Option in exchange for a substitute

option in a manner consistent with the requirements of Treasury Regulation Section1.424-1(a) (notwithstanding the fact that the original Option may never have been intended to satisfy the requirements for treatment as an Incentive Stock Option); (v) cancel any Restricted Stock or Stock Units held by a Participant affected by the Change of Control in exchange for restricted stock of or restricted stock units in respect of the capital stock of any Successor Company; (vi) redeem any Restricted Stock held by a Participant affected by the Change of Control for cash and/or other substitute consideration with a value equal to the Fair Market Value of an unrestricted share of Common Stock, subject to the adjustments as provided in Section 14.1 hereof ("***Shares***"), on the date of the Change of Control; (vii) cancel any Option held by a Participant affected by the Change of Control in exchange for cash and/or other substitute consideration with a value equal to (A) the number of Shares subject to that Option, multiplied by (B) the difference, if any, between the Fair Market Value per Share on the date of the Change of Control and the exercise price of that Option; ***provided***, that if the Fair Market Value per Share on the date of the Change of Control does not exceed the exercise price of any such Option, the Board may cancel that Option without any payment of consideration therefor; or (viii) cancel any Restricted Stock or Stock Unit held by a Participant affected by the Change of Control in exchange for cash and/or other substitute consideration with a value equal to the Fair Market Value per Share on the date of the Change of Control.

(b) Notwithstanding anything contained in the Plan or in an Award agreement to the contrary, in the event of a Change of Control, each Participant shall, except to the extent otherwise determined by the Board, be subject to substantially the same escrow, indemnification and similar obligations, contingencies and encumbrances contained in the definitive agreement relating to the Change of Control as other stockholders of the Company may be subject (including, without limitation, the requirement to contribute a proportionate number of Shares issued as a result of the exercise or vesting of an Award, or any cash or property that may be received upon exercise or exchange of an Award, to an escrow fund, or otherwise have a proportionate amount of such Shares, cash or other property encumbered by the indemnification, escrow and similar provisions of such definitive agreement). By accepting an Award, a Participant agrees to execute such documents and instruments as the Board may reasonably require for the Participant to be bound by such obligations. In the event that a Participant fails or refuses to execute such documents and instruments, such Participant's Award (to the extent outstanding as of the date of the Change of Control) shall, unless otherwise determined by the Board, be canceled and be of no further force and effect upon the consummation of a Change of Control.

(c) For the avoidance of doubt, nothing in this Section 14.3 requires all Awards to be treated similarly.

14.4 Further Adjustment of Awards

Subject to Sections 14.2 and 14.3, the Plan Administrator shall have the discretion, exercisable at any time before a sale, merger, consolidation, reorganization, liquidation, dissolution or change of control of the Company, as defined by the Plan Administrator, to take such further action as it determines to be necessary or advisable with respect to Awards. Such authorized action may include (but shall not be limited to) establishing, amending or waiving the type, terms, conditions or duration of, or restrictions on, Awards so as to provide for earlier, later, extended or additional

time for exercise, lifting restrictions and other modifications, and the Plan Administrator may take such actions with respect to all Participants, to certain categories of Participants or only to individual Participants. The Plan Administrator may take such action before or after granting Awards to which the action relates and before or after any public announcement with respect to such sale, merger, consolidation, reorganization, liquidation, dissolution or change of control that is the reason for such action.

14.5 No Limitations

The grant of Awards shall in no way affect the Company's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

14.6 Fractional Shares

In the event of any adjustment in the number of shares covered by any Award, each such Award shall cover only the number of full shares resulting from such adjustment, and any fractional shares resulting from such adjustment shall be disregarded.

14.7 Section 409A

Subject to Section 18.5, but notwithstanding any other provision of the Plan to the contrary, (a) any adjustments made pursuant to this Section 14 to Awards that are considered "deferred compensation" within the meaning of Section 409A shall be made in compliance with the requirements of Section 409A and (b) any adjustments made pursuant to this Section 14 to Awards that are not considered "deferred compensation" subject to Section 409A shall be made in such a manner as to ensure that after such adjustment the Awards either (i) continue not to be subject to Section 409A or (ii) comply with the requirements of Section 409A.

SECTION 15. FIRST REFUSAL RIGHTS; VOTING RESTRICTIONS

15.1 First Refusal Rights

Until the date on which the initial registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act first becomes effective, the Company shall have the right of first refusal with respect to any proposed sale or other disposition by a Participant of any shares of Common Stock issued pursuant to an Award. Such right of first refusal shall be exercisable in accordance with the terms and conditions established by the Plan Administrator and set forth in the agreement evidencing the Participant's receipt of the shares or, if applicable, in a shareholders agreement or other similar agreement.

15.2 Other Rights, Transfer and Voting Restrictions

Until the date on which the initial registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act first becomes effective, the Plan Administrator may require a Participant, as a condition to receiving shares under the Plan, to become a party to a stock purchase agreement and/or a shareholders agreement or other similar agreement, in the form designated by the Plan Administrator, pursuant to which the Participant grants to the Company and/or its other

stockholders certain rights, including but not limited to co-sale rights and transfer restrictions and agrees to certain voting restrictions with respect to the shares acquired by the Participant under the Plan. Unless otherwise provided by the Plan Administrator or in the instrument evidencing the Award or in a written employment, services or other agreement, the Shares acquired by Participant under the Plan may not be sold, transferred, assigned, pledged, encumbered or otherwise disposed of without the prior consent of the Plan Administrator.

15.3 General

The Company's rights under this Section 15 are assignable by the Company at any time.

SECTION 16. MARKET STANDOFF

In the event of an underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the Securities Act, including the Company's initial public offering, no person may sell, make any short sale of, loan, hypothecate, pledge, grant any option for the purchase of, or otherwise dispose of or transfer for value or otherwise agree to engage in any of the foregoing transactions with respect to any shares issued pursuant to an Award granted under the Plan without the prior written consent of the Company or its underwriters. Such limitations shall be in effect for such period of time as may be requested by the Company or such underwriters; provided, however, that in no event shall such period exceed (a) 180 days after the effective date of the registration statement for such public offering or (b) such longer period requested by the underwriters as is necessary to comply with regulatory restrictions on the publication of research reports (including, but not limited to, NYSE Rule 472 or NASD Conduct Rule 2711, or any amendments or successor rules). The limitations of this Section 16 shall in all events terminate two years after the effective date of the Company's initial public offering.

In the event of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares or other change affecting the Company's outstanding Common Stock effected as a class without the Company's receipt of consideration, any new, substituted or additional securities distributed with respect to the shares issued under the Plan shall be immediately subject to the provisions of this Section 16, to the same extent the shares issued under the Plan are at such time covered by such provisions.

In order to enforce the limitations of this Section 16, the Company may impose stop-transfer instructions with respect to the shares until the end of the applicable standoff period.

SECTION 17. AMENDMENT AND TERMINATION

17.1 Amendment, Suspension or Termination

The Board may amend, suspend or terminate the Plan or any portion of the Plan at any time and in such respects as it shall deem advisable; provided, however, that, to the extent required by applicable law, regulation or stock exchange rule, stockholder approval shall be required for any amendment to the Plan. Subject to Section 17.3, the Board may amend the terms of any outstanding Award, prospectively or retroactively.

17.2 Term of the Plan

The Plan shall have no fixed expiration date. After the Plan is terminated, no future Awards may be granted, but Awards previously granted shall remain outstanding in accordance with their applicable terms and conditions and the Plan's terms and conditions. Notwithstanding the foregoing, no Incentive Stock Options may be granted more than ten years after the later of (a) the adoption of the Plan by the Board and (b) the adoption by the Board of any amendment to the Plan that constitutes the adoption of a new plan for purposes of Section 422 of the Code. Also notwithstanding the foregoing, no Award may be granted to a resident of California more than ten years after the earlier of the date of adoption of the Plan and the date the Plan is approved by the stockholders.

17.3 Consent of Participant

The amendment, suspension or termination of the Plan or a portion thereof or the amendment of an outstanding Award shall not, without the Participant's consent, materially adversely affect any rights under any Award theretofore granted to the Participant under the Plan. Any change or adjustment to an outstanding Incentive Stock Option shall not, without the consent of the Participant, be made in a manner so as to constitute a "modification" that would cause such Incentive Stock Option to fail to continue to qualify as an Incentive Stock Option. Notwithstanding the foregoing, any adjustments made pursuant to Section 14 shall not be subject to these restrictions.

Subject to Section 18.5, but notwithstanding any other provision of the Plan to the contrary, the Board shall have broad authority to amend the Plan or any outstanding Award without the consent of the Participant to the extent the Board deems necessary or advisable to comply with, or take into account, changes in applicable tax laws, securities laws, accounting rules or other applicable law, rule or regulation.

SECTION 18. GENERAL

18.1 No Individual Rights

No individual or Participant shall have any claim to be granted any Award under the Plan, and the Company has no obligation for uniformity of treatment of Participants under the Plan.

Furthermore, nothing in the Plan or any Award granted under the Plan shall be deemed to constitute an employment contract or confer or be deemed to confer on any Participant any right to continue in the employ of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate a Participant's employment or other relationship at any time, with or without cause.

18.2 Issuance of Shares

Notwithstanding any other provision of the Plan to the contrary, the Company shall have no obligation to issue or deliver any shares of Common Stock under the Plan or make any other distribution of benefits under the Plan unless, in the opinion of the Company's counsel, such issuance, delivery or distribution would comply with all applicable laws (including, without

limitation, the requirements of the Securities Act or the laws of any state or foreign jurisdiction) and the applicable requirements of any securities exchange or similar entity.

The Company shall be under no obligation to any Participant to register for offering or resale or to qualify for exemption under the Securities Act, or to register or qualify under the laws of any state or foreign jurisdiction, any shares of Common Stock, security or interest in a security paid or issued under, or created by, the Plan, or to continue in effect any such registrations or qualifications if made.

As a condition to the exercise of an Option or any other receipt of Common Stock pursuant to an Award under the Plan, the Company may require (a) the Participant to represent and warrant at the time of any such exercise or receipt that such shares are being purchased or received only for the Participant's own account and without any present intention to sell or distribute such shares and (b) such other action or agreement by the Participant as may from time to time be necessary to comply with the federal, state and foreign securities laws. At the option of the Company, a stop-transfer order against any such shares may be placed on the official stock books and records of the Company, and a legend indicating that such shares may not be pledged, sold or otherwise transferred, unless an opinion of counsel is provided (concurred in by counsel for the Company) stating that such transfer is not in violation of any applicable law or regulation, may be stamped on stock certificates to ensure exemption from registration. The Plan Administrator may also require the Participant to execute and deliver to the Company a purchase agreement or such other agreement as may be in use by the Company at such time that describes certain terms and conditions applicable to the shares.

To the extent the Plan or any instrument evidencing an Award provides for issuance of stock certificates to reflect the issuance of shares of Common Stock, the issuance may be effected on a noncertificated basis, to the extent not prohibited by applicable law or the applicable rules of any stock exchange.

18.3 Indemnification

Each person who is or shall have been a member of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit or proceeding to which such person may be a party or in which such person may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid by such person in settlement thereof, with the Company's approval, or paid by such person in satisfaction of any judgment in any such claim, action, suit or proceeding against such person, unless such loss, cost, liability or expense is a result of such person's own willful misconduct or except as expressly provided by statute; provided, however, that such person shall give the Company an opportunity, at its own expense, to handle and defend the same before such person undertakes to handle and defend it on such person's own behalf.

The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such person may be entitled under the Company's certificate of

incorporation or bylaws, as a matter of law, or otherwise, or of any power that the Company may have to indemnify or hold harmless.

18.4 No Rights as a Stockholder

Unless otherwise provided by the Plan Administrator or in the instrument evidencing the Award or in a written employment, services or other agreement, no Award, other than a Stock Award or an Award of Restricted Stock, shall entitle the Participant to any cash dividend, voting or other right of a stockholder unless and until the date of issuance under the Plan of the shares that are the subject of such Award.

18.5 Compliance with Laws and Regulations

In interpreting and applying the provisions of the Plan, any Option granted as an Incentive Stock Option pursuant to the Plan shall, to the extent permitted by law, be construed as an "incentive stock option" within the meaning of Section 422 of the Code.

The Plan and Awards granted under the Plan are intended to be exempt from the requirements of Section 409A to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the exclusion applicable to stock options, stock appreciation rights and certain other equity-based compensation under Treasury Regulation Section 1.409A-1(b)(5), or otherwise. To the extent Section 409A is applicable to the Plan or any Award granted under the Plan, it is intended that the Plan and any Awards granted under the Plan shall comply with the deferral, payout, plan termination and other limitations and restrictions imposed under Section 409A. Notwithstanding any other provision of the Plan or any Award granted under the Plan to the contrary, the Plan and any Award granted under the Plan shall be interpreted, operated and administered in a manner consistent with such intentions; provided, however, that the Plan Administrator makes no representations that Awards granted under the Plan shall be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to Awards granted under the Plan. Without limiting the generality of the foregoing, and notwithstanding any other provision of the Plan or any Award granted under the Plan to the contrary, with respect to any payments and benefits under the Plan or any Award granted under the Plan to which Section 409A applies, all references in the Plan or any Award granted under the Plan to the termination of the Participant's employment or service are intended to mean the Participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i) to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A. In addition, if the Participant is a "specified employee," within the meaning of Section 409A, then to the extent necessary to avoid subjecting the Participant to the imposition of any additional tax under Section 409A, amounts that would otherwise be payable under the Plan or any Award granted under the Plan during the six-month period immediately following the Participant's "separation from service," within the meaning of Section 409A(a)(2)(A)(i), shall not be paid to the Participant during such period, but shall instead be accumulated and paid to the Participant (or, in the event of the Participant's death, the Participant's estate) in a lump sum on the first business day after the earlier of the date that is six months following the Participant's separation from service or the Participant's death. Notwithstanding any other provision of the Plan to the contrary, the Plan Administrator, to the extent it deems necessary or advisable in its sole

discretion, reserves the right, but shall not be required, to unilaterally amend or modify the Plan and any Award granted under the Plan so that the Award qualifies for exemption from or complies with Section 409A.

18.6 Participants in Other Countries or Jurisdictions

Without amending the Plan, the Plan Administrator may grant Awards to Eligible Persons who are foreign nationals on such terms and conditions different from those specified in the Plan, as may, in the judgment of the Plan Administrator, be necessary or desirable to foster and promote achievement of the purposes of the Plan and shall have the authority to adopt such modifications, procedures, subplans and the like as may be necessary or desirable to comply with provisions of the laws or regulations of other countries or jurisdictions in which the Company or any Related Company may operate or have employees to ensure the viability of the benefits from Awards granted to Participants employed in such countries or jurisdictions, meet the requirements that permit the Plan to operate in a qualified or tax efficient manner, comply with applicable foreign laws or regulations and meet the objectives of the Plan.

18.7 No Trust or Fund

The Plan is intended to constitute an “unfunded” plan. Nothing contained herein shall require the Company to segregate any monies or other property, or shares of Common Stock, or to create any trusts, or to make any special deposits for any immediate or deferred amounts payable to any Participant, and no Participant shall have any rights that are greater than those of a general unsecured creditor of the Company.

18.8 Successors

All obligations of the Company under the Plan with respect to Awards shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all the business and/or assets of the Company.

18.9 Severability

If any provision of the Plan or any Award is determined to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or would disqualify the Plan or any Award under any law deemed applicable by the Plan Administrator, such provision shall be construed or deemed amended to conform to applicable laws, or, if it cannot be so construed or deemed amended without, in the Plan Administrator’s determination, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

18.10 Choice of Law and Venue

The Plan, all Awards granted thereunder and all determinations made and actions taken pursuant hereto, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of California without giving effect to principles of conflicts of law.

Participants irrevocably consent to the nonexclusive jurisdiction and venue of the state and federal courts located in the State of California.

18.11 Financial Reports

To the extent required by applicable law, the Company shall provide annual financial statements of the Company to each Participant. Such financial statements need not be audited and need not be issued to key persons whose duties within the Company assure them access to equivalent information.

18.12 Legal Requirements

The granting of Awards and the issuance of shares of Common Stock under the Plan is subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

SECTION 19. EFFECTIVE DATE

The effective date (the "***Effective Date***") is the date on which the Plan is adopted by the Board. If the stockholders of the Company do not approve the Plan within 12 months after the Board's adoption of the Plan, any Incentive Stock Options granted under the Plan will be treated as Nonqualified Stock Options. To the extent required under applicable law, any Award exercised before the stockholders of the Company approve the Plan shall be rescinded if the stockholders of the Company do not approve the Plan by the later of (a) within 12 months before or after the date on which the Board adopts the Plan and (b) prior to or within 12 months of the date on which any Award under the Plan is granted in California.

PLAN ADOPTION AND AMENDMENTS/ADJUSTMENTS
SUMMARY PAGE

Date of Board Action	Action	Section/Effect of Amendment	Date of Stockholder Approval
June 11, 2014	Initial Plan Adoption		June 11, 2014
March 1, 2017	Amendment and Restatement	Section 4.1 and 14.3	March 1, 2017

APPENDIX A

DEFINITIONS

As used in the Plan:

"***Acquired Entity***" means any entity acquired by the Company or a Related Company or with which the Company or a Related Company merges or combines.

"***Acquisition Price***" means the value of the per share consideration (consisting of securities, cash or other property, or any combination thereof), receivable or deemed receivable upon a Change of Control in respect of a share of Common Stock, as determined by the Plan Administrator in its sole discretion.

"***Award***" means any Option, Stock Appreciation Right, Stock Award, Restricted Stock, Stock Unit or cash-based award or other incentive payable in cash or in shares of Common Stock, as may be designated by the Plan Administrator from time to time.

"***Board***" means the Board of Directors of the Company.

"***Cause,***" unless otherwise defined in the instrument evidencing an Award or in a written employment, services or other agreement between the Participant and the Company or a Related Company, means dishonesty, fraud, serious or willful misconduct, unauthorized use or disclosure of confidential information or trade secrets, or conduct prohibited by law (except minor violations), in each case as determined by the Company's chief human resources officer or other person performing that function or, in the case of directors and executive officers, the Board, whose determination shall be conclusive and binding.

"***Change of Control***," unless the Plan Administrator determines otherwise with respect to an Award at the time the Award is granted or unless otherwise defined for purposes of an Award in a written employment, services or other agreement between the Participant and the Company or a Related Company, means consummation of:

(a) a merger or consolidation of the Company with or into any other company or other entity;

(b) a sale, in one transaction or a series of transactions undertaken with a common purpose, of all of the Company's outstanding voting securities; or

(c) a sale, lease, exchange or other transfer, in one transaction or a series of related transactions, undertaken with a common purpose of all or substantially all of the Company's assets.

Notwithstanding the foregoing, a Change of Control shall not include (i) a merger or consolidation of the Company in which the holders of the outstanding voting securities of the Company immediately prior to the merger or consolidation hold at least a majority of the outstanding voting securities of the Successor Company immediately after the merger or consolidation; (ii) a sale, lease, exchange or other transfer of all or substantially all of the Company's assets to a majority-owned subsidiary company; (iii) a transaction undertaken for the

principal purpose of restructuring the capital of the Company, including, but not limited to, reincorporating the Company in a different jurisdiction, converting the Company to a limited liability company or creating a holding company; or (iv) any transaction that the Board determines is not a Change of Control for purposes of the Plan.

Where a series of transactions undertaken with a common purpose is deemed to be a Change of Control, the date of such Change of Control shall be the date on which the last of such transactions is consummated.

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

"***Common Stock***" means the common stock, par value $0.0001 per share, of the Company.

"***Company***" means Mohawk Group, Inc., a Delaware corporation.

"***Disability,***" unless otherwise defined by the Plan Administrator for purposes of the Plan or in the instrument evidencing an Award or in a written employment, services or other agreement between the Participant and the Company or a Related Company, means a mental or physical impairment of the Participant that is expected to result in death or that has lasted or is expected to last for a continuous period of 12 months or more and that causes the Participant to be unable to perform his or her material duties for the Company or a Related Company and to be engaged in any substantial gainful activity, in each case as determined by the Company's chief human resources officer or other person performing that function or, in the case of directors and executive officers, the Board, each of whose determination shall be conclusive and binding.

"***Effective Date***" has the meaning set forth in Section 19.

"***Eligible Person***" means any person eligible to receive an Award as set forth in Section 5.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended from time to time.

"***Fair Market Value***" means the per share fair market value of the Common Stock as established in good faith by the Plan Administrator or, if the Common Stock is publicly traded, the closing price for the Common Stock on any given date during regular trading, or if not trading on that date, such price on the last preceding date on which the Common Stock was traded, unless determined otherwise by the Plan Administrator using such methods or procedures as it may establish.

"***Grant Date***" means the later of (a) the date on which the Plan Administrator completes the corporate action authorizing the grant of an Award or such later date specified by the Plan Administrator and (b) the date on which all conditions precedent to an Award have been satisfied, provided that conditions to the exercisability or vesting of Awards shall not defer the Grant Date.

"***Incentive Stock Option***" means an Option granted with the intention that it qualify as an "incentive stock option" as that term is defined for purposes of Section 422 of the Code or any successor provision.

"***Nonqualified Stock Option***" means an Option other than an Incentive Stock Option.

"***Option***" means a right to purchase Common Stock granted under Section 7.

"***Option Expiration Date***" means the last day of the maximum term of an Option.

"***Option Term***" means the maximum term of an Option as set forth in Section 7.3.

"***Participant***" means any Eligible Person to whom an Award is granted.

"***Plan***" means the Mohawk Group, Inc. Amended and Restated 2014 Equity Incentive Plan.

"***Plan Administrator***" has the meaning set forth in Section 3.1.

"***Related Company***" means any entity that, directly or indirectly, is in control of, is controlled by or is under common control with the Company.

"***Restricted Stock***" means an Award of shares of Common Stock granted under Section 10, the rights of ownership of which are subject to restrictions prescribed by the Plan Administrator.

"***Retirement,***" unless otherwise defined in the instrument evidencing the Award or in a written employment, services or other agreement between the Participant and the Company or a Related Company, means "Retirement" as defined for purposes of the Plan by the Plan Administrator or the Company's chief human resources officer or other person performing that function or, if not so defined, means Termination of Service on or after the date the Participant reaches "normal retirement age," as that term is defined in Section 411(a)(8) of the Code.

"***Section 409A***" means Section 409A of the Code.

"***Securities Act***" means the Securities Act of 1933, as amended from time to time.

"***Stock Appreciation Right***" or "SAR" means a right granted under Section 9.1 to receive the excess of the Fair Market Value of a specified number of shares of Common Stock over the grant price.

"***Stock Award***" means an Award of shares of Common Stock granted under Section 10, the rights of ownership of which are not subject to restrictions prescribed by the Plan Administrator.

"***Stock Unit***" means an Award denominated in units of Common Stock granted under Section 10.

"***Substitute Awards***" means Awards granted or shares of Common Stock issued by the Company in substitution or exchange for awards previously granted by an Acquired Entity.

"***Successor Company***" means the surviving company, the successor company, the acquiring company or its parent, as applicable, in connection with a Change of Control.

"***Termination of Service,***" unless the Plan Administer determines otherwise with respect to an Award, means a termination of employment or service relationship with the Company or a Related Company for any reason, whether voluntary or involuntary, including by reason of

death, Disability or Retirement. Any question as to whether and when there has been a Termination of Service for the purposes of an Award and the cause of such Termination of Service shall be determined by the Company's chief human resources officer or other person performing that function or, with respect to directors and executive officers, by the Board, whose determination shall be conclusive and binding. Transfer of a Participant's employment or service relationship between the Company and any Related Company shall not be considered a Termination of Service for purposes of an Award. Unless the Board determines otherwise, a Termination of Service shall be deemed to occur if the Participant's employment or service relationship is with an entity that has ceased to be a Related Company. A Participant's change in status from an employee of the Company or a Related Company to a nonemployee director, consultant, advisor or independent contractor of the Company or a Related Company, or a change in status from a nonemployee director, consultant, advisor or independent contractor of the Company or a Related Company to an employee of the Company or a Related Company, shall not be considered a Termination of Service.

"***Vesting Commencement Date***" means the Grant Date or such other date selected by the Plan Administrator as the date from which an Award begins to vest.

Exhibit 10.3

MOHAWK GROUP, INC.
2014 EQUITY INCENTIVE PLAN
STOCK OPTION GRANT NOTICE

Mohawk Group, Inc. (the "***Company***") hereby grants to you an Option (the "***Option***") to purchase shares of the Company's Common Stock under the Company's 2014 Equity Incentive Plan (the "***Plan***"). The Option is subject to all the terms and conditions set forth in this Stock Option Grant Notice (this "***Grant Notice***"), in the Stock Option Agreement and in the Plan, which are attached to and incorporated into this Grant Notice in their entirety.

Participant:

Grant Date:

Vesting Commencement Date:

Number of Shares Subject to Option:

Exercise Price (per Share):

Option Expiration Date: (subject to earlier termination in accordance with the terms of the Plan and the Stock Option Agreement)

Type of Option: ☐ Incentive Stock Option[1]* ☐ Nonqualified Stock Option

Vesting and Exercisability Schedule: 1/4th of the shares subject to the Option will vest and become exercisable on the one-year anniversary of the Vesting Commencement Date.

1/48th of the shares subject to the Option will vest and become exercisable monthly thereafter over the next three years.

Additional Terms/Acknowledgement: You acknowledge receipt of, and understand and agree to, this Grant Notice, the Stock Option Agreement and the Plan. You further acknowledge that as of the Grant Date, this Grant Notice, the Stock Option Agreement and the Plan set forth the entire understanding between you and the Company regarding the Option and supersede all prior oral and written agreements on the subject with the exception of the following agreements:_____.

MOHAWK GROUP, INC.

By:
Its:

PARTICIPANT

Signature

Date:

Address:

Taxpayer ID:

Attachments:
1. Stock Option Agreement
2. 2014 Equity Incentive Plan

1 * See Sections 3 and 4 of the Stock Option Agreement.

MOHAWK GROUP, INC.
2014 EQUITY INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to your Stock Option Grant Notice (the "***Grant Notice***") and this Stock Option Agreement (this "***Agreement***"), Mohawk Group, Inc. (the "***Company***") has granted you an Option under its 2014 Equity Incentive Plan (the "***Plan***") to purchase the number of shares of the Company's Common Stock indicated in your Grant Notice (the "***Shares***") at the exercise price indicated in your Grant Notice. Capitalized terms not defined in this Agreement but defined in the Plan have the same definitions as in the Plan.

The details of the Option are as follows:

1. **Vesting and Exercisability**. Subject to the limitations contained herein, the Option will vest and become exercisable as provided in your Grant Notice, provided that vesting will cease upon your Termination of Service and the unvested portion of the Option will terminate.

2. **Securities Law Compliance**. Notwithstanding any other provision of this Agreement, you may not exercise the Option unless the Shares issuable upon exercise are registered under the Securities Act or, if such Shares are not then so registered, the Company has determined that such exercise and issuance would be exempt from the registration requirements of the Securities Act. The exercise of the Option must also comply with other applicable laws and regulations governing the Option, and you may not exercise the Option if the Company determines that such exercise would not be in material compliance with such laws and regulations.

3. **Incentive Stock Option Qualification**. If so designated in your Grant Notice, all or a portion of the Option is intended to qualify as an Incentive Stock Option under federal income tax law, but the Company does not represent or guarantee that the Option qualifies as such.

If the Option has been designated as an Incentive Stock Option and the aggregate Fair Market Value (determined as of the grant date) of the shares of Common Stock subject to the portions of the Option and all other Incentive Stock Options you hold that first become exercisable during any calendar year exceeds $100,000, any excess portion will be treated as a Nonqualified Stock Option, unless the Internal Revenue Service changes the rules and regulations governing the $100,000 limit for Incentive Stock Options. A portion of the Option may be treated as a Nonqualified Stock Option if certain events cause exercisability of the Option to accelerate.

4. **Notice of Disqualifying Disposition**. To the extent the Option has been designated as an Incentive Stock Option, to obtain certain tax benefits afforded to Incentive Stock Options, you must hold the Shares issued upon the exercise of the Option for two years

after the Grant Date and one year after the date of exercise. By accepting the Option, you agree to promptly notify the Company if you dispose of any of the Shares within one year from the date you exercise all or part of the Option or within two years from the Grant Date.

5. **Alternative Minimum Tax**. You may be subject to the alternative minimum tax at the time of exercise of an Incentive Stock Option.

6. **Independent Tax Advice**. You should obtain tax advice when exercising the Option and prior to the disposition of the Shares.

7. **Method of Exercise**. You may exercise the Option by giving written notice to the Company, in form and substance satisfactory to the Company, which will state your election to exercise the Option and the number of Shares for which you are exercising the Option. The written notice must be accompanied by full payment of the exercise price for the number of Shares you are purchasing. You may make this payment in any combination of the following: (a) by cash; (b) by check acceptable to the Company; (c) if permitted by the Plan Administrator for Nonqualified Stock Options, by having the Company withhold shares of Common Stock that would otherwise be issued on exercise of the Option that have a Fair Market Value on the date of exercise of the Option equal to the exercise price of the Option; (d) if permitted by the Plan Administrator, by using shares of Common Stock you already own; (e) if the Common Stock is registered under the Exchange Act and to the extent permitted by law, by instructing a broker to deliver to the Company the total payment required, all in accordance with the regulations of the Federal Reserve Board; or (f) by any other method permitted by the Plan Administrator.

8. **First Refusal Rights; Voting and Other Restrictions**. So long as the Common Stock is not registered under the Exchange Act, the Plan Administrator may, in its sole discretion at the time of exercise, require you to sign a stock purchase agreement and/or a shareholders agreement or other similar agreement, in the form designated by the Plan Administrator, pursuant to which you will grant to the Company and/or its stockholders certain rights, including, but not limited to, repurchase, co-sale and/or first refusal rights, and agree to certain voting restrictions, with respect to the Shares acquired by you upon exercise of the Option. Upon request to the Company, you may review a current form of any such agreement(s) prior to exercise of the Option.

9. **Market Standoff**. You agree that any Shares received upon exercise of the Option will be subject to the market standoff restrictions on transfer set forth in the Plan.

10. **Treatment Upon Termination of Employment or Service Relationship**. The unvested portion of the Option will terminate automatically and without further notice immediately upon your Termination of Service. You may exercise the vested portion of the Option as follows:

(a) *General Rule*. You must exercise the vested portion of the Option on or before the earlier of (i) three months after your Termination of Service and (ii) the Option Expiration Date.

(b) *Retirement or Disability*. In the event of your Termination of Service due to Retirement or disability, you must exercise the vested portion of the Option on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date.

(c) *Death*. In the event of your Termination of Service due to your death, the vested portion of the Option must be exercised on or before the earlier of (i) one year after your Termination of Service and (ii) the Option Expiration Date. If you die after your Termination of Service but while the Option is still exercisable, the vested portion of the Option may be exercised until the earlier of (x) one year after the date of death and (y) the Option Expiration Date.

(d) *Cause*. The vested portion of the Option will automatically expire at the time the Company first notifies you of your Termination of Service for Cause, unless the Plan Administrator determines otherwise. If your employment or service relationship is suspended pending an investigation of whether you will be terminated for Cause, all your rights under the Option likewise will be suspended during the period of investigation. If any facts that would constitute termination for Cause are discovered after your Termination of Service, any Option you then hold may be immediately terminated by the Plan Administrator.

The Option must be exercised within three months after termination of employment for reasons other than death or disability and one year after termination of employment due to disability to qualify for the beneficial tax treatment afforded Incentive Stock Options. For purposes of the preceding, "disability" has the meaning attributed to that term for purposes of Section 422 of the Code.

It is your responsibility to be aware of the date the Option terminates.

11. **Limited Transferability**. During your lifetime only you can exercise the Option. The Option is not transferable except by will or by the applicable laws of descent and distribution. The Plan provides for exercise of the Option by a beneficiary designated on a Company-approved form or the personal representative of your estate. Notwithstanding the foregoing and to the extent permitted by the Plan and Section 422 of the Code, the Plan Administrator, in its sole discretion, may permit you to assign or transfer the Option, subject to such terms and conditions as specified by the Plan Administrator.

12. **Withholding Taxes**. As a condition to the exercise of any portion of the Option, you must make such arrangements as the Company may require for the satisfaction of any federal, state, local or foreign tax withholding obligations that may arise in connection with such exercise.

13. **Option Not an Employment or Service Contract**. Nothing in the Plan or this Agreement will be deemed to constitute an employment contract or confer or be deemed to confer any right for you to continue in the employ of, or to continue any other relationship with, the Company or any Related Company or limit in any way the right of the Company or any Related Company to terminate your employment or other relationship at any time, with or without Cause.

14. **No Right to Damages**. You will have no right to bring a claim or to receive damages if you are required to exercise the vested portion of the Option within three months (one year in the case of Retirement, Disability or death) of your Termination of Service or if any portion of the Option is cancelled or expires unexercised. The loss of existing or potential profit in the Option will not constitute an element of damages in the event of your Termination of Service for any reason even if the termination is in violation of an obligation of the Company or a Related Company to you.

15. **Binding Effect**. This Agreement will inure to the benefit of the successors and assigns of the Company and be binding upon you and your heirs, executors, administrators, successors and assigns.

16. **Section 409A Compliance**. Notwithstanding any provision in the Plan or this Agreement to the contrary, the Plan Administrator may, at any time and without your consent, modify the terms of the Option as it determines appropriate to avoid the imposition of interest or penalties under Section 409A of the Code; provided, however, that the Plan Administrator makes no representations that the Option shall be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to the Option.

[Insert these sections for non-US Residents only: 17. **Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation**. By entering into this Agreement and accepting the grant of the Option evidenced hereby, you acknowledge that: (a) the Plan is discretionary in nature and may be amended, suspended or terminated by the Company at any time; (b) the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) all determinations with respect to any such future grants, including, but not limited to, the times when options will be granted, the number of shares subject to each option, the option price, and the time or times when each option will be exercisable, will be at the sole discretion of the Company; (d) your participation in the Plan is voluntary; (e) the value of the Option is an extraordinary item of compensation which is outside the scope of your employment contract, if any; (f) the Option is not part of normal or expected compensation for purposes of calculating any benefits, severance, resignation, termination, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, and you will have no entitlement to compensation or damages as a consequence of your forfeiture of any unvested portion of the Option as a result of your Termination of Service for any reason; (g) the vesting of the Option ceases upon your Termination of Service for any reason except as may otherwise be explicitly provided in the

Plan or this Agreement or otherwise permitted by the Plan Administrator; (h) the future value of the Shares underlying the Option is unknown and cannot be predicted with certainty; (i) if the Shares underlying the Option do not increase in value, the Option will have no value; and (j) in the event that you are not a direct employee of the Company, the grant of the Option will not be interpreted to form an employment or other relationship with the Company.

18. **Employee Data Privacy**. By entering into this Agreement and accepting the Option, you (a) explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of any of your personal data that is necessary to facilitate the implementation, administration and management of the Option and the Plan; (b) understand that the Company and your employer may, for the purpose of implementing, administering and managing the Plan, hold certain personal information about you, including, but not limited to, your name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title and details of all awards or entitlement to the Common Stock granted to you under the Plan or otherwise ("***Data***"); (c) understand that Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, including any broker with whom the Shares issued upon vesting of the Option may be deposited, and that these recipients may be located in your country or elsewhere, and that the recipient's country may have different data privacy laws and protections than your country; (d) waive any data privacy rights you may have with respect to the Data; and (e) authorize the Company, its Related Companies and its agents to store and transmit such information in electronic form.**]**

MOHAWK GROUP HOLDINGS, INC. 2018 EQUITY INCENTIVE PLAN

Plan Document

Adopted by the Board of Directors: October 11, 2018

1. **General.**

(a) *Purpose*. Mohawk Group Holdings, Inc. (the "***Company***") hereby establishes this "Mohawk Group Holdings, Inc. 2018 Equity Incentive Plan" (this "***Plan***"). This Plan is intended: (i) to attract and retain the best available personnel to ensure the Company's success and accomplish the Company's goals; (ii) to incentivize Employees, Directors, and Consultants with long-term, equity-based compensation to align their interests with the interests of the Company's stockholders; and (iii) to promote the success of the Company's business.

(b) *Eligible Award Recipients*. Employees, Consultants, Directors, Investor Director Providers or individuals or Persons to whom an offer of a service relationship as an Employee, Consultant, or Director has been or is being extended (together, "***Eligible Persons***") may receive Awards of Options, Restricted and Unrestricted Shares, and RSUs, subject to the terms of this Plan.

(c) *Definitions*. Capitalized terms in this Plan are defined in Section 22.

(d) *Effective Date*. This Plan shall become effective on the date it is approved by the Board.

(e) *Effect on Other Plans, Awards, and Arrangements*. No payment pursuant to this Plan shall be taken into account in determining any benefits under any Company or any Affiliate benefit plan, except to the extent otherwise expressly provided in writing in such other plan.

2. **Shares Available for Awards.**

(a) *Share Reserve; In General*. A total of 8,104,326 Shares may be issued under this Plan, subject to Section 9 below (the "***Share Reserve***"); and ***provided*** further that the Share Reserve shall increase, on each January 1st beginning after 2018, by the lesser of: (i) such number of Shares as is equal to 15% of the number of Shares Deemed Outstanding on the immediately preceding December 31st (as determined below), minus the number of Shares in the Share Reserve as of immediately prior to such increase, and (ii) such number of Shares determined by the Board; provided, however, that such determination under clause (ii) will be made no later than the immediately preceding December 31st. The Shares deliverable pursuant to Awards shall be authorized but unissued or reacquired Shares, including Shares that the Company repurchased on the open market or otherwise, or that the Company otherwise holds in treasury or trust. For purposes of the foregoing, the number of Shares "***Deemed Outstanding***" as

of a given date shall be the sum of (A) the number of Shares then outstanding, (B) the number of Shares into which the then-outstanding shares of preferred stock of the Company could be converted if fully converted on such date, (C) the number of Shares that are issuable upon the exercise or conversion of all other rights, options, and convertible securities then outstanding, and (D) the number of shares reserved for future issuance under the Company's equity incentive plans, including for this purpose any increase in the Share Reserve to be effected in accordance with clause (i) above.

(b) *Replenishment; Counting of Shares*. Any Shares reserved for a given Award will again be available for future Awards if the Shares for any reason will never be issued to a Participant or Beneficiary (e.g., due to the Award's forfeiture, cancellation, or expiration, or pursuant to an Award providing for settlement solely in cash rather than in Shares). Furthermore, (i) Shares withheld in connection with any exercise price or Withholding Taxes relating to an Award shall not constitute shares delivered to the Participant and shall again be available for Awards under this Plan, and (ii) Shares tendered by a Participant in satisfaction of Withholding Taxes or payment of exercise price shall be available for future Awards under this Plan.

(c) *ISO Share Reserve*. The number of Shares that are available for ISO Awards shall not exceed 8,104,326 Shares (as adjusted under Section 9, and to the full extent allowable under Treasury Regulation Section 1.422-2(b)(3)(iii), as in effect on the Effective Date).

3. **Eligibility.**

(a) *General Rule*. The Committee shall determine which Eligible Persons may receive Awards. Each Award shall be evidenced by an Award Agreement that: sets forth the Grant Date and all other terms and conditions of the Award; is signed on behalf of the Company; and (unless waived by the Committee) is signed by the Eligible Person in acceptance of the Award. The grant of an Award shall not obligate the Company or any Affiliate to continue the employment or service of any Eligible Person, or to provide any future Awards or other remuneration at any time thereafter.

(b) *Consultants*. A Consultant is eligible for an Award only if, at grant, the offer and/or sale of Company securities to the Consultant is exempt under Rule 701 or satisfies another exemption under the Securities Act of 1933, as amended, and complies with all other Applicable Law.

4. **Stock Options.**

(a) *Grants*. For U.S. Taxpayers, Options only may be granted if the Eligible Person is providing services to the Company or any of its subsidiaries, such as to qualify the Company as an eligible issuer of service recipient stock within the meaning of Code Section 409A, unless the Award is an ISO. Subject to the special rules for ISOs set forth in Section 4(b) below, the Committee may grant Options to Eligible Persons pursuant to Award Agreements setting forth the type of Option (ISO or Non-ISO) and terms and conditions for exercisability, vesting and other requirements consistent with this Plan, as the Committee deems appropriate, and that may differ for any reason between Eligible Persons, ***provided*** in all instances that, for U.S. Taxpayers:

(i) the exercise price of each Option shall be at least 100% of the Fair Market Value of the underlying Shares on the Grant Date (except the exercise price may be lower than 100% of such Fair Market Value if the Award replaces a previously issued Option or the Award is designated as a "***Section 409A Award***" and has a fixed exercise date or is otherwise designed to comply with Code Section 409A); and

(ii) no Option can be exercised beyond 10 years after its Grant Date (or any such shorter period specified in the Award Agreement).

(b) *Special ISO Provisions*. ISOs may not be granted more than 10 years after Board approval of this Plan. The following provisions control any ISO grants:

(i) Eligibility. The Committee may grant ISOs only to Employees (including officers who are Employees) of the Company or an Affiliate that is a "parent corporation" or "subsidiary corporation" within the meaning of Code Section 424.

(ii) Documentation. Each Option intended to be an ISO must be specifically designated as an ISO in the Award Agreement; ***provided*** that any Option designated as an ISO will be a Non-ISO, to the extent the Option does not meet the requirements of Code Section 422 or the provisions of this Section 4(b). In the case of an ISO, the Committee shall determine on the Grant Date the acceptable methods of paying the exercise price for Shares, and it shall be included in the Award Agreement.

(iii) $100,000 Limit. To the extent that the aggregate Fair Market Value (determined at the Grant Date) of Shares with respect to which ISOs are exercisable for the first time by a Participant during any calendar year (under all plans of the Company and any Affiliates) exceeds $100,000 (or any other limit established in the Code), the excess Options or part thereof shall be treated as Non-ISOs (starting with the most recently granted Options), notwithstanding anything to the contrary in an Award Agreement. If the limitations of Code Section 422 are amended, the limitations of this subsection automatically shall be adjusted accordingly.

(iv) Grants to Ten Percent Holders. An ISO may be granted to an Employee who on the Grant Date owns (within the meaning of Code Section 422) stock representing more than 10% of the combined voting power of all classes of stock of the Company only if (A) the term of the ISO is no more than five years from the Grant Date, and (B) the exercise price is at least 110% of the Fair Market Value of the underlying Shares on the Grant Date. If the limitations in Code Section 422 are amended, the limitations of this subsection automatically shall be adjusted accordingly.

(v) Substitution of Options. If the Company or an Affiliate acquires (whether by purchase, merger or otherwise) all or substantially all of the

outstanding capital stock or assets of another corporation, or in the event of any reorganization or other transaction qualifying under Code Section 424, the Committee may, in accordance with the provisions of that Code Section, substitute ISOs for ISOs previously granted under the plan of the acquired company or its Affiliate, ***provided*** (A) the excess of the aggregate Fair Market Value of the Shares subject to an ISO immediately after the substitution over the aggregate exercise price of such Shares is not more than the similar excess immediately before the substitution, and (B) the new ISO does not give additional benefits to the Participant, including any extension of the exercise period.

(vi) Notice of Disqualifying Dispositions. By executing an ISO Award Agreement, a Participant agrees to notify the Company in writing immediately after the Participant sells, transfers, or otherwise disposes of any Shares acquired through exercise of the ISO, if such disposition occurs within either (A) two years of the Grant Date, or (B) one year after the exercise of the ISO being exercised. Each Participant further agrees to provide any information about a disposition of Shares as may be requested by the Company to assist it in complying with any Applicable Laws.

(c) *Method of Exercise*. Unless otherwise provided in an Award Agreement, each Option may be exercised in whole or in part (***provided*** that the Company shall not be required to issue fractional shares) before it expires, but only pursuant to the applicable Award Agreement, and not during any exercise blackout periods the Committee implements from time to time in its sole discretion. Exercise shall occur by delivery of both (A) written or electronic notice of exercise to the secretary of the Company, and (B) payment of the full exercise price for the Shares being purchased. The methods of payment that the Committee may in its discretion accept or commit to accept in an Award Agreement include:

(i) cash or check payable to the Company (in U.S. dollars);

(ii) other Shares that (A) are owned by the Participant, (B) have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which the Option is being exercised, (C) at the time of the surrender are free and clear of any and all claims, pledges, liens, and encumbrances, or any restrictions on the transfer of such Shares to or by the Company (other than such restrictions as may have existed prior to an issuance of such Shares by the Company to the Participant), and (D) are duly endorsed for transfer to the Company; ***provided*** that doing so would not violate the provisions of any Applicable Law or agreement restricting the redemption of the Company's stock;

(iii) a net exercise by surrendering to the Company Shares otherwise receivable on exercise of the Option (e.g., the Company will reduce the number of Shares issued on exercise of the Option by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price); ***provided*** that the Company consents at the time

of exercise, the Option is a Non-ISO, the Participant pays any remaining balance of the aggregate exercise price not satisfied by the "net exercise" in cash or other permitted form of payment, and Shares will no longer be outstanding under the Option and will not be exercisable thereafter if those Shares (A) are used to pay the exercise price pursuant to the "net exercise," (B) are delivered to the Participant as a result of such exercise, or (C) are withheld to satisfy the Participant's Withholding Taxes;

(iv) a cashless exercise program that the Committee may approve, from time to time in its discretion, pursuant to which a Participant may elect to concurrently provide irrevocable instructions (A) to the Participant's broker or dealer to effect the immediate sale of the purchased Shares and remit to the Company, out of the sale proceeds available on the settlement date, sufficient funds to cover the exercise price of the Option plus all applicable Withholding Taxes, and (B) to the Company to deliver the certificates for the purchased Shares directly to the broker or dealer in order to complete the sale;

(v) any combination of the foregoing methods of payment; or

(vi) any other form of legal consideration acceptable to the Committee in its sole discretion.

The Company shall not be required to deliver Shares pursuant to the exercise of an Option, and an Option will not be deemed exercised until the Company has received sufficient funds or value to cover the full exercise price due and all applicable Withholding Taxes.

(d) *Exercise of Unvested Non-ISO Options*. The Committee may in its sole discretion set forth in an Award Agreement that a Participant may exercise an unvested Non-ISO Option, in which case the Shares then issued shall be Restricted Shares having the same vesting restrictions as the unvested Option.

(e) *Termination of Continuous Service*. The Committee may set forth in the applicable Award Agreement the terms and conditions by which an Option is exercisable, if at all, after the date of a Participant's termination of Continuous Service. The Committee may waive or modify these provisions at any time. To the extent that a Participant is not entitled to exercise an Option on the date of a Participant's termination of Continuous Service, or if the Participant (or other Person entitled to exercise the Option) does not exercise the Option within the time specified in the Award Agreement or below (as applicable), the Option shall terminate. Notwithstanding the foregoing, if the Company has a contingent contractual obligation to provide for accelerated vesting or extended exercisability of a Participant's Options after termination of the Participant's Continuous Service, such Options shall remain outstanding until the maximum contractual time for determining whether such contingency will occur, and terminate at such time if the contingency has not then occurred; ***provided*** that for Options held by U.S. Taxpayers the foregoing shall not cause an Option to be exercisable after the 10-year anniversary of its Grant Date or the date such Option otherwise would have terminated had the Participant remained in Continuous Service.

Subject to the preceding paragraph and Section 4(g) and to the extent an Award Agreement does not otherwise specify the terms and conditions upon which an Option shall terminate when a Participant terminates Continuous Service, the following provisions apply:

Reason for Terminating Continuous Service	**Option Termination Date**
(I) For Cause.	All Options, whether or not vested, shall immediately expire effective on the date of termination of the Participant's Continuous Service, or when Cause first existed if earlier.
(II) The Participant dies or becomes Disabled during Continuous Service (in either case unless Reason (I) applies).	All unvested Options shall immediately expire, effective as of the date of termination of the Participant's Continuous Service, and all vested and unexercised Options shall expire 12 months after such termination.
(III) Any other reason.	All unvested Options shall immediately expire effective on the date of termination of the Participant's Continuous Service. All vested and unexercised Options shall expire 90 days after the date of termination of the Participant's Continuous Service.

(f) *Blackout Periods*. If there is a blackout period (whether under the Company's insider trading policy, Applicable Law, or a Committee-imposed blackout period) that prohibits buying or selling Shares during any part of the 10-day period before an Option expires due to a Participant's termination of Continuous Service, the Option exercise period shall be extended until 10 days after the end of the blackout period. Notwithstanding anything to the contrary in this Plan or any Award Agreement, no Option can be exercised beyond the date its original term expires, as set forth in the Award Agreement, or the date on which the Option otherwise would become unexercisable, absent termination of Continuous Service.

(g) *Company Cancellation Right*. Subject to Applicable Law, if the Fair Market Value for Shares subject to any Option is more than 33% below their exercise price for more than 90 consecutive business days, the Committee unilaterally may declare the Option terminated, effective on the date the Committee provides written notice to the Option holder. The Committee may take such action with respect to any or all Options granted under this Plan or with respect to any individual Option holder or class(es) of Option holders.

(h) *Exchange Program*. The Committee may at any time offer to buy out an Option, in exchange for a payment in cash or Shares, based on such terms and conditions as the Committee shall establish and communicate to the Participant at the time that such offer is made.

(i) *Non-Exempt Employees*. An Option granted to an Employee who is non-exempt for purposes of the Fair Labor Standards Act of 1938, as amended, will not be first exercisable for any Shares until at least six months after the Grant Date of the Option (although the Award may vest prior to such date). Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, the vested portion of any Option may be exercised earlier than six months after the Grant Date: (A) if the non-exempt Employee dies or becomes Disabled; (B) upon a corporate transaction in which the Option is not assumed, continued, or substituted; (C) upon a Change in Control; or (D) upon the Participant's retirement (as may be defined in the Participant's Award Agreement or other agreement with the Company, or, if no such definition, in accordance with the Company's then-current employment policies and guidelines). The foregoing provision is intended to operate so that any income derived by a non-exempt Employee in connection with the exercise or vesting of an Option will be exempt from his or her regular rate of pay. Notwithstanding Section 4(e), to the extent necessary to accomplish the foregoing, a vested Option will not terminate until six months after the Grant Date.

5. **Restricted Shares, RSUs, and Unrestricted Shares.**

(a) *Grant*. The Committee may grant Restricted Shares, RSUs or Unrestricted Shares to Eligible Persons, in all cases pursuant to Award Agreements, setting forth terms and conditions consistent with this Plan. As to each Restricted Share or RSU Award, the Committee shall establish the number of Shares deliverable or subject to the Award (which may be determined by a written formula), and the period(s) of time at the end of which all or some restrictions specified in an Award Agreement shall lapse, and the Participant shall receive vested Shares (or cash to the extent provided in the Award Agreement) in settlement of the Award. Such conditions may include restrictions concerning voting rights and transferability, and may lapse separately or in combination at such times and pursuant to such circumstances or based on such criteria as selected by the Committee, including, without limitation, criteria based on the Participant's duration of Continuous Service; individual, group, or divisional performance criteria; or Company performance. Subject to applicable law, the Committee may make Restricted Share and RSU Awards with or without the requirement for payment of consideration. In addition, the Committee may grant Awards hereunder in the form of Unrestricted Shares, which shall be vested on the Grant Date or which the Committee may issue pursuant to any program under which one or more Eligible Persons (selected by the Committee in its sole discretion) elect to pay for such Shares or to receive Unrestricted Shares in lieu of compensation that otherwise would be paid.

(b) *Vesting and Forfeiture*. In an Award Agreement granting Restricted Shares or RSUs, the Committee shall set forth the terms and conditions that establish a "substantial risk of forfeiture" under Code Section 83, and when the Participant's interest in the Restricted Shares or Shares subject to RSUs become vested and non-forfeitable. Except as set forth in the Award Agreement or as the Committee otherwise determines, the Participant shall forfeit his or her non-vested Restricted Shares and RSUs upon termination of his or her Continuous Service for any

reason; ***provided*** that if the Participant purchases Restricted Shares and forfeits them for any reason, the Company shall repurchase such Shares for the consideration described in Section 6(c). Notwithstanding the foregoing, if the Company has a contingent contractual obligation to provide for accelerated vesting of Restricted Shares or RSUs after termination of a Participant's Continuous Service, such Restricted Shares or RSUs such shall remain outstanding until the maximum contractual time for determining whether such contingency will occur, and terminate or be forfeited, as applicable, at such time if the contingency has not then occurred.

(c) *Certificates for Restricted Shares*. Unless otherwise provided in an Award Agreement, the Company shall hold certificates or, if not certificated, other indicia representing Restricted Shares until the restrictions lapse, and, if Restricted Shares are certificated, the Participant shall provide the Company with appropriate stock powers endorsed in blank. The Participant's failure to provide such stock powers within 10 days after a written request from the Company shall entitle the Committee to unilaterally declare all or some of the Participant's Restricted Shares forfeited.

(d) *Section 83(b) Elections*. A Participant may make an election under Code Section 83(b) with respect to Restricted Shares.

(e) *Issuance of Shares upon Vesting*. As soon as practicable after a Participant's Restricted Shares vest (or the right to receive Shares underlying RSUs vests) and unless a deferral election has been validly made, if so permitted by the Committee, the Company shall deliver to the Participant, free from vesting restrictions, one Share for each surrendered and vested Restricted Share (or deliver one Share free of the vesting restriction for each vested RSU), unless an Award Agreement provides otherwise and subject to Section 7 regarding Withholding Taxes. No fractional Shares shall be distributed, and cash shall be paid in lieu thereof; provided, however, the Committee may provide that fractional Shares shall accumulate. Subject to any deferral election, if there is a blackout period (whether under the Company's insider trading policy, Applicable Law, or a Committee-imposed blackout period) that prohibits a Participant from buying or selling Shares, the settlement of RSUs held by such Participant shall be automatically deferred to the first to occur of (i) the first trading day after the expiration of the blackout period, or (ii) March 1 of the year following the year when vesting occurs.

6. **Right of First Refusal; Right of Repurchase.**

(a) *Right of Repurchase*. Subject to the Repurchase Limitation, the Award Agreement for an Option, Restricted Shares, RSUs, or Unrestricted Shares may include a provision whereby the Company or its designee may elect to repurchase all or any part of the vested Shares acquired by the Participant pursuant to an Award.

(b) *Right of First Refusal*. The Award Agreement for an Option, Restricted Shares, RSUs or Unrestricted Shares, may include a provision whereby the Company or its designee may elect to exercise a right of first refusal following receipt of notice from the Participant of the intent to transfer all or any part of the Shares received upon the exercise of the Award. Such right of first refusal shall be subject to the Repurchase Limitation. The Shares also shall be subject to whatever right of first refusal and other limitations that may exist in the Bylaws or other organizational documents of the Company.

(c) *Repurchase Limitation*. Unless otherwise determined by the Committee and set forth in the applicable Award Agreement, the repurchase price for vested Shares shall be the Fair Market Value of the Shares on the date of repurchase, except that, if the Participant's service relationship with the Company or its Affiliates was terminated by the Company for Cause, then the repurchase price shall be the lower of (i) the Fair Market Value of the Shares on the date of repurchase, or (ii) their original purchase price. The repurchase price for Restricted Shares shall be the lower of (A) the Fair Market Value of the Shares on the date of repurchase, or (B) their original purchase price. However, the Company shall not exercise its repurchase right until at least six months (or such longer or shorter period of time necessary to avoid classification of the Award as a liability for financial accounting purposes) have elapsed following delivery of the Shares subject to the Award, unless otherwise specifically provided by the Committee (the "***Repurchase Limitation***").

7. **Taxes; Withholding; Code Section 409A.**

(a) *General Rule*. Notwithstanding any provision of this Plan or an Award Agreement to the contrary, Participants are solely responsible and liable for the satisfaction of all taxes and penalties that may arise in connection with Awards, and neither the Company, nor the Committee, nor any Affiliate, nor any of their employees, directors, or agents shall have any duty or obligation to mitigate, minimize, indemnify, or to otherwise hold any Participant harmless from any such consequences.

(b) *Withholding*. The Company's obligation to deliver Shares (or to pay cash) to Participants pursuant to Awards is at all times subject to their prior or coincident satisfaction of all Withholding Taxes. Except as otherwise provided under this Plan or in an Award Agreement, no later than the date as of which an amount first becomes includible in a Participant's taxable income for U.S. federal, state, local or non-U.S. income or social insurance tax purposes with respect to an Award, the Participant shall pay to the Company (or to the Affiliate employing the Participant), or make arrangements satisfactory to the Company (or such Affiliate) for the payment of, any such Withholding Taxes (which normally will not apply to non-Employees). Notwithstanding the foregoing, the Company and its Affiliates may, in each of their sole discretion, withhold a sufficient number of Shares that are otherwise issuable to the Participant pursuant to the Award (and/or cash that is otherwise payable to the Participant) in order to satisfy all or part of Withholding Taxes.

(c) *U.S. Code Section 409A*. To the extent that the Committee determines that any Award granted under this Plan is subject to Code Section 409A, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Code Section 409A. To the extent applicable, this Plan and Award Agreements shall be interpreted in accordance with Code Section 409A and Department of Treasury regulations and other interpretive guidance issued thereunder. The Committee may adopt such amendments to this Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies, and procedures or cancelling all or some Awards with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate (i) to exempt an Award from Code Section 409A and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) to comply with the requirements of Code

Section 409A and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under Code Section 409A.

(d) *Unfunded Tax Status*. This Plan is an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Person pursuant to an Award, nothing in this Plan or any Award Agreement shall give the Person any rights greater than those of a general creditor of the Company or any Affiliate, and a Participant's rights under this Plan at all times constitute an unsecured claim against the Company's general assets for the collection of benefits as they come due. Neither the Participant nor his or her duly-authorized transferee or Beneficiaries shall have any claim against nor rights in any specific assets, Shares, or other funds of the Company, except as may be the case with respect to Restricted Shares.

8. **Non-Transferability of Awards.**

(a) *General*. Except as set forth in this Section, or as otherwise approved by the Committee and subject to restrictions on transfer contained in the Bylaws or other organizational documents of the Company, Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution. The designation of a death Beneficiary by a Participant will not constitute a transfer. An Award may be exercised, during the lifetime of the holder of an Award, only by such holder, by the duly-authorized legal representative of a holder who is disabled, or by a transferee permitted by this Section.

(b) *Limited Transferability Rights*. Subject to restrictions on transfer contained in the Bylaws or other organizational documents of the Company, the Committee may in its discretion provide in an Award Agreement that an Award in the form of a Non-ISO, Restricted Shares, or

RSUs may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's Immediate Family, (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated Beneficiaries, (iii) even in the case of an ISO, pursuant to a domestic relations order (***provided***, however, that if an Option is an ISO, such Option may be deemed a non-ISO as a result of such transfer), or (iv) by gift to charitable institutions. Any transferee of the Participant's rights shall succeed and be subject to all of the terms of the applicable Award Agreement and this Plan.

(c) *Death*. In the event of the death of a Participant, any outstanding vested Awards issued to the Participant shall automatically be transferred to the Participant's Beneficiary (or, if no Beneficiary is designated or surviving, to the person or persons to whom the Participant's rights under the Award pass by will or the laws of descent and distribution in the state in which the Participant was domiciled at the time of his or her death).

9. **Change in Capital Structure; Change in Control; Etc.**

(a) *Changes in Capitalization*. The Committee shall equitably adjust the number of Shares covered by each outstanding Award, and the number of Shares that have been authorized for issuance under this Plan, but as to which no Awards have yet been granted, or that have been returned to this Plan upon cancellation, forfeiture, or expiration of an Award, or any other Plan limits, as well as the exercise or other price per Share covered by each such outstanding Award, to reflect any increase or decrease in the number of issued Shares resulting from a stock-split, reverse stock-split, stock dividend, combination, recapitalization, or reclassification of the Shares, merger, consolidation, change in organization form, or any other increase or decrease in the number of issued Shares effected without receipt or payment of consideration by the Company. In the event of any such transaction or event, the Committee may provide in substitution for any or all outstanding Awards, or as an alternative to an adjustment, such alternative consideration (including cash or securities of any surviving entity) as it may in good faith determine to be equitable under the circumstances and may, if substitute consideration is provided, require in connection therewith the surrender of all Awards so substituted. In any case, such substitution of consideration shall not require the consent of any Participant.

(b) *Dissolution or Liquidation*. Except as otherwise provided in an Award Agreement, in the event of the dissolution or liquidation of the Company, other than as part of a Change in Control, each Award will terminate immediately prior to the consummation of such dissolution or liquidation, subject to the ability of the Committee to exercise any discretion authorized in the case of a Change in Control.

(c) *Change in Control*. In the event of a Change in Control but subject to the terms of any Award Agreements or employment-related agreements between the Company or any Affiliates and any Participant, each outstanding Award may be assumed, or a substantially equivalent award may be substituted by the surviving or successor company or a parent or subsidiary of such successor company (in each case, the "***Successor Company***") upon consummation of the transaction. Notwithstanding the foregoing, instead of having outstanding Awards be assumed or substituted with equivalent awards by the Successor Company, the Committee may, in its sole and absolute discretion and authority, without obtaining the approval

or consent of the Company's stockholders or any Participant, take one or more of the following actions, in each case subject to the terms of any Award Agreements or employment related agreements between the Company or any Affiliates and Participant:

(i) accelerate the vesting of Awards so that some or all Awards shall vest (and, to the extent applicable, become exercisable) as to some or all of the Shares that otherwise would have been unvested, and/or provide that repurchase rights of the Company, if any, with respect to Shares issued pursuant to an Award shall lapse;

(ii) arrange or otherwise provide for the payment of cash or other consideration to Participants in exchange for the satisfaction and cancellation of all or some outstanding Awards (based on the Fair Market Value, on the date of the Change in Control, of the Award being cancelled, based on any reasonable valuation method selected by the Committee; ***provided*** that the Committee shall have full discretion to unilaterally cancel (A) either all Awards or only select Awards (such as only those that have vested on or before the Change in Control), and (B) any Options whose exercise price is equal to or greater than the Fair Market Value of the Shares, as of the date of the Change in Control, with such cancellation being without the payment of any consideration whatsoever to those Participants whose Options are being cancelled;

(iii) terminate all or some Awards upon the consummation of the transaction; or

(iv) make such other modifications, adjustments, or amendments to outstanding Awards or this Plan as the Committee deems necessary or appropriate.

10. **Termination, Rescission, and Recapture of Awards.**

(a) Each Award under this Plan is intended to align the Participant's long-term interests with those of the Company. Accordingly, unless otherwise expressly provided in an Award Agreement, the Committee may terminate any outstanding, unexercised, unexpired, unpaid, or deferred Awards ("***Termination***"), rescind any exercise, payment, or delivery pursuant to the Award ("***Rescission***"), or recapture any Shares or proceeds from the Participant's sale of Shares issued pursuant to the Award ("***Recapture***"), if the Participant does not comply with the conditions of subsections 10(b), 10(c), and 10(e) (collectively, the "***Conditions***") at all times from the date of an Award through the later of its vesting or exercise.

(b) A Participant shall not, without the Company's prior written authorization, disclose to anyone outside the Company, or use in other than the Company's business, any proprietary or confidential information or material, as those or other similar terms are used in any applicable patent, confidentiality, inventions, secrecy, or other agreement between the Participant and the Company or one of its Affiliates (or policy applicable to the Participant), including but not limited to those with regard to proprietary or confidential information or intellectual property (including but not limited to patents, trademarks, copyrights, trade secrets, inventions,

developments, improvements, proprietary information, confidential business, and personnel information) (each a "***Confidentiality Agreement***"), and a Participant shall promptly disclose and assign to the Company or its designee all right, title, and interest in such intellectual property, and shall take all reasonable steps necessary to enable the Company to secure all right, title, and interest in such intellectual property in the United States and in any foreign country. Notwithstanding the Participant's confidentiality obligations set forth in this Plan or any Confidentiality Agreements, pursuant to the Defend Trade Secrets Act of 2016, the Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If the Participant files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he or she may disclose the trade secret to his or her attorney and use the trade secret information in the court proceeding, if he or she: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order. In the event it is determined that disclosure of Company trade secrets was not done in good faith pursuant to the above, the Participant may be subject to substantial damages under federal criminal and civil law, including punitive damages and attorneys' fees.

(c) Upon exercise, payment, or delivery of cash or Shares pursuant to an Award, the Participant shall, if requested in writing by the Committee (or the Company), certify on a form acceptable to the Committee (or, if applicable, the Company) that he or she is in compliance with the terms and conditions of this Plan.

(d) The Committee may, in its sole and absolute discretion, impose a Termination, Rescission, and/or Recapture with respect to any or all of a Participant's relevant Awards or restricted Shares if the Committee determines, in its sole and absolute discretion that (i) the Participant has materially violated any agreement between the Participant and the Company or one of its Affiliates, (ii) within six months after the termination of the Participant's Continuous Service, the Participant has solicited any non-administrative employee of the Company to terminate employment with the Company, or (iii) during his or her Continuous Service, a Participant: (A) has rendered services to or otherwise directly or indirectly engaged in or assisted any organization or business that, in the judgment of the Committee, in its sole and absolute discretion, is or is working to become competitive with the Company or one of its Affiliates; (B) has solicited any non-administrative employee of the Company to terminate employment with the Company; or (C) has engaged in activities which are materially prejudicial to or in conflict with the interests of the Company, including any breaches of fiduciary duty or the duty of loyalty.

(e) Within 10 days after receiving notice from the Committee of any such activity described in Section 10(d) above, the Participant shall deliver to the Company the Shares acquired pursuant to the Award, or, if Participant has sold the Shares, the gain realized, or payment received as a result of the rescinded exercise, payment, or delivery; ***provided***, that if the Participant returns Shares that the Participant purchased pursuant to the exercise of an Option (or the gains realized from the sale of such Shares), the Company shall promptly refund the exercise price, without earnings, that the Participant paid for the Shares or, if Fair Market Value of the

Shares is less than the exercise price, promptly pay to the Participant Fair Market Value of the returned Shares. Any payment by the Participant to the Company pursuant to this Section 10 shall be made either in cash or by returning to the Company the number of Shares that the Participant received in connection with the rescinded exercise, payment, or delivery.

(f) Notwithstanding the foregoing provisions of this Section 10, the Committee has sole and absolute discretion not to require Termination, Rescission, and/or Recapture, and its determination not to require Termination, Rescission, and/or Recapture with respect to any particular act by a particular Participant or Award shall not in any way reduce or eliminate the Committee's authority to require Termination, Rescission, and/or Recapture with respect to any other act or Participant or Award. Nothing in this Section 10 shall be construed to impose obligations on the Participant to refrain from engaging in lawful competition with the Company after the termination of Continuous Service that does not violate the Conditions, other than any obligations that are part of any separate agreement between the Company and the Participant or that arise under Applicable Law.

(g) If any provision within this Section 10 is determined to be unenforceable or invalid under any Applicable Law, such provision will be applied to the maximum extent permitted by Applicable Law, and shall automatically be deemed amended in a manner consistent with its objectives and any limitations required under Applicable Law.

(h) This Section 10 shall is supplemental to, and does not supersede, any other written agreement between the Participant, on the one hand, and the Company or any of its Affiliates, on the other hand.

11. **Recoupment of Awards.**

(a) Unless otherwise specifically provided in an Award Agreement, and to the extent permitted by Applicable Law, the Committee may in its sole and absolute discretion, without obtaining the approval or consent of the Company's stockholders or of any Participant, require that any Participant reimburse the Company for all or any portion of any Awards granted under this Plan ("***Reimbursement***"), or the Committee may require the Termination or Rescission of, or the Recapture relating to, any Award held by the Participant, if and to the extent:

(i) the granting, vesting, or payment of an Award was predicated upon the achievement of certain financial results that were subsequently the subject of a material financial restatement;

(ii) in the Committee's view the Participant either benefited from a calculation that later proves to be materially inaccurate, or engaged in fraud or misconduct that caused or partially caused the need for a material financial restatement by the Company or any Affiliate; or

(iii) a lower granting, vesting, or payment of an Award would have occurred based on the conduct described in Section 10(b) above.

In each instance, the Committee may, to the extent practicable and allowable or required under Applicable Laws, require Reimbursement, Termination or Rescission of, or Recapture

relating to, any such Award granted to a Participant. Notwithstanding any other provision of this Plan, all Awards shall be subject to Reimbursement, Termination, Rescission, and/or Recapture to the extent required by Applicable Law, including but not limited to Section 10D of the Exchange Act.

12. **Administration of this Plan.**

(a) *In General*. The Committee shall administer this Plan in accordance with its terms, *provided* that the Board may act in lieu of the Committee on any matter. The Committee shall hold meetings at such times and places as it may determine and may prescribe, amend, and rescind such rules and regulations, and procedures for the conduct of its business as it deems advisable. In the absence of a Committee, the Board shall function as the Committee for all purposes of this Plan.

(b) *Committee Composition*. The Board shall appoint the members of the Committee. Subject to Applicable Law and the restrictions set forth in this Plan, the Committee may delegate administrative functions to individuals who are Directors or Employees, and may authorize one or more executive officers to make Awards to Eligible Persons other than themselves. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without Cause, and fill vacancies on the Committee however caused. The Committee shall have the power to delegate to a subcommittee of the Board any of the administrative powers the Committee is authorized to exercise, subject to such resolutions, consistent with this Plan, as the Board may adopt from time to time.

(c) *Powers of the Committee*. Subject to the provisions of this Plan, the Committee shall have the authority, in its sole discretion:

(i) to grant Awards and to determine Eligible Persons to whom Awards shall be granted from time to time, and the number of Shares, units, or dollars to be covered by each Award;

(ii) to determine, from time to time, the Fair Market Value of Shares;

(iii) to determine, and to set forth in Award Agreements, the terms and conditions of all Awards, including what type or combination of types of Awards shall be granted; any applicable exercise or purchase price; the installments and conditions under which an Award shall become vested (which may be based on performance), terminated, expired, cancelled, or replaced; the circumstances for vesting acceleration or waiver of forfeiture restrictions; and other restrictions and limitations;

(iv) to approve the forms of Award Agreements and all other documents, notices, and certificates in connection therewith, which need not be identical either as to type of Award or among Participants;

(v) to construe and interpret the terms of this Plan and any Award Agreement, to determine the meaning of their terms, to correct any defect, omission, or inconsistency in this Plan or any Award Agreement, in a manner and to

the extent it shall deem necessary or expedient to make this Plan or an Award fully effective, and to prescribe, amend, and rescind rules and procedures relating to this Plan and its administration;

(vi) to the extent consistent with the purposes of this Plan and without amending this Plan, to modify, to cancel, or to waive the Company's rights with respect to any Awards, to adjust or to modify Award Agreements for changes in Applicable Law, and to recognize differences in foreign law, tax policies, or customs;

(vii) to require, as a condition precedent to the grant, vesting, exercise, settlement, and/or issuance of Shares pursuant to any Award, that a Participant agree to execute a general release of claims (in any form that the Committee may require, in its sole discretion, which form may include any other provisions, e.g., confidentiality and restrictions on competition, that are found in general claims release agreements that the Company utilizes or expects to utilize);

(viii) in the event that the Company establishes, for itself or using the services of a third party, an automated system for the documentation, granting, settlement, or exercise of Awards, such as a system using an Internet website or interactive voice response, to implement paperless documentation, granting, settlement, or exercise of Awards by a Participant through the use of such an automated system; and

(ix) to make all determinations and to take all other actions that the Committee may consider necessary or desirable to administer this Plan or to effectuate its purposes.

(d) *Powers of the Company*. Unless applicable law requires otherwise, all administrative and discretionary authority given to the Company under this Plan shall be exercised by the most senior human resources executive of the Company, or such other person or committee (including without limitation the Committee) as the Committee may designate from time to time.

(e) *Local Law Adjustments and Sub-plans*.

(i) To facilitate the making of any grant of an Award under this Plan, the Committee may adopt rules and provide for such special terms for Awards to Participants who are located within the United States, foreign nationals, or employed by the Company or any Affiliate outside of the United States of America as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Without limiting the foregoing, the Committee is specifically authorized to adopt rules and procedures regarding the conversion of local currency, taxes, withholding procedures, and handling of stock certificates, which vary with the customs and requirements of particular countries. The

Committee may adopt procedures or sub-plans and establish escrow accounts and trusts, and settle Awards in cash in lieu of shares, as may be appropriate, required, or applicable to particular locations and countries.

(ii) *Action by Committee* (e.g., to permit participation in this Plan by Eligible Persons who are non-United States nationals or are primarily employed or providing services outside the United States). The Committee may modify the terms of any Award under this Plan made to or held by a Participant who is then a resident, or is primarily employed or providing services, outside of the United States, in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then a resident or primarily employed or providing services, or so that the value and other benefits of the Award to the Participant, as affected by non-United States tax laws and other restrictions applicable as a result of the Participant's residence, employment, or providing services abroad, shall be comparable to the value of such Award to a Participant who is a resident, or is primarily employed or providing services, in the United States. An Award may be modified under this subsection in a manner that is inconsistent with the express terms of this Plan, so long as such modifications will not contravene any Applicable Law or regulation or result in actual liability under Section 16(b) of the Exchange Act for the Participant whose Award is modified. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by an officer or other Employee of the Company or any Affiliate, the Company's independent certified public accountants, or any executive compensation Consultant or other professional retained by the Company or the Committee to assist in the administration of this Plan, or by any Participant or Beneficiary.

(f) *Deference to Committee Determinations*. The Committee shall have the discretion to interpret or construe ambiguous, unclear, or implied (but omitted) terms as it deems to be appropriate in its sole discretion, and to make any findings of fact needed in the administration of this Plan or Award Agreements. The Committee's prior exercise of its discretionary authority shall not obligate it to exercise its authority in a like fashion thereafter. The Committee's interpretation and construction of any provision of this Plan, or of any Award or Award Agreement, and all determinations the Committee makes pursuant to this Plan shall be final, binding, and conclusive (subject only to the Committee's inherent authority to change its determinations). The validity of any such interpretation, construction, decision or finding of fact shall not be given de novo review if challenged in court, by arbitration, or in any other forum, and shall be upheld unless clearly made in bad faith or materially affected by fraud.

(g) Any determination made by the Committee with respect to any provisions of this Plan may be made on an Award-by-Award basis; the Committee has no obligation to be uniform, consistent, or nondiscriminatory between classes of similarly-situated Awards, except as required by Applicable Law.

(h) *Claims Limitations Period.* Any Participant who believes he or she is being denied any benefit or right under this Plan or under any Award may file a written claim with the Committee. Any claim must be delivered to the Committee within 45 days of the specific event-giving rise to the claim. Untimely claims will not be processed and shall be deemed denied. The Committee, or its designee, will notify the Participant of its decision in writing as soon as administratively practicable. Claims shall be deemed denied if the Committee does not respond in writing within 120 days of the date the written claim is delivered to the Committee. The Committee's decision is final and conclusive, and binding on all persons. No lawsuit relating to this Plan may be filed before a written claim is filed with the Committee and is denied or deemed denied, and any lawsuit must be filed within one year of such denial or deemed denial or be forever barred.

(i) *No Liability; Indemnification*. Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction, or determination made in good faith with respect to this Plan, any Award, or any Award Agreement. The Company shall pay or reimburse any Director, Employee, or Consultant who in good faith takes action on behalf of this Plan, for all expenses incurred with respect to this Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties on behalf of this Plan. The Company and its Affiliates may, but shall not be required to, obtain liability insurance for this purpose.

(j) *Expenses*. The Company shall bear the expenses of administering this Plan.

13. **Modification of Awards and Substitution of Options.**

Within the limitations of this Plan, the Committee may modify an Award to accelerate the rate at which an Option may be exercised, to accelerate the vesting of any Award, to extend or renew outstanding Awards, to accept the cancellation of outstanding Awards to the extent not previously exercised, or to make any change that this Plan would permit for a new Award. Notwithstanding the foregoing, no modification of an outstanding Award may materially and adversely affect a Participant's rights thereunder unless (a) the Participant provides written consent to the modification, (b) before a Change in Control, the Committee determines in good faith that the modification is not materially adverse to the Participant, or (c) such modification is permitted by another Section of this Plan. Notwithstanding the foregoing, subject to the limitations of Applicable Law, if any, and without the affected Participant's consent, the Board may amend the terms of any one or more Awards if necessary to maintain the qualified status of the Award as an ISO or to bring the Award into compliance with Section 409A of the Code.

14. **Plan Amendment and Termination.**

The Board may amend or terminate this Plan as it shall deem advisable; *provided* that no change shall be made that increases the total number of Shares reserved for issuance pursuant to Awards (except pursuant to Section 9 above), unless such change is authorized by the stockholders of the Company to the extent required by Applicable Law. A termination or amendment of this Plan shall not materially and adversely affect a Participant's rights

under an Award previously granted to him or her unless the Participant consents in writing to such termination or amendment. Notwithstanding the foregoing, the Committee may amend this Plan to comply with changes in tax or securities laws or regulations, or in the interpretation thereof.

15. **Term of Plan.**

If not sooner terminated by the Board, this Plan shall terminate at the close of business on the date 10 years after the earlier of Board approval of this Plan and its Effective Date. No Awards shall be made under this Plan after its termination.

16. **Governing Law.**

The terms of this Plan and all agreements hereunder shall be governed by the laws of the State of Delaware, without regard to the State's conflict of laws rules.

17. **Laws and Regulations.**

(a) *General Rules*. This Plan, the granting of Awards, the exercise of Options, and the obligations of the Company and Committee hereunder (including those to pay cash or to deliver, sell or accept the surrender of any of its Shares or other securities) shall be subject to all Applicable Law. In the event that any Shares are not registered under any Applicable Law prior to the required delivery of them pursuant to Awards, the Committee may require, as a condition to their issuance or delivery, that the persons to whom the Shares are to be issued or delivered make any written representations and warranties (such as that such Shares are being acquired by the Participant for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares) that the Committee may reasonably require, and the Committee may in its sole discretion include a legend to such effect on the certificates representing any Shares issued or delivered pursuant to this Plan.

(b) *Blackout Periods*. Notwithstanding any contrary terms within this Plan or any Award Agreement, the Committee shall have the absolute discretion to impose a "blackout" period on the exercise of any Option, as well as the settlement of any Award, with respect to any or all Participants (including those whose Continuous Service has ended) to the extent the Committee determines that doing so is desirable or required to comply with applicable securities laws.

(c) *Data Privacy*. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering, and managing this Plan and Awards and the Participant's participation in this Plan. In furtherance of such implementation, administration, and management, the Company and its Affiliates may hold certain personal information about a Participant with respect to one or more Awards under this Plan, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Affiliates, and details of all

Awards (the "***Data***"). In addition to transferring the Data amongst themselves as necessary for the purpose of implementation, administration, and management of this Plan and Awards, and the Participant's participation in this Plan, the Company and its Affiliates each may transfer the Data to any third parties assisting the Company (including the Committee) in the implementation, administration, and management of this Plan and Awards and the Participant's participation in this Plan. Recipients of the Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of assisting the Company (including the Committee) in the implementation, administration, and management of this Plan and Awards and the Participant's participation in this Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any Shares. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting such Participant's local human resources representative. The Company or the Committee may cancel the Participant's eligibility to participate in this Plan, and in the Committee's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(d) *Severability; Blue Pencil*. In the event that any provision(s) of this Plan shall be or become invalid, illegal, or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions shall not be affected thereby. If in the opinion of any court of competent jurisdiction such covenants are not reasonable in any respect, such court shall have the right, power, and authority to excise or modify such provision or provisions of these covenants as to the court shall appear not reasonable and to enforce the remainder of these covenants as so amended. Any arbitrator shall have the same rights, powers, and authority.

18. **No Stockholder Rights.**

Neither a Participant nor any transferee or Beneficiary of a Participant shall have any rights as a stockholder of the Company with respect to any Shares underlying any Award until the date of issuance of a share certificate to such Participant, transferee, or Beneficiary for such Shares in accordance with the Company's governing instruments and Applicable Law. Prior to the issuance of Shares or Restricted Shares pursuant to an Award, a Participant shall not have the right to vote or to receive dividends or any other rights as a stockholder with respect to the Shares underlying the Award (unless otherwise provided in the Award Agreement for Restricted Shares), notwithstanding its exercise in the case of Options. No adjustment will be made for a dividend or other right that is determined based on a record date prior to the date the stock certificate is issued, except as otherwise specifically provided for in this Plan or an Award Agreement.

19. **No Obligation to Notify.**

The Company and the Committee shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising an Award. Furthermore, the Company and the Committee shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award, or a possible period in which the Award may not be exercised.

20. **Miscellaneous.**

(a) *Use of Proceeds from Sales of Common Stock*. Proceeds from the sale of Shares pursuant to Awards shall constitute general funds of the Company.

(b) *Corporate Action Constituting Grant of Awards*. Unless otherwise determined by the Board, corporate action constituting a grant by the Company of an Award to any Participant shall be deemed completed as of the date of such corporate action, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant.

(c) *Share Replacement*. Unless prohibited by Applicable Law, the Company may substitute any consideration in lieu of providing Shares to a Participant on the exercise of an Option, or the vesting of an RSU, to the extent such consideration is equal to the Fair Market Value of the Shares the Participant otherwise would receive.

21. **Pre-IPO Provisions.**

Subject to any contrary terms set forth in any Award Agreement, for any period preceding the date of the Initial Public Offering, this Section shall be applicable to any Shares subject to or issued pursuant to Awards. The provisions set forth below shall become null and void upon the occurrence of the Initial Public Offering.

(a) *Stockholders' Agreement*. As a condition for the delivery of any Shares pursuant to any Award, the Committee may require the Participant to execute and be bound by any agreement that generally exists between the Company and similarly-situated stockholders.

(b) *Market Stand-Off*. In connection with any underwritten public offering by the Company of its equity securities pursuant to an effective registration statement filed under the federal securities laws, including the Initial Public Offering, Participants shall not directly or indirectly sell, make any short sale of, loan, hypothecate, pledge, offer, grant, or sell any option or other contract for the purchase of, purchase any option or other contract for the sale of, or otherwise dispose or transfer, or agree to engage in any of the foregoing transactions with respect to, any Shares acquired pursuant to Awards without the prior written consent of the Company or its underwriters. Such restriction (the "***Market Stand-Off***") shall be in effect for such period of time, not exceeding 180 days, following the date of the final prospectus for the offering as may be requested by the Company or such underwriters. In the event of the declaration of a stock dividend, a spin-off, a stock split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company's outstanding securities without receipt of consideration, any new, substituted, or additional securities, which are by reason of such

transaction distributed with respect to any Shares subject to the Market Stand-Off, or into which such Shares thereby become convertible, shall immediately be subject to such Market Stand-Off. In order to enforce the Market Stand-Off, the Company may impose stop-transfer instructions with respect to the Shares acquired pursuant to Awards until the end of the applicable stand-off period. The Company and its underwriters shall be beneficiaries of the agreement in this Section. Participants who are not Directors or officers shall be subject to this Section only if Directors and officers are subject to it.

(c) *California Law Provisions*. In order to conform with Applicable Laws for Awards to California residents, to the extent required by Section 260.140.8 of Title 10 of the California Code of Regulations, and to the extent compliance with such section is required for the Shares subject to the Award to be exempt from registration in California, any repurchase right granted prior to the date on which the Shares become publicly-traded to a person who is not an officer, Director or Consultant shall be upon the following terms:

(i) if the repurchase option gives the Company the right to repurchase the Shares upon termination of Continuous Service at not less than the Fair Market Value of the Shares to be purchased on the date of termination of Continuous Service, then:

(A) the right to repurchase shall be exercised for cash or cancellation of purchase money indebtedness for the Shares within six months of termination of Continuous Service (or in the case of Shares issued upon exercise of Options after such date of termination, within six months after the date of the exercise), and

(B) the right terminates when the Shares become publicly traded; or

(ii) if the repurchase option gives the Company the right to repurchase the Shares upon termination of the Participant's Continuous Service at the original purchase price for such Shares, then:

(A) the right to repurchase at the original purchase price shall lapse at the rate of at least 20% of the Shares per year over five years from the Date of Grant (without respect to the date the Option was exercised or became exercisable), and

(B) the right to repurchase must be exercised for cash or cancellation of purchase money indebtedness for the Shares within six months of termination of Continuous Service (or, in the case of Shares issued upon exercise of Options, after such date of termination, within six months after the date of the exercise) or such longer period as may be agreed to by the Company and the Participant.

Furthermore, at no time while there is any Option outstanding and held by a Participant who was a resident of the State of California on the date of grant of such Option, shall the total number of Shares issuable upon exercise of all outstanding stock options and the total number of Shares provided for under any stock bonus or similar plan or agreement of the Company (in each

case whether the grants occur as Awards or under another plan of the Company or any Affiliate) exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of the California Code of Regulations, based on the Shares that are outstanding at the time the calculation is made.

22. **Definitions.**

"***Affiliate***" means, with respect to any Person, any other Person that directly or indirectly controls or is controlled by or under common control with such Person. For the purposes of this definition, "control," when used with respect to any Person, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person or the power to elect directors, whether through the ownership of voting securities, by contract or otherwise; and the terms "affiliated," "controlling," and "controlled" have meanings correlative to the foregoing.

"***Applicable Law***" means the legal requirements as shall be in place from time to time under any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree, or order of any governmental authority, whether of the United States, any other country, and any provincial, state, or local subdivision, that relate to the administration of equity plans or equity awards, as well as any applicable stock exchange or automated quotation system rules or regulations.

"***Award***" means any award made, in writing or by an electronic medium, pursuant to this Plan, including awards made in the form of an Option, a Restricted Share, a RSU, an Unrestricted Share, or any combination thereof, whether alternative or cumulative.

"***Award Agreement***" means any written document (including in any electronic medium) setting forth the terms of an Award that has been authorized by the Committee. The Committee shall determine the form or forms of documents to be used, and may change them from time to time for any reason.

"***Beneficiary***" means the person or entity designated by the Participant, in a form approved by the Company, to exercise the Participant's rights with respect to an Award or receive payment or settlement under an Award after the Participant's death.

"***Board***" means the Board of Directors of the Company.

"***Cause***" has the same meaning as set forth in any unexpired employment agreement or independent contractor agreement between the Company or an Affiliate and the Participant for purposes of providing severance upon a termination without "Cause" or, in the absence of such agreement, as set forth in the Participant's Award Agreement. If no such alternative definitions for "Cause" exist, "Cause" means that the Company determines in its reasonable discretion that any of the following situations gave rise to a Participant's termination from Continuous Service: (a) the Participant committed, was convicted, or pled no contest or any similar plea to a misdemeanor involving acts of dishonesty or breach of fiduciary duty or any felony; (b) the Participant willfully failed to substantially perform his or her duties and responsibilities to the Company or deliberately violated a Company policy; (c) the Participant committed any act or acts of fraud, embezzlement, dishonesty, or other willful misconduct; (d) without authorization,

the Participant used or disclosed any proprietary information or trade secrets of the Company or any other party to whom the Participant owes an obligation of nondisclosure as a result of his or her relationship with the Company; or (e) the Participant breached any of his or her material obligations under any written agreement with the Company. The foregoing definition does not in any way limit the Company's ability to terminate a Participant's employment or other service relationship at any time, and the term "Company" will be interpreted herein to include any Affiliate or successor thereto, if appropriate. Furthermore, a Participant's Continuous Service shall be deemed to have terminated for Cause within the meaning hereof if, at any time (whether before, on, or after termination of the Participant's Continuous Service), facts or circumstances are discovered that would have justified a termination for Cause, regardless of whether the Participant initiated the termination of the Participant's Continuous Service.

"***Change in Control***" means, unless another definition is set forth in an Award Agreement, the first of the following to occur after the Effective Date:

(i) *Acquisition of Controlling Interest*. Any Person (other than Persons who are Employees or service providers at any time more than one year before a transaction) becomes the Beneficial Owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities; ***provided*** that the foregoing shall exclude any bona fide sale of securities of the Company by the Company to one or more third parties for purposes of raising capital. In applying the preceding sentence, an agreement to vote securities shall be disregarded unless its ultimate purpose is to cause what would otherwise be a Change in Control, as reasonably determined by the Board.

(ii) *Change in Board Control*. During any consecutive one-year period commencing after the Initial Public Offering, individuals who constituted the Board at the beginning of the period (or their approved replacements, as defined in the next sentence) cease for any reason to constitute a majority of the Board. A new Director shall be considered an "approved replacement" Director if his or her election (or nomination for election) was approved by a vote of at least a majority of the Directors then still in office who either were Directors at the beginning of the period or were themselves approved replacement Directors, but in either case excluding any Director whose initial assumption of office occurred as a result of an actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board.

(iii) *Merger*. The Company consummates a merger or consolidation of the Company with any other corporation unless: (a) the voting securities of the Company outstanding immediately before the merger or consolidation would continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least 50% of the combined voting power of the voting securities of the Company or such

surviving entity outstanding immediately after such merger or consolidation; and (b) no Person (other than Persons who are Employees or service providers at any time more than one year before the transaction) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities.

(iv) *Sale of Assets*. The Company sells or disposes of all, or substantially all, of the Company's assets.

(v) *Liquidation or Dissolution*. The stockholders of the Company approve a plan or proposal for liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "***Change in Control***" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following, which (I) the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions, or (II) any Person who was a Beneficial Owner, directly or indirectly, of securities in the Company representing 50% or more acquires additional securities in the Company, or (III) the Company converting from an incorporated entity to an unincorporated entity.

"***Code***" means the Internal Revenue Code of 1986, as amended.

"***Committee***" means the Compensation Committee of the Board or its successor; ***provided*** that the term "Committee" means (a) the Board when acting at any time in lieu of the Committee, (b) with respect to any decision involving an Award intended to satisfy the requirements of Code Section 162(m), a committee consisting of two or more Directors of the Company who are "outside directors" within the meaning of Code Section 162(m), and (c) with respect to any decision relating to a Reporting Person, a committee consisting solely of two or more Directors who are disinterested within the meaning of Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision. The mere fact that a Committee member shall fail to qualify as an "outside director" or as a "disinterested director" within the meaning of Code Section 162(m) and Rule 16b-3, respectively, shall not invalidate any Award made by the Committee, which Award is otherwise validly made under this Plan.

"***Common Stock***" means common stock, $0.0001 par value per share, of the Company. In the event of a change in the capital structure of the Company affecting the common stock (as provided in Section 9), the Shares resulting from such a change in the common stock shall be deemed to be Common Stock within the meaning of this Plan.

"***Company***" means Mohawk Group Holdings, Inc., a Delaware corporation; ***provided*** that in the event the Company reincorporates to another jurisdiction, all references to the term "Company" shall refer to the Company in such new jurisdiction.

"***Conditions***" has the meaning set forth in Section 10(a).

"***Confidentiality Agreement***" has the meaning set forth in Section 10(a).

"***Consultant***" means any natural person (other than an Employee or Director), including an advisor, who provides bona fide services to the Company, its parents, its majority-owned subsidiaries or majority-owned subsidiaries of the Company's parent, if such services are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities.

"***Continuous Service***" means a Participant's period of service in the absence of any interruption or termination as an Employee, Director, or Consultant. Continuous Service shall not be considered interrupted in the case of: (a) sick leave; (b) military leave; (c) any other leave of absence approved by the Committee, ***provided*** that such leave is for a period of not more than 90 days, unless reemployment upon the expiration of such leave is guaranteed by contract or statute, or unless provided otherwise pursuant to Company policy adopted from time to time; (d) changes in status from Director to advisory director or emeritus status; or (e) transfers between locations of the Company or between the Company and its Affiliates. Changes in status between service as an Employee, Director, and a Consultant will not constitute an interruption of Continuous Service if the individual continues to perform bona fide services for the Company. The Committee shall have the discretion to determine whether and to what extent the vesting of any Awards shall be tolled during any paid or unpaid leave of absence; ***provided***, however, that in the absence of such determination, vesting for all Awards shall be tolled during any such unpaid leave (but not for a paid leave). Notwithstanding anything to the contrary contained in the Plan, an Investor Director Provider shall be deemed to have Continuous Service for so long as the Investor Director Provider makes available, for service as a member of the Board, at least one individual who provides services to, owns equity interests in, or is otherwise employed by, such investor or any of its Affiliates.

"***Data***" has the meaning set forth in Section 17(c).

"***Deemed Outstanding***" has the meaning set forth in Section 2(a).

"***Director***" means a member of the Board, or a member of the board of directors of an Affiliate.

"***Disabled***" means (a) for an ISO, that the Participant is disabled within the meaning of Code section 22(e)(3), and (b) for other Awards, a physical or mental condition under which the Participant is receiving benefits under the Company's long-term disability plan applicable to such Participant, and, in the absence of such a plan, that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which is expected to result in death or is expected to last for a continuous period of not less than 12 months.

"***Effective Date***" means the date determined in accordance with Section 1(d).

"***Eligible Persons***" has the meaning set forth in Section 1(b).

"***Employee***" means any person whom the Company or any Affiliate classifies as an employee (including an officer) for employment tax purposes or, if in a jurisdiction that does not

have employment taxes, any person whom the Company or any Affiliate classifies as an employee (including an officer), in either case whether or not that classification is correct. The payment by the Company of a director's fee to a Director shall not be sufficient to constitute "employment" of such Director by the Company.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Fair Market Value***" means, unless otherwise determined or provided by the Committee in the circumstances:

(i) If the Shares are listed or admitted to trade on the New York Stock Exchange, The Nasdaq Stock Market LLC or other national securities exchange (the "***Exchange***"), the Fair Market Value shall equal the closing sales price of Shares as reported by the Exchange for securities on the Exchange for the date in question, or, if no sales of Shares were made on the Exchange on that date, the closing sales price of Shares as reported by the Exchange for the next preceding day on which sales of Shares were made on the Exchange.

(ii) If the Shares are not listed or admitted to trade on an Exchange, but are regularly quoted by a recognized securities dealer, but selling prices are not reported, the Fair Market Value shall equal the average of the high and low trading prices of Shares, as reported by such recognized securities dealer for the date in question or the most recent trading day.

(iii) If Shares are not listed or admitted to trade on an Exchange, the Fair Market Value shall be the value as reasonably determined by the Committee for purposes of the Award in the circumstances; provided that Fair Market Value shall be determined pursuant to a valuation of the Company by an independent appraisal that meets the requirements of Section 401(a)(28)(C) of the Code, as of a date that is no more than 12 months before the date of grant of the Award or another methodology for determining fair market value that complies with Section 409A of the Code.

The Committee also may adopt a different methodology for determining Fair Market Value with respect to one or more Awards if a different methodology is necessary or advisable to secure any intended favorable tax, legal or other treatment for the particular Awards (for example, and without limitation, the Committee may provide that Fair Market Value for purposes of one or more Awards will be based on an average of closing sales prices (or the average of high and low daily trading prices) for a specified period preceding the relevant date). Any determination as to Fair Market Value made pursuant to this Plan shall be made without regard to any restriction other than a restriction in which, by its terms, will never lapse, and shall be final, binding and conclusive on all persons with respect to Awards granted under this Plan.

"***Grant Date***" means the later of (a) the date designated as the "Grant Date" within an Award Agreement, and (b) the date on which the Committee determines the key terms of an

Award, ***provided*** that as soon as reasonably practical thereafter the Committee both notifies the Eligible Person of the Award and enters into an Award Agreement with the Eligible Person.

"***Immediate Family***" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. "Immediate Family" also shall include a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the employee) control the management of assets, any other entity in which these persons (or the employee) own more than 50% of the voting interests, and any person sharing the employee's household (other than a tenant or employee).

"***Initial Public Offering***" means the closing of the Company's first firm commitment underwritten public offering of Common Stock registered pursuant to an effective registration statement under the Securities Act (other than a registration statement relating solely to the sale of securities to employees of the Company or a registration relating solely to a Securities and Exchange Commission Rule 145 transaction).

"***Investor Director Provider***" means any investor in the Company (or the Affiliate of an investor in the Company) that has an employee, direct or indirect owner, or service provider serving on the Board as a Director, *provided* that such Director has agreed with the investor (or Affiliate) that such investor (or Affiliate) will receive any Awards that such Director otherwise would receive.

"***ISO***" means an Option that qualifies for favorable income tax treatment under Code Section 422 and is specifically designated as an incentive stock option in an Award Agreement.

"***Market Stand-Off***" has the meaning set forth in Section 21(b).

"***Non-ISO***" means an Option not specifically designated as an ISO in an Award Agreement or not otherwise qualifying as an ISO.

"***Option***" means any right to buy Shares that is granted to a Participant pursuant to Section 4.

"***Person***" means any natural person, association, trust, business trust, cooperative, corporation, general partnership, joint venture, joint-stock company, limited partnership, limited liability company, real estate investment trust, regulatory body, governmental agency or instrumentality, unincorporated organization or organizational entity.

"***Plan***" means this Mohawk Group Holdings, Inc. 2018 Equity Incentive Plan, as may be amended or restated from time to time.

"***Recapture***" has the meaning set forth in Section 10(a).

"***Rescission***" has the meaning set forth in Section 10(a).

"***Reimbursement***" has the meaning set forth in Section 11(a).

"***Reporting Person***" means an Employee, Director, or Consultant who is required to file reports with the Securities and Exchange Commission pursuant to Section 16(a) of the Exchange Act and the rules promulgated thereunder.

"***Repurchase Limitation***" has the meaning set forth in Section 6(c),

"***Restricted Share***" means a Share awarded with restrictions imposed under Section 5.

"***Restricted Share Unit***" or "***RSU***" means a right granted to a Participant to receive Shares or cash upon the lapse of restrictions imposed under Section 5.

"***Section 409A Award***" has the meaning set forth in Section 4(a)(i).

"***Share***" means a share of Common Stock, as adjusted in accordance with Section 9.

"***Share Reserve***" has the meaning set forth in Section 2(a).

"***Termination***" has the meaning set forth in Section 10(a).

"***Successor Company***" has the meaning set forth in Section 9(c).

"***Unrestricted Shares***" mean Shares that are both awarded to Participants pursuant to Section 5, and not subject to a "substantial risk of forfeiture" within the meaning of Code Section 83.

"***U.S. Taxpayer***" means an Eligible Person who is subject to U.S. taxation.

"***Withholding Taxes***" means the aggregate amount of federal, state, local, and foreign income, social insurance, payroll, and other taxes that the Company and any Affiliates are required or permitted to withhold in connection with any Award.

MOHAWK GROUP HOLDINGS, INC. 2018 EQUITY INCENTIVE PLAN

NOTICE OF STOCK OPTION GRANT

Mohawk Group Holdings, Inc. ("***Company***"), pursuant to the Mohawk Group Holdings, Inc. 2018 Equity Incentive Plan, as may be amended or restated from time to time (the "***Plan***"), hereby grants you the opportunity under the Plan to purchase all or any part of the "***Number of Shares Subject to the Option***" effective as of the "***Grant Date***" set forth below.

Optionholder Name:	[insert]
Grant Number:	[insert]
Grant Date:	[insert]
Type of Option:	☐ An **Incentive Stock Option** ("***ISO***") ☐ A **Non-Incentive Stock Option** ("***Non-ISO***")
Number of Shares Subject to the Option:	[insert] (the "***Option Shares***")
Vesting Schedule:	[One-third **(**1/3rd) of the Option Shares shall vest on the date that is one year after the Vesting Commencement Date; the balance of the Option Shares shall vest in a series of [24 successive equal monthly][8 successive equal quarterly] installments measured from the first anniversary of the Vesting Commencement Date, subject to your Continuous Service as of each such date, inclusive.] [Notwithstanding the foregoing, in the event a Change in Control occurs during your Continuous Service, all of the unvested Option Shares shall immediately vest upon such Change of Control.]
Vesting Commencement Date:	☐ Same as Grant Date ☐ Date: _____
Exercise Price Per Option Share:	$[insert]
Exercise Schedule (Subject to Section 2 of the Stock Option Award Agreement):	Same as Vesting Schedule

Expiration Date[1]:	☐ The ten-year anniversary of the Grant Date. ☐ The five-year anniversary of the Grant Date. *(Select if the Participant is a holder of 10% of the combined voting power of all classes of stock of the Company receiving an ISO.)*
Payment:	By one or a combination of the following items: ☐ By cash or check payable to the Company ☐ By delivery of already-owned Shares, as described in the Plan ☐ By a "net exercise" arrangement (only if this is a Non-ISO), as described in the Plan ☐ By cashless exercise, as described in the Plan

The Option is subject to all terms and conditions set forth herein and in the Stock Option Award Agreement (Attachment I) and the Plan (Attachment II), all of which are incorporated herein in their entirety. The Option can only be exercised in conjunction with the Notice of Exercise in the form prescribed by the Committee at the time of exercise. The current Notice of Exercise form is attached as Attachment III for reference. Capitalized terms not explicitly defined herein are defined in the Plan. If this Notice of Stock Option Grant, Stock Option Award Agreement, or Notice of Exercise conflict with the Plan, the Plan will control.

COMPANY:

MOHAWK GROUP HOLDINGS, INC.

(Signature)

Name (Please Print)

Title (Please Print)

OPTIONHOLDER:

(Signature)

Name (Please Print)

1 NTD: The Company may choose a date on or before the 10-year anniversary of the Grant Date, except that the Company must select the 5-year anniversary of the Grant Date (or a date before such anniversary) for grants of ISOs to employees that are holders of 10% of the combined voting power of all classes of stock of the Company.

MOHAWK GROUP HOLDINGS, INC. 2018 EQUITY INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

By this Stock Option Award Agreement (this "***Award Agreement***"), Mohawk Group Holdings, Inc. ("***Company***") has granted you an Option under its Mohawk Group Holdings, Inc. 2018 Equity Incentive Plan, as may be amended or restated from time to time (the "***Plan***"), as set forth in the attached Notice of Stock Option Grant ("***Grant Notice***"). Capitalized terms not explicitly defined herein are defined in the Plan. The details of your Option, in addition to those set forth in the Plan, are as follows:

1. VESTING. Your Option will vest as provided in your Grant Notice. Unless otherwise provided in your Grant Notice, vesting will cease upon the termination of your Continuous Service.

2. EXERCISE PRIOR TO VESTING ("EARLY EXERCISE"). If the "Exercise Schedule" in your Grant Notice indicates "Early Exercise Permitted," you may elect at any time that is both (i) during the period of your Continuous Service, and (ii) during the term of your Option, to exercise all or part of your Option, including the unvested portion of your Option; ***provided***, however, that:

(a) a partial exercise of your Option will be deemed to cover first vested Shares and then the earliest vesting installment of unvested Shares;

(b) any Shares so purchased from installments unvested as of the date of exercise will be subject to the Company's "Repurchase Option" described in the Company's form of Early Exercise Stock Purchase Agreement; and

(c) you will enter into the Company's form of Early Exercise Stock Purchase Agreement with a vesting schedule that will result in the same vesting as if no early exercise had occurred.

3. METHOD OF EXERCISE. The Plan sets forth rules for the exercise of your Option. You must pay the full amount of the exercise price for the Shares you wish to exercise, in any manner permitted by your Grant Notice or as otherwise permitted by the Committee. You must also execute the then-current form of written notice approved by the Committee. The current form of exercise is attached as Attachment III to your Grant Notice.

4. RIGHT OF FIRST REFUSAL. Shares you acquire upon exercise of your Option are subject to any right of first refusal that may be described in the Company's bylaws in effect at such time the Company elects to exercise its right; ***provided***, however, that if there is no right of first refusal described in the Company's bylaws at such time, the right of first refusal described below will apply. The Company's right of first refusal described below will expire on the first date upon which any security of the Company is listed (or approved for listing) upon notice of issuance on a national securities exchange or quotation system (the "***Listing Date***").

(a) Prior to the Listing Date, you may not validly Transfer (as defined below) any Shares acquired upon exercise of your Option, or any interest in such Shares, unless such Transfer is made in compliance with the following provisions:

(i) Before there can be a valid Transfer of any Shares or any interest therein, the record holder of the Shares to be transferred (the "***Offered Shares***") will give written notice (by registered or certified mail) to the Company. Such notice will specify the identity of the proposed transferee, the cash price offered for the Offered Shares by the proposed transferee (or, if the proposed Transfer is one in which the holder will not receive cash, such as an involuntary transfer, gift, donation, or pledge, the holder will state that no purchase price is being proposed), and the other terms and conditions of the proposed Transfer. The date such notice is mailed will be hereinafter referred to as the "***Notice Date***" and the record holder of the Offered Shares will be hereinafter referred to as the "***Offeror***." If, from time to time, there is any stock dividend, stock split, or other change in the character or amount of any of the outstanding Common Stock which is subject to the provisions of your Option, then in such event any and all new, substituted, or additional securities to which you are entitled by reason of your ownership of the Shares acquired upon exercise of your Option will be immediately subject to the Right of First Refusal (as defined below) with the same force and effect as the Shares subject to the Right of First Refusal immediately before such event.

(ii) For a period of 30 calendar days after the Notice Date, or such longer period as may be required to avoid the classification of your Option as a liability for financial accounting purposes, the Company will have the option to purchase all (but not less than all) of the Offered Shares at the purchase price and on the terms set forth in Section 4(a)(iii) ("***Right of First Refusal***"). In the event that the proposed Transfer is one involving no payment of a purchase price, the purchase price will be deemed to be the Fair Market Value of the Offered Shares, as determined in good faith by the Board in its discretion. The Company may exercise its Right of First Refusal by mailing (by registered or certified mail) written notice of exercise of its Right of First Refusal to the Offeror prior to the end of said 30 days (including any extension required to avoid classification of your Option as a liability for financial accounting purposes).

(iii) The price at which the Company may purchase the Offered Shares pursuant to the exercise of its Right of First Refusal will be the cash price offered for the Offered Shares by the proposed transferee (as set forth in the notice required under Section 4(a)(i)), or the Fair Market Value as determined by the Board in the event no purchase price is involved. To the extent that consideration other than cash is offered by the proposed transferee, the Company will not be required to pay any additional amounts to the Offeror other than the cash price offered (or the Fair Market Value, if applicable). The Company's notice of exercise of its Right of First Refusal will be accompanied by full payment for the Offered Shares and, upon such payment by the Company, the Company will acquire full right, title, and interest to all of the Offered Shares.

(iv) If, and only if, the option given pursuant to Section 4(a)(ii) is not exercised, the Transfer proposed in the notice given pursuant to Section 4(a)(ii) may take place; ***provided***, however, that such Transfer must, in all respects, be exactly as proposed in said notice, except that such Transfer may not take place either before the 10th calendar day after the expiration of the 30-day option exercise period or after the 90th calendar day after the expiration of the 30-day option exercise period, and if such Transfer has not taken place prior to said 90th

day, such Transfer may not take place without once again complying with this Section 4(a). The option exercise periods in this Section 4(a)(iv) will be adjusted to include any extension required to avoid the classification of your option as a liability for financial accounting purposes.

(b) As used in this Section 4, the term "***Transfer***" means any sale, encumbrance, pledge, gift, or other form of disposition or transfer of Shares or any legal or equitable interest therein; ***provided***, however, that the term Transfer does not include a transfer of such Shares or interests by will or intestacy to your Immediate Family. In such case, the transferee or other recipient will receive and hold the Shares so transferred, subject to the provisions of this Section, and there will be no further transfer of such Shares except in accordance with the terms of this Section 4.

(c) No Shares purchased on exercise of your Option will be transferred on the Company's books, nor will the Company recognize any such Transfer of any such Shares or any interest therein, unless and until all applicable provisions of this Section 4 have been complied with in all respects. The certificates of stock evidencing Shares purchased on exercise of your Option will bear an appropriate legend referring to the transfer restrictions imposed by this Section 4.

(d) To ensure that the Shares subject to the Right of First Refusal will be available for repurchase by the Company, the Company may require you to deposit the certificates evidencing the Shares that you purchase upon exercise of your Option with an escrow agent designated by the Company under the terms and conditions of an escrow agreement approved by the Company. If the Company does not require such deposit as a condition of exercise of your Option, the Company reserves the right at any time to require you to so deposit the certificates in escrow. As soon as practicable after the expiration of the Right of First Refusal, the agent will deliver to you the Shares and any other property no longer subject to such restriction. In the event that the Shares and any other property held in escrow are subject to the Company's exercise of its Right of First Refusal, the notices required to be given to you will be given to the escrow agent, and any payment required to be given to you will be given to the escrow agent. Within 30 days after payment by the Company for the Offered Shares, the escrow agent will deliver the Offered Shares that the Company has repurchased to the Company and will deliver the payment received from the Company to you.

(e) The Company may assign its Right of First Refusal with respect to any particular transaction under this Section 4 to one or more persons or entities.

5. WITHHOLDING OBLIGATIONS. You may not exercise your Option unless the Withholding Tax obligations of the Company and any Affiliate are satisfied. Accordingly, you may not be able to exercise your Option when desired, even though your Option is vested, and the Company will have no obligation to issue a certificate for such Shares or release such Shares from any escrow provided for herein, if applicable, unless such obligations are satisfied.

6. TRANSFERABILITY. Except as otherwise provided in the Plan or this Award Agreement, your Option is not transferable and is exercisable during your life only by you.

7. NOT A CONTRACT OF EMPLOYMENT. By executing this Award Agreement, you acknowledge and agree that (a) nothing in this Award Agreement or in the Plan confers on you any right to continue an employment, service, or consulting relationship with the Company, nor shall it affect in any way your right or the Company's right to terminate your employment, service, or consulting relationship at any time, with or without Cause, and (b) the Company would not have granted your Option to you but for these acknowledgements and agreements.

8. HEADINGS. Section and other headings contained in this Award Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope or intent of this Award Agreement or any provision hereof.

9. SEVERABILITY. Every provision of this Award Agreement and of the Plan is intended to be severable. If any term hereof is illegal or invalid for any reason, such illegality or invalidity shall not affect the legality or validity of the remaining terms of this Award Agreement.

10. COUNTERPARTS. This Award Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument.

11. BINDING EFFECT. Except as otherwise provided in this Award Agreement or in the Plan, every covenant, term, and provision of this Award Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, legatees, legal representatives, successors, transferees, and assigns.

12. MODIFICATIONS. This Award Agreement may be modified or amended at any time, in accordance with the Plan.

13. NOTICES.

(a) All notices required or permitted under your Option or the Plan shall be in writing (including electronically) and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile, if sent during normal business hours of the recipient, and if not during normal business hours of the recipient, then on the next business day; (iii) five calendar days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one business day after deposit, with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the other party hereto at such party's address, hereinafter set forth on the signature page hereof, addressed to you at the last address you provided to the Company, or at such other address as such party may designate by ten days' advance written notice to the other party hereto.

(b) By accepting your Option, you consent to receive all documents related to participation in the Plan and your Option by electronic delivery and to participate in the Plan through an online or electronic system established and maintained by the Company or another third party designated by the Company, though you may opt out of such electronic delivery and electronic system by notifying the Chief Executive Officer of the Company in writing.

14. GOVERNING PLAN DOCUMENT. Your Option is subject to all Plan provisions, the provisions of which are hereby made a part of your Option, and is further subject to all interpretations, amendments, rules, and regulations, which may from time to time be promulgated and adopted pursuant to the Plan.

15. CONSENT FOR DATA TRANSFER. You specifically consent to the collection, use, and transfer, in electronic or other form, of your personal data as described in the Plan.

COMPANY:	**OPTIONHOLDER:**
MOHAWK GROUP HOLDINGS, INC.	
(Signature)	(Signature)
Name (Please Print)	Name (Please Print)
Title (Please Print)	

Exhibit 10.6

Execution Version

CREDIT AND SECURITY AGREEMENT

dated as of October 16, 2017

by and among

MOHAWK GROUP, INC. and

ITS SUBSIDIARIES FROM TIME TO TIME PARTY HERETO,

each as a Borrower, and collectively as Borrowers,

and

MIDCAP FINANCIAL TRUST,

as Agent and as a Lender,

and

THE ADDITIONAL LENDERS

FROM TIME TO TIME PARTY HERETO

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CREDIT AND SECURITY AGREEMENT

This **CREDIT AND SECURITY AGREEMENT** (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "**Agreement**") is dated as of October 16, 2017 by and among **MOHAWK GROUP, INC.**, a Delaware corporation ("**Mohawk Parent**"), certain subsidiaries of Mohawk Parent set forth on Annex B hereto and any additional borrower that may hereafter be added to this Agreement (each individually as a "**Borrower**", and collectively with any entities that become party hereto as Borrower and each of their successors and permitted assigns, the "**Borrowers**"), **MIDCAP FINANCIAL TRUST**, a Delaware statutory trust, individually as a Lender, and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender.

RECITALS

Borrowers have requested that Lenders make available to Borrowers the financing facilities as described herein. Lenders are willing to extend such credit to Borrowers under the terms and conditions herein set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, Borrowers, Lenders and Agent agree as follows:

ARTICLE 1 - DEFINITIONS

Section 1.1 Certain Defined Terms. The following terms have the following meanings:

"**Acceleration Event**" means the occurrence of an Event of Default (a) in respect of which Agent has declared all or any portion of the Obligations to be immediately due and payable pursuant to Section 10.2, (b) pursuant to Section 10.1(a), and in respect of which Agent has suspended or terminated the Revolving Loan Commitment pursuant to Section 10.2, and/or (c) pursuant to either Section 10.1(e) and/or Section 10.1(f).

"**Account Debtor**" means "account debtor", as defined in Article 9 of the UCC, and any other obligor in respect of an Account.

"**Accounts**" means, collectively, (a) any right to payment of a monetary obligation, whether or not earned by performance, (b) without duplication, any "account" (as defined in the UCC), any accounts receivable (whether in the form of payments for services rendered or goods sold, rents, license fees or otherwise), any "health-care-insurance receivables" (as defined in the UCC), any "payment intangibles" (as defined in the UCC) and all other rights to payment and/or reimbursement of every kind and description, whether or not earned by performance, (c) all accounts, "general intangibles" (as defined in the UCC), Intellectual Property, rights, remedies, Guarantees, "supporting obligations" (as defined in the UCC), "letter-of-credit rights" (as defined in the UCC) and security interests in respect of the foregoing, all rights of enforcement and collection, all books and records evidencing or related to the foregoing, and all rights under the Financing Documents in respect of the foregoing, (d) all information and data compiled or derived by any Borrower or to which any Borrower is entitled in respect of or related to the foregoing, and (e) all proceeds of any of the foregoing.

"**Additional Titled Agents**" has the meaning set forth in Section 11.15.

"**Additional Tranche**" means an additional amount of Revolving Loan Commitment equal to $15,000,000.00 (it being acknowledged that multiple Additional Tranches are permitted pursuant to Section 2.1(c) in minimum amounts of $1,000,000 each for a total of up to $15,000,000.00).

"**Affiliate**" means, with respect to any Person, (a) any Person that directly or indirectly controls such Person, (b) any Person which is controlled by or is under common control with such controlling Person, and (c) each of such Person's (other than, with respect to any Lender, any Lender's) officers or directors (or Persons functioning in substantially similar roles) and the spouses, parents, descendants and siblings of such officers, directors or other Persons. As used in this definition, the term "control" of a Person means the possession, directly or indirectly, of the power to vote five percent (5%) or more of any class of voting securities of such Person or to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Agent**" means MCF, in its capacity as administrative agent for itself and for Lenders hereunder, as such capacity is established in, and subject to the provisions of, Article 11, and the successors and assigns of MCF in such capacity.

"**Amazon Agreement**" means the Amazon Business Services Solutions Agreement pursuant to which the Borrowers sell Inventory through Amazon Services International, Inc. and its affiliates (collectively, "**Amazon**").

"**Amazon Locations**" means each warehouse or similar location owned or controlled by Amazon and where Borrowers' Inventory is being stored.

"**Anti-Terrorism Laws**" means any Laws relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 (effective September 24, 2001), the USA PATRIOT Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by OFAC.

"**Applicable Margin**" means (a) with respect to Revolving Loans and all other Obligations (other than Term Loans) five and three-quarters percent (5.75%).and (b) with respect to any Term Loan, nine and three-quarters percent (9.75%).

"**Approved Fund**" means any (a) investment company, fund, trust, securitization vehicle or conduit that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the Ordinary Course of Business, or (b) any Person (other than a natural person) which temporarily warehouses loans for any Lender or any entity described in the preceding clause (a) and that, with respect to each of the preceding clauses (a) and (b), is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender, or (iii) a Person (other than a natural person) or an Affiliate of a Person (other than a natural person) that administers or manages a Lender.

"**Asset Disposition**" means any sale, lease, license, transfer, assignment or other consensual disposition by any Credit Party of any asset.

"**Assignment Agreement**" means an assignment agreement in form and substance acceptable to Agent.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy", as the same may be amended, modified or supplemented from time to time, and any successor statute thereto.

"**Base LIBOR Rate**" means, for each Interest Period, the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it

considers appropriate (rounded upwards, if necessary, to the next 1/100%), to be the rate at which Dollar deposits (for delivery on the first day of such Interest Period or, if such day is not a Business Day on the preceding Business Day) in the amount of $1,000,000 are offered to major banks in the London interbank market on or about 11:00 a.m. (Eastern time) two (2) Business Days prior to the commencement of such Interest Period, for a term comparable to such Interest Period, which determination shall be conclusive in the absence of manifest error.

"**Base Rate**" means the per annum rate of interest announced, from time to time, within Wells Fargo Bank, National Association at its principal office in San Francisco as its "prime rate," with the understanding that the "prime rate" is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate; *provided, however,* that Agent may, upon prior written notice to Borrower, choose a reasonably comparable index or source to use as the basis for the Base Rate.

"**Blocked Person**" means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, (d) that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224, or (e) that is named a "specially designated national" or "blocked person" on the most current list published by OFAC or other similar list or is named as a "listed person" or "listed entity" on other lists made under any Anti-Terrorism Law.

"**Borrower**" and "**Borrowers**" has the meaning set forth in the introductory paragraph hereto.

"**Borrower Representative**" means Mohawk Parent, in its capacity as Borrower Representative pursuant to the provisions of Section 2.9, or any successor Borrower Representative selected by Borrowers and approved by Agent.

"Borrowing Base " means:

(a) the product of (i) eighty-five percent (85%) *multiplied by* (ii) the aggregate net amount at such time of the Eligible Accounts, less the amount, if any, of the Dilution Reserve; *plus*

(b) the lesser of (i) eighty-five percent (85%) *multiplied by* the Orderly Liquidation Value of the Eligible Inventory (excluding, for the avoidance of doubt, Eligible In-Transit Inventory), or (ii) sixty five percent (65%) *multiplied by* the value of the Eligible Inventory (excluding, for the avoidance of doubt, Eligible In-Transit Inventory), valued at the lower of first-in-first-out cost or market cost, and after factoring in all rebates, discounts and other incentives or rewards associated with the purchase of the applicable Inventory; *plus*

(c) the lesser of (i) sixty five percent (65%) *multiplied by* the Orderly Liquidation Value of the Eligible In-Transit Inventory, or (ii) sixty five percent (65%) *multiplied by* the value of the Eligible In-Transit Inventory, valued at the lower of first-in-first-out cost or market cost, and after factoring in all rebates, discounts and other incentives or rewards associated with the purchase of the applicable Inventory; *provided* that the Borrowing Base will be automatically adjusted down, if necessary, such that the aggregate availability from Eligible In-Transit Inventory shall never exceed an amount equal to $1,000,000 of the Borrowing Base *minus*

(d) the amount of any reserves and/or adjustments provided for in this Agreement.

"**Borrowing Base Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit C hereto.

"**Business Day**" means any day except a Saturday, Sunday or other day on which either the New York Stock Exchange is closed, or on which commercial banks in Washington, DC and New York City are authorized by law to close.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C.A. § 9601 *et seq*., as the same may be amended from time to time.

"Change in Control " means any of the following: means any of the following: (a) any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) shall have acquired beneficial ownership of 25% or more on a fully diluted basis of the voting and/or economic interest in the Equity interest of Mohawk Parent after the Closing Date; (b) any change in the legal or beneficial ownership or control of the outstanding voting Equity Interests of the applicable Person necessary at all times to elect a majority of the board of directors (or similar governing body) of each such Person; (c) the applicable Person shall cease to, directly or indirectly, own and control one hundred percent (100%) of each class of the outstanding Equity Interests of each Subsidiary of such Person (except to the extent any such Subsidiary becomes party to any merger or consolidation otherwise permitted pursuant to Section 5.6); and (d) the occurrence of any "Change of Control", "Change in Control" or terms of similar import under any document or instrument governing or relating to Debt of or equity in such Person. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934.

"**Closing Date**" means the date of this Agreement.

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

"**Collateral**" means all property, now existing or hereafter acquired, mortgaged or pledged to, or purported to be subjected to a Lien in favor of, Agent, for the benefit of Agent and Lenders, pursuant to this Agreement and the Security Documents, including, without limitation, all of the property described in Schedule 9.1 hereto.

"**Commitment Annex**" means Annex A to this Agreement.

"**Commitment Expiry Date**" means the date that is three (3) years following the Closing Date.

"**Competitor**" means, at any time of determination, any Person (a) engaged in the same or substantially the same line of business as the Borrower and the other Credit Parties and such business accounts for all or substantially all the revenue or net income of such Person at the time of such determination and (b) who is designated as a "Competitor" by Borrower pursuant to that certain "competitors list" sent by Borrower to Agent in writing prior to the Closing Date.

"**Compliance Certificate**" means a certificate, duly executed by a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit B hereto.

"**Concentration Account**" means that certain Deposit Account #3302243245 of Mohawk Parent maintained at Silicon Valley Bank or such other Deposit Account as Borrower may designate with the consent of Agent (such consent not to be unreasonably withheld, conditioned or delayed) from time to time after the Closing Date.

"**Consolidated Subsidiary**" means, at any date, any Subsidiary the accounts of which would be consolidated with those of "parent" Borrower (or any other Person, as the context may require hereunder) in its consolidated financial statements if such statements were prepared as of such date.

"**Contingent Obligation**" means, with respect to any Person, any direct or indirect liability of such Person: (a) with respect to any Debt of another Person (a "**Third Party Obligation**") if the purpose or intent of such Person incurring such liability, or the effect thereof, is to provide assurance to the obligee of such Third Party Obligation that such Third Party Obligation will be paid or discharged, or that any agreement relating thereto will be complied with, or that any holder of such Third Party Obligation will be protected, in whole or in part, against loss with respect thereto; (b) with respect to any undrawn portion of any letter of credit issued for the account of such Person or as to which such Person is otherwise liable for the reimbursement of any drawing; (c) under any Swap Contract, to the extent not yet due and payable; (d) to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement; or (e) for any obligations of another Person pursuant to any Guarantee or pursuant to any agreement to purchase, repurchase or otherwise acquire any obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to preserve the solvency, financial condition or level of income of another Person. The amount of any Contingent Obligation shall be equal to the amount of the obligation so Guaranteed or otherwise supported or, if not a fixed and determinable amount, the maximum amount so Guaranteed or otherwise supported.

"**Controlled Group**" means all members of any group of corporations and all members of a group of trades or businesses (whether or not incorporated) under common control which, together with any Borrower, are treated as a single employer under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

"**Credit Card Cash Collateral Account**" means that certain Deposit Account #3301181565 of Mohawk Parent maintained at Silicon Valley Bank for the sole purpose of securing Borrower's obligations under clause (h) of the definition Permitted Debt; *provided*, that the aggregate amount of cash or cash equivalents deposited in such Deposit Account does not, at any time, exceed $250,000.

"**Credit Exposure**" means, at any time, any portion of the Revolving Loan Commitment or Term Loan Commitment that remains outstanding, or any Reimbursement Obligation or other Obligation that remains unpaid or any Letter of Credit or Support Agreement not supported with cash collateral required by this Agreement that remains outstanding; *provided, however,* that no Credit Exposure shall be deemed to exist solely due to the existence of contingent indemnification liability, absent the assertion of a claim, or the known existence of a claim reasonably likely to be asserted, with respect thereto.

"**Credit Party**" means any Guarantor under a Guarantee of the Obligations or any part thereof, any Borrower and any other Person (other than Agent, a Lender or a participant of a Lender), whether now existing or hereafter acquired or formed, that becomes obligated as a borrower, guarantor, surety, indemnitor, pledgor, assignor or other obligor under any Financing Document; *provided, however,* that, for the avoidance of doubt, in no event shall any Restricted Foreign Subsidiary be a "**Credit Party**" for purposes of this Agreement or the other Financing Documents.

"**Credit Party Liquidity**" means, at any time, the sum of (a) Credit Party Unrestricted Cash plus (b) the Revolving Loan Availability.

"**Credit Party Unrestricted Cash**" the aggregate unrestricted cash and cash equivalents owned by Borrowers and that are (a) held in the name of a Borrower in a bank or financial institution located in the United States and subject to a Deposit Account

Control Agreement or Securities Account Control Agreement, as applicable, in favor of Agent, (b) not subject to any Lien other than a Lien in favor of Agent or any other Permitted Lien and (c) not pledged to or held by Agent to secure a specified Obligation.

"**Customs Broker**" means a Person serving as a customs broker for Borrower in connection with Borrower's importation of goods.

"**Debt**" of a Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business, (d) all capital leases of such Person, (e) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument, (f) all equity securities of such Person subject to repurchase or redemption other than at the sole option of such Person, (g) all obligations secured by a Lien on any asset of such Person, whether or not such obligation is otherwise an obligation of such Person, (h) "earnouts", purchase price adjustments, profit sharing arrangements, deferred purchase money amounts and similar payment obligations or continuing obligations of any nature of such Person arising out of purchase and sale contracts, (i) all Debt of others Guaranteed by such Person, (j) off-balance sheet liabilities and/or Pension Plan or Multiemployer Plan liabilities of such Person, (k) obligations arising under non-compete agreements, and (l) obligations arising under bonus, deferred compensation, incentive compensation or similar arrangements, other than those arising in the Ordinary Course of Business or otherwise approved by the Borrower's Board of Directors, in its good faith business discretion. Without duplication of any of the foregoing, Debt of Borrowers shall include any and all Loans and Letter of Credit Liabilities.

"**Default**" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"**Defaulted Lender**" means, so long as such failure shall remain in existence and uncured, any Lender which shall have failed to make any Loan or other credit accommodation, disbursement, settlement or reimbursement required pursuant to the terms of any Financing Document.

"**Defined Period**" means, for purposes of calculating the Fixed Charge Coverage Ratio for any given calendar month, the twelve (12) month period immediately preceding any such calendar month.

"**Deposit Account**" means a "deposit account" (as defined in Article 9 of the UCC), an investment account, or other account in which funds are held or invested for credit to or for the benefit of any Borrower.

"**Deposit Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any Borrower and each financial institution in which such Borrower maintains a Deposit Account, which agreement provides that (a) such financial institution shall comply with instructions originated by Agent directing disposition of the funds in such Deposit Account without further consent by the applicable Borrower, and (b) such financial institution shall agree that it shall have no Lien on, or right of setoff or recoupment against, such Deposit Account or the contents thereof, other than in respect of usual and customary service fees and returned items for which Agent has been given value, in each such case expressly consented to by Agent, and containing such other terms and conditions as Agent may require, including as to any such agreement pertaining to any Lockbox Account, providing that such financial institution shall wire, or otherwise transfer, in immediately available funds, on a daily basis to the Payment Account all funds received or deposited into such Lockbox or Lockbox Account.

"**Dilution**" means, as of any date of determination, a percentage, based upon the experience during any prior period selected from time to time by Agent in its sole discretion, that is the result of dividing the Dollar amount of (a) bad debt write-downs, discounts, advertising allowances, credits, or other dilutive items with respect to Borrowers' Accounts during such period, by (b) Borrowers' billings with respect to Accounts during such period.

"**Dilution Reserve**" means, as of any date of determination, an amount sufficient to reduce the advance rate against Eligible Accounts by one (1) percentage point for each percentage point by which Dilution is in excess of five (5%) percent.

"**Dollars**" or "**$**" means the lawful currency of the United States of America.

"**EBITDA**" has the meaning given such term on the Compliance Certificate.

"**Eligible Account**" means, subject to the criteria below, an account receivable of a Borrower, which was generated in the Ordinary Course of Business, which was generated originally in the name of a Borrower and not acquired via assignment or otherwise, and which Agent, in its good faith credit judgment and discretion, deems to be an Eligible Account. The net amount of an Eligible Account at any time shall be the face amount of such Eligible Account as originally billed *minus* all cash collections and other proceeds of such Account received from or on behalf of the Account Debtor thereunder as of such date and any and all returns, rebates, discounts (which may, at Agent's option, be calculated on shortest terms), credits, allowances or excise taxes of any nature at any time issued, owing, claimed by Account Debtors, granted, outstanding or payable in connection with such Accounts at such time. Without limiting the generality of the foregoing, no Account shall be an Eligible Account if:

(a) the Account remains unpaid more than thirty (30) days past the claim or invoice date (but in no event more than forty-five (45) days after the applicable goods or services have been rendered or delivered);

(b) the Account is subject to any defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment of any kind (but only to the extent of such defense, set-off, recoupment, counterclaim, deduction, discount, credit, chargeback, freight claim, allowance, or adjustment), or the applicable Borrower is not able to bring suit or otherwise enforce its remedies against the Account Debtor through judicial process;

(c) if the Account arises from the sale of goods, any part of any goods the sale of which has given rise to the Account has been returned, rejected, lost, or damaged (but only to the extent that such goods have been so returned, rejected, lost or damaged);

(d) if the Account arises from the sale of goods, the sale was not an absolute, bona fide sale, or the sale was made on consignment or on approval or on a sale-or-return or bill-and-hold or progress billing basis, or the sale was made subject to any other repurchase or return agreement, or the goods have not been shipped to the Account Debtor or its designee or the sale was not made in compliance with applicable Laws;

(e) if the Account arises from the performance of services, the services have not actually been performed or the services were undertaken in violation of any Law or the Account represents a progress billing for which services have not been fully and completely rendered;

(f) the Account is subject to a Lien other than a Permitted Lien, or Agent does not have a first priority, perfected Lien on such Account;

(g) the Account is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment, unless such Chattel Paper or Instrument has been delivered to Agent;

(h) the Account Debtor is an Affiliate or Subsidiary of a Credit Party, or if the Account Debtor holds any Debt of a Credit Party;

(i) more than fifty percent (50%) of the aggregate balance of all Accounts owing from the Account Debtor obligated on the Account are ineligible under subclause (a) above (in which case all Accounts from such Account Debtor shall be ineligible);

(j) without limiting the provisions of clause (i) above, fifty percent (50%) or more of the aggregate unpaid Accounts from the Account Debtor obligated on the Account are not deemed Eligible Accounts under this Agreement for any reason;

(k) the total unpaid Accounts of the Account Debtor obligated on the Account exceed twenty percent (20%) of the net amount of all Eligible Accounts owing from all Account Debtors (but only the amount of the Accounts of such Account Debtor exceeding such twenty percent (20%) limitation shall be considered ineligible); *provided*, that the limitation set forth in this clause (k) shall not apply to Accounts owed by Amazon.com, Inc. or any other Account Debtor approved by the Agent in writing so long as such Account Debtor's credit rating is at least "BBB-" or higher from S&P or "Baa3" or higher from Moody's;

(l) any covenant, representation or warranty contained in the Financing Documents with respect to such Account has been breached in any respect;

(m) the Account is unbilled or has not been invoiced to the Account Debtor in accordance with the procedures and requirements of the applicable Account Debtor;

(n) the Account is an obligation of an Account Debtor that is the federal, state or local government or any political subdivision thereof, unless Agent has agreed to the contrary in writing and Agent has received from the Account Debtor the acknowledgement of Agent's notice of assignment of such obligation pursuant to this Agreement;

(o) the Account is an obligation of an Account Debtor that has suspended business, made a general assignment for the benefit of creditors, is unable to pay its debts as they become due or as to which a petition has been filed (voluntary or involuntary) under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or the Account is an Account as to which any facts, events or occurrences exist which could reasonably be expected to impair the validity, enforceability or collectability of such Account or reduce the amount payable or delay payment thereunder;

(p) the Account Debtor has its principal place of business or executive office outside the United States;

(q) the Account is payable in a currency other than United States dollars;

(r) the Account Debtor is an individual;

(s) the Borrower owning such Account has not signed and delivered to Agent notices, in the form requested by Agent, directing the Account Debtors to make payment to the applicable Lockbox Account;

(t) the Account includes late charges or finance charges (but only such portion of the Account shall be ineligible);

(u) the Account arises out of the sale of any Inventory upon which any other Person holds, claims or asserts a Lien; or

(v) the Account or Account Debtor fails to meet such other specifications and requirements which may from time to time be established by Agent in its good faith credit judgment and discretion.

"**Eligible Assignee**" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and

(d) any other Person (other than a natural person) approved by Agent; *provided*, *however*, that notwithstanding the foregoing, (x) "**Eligible Assignee**" shall not include any Borrower or any of a Borrower's Affiliates, and (y) no proposed assignee intending to assume all or any portion of the Revolving Loan Commitment or any unfunded portion of the Term Loan Commitment shall be an Eligible Assignee unless such proposed assignee either already holds a portion of such Revolving Loan Commitment or Term Loan Commitment, or has been approved as an Eligible Assignee by Agent.

"**Eligible Customs Broker**" means any Customs Broker which has its principal assets, place of organization and place of business in the United States, which is acceptable to Agent in its reasonable discretion and with which Agent has entered into an In-Transit Bailee Agreement, and which has not asserted any adverse claim or Agent against any In-Transit Inventory.

"**Eligible In-Transit Inventory**" means Inventory that, as of any date of determination, is owned by a Borrower and acquired and dispensed by such Borrower in the Ordinary Course of Business that Agent, in its good faith credit judgment and discretion, deems to be Eligible In-Transit Inventory. Without limiting the generality of the foregoing, no Inventory shall be Eligible In-Transit Inventory unless:

(a) under the terms of sale of such Inventory, title and risk of loss have passed with respect to such Inventory from the vendor to Borrower on or before such date, and all amounts due and owing by Borrower to vendor or any other Person (specifically including, but not limited to, vendor's financial institution, if applicable) have been fully paid (including but not limited to shipping costs with respect thereto), or, if such amounts have not been fully paid, the sale of such Inventory by vendor to Borrower has been made on mutually agreeable credit terms, and such credit terms' payment arrangement has not, in any way, prevented (or otherwise limited) title and risk of loss with respect to any such Inventory from passing to Borrower;

(b) such Inventory is fully insured by Borrower in such amounts, with such insurance companies and subject to such deductibles as are satisfactory to Agent in its reasonable discretion and in respect of which Agent has been named as sole lender loss payee pursuant to a lender's loss payee endorsement acceptable to Agent in its reasonable discretion;

(c) Borrower is not in default of any of its obligations to the vendor of such Inventory; and

(d) neither the vendor nor such vendor's financial institution (if applicable) has any right on such date, under applicable law or pursuant to any document relating to the sale of such Inventory, to reclaim, divert the shipment of, reroute, repossess, stop delivery of or otherwise assert any Lien rights or title retention with respect to such Inventory;

(e) such Inventory is either (1) in the possession of a common carrier, which is not an Affiliate of

the vendor or the Borrower, and which has either (x) issued a tangible negotiable bill of lading to the order of Borrower (or, if otherwise required by Agent in its reasonable discretion, to the order of Agent), which covers only such Inventory, bears a conspicuous notation on its face of Agent's security interest therein (unless such bill of lading is issued to the order of Agent), and which is otherwise in form and substance satisfactory to Agent in its reasonable discretion or (y) issued a tangible non-negotiable bill of lading that otherwise satisfies all of the criteria set forth in the immediately preceding clause (x), except that the bill of lading must be issued to the order of Agent or (2) in the possession of an Eligible NVOCC;

(f) all original counterparts of a tangible bill of lading (if any) covering such Inventory are in the possession, in the United States, of Agent, an agent of Agent (including an Eligible Customs Broker or an Eligible NVOCC) or in the possession of Borrower as a result of Agent's (or Agent's agent's) delivery to Borrower to facilitate offloading of such Inventory at the port of entry;

(g) the Inventory is to be received by an Eligible NVOCC or an Eligible Customs Broker, and the terms of the applicable In-Transit Bailee Agreement with respect to such In-Transit Inventory are adhered to in all material respects by the parties thereto; and

(h) such Inventory otherwise meets all of the criteria for "Eligible Inventory" hereunder except for requirement set for in clause (c) of the definition thereof.

"**Eligible Inventory**" means Inventory owned by a Borrower and acquired and dispensed by such Borrower in the Ordinary Course of Business that Agent, in its good faith credit judgment and discretion, deems to be Eligible Inventory. Without limiting the generality of the foregoing, no Inventory shall be Eligible Inventory if:

(a) such Inventory is not owned by a Borrower free and clear of all Liens and rights of any other Person (including the rights of a purchaser that has made progress payments and the rights of a surety that has issued a bond to assure such Borrower's performance with respect to that Inventory);

(b) such Inventory is placed on consignment

(c) such Inventory is in transit;

(d) Except with respect to Eligible In-Transit Inventory, such Inventory is covered by a negotiable document of title, unless such document has been delivered to Agent with all necessary endorsements, free and clear of all Liens except those in favor of Agent;

(e) such Inventory is excess, obsolete, unsalable, shopworn, seconds, damaged, unfit for sale, unfit for further processing, is of substandard quality or is not of good and merchantable quality, free from any defects;

(f) such Inventory consists of marketing materials, display items or packing or shipping materials, manufacturing supplies or Work-In-Process;

(g) such Inventory is not subject to a first priority Lien in favor of Agent;

(h) such Inventory consists of goods that can be transported or sold only with licenses that are not readily available or of any substances defined or designated as hazardous or toxic

waste, hazardous or toxic material, hazardous or toxic substance, or similar term, by any environmental law or any Governmental Authority applicable to Borrowers or their business, operations or assets;

(i) such Inventory is not covered by casualty insurance acceptable to Agent;

(j) any covenant, representation or warranty contained in the Financing Documents with respect to such Inventory has been breached in any material respect;

(k) unless in either case in the following clauses (i) or (ii) such Inventory is Eligible In-Transit Inventory, such Inventory is located (i) outside of the continental United States (other than inventory located in Canada that was included in the valuation performed by Hilco and delivered to Agent prior to the Closing Date) or (ii) on premises where the aggregate amount of all Inventory (valued at cost) of Borrowers located thereon is less than $10,000;

(l) other than Eligible In-Transit Inventory, such Inventory is located on premises with respect to which Agent has not received a landlord, warehouseman, bailee or mortgagee letter acceptable in form and substance to Agent; *provided, however,* that Inventory held at Amazon Locations shall not be deemed ineligible solely as a result of this clause (l);

(m) such Inventory consists of (A) discontinued items, (B) slow-moving or excess items held in inventory, or (C) used items held for resale;

(n) such Inventory does not consist of finished goods;

(o) such Inventory does not meet all standards imposed by any Governmental Authority, including with respect to its production, acquisition or importation (as the case may be);

(p) such Inventory consists of products for which Borrowers have a greater than three (3) month supply on hand;

(q) such Inventory is held for rental or lease by or on behalf of Borrowers;

(r) such Inventory is subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third parties, which agreement restricts the ability of Agent or any Lender to sell or otherwise dispose of such Inventory; or

(s) such Inventory fails to meet such other specifications and requirements which may from time to time be established by Agent in its good faith credit judgment. Agent and Borrowers agree that Inventory shall be subject to periodic appraisal by Agent and that valuation of Inventory shall be subject to adjustment pursuant to the results of such appraisal. Notwithstanding the foregoing, the valuation of Inventory shall be subject to any legal limitations on sale and transfer of such Inventory.

"**Eligible NVOCC**" means, with respect to any In-Transit Inventory, an NVOCC for such Inventory that (i) is not an Affiliate of Borrower or the applicable vendor and is otherwise reasonably acceptable to Agent; (ii) is engaged by Agent as freight forwarder with respect to such Inventory; (iii) if such NVOCC has received from the carrier a bill of lading with respect to such Inventory, such bill of lading names such NVOCC as consignee and, if so requested by Agent, has granted Agent a security interest in such bill of lading as security for the Obligations; (iv) has issued to the order of Borrower or, if so requested by Agent, to the order of Agent, a bill of lading (including any express bill of lading or seaway bill) in respect of such Inventory (and, if so requested by Agent, any bill of lading so issued to the order of Borrower shall name Agent as a notify party and conspicuously state on its face that it is subject

to Lender's security interest); (v) is a party with Agent to an In-Transit Bailee Agreement; and (vi) has not asserted any adverse claim or Lien against any such Inventory.

"**Eligible Swap Counterparty**" means Agent, any Affiliate of Agent, any Lender and/or any Affiliate of any Lender, that (a) at any time it occupies such role or capacity (whether or not it remains in such capacity) enters into a Swap Contract permitted hereunder with any Borrower, and (b) in the case of a Lender or an Affiliate of a Lender other than Agent, maintains a reporting system acceptable to Agent with respect to Swap Contract exposure and agrees with Agent to provide regular reporting to Agent, in form and substance reasonably satisfactory to Agent, with respect to such exposure. In addition thereto, any Affiliate of a Lender shall, upon Agent's request, execute and deliver to Agent a letter agreement pursuant to which such Affiliate designates Agent as its agent and agrees to share, pro rata, all expenses relating to liquidation of the Collateral for the benefit of such Affiliate.

"**Environmental Laws**" means any present and future federal, state and local laws, statutes, ordinances, rules, regulations, standards, policies and other governmental directives or requirements, as well as common law, pertaining to the environment, natural resources, pollution, health (including any environmental clean up statutes and all regulations adopted by any local, state, federal or other Governmental Authority, and any statute, ordinance, code, order, decree, law rule or regulation all of which pertain to or impose liability or standards of conduct concerning medical waste or medical products, equipment or supplies), safety or clean-up that apply to any Borrower and relate to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 *et seq.*), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 *et seq.*), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.*), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 *et seq.*), the Clean Air Act (42 U.S.C. § 7401 *et seq.*), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. § 136 *et seq.*), the Emergency Planning and Community Right-to-Know Act (42 U.S.C. § 11001 *et seq.*), the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.*), the Residential Lead-Based Paint Hazard Reduction Act (42 U.S.C. § 4851 *et seq.*), any analogous state or local laws, any amendments thereto, and the regulations promulgated pursuant to said laws, together with all amendments from time to time to any of the foregoing and judicial interpretations thereof.

"**Equity Interests**" means any and all shares, interests, participations or other equivalents (however designated) of equity interests of a corporation, membership interests in a limited liability company, partnership interests in a partnership, and any and all similar ownership interests in any Person, and any and all warrants, rights or options to purchase any of the foregoing.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as the same may be amended, modified or supplemented from time to time, and any successor statute thereto, and any and all rules or regulations promulgated from time to time thereunder.

"**ERISA Plan**" means any "employee benefit plan", as such term is defined in Section 3(3) of ERISA (other than a Multiemployer Plan), which any Borrower maintains, sponsors or contributes to, or, in the case of an employee benefit plan which is subject to Section 412 of the Code or Title IV of ERISA, to which any Borrower or any member of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five (5) years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"**Event of Default**" has the meaning set forth in Section 10.1.

"**Federal Funds Rate**" means, for any day, the rate of interest per annum (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided*, *however*, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day, and (b) if no such rate is so published on such next preceding Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Agent on such day on such transactions as determined by Agent.

"**Financing Documents**" means this Agreement, any Notes, the Security Documents, any subordination or intercreditor agreement pursuant to which any Debt and/or any Liens securing such Debt is subordinated to all or any portion of the Obligations and all other documents, instruments and agreements (other than any Swap Contract) related to the Obligations and heretofore executed, executed concurrently herewith or executed at any time and from time to time hereafter, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Fixed Charges**" has the meaning given such term on the Compliance Certificate.

"**Fixed Charge Coverage Ratio**" means the ratio of Operating Cash Flow to Fixed Charges for each Defined Period.

"**Fixed Charge Election**" means the satisfaction by Borrower of the following condition, each in form and substance reasonable satisfactory to Agent:

(a) Borrower shall have delivered to Agent a monthly Compliance Certificate after the Closing Date demonstrating compliance with the Minimum Liquidity Covenant for the month that is the subject of such Compliance Certificate;

(b) in such monthly Compliance Certificate, Borrower shall have indicated that for the next monthly testing period and for all future testing periods during the term of this Agreement, the Minimum Liquidity Covenant shall be replaced with Fixed Charge Coverage Ratio on and subject to the terms set forth in Section 6.2; *provided* that such notice shall be irrevocable and in no event shall Borrower be entitled to elect to replace the Fixed Charge Coverage Ratio covenant with the Minimum Liquidity Covenant at any time following such election;

(c) Borrower shall have attached evidence to such Compliance Certificate demonstrating a Fixed Charge Coverage Ratio greater than or equal to 1.00 to 1.00 for the Defined Period ending on the last day of the month for which such Compliance Certificate is being delivered; and

(d) no Default or Event of Default has occurred and is continuing on (x) the date of such election and (y) on the first date in which the Fixed Charge Coverage Ratio is to be tested in accordance with Section 6.2.

"**Foreign Subsidiary**" shall mean a direct or indirect Subsidiary of Borrower not chartered under the laws of the United States or any state thereof

"**GAAP**" means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination.

"**General Intangible**" means any "general intangible" as defined in Article 9 of the UCC, and any personal property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas or other minerals before extraction, but including payment intangibles and software.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, and any agency, department or Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other Person owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, whether domestic or foreign.

"**Guarantee**" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise), or (b) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided*, *however*, that the term Guarantee shall not include endorsements for collection or deposit in the Ordinary Course of Business. The term "**Guarantee**" used as a verb has a corresponding meaning.

"**Guarantor**" means any Credit Party that has executed or delivered, or shall in the future execute or deliver, any Guarantee of any portion of the Obligations.

"**Hazardous Materials**" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives, flammable materials; radioactive materials; polychlorinated biphenyls and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which is prohibited by any Environmental Laws; toxic mold, any substance that requires special handling under Environmental Laws; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," "pollutant" or other words of similar import within the meaning of any Environmental Law, including: (a) any "hazardous substance" defined as such in (or for purposes of) CERCLA, or any so-called "superfund" or "superlien" Law, including the judicial interpretation thereof; (b) any "pollutant or contaminant" as defined in 42 U.S.C.A. § 9601(33); (c) any material now defined as "hazardous waste" pursuant to 40 C.F.R. Part 260; (d) any petroleum or petroleum by-products, including crude oil or any fraction thereof; (e) natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel; (f) any "hazardous chemical" as defined pursuant to 29 C.F.R. Part 1910; (g) any toxic or harmful substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, polychlorinated biphenyls ("**PCB's**"), flammable explosives, radioactive materials, infectious substances, materials containing lead-based paint or raw materials which include hazardous constituents); and (h) any other toxic substance or contaminant that is subject to any Environmental Laws or other past or present requirement of any Governmental Authority.

"**Hazardous Materials Contamination**" means contamination (whether now existing or hereafter occurring) of the improvements, buildings, facilities, personalty, soil, groundwater, air or other elements on or of the relevant property by Hazardous Materials, or any derivatives thereof, or on or of any

other property as a result of Hazardous Materials, or any derivatives thereof, generated on, emanating from or disposed of in connection with the relevant property.

"**Instrument**" means "instrument", as defined in Article 9 of the UCC.

"**In-Transit Bailee Agreement**" means, with respect to any In-Transit Inventory, an In-Transit Bailee Agreement or customs broker agreement, in form and substance satisfactory to Agent in its reasonable discretion, among Borrower, the applicable Customs Broker or Eligible NVOCC, and Agent.

"**Intellectual Property**" means, with respect to any Person, all patents, patent applications and like protections, including improvements divisions, continuation, renewals, reissues, extensions and continuations in part of the same, trademarks, trade names, trade styles, trade dress, service marks, logos and other business identifiers and, to the extent permitted under applicable law, any applications therefor, whether registered or not, and the goodwill of the business of such Person connected with and symbolized thereby, copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative works, whether published or unpublished, technology, know-how and processes, operating manuals, trade secrets, computer hardware and software, rights to unpatented inventions and all applications and licenses therefor, used in or necessary for the conduct of business by such Person and all claims for damages by way of any past, present or future infringement of any of the foregoing.

"**Interest Period**" means any period commencing on the first day of a calendar month and ending on the last day of such calendar month.

"**In-Transit Inventory**" means Inventory that is being shipped or otherwise transported to Borrower.

"**Inventory**" means "inventory" as defined in Article 9 of the UCC.

"**Investment**" means any investment in any Person, whether by means of acquiring (whether for cash, property, services, securities or otherwise), making or holding Debt, securities, capital contributions, loans, time deposits, advances (other than advances on inter-company service contracts between Borrowers), Guarantees or otherwise. The amount of any Investment shall be the original cost of such Investment *plus* the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect thereto.

"**Laws**" means any and all federal, state, provincial, territorial, local and foreign statutes, laws, judicial decisions, regulations, ordinances, rules, judgments, orders, decrees, codes, injunctions, permits, governmental agreements and governmental restrictions, whether now or hereafter in effect, which are applicable to any Credit Party in any particular circumstance. "**Laws**" includes, without limitation, Environmental Laws.

"**LC Issuer**" means one or more banks, trust companies or other Persons in each case expressly identified by Agent from time to time, in its sole discretion, as an LC Issuer for purposes of issuing one or more Letters of Credit hereunder. Without limitation of Agent's discretion to identify any Person as an LC Issuer, no Person shall be designated as an LC Issuer unless such Person maintains reporting systems acceptable to Agent with respect to letter of credit exposure and agrees to provide regular reporting to Agent satisfactory to it with respect to such exposure.

"**Lender**" means each of (a) MCF, in its capacity as a lender hereunder, (b) each other Person party hereto in its capacity as a lender hereunder, (c) each other Person that becomes a party hereto as

Lender pursuant to Section 11.17, and (d) the respective successors of all of the foregoing, and "**Lenders**" means all of the foregoing. In addition to the foregoing, solely for the purpose of identifying the Persons entitled to share in payments and collections from the Collateral as more fully set forth in this Agreement and the Security Documents, the term "**Lender**" shall include Eligible Swap Counterparties. In connection with any such distribution of payments and collections, Agent shall be entitled to assume that no amounts are due to any Eligible Swap Counterparty unless such Eligible Swap Counterparty has notified Agent of the amount of any such liability owed to it prior to such distribution.

"**Lender Letter of Credit**" means a Letter of Credit issued by an LC Issuer that is also, at the time of issuance of such Letter of Credit, a Lender.

"**Letter of Credit**" means a standby letter of credit issued for the account of any Borrower by an LC Issuer which expires by its terms within one year after the date of issuance and in any event at least thirty (30) days prior to the Commitment Expiry Date. Notwithstanding the foregoing, a Letter of Credit may provide for automatic extensions of its expiry date for one or more successive one (1) year periods, *provided, however,* that the LC Issuer that issued such Letter of Credit has the right to terminate such Letter of Credit on each such annual expiration date and no renewal term may extend the term of the Letter of Credit to a date that is later than the thirtieth (30th) day prior to the Commitment Expiry Date. Each Letter of Credit shall be either a Lender Letter of Credit or a Supported Letter of Credit.

"**Letter of Credit Liabilities**" means, at any time of calculation, the sum of (a) without duplication, the amount then available for drawing under all outstanding Lender Letters of Credit and all Supported Letters of Credit, in each case without regard to whether any conditions to drawing thereunder can then be met, *plus* (b) without duplication, the aggregate unpaid amount of all reimbursement obligations in respect of previous drawings made under all such Lender Letters of Credit and Supported Letters of Credit.

"**LIBOR Rate**" means, for each Loan, a per annum rate of interest equal to the greater of (a) one half of one percent (0.5%) and (b) the rate determined by Agent (rounded upwards, if necessary, to the next 1/100th%) by *dividing* (i) the Base LIBOR Rate for the Interest Period, *by* (ii) the sum of one *minus* the daily average during such Interest Period of the aggregate maximum reserve requirement (expressed as a decimal) then imposed under Regulation D of the Board of Governors of the Federal Reserve System (or any successor thereto) for "Eurocurrency Liabilities" (as defined therein).

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, in respect of such asset. For the purposes of this Agreement and the other Financing Documents, any Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"**Litigation**" means any action, suit or proceeding before any court, mediator, arbitrator or Governmental Authority.

"**Loan Account**" has the meaning set forth in Section 2.6(b).

"**Loan(s)**" means the Term Loan, the Revolving Loans and each and every advance under the Term Loan, or any combination of the foregoing, as the context may require. All references herein to the "making" of a Loan or words of similar import shall mean, with respect to the Term Loan, the making of any advance in respect of a Term Loan.

"**Lockbox**" has the meaning set forth in Section 2.11.

"**Lockbox Account**" means an account or accounts maintained at the Lockbox Bank into which collections of Accounts are paid, which account or accounts shall be, if requested by Agent, opened in the name of Agent (or a nominee of Agent).

"**Lockbox Bank**" has the meaning set forth in Section 2.11.

"**Lockbox Post-Closing Period**" means the period beginning on the Closing Date and ending on the earlier of (a) fifteen (15) Business Days after the Closing Date (or such later date as Agent may agree in writing) and (b) the date on which Borrowers shall have established Lockbox Accounts into which all collections of Accounts shall be deposited and shall have executed with the Lockbox Bank a Deposit Account Control Agreement with respect to each such Lockbox Account in accordance with the terms of Section 7.4.

"**Material Adverse Effect**" means with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, (a) a material adverse change in, or a material adverse effect upon, any of (i) the condition (financial or otherwise), operations, business or properties of any of the Credit Parties, (ii) the rights and remedies of Agent or Lenders under any Financing Document or the ability of Agent or Lenders to enforce the Obligations or realize upon the Collateral, or the ability of any Credit Party to perform any of its obligations under any Financing Document to which it is a party, (iii) the legality, validity or enforceability of any Financing Document, (iv) the existence, perfection or priority of any security interest granted in any Financing Document, (v) the value of any material Collateral or (b) an impairment to the likelihood that Eligible Accounts in general will be collected and paid in the Ordinary Course of Business of any Borrower and upon the same schedule and with the same frequency as such Borrowers' recent collections history.

"**Material Contracts**" has the meaning set forth in Section 3.17.

"**Maximum Lawful Rate**" has the meaning set forth in Section 2.7.

"**MCF**" means MidCap Financial Trust, a Delaware statutory trust, and its successors and

assigns.

"**Minimum Liquidity Covenant**" has the meaning set forth in Section 6.1. "**Mohawk Parent**" has the meaning set forth in the preamble hereto.

"**Moody's** " means Moody's Investors Service, Inc. and any successor thereto.

"**Multiemployer Plan**" means a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA to which any Borrower or any other member of the Controlled Group (or any Person who in the last five years was a member of the Controlled Group) is making or accruing an obligation to make contributions or has within the preceding five plan years (as determined on the applicable date of determination) made contributions.

"**Notes**" has the meaning set forth in Section 2.3.

"**Notice of Borrowing**" means a notice of a Responsible Officer of Borrower Representative, appropriately completed and substantially in the form of Exhibit D hereto.

"**Notice of LC Credit Event**" means a notice from a Responsible Officer of Borrower Representative to Agent with respect to any issuance, increase or extension of a Letter of Credit specifying: (a) the date of issuance or increase of a Letter of Credit; (b) the identity of the LC Issuer with respect to such Letter of Credit, (c) the expiry date of such Letter of Credit; (d) the proposed terms of such Letter of Credit, including the face amount; and (e) the transactions that are to be supported or financed with such Letter of Credit or increase thereof.

"**NVOCC**" means, with respect to any In-Transit Inventory, a non-vessel operating common carrier engaged as a freight forwarder or otherwise to assist in the importation of In-Transit Inventory.

"**Obligations**" means all obligations, liabilities and indebtedness (monetary (including, without limitation, the payment of interest and other amounts arising after the commencement of any case with respect to any Credit Party under the Bankruptcy Code or any similar statute which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in such case) or otherwise) of each Credit Party under this Agreement or any other Financing Document, in each case howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. In addition to, but without duplication of, the foregoing, the Obligations shall include, without limitation, all obligations, liabilities and indebtedness arising from or in connection with (a) all Support Agreements, (b) all Lender Letters of Credit, and (c) all Swap Contracts entered into with any Eligible Swap Counterparty. "**Obligations**" does not include obligations under any warrants issued to Agent or a Lender.

"**OFAC**" means the U.S. Department of Treasury Office of Foreign Assets Control.

"**OFAC Lists**" means, collectively, the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001) and/or any other list of terrorists or other restricted Persons maintained pursuant to any of the rules and regulations of OFAC or pursuant to any other applicable Executive Orders.

"**Operating Cash Flow**" has the meaning given such term on the Compliance Certificate.

"**Operative Documents**" means the Financing Documents and Subordinated Debt Documents.

"**Ordinary Course of Business**" means, in respect of any transaction involving any Credit Party, the ordinary course of business of such Credit Party, as conducted by such Credit Party in accordance with past practices or as conducted by such Credit Party in accordance with ordinary prevailing industry standards of the industry in which such Credit Party has its primary business.

"**Orderly Liquidation Value**" means the net amount (after all costs of sale), expressed in terms of money, which Agent, in its good faith discretion, estimates can be realized from a sale, as of a specific date, given a reasonable period to find a purchaser(s), with the seller being compelled to sell on an as-is/where-is basis.

"**Organizational Documents**" means, with respect to any Person other than a natural person, the documents by which such Person was organized (such as a certificate of incorporation, certificate of limited partnership or articles of organization, and including, without limitation, any certificates of designation for preferred stock or other forms of preferred equity) and which relate to the internal governance of such Person (such as by-laws, a partnership agreement or an operating, limited liability company or members agreement), including any and all shareholder agreements or voting agreements relating to the capital stock or other equity interests of such Person.

"**Participant**" has the meaning set forth in Section 11.17(b).

"**Payment Account**" means the account specified on the signature pages hereof into which all payments by or on behalf of each Borrower to Agent under the Financing Documents shall be made, or such other account as Agent shall from time to time specify by notice to Borrower Representative.

"**Payment Notification**" means a written notification substantially in the form of Exhibit E hereto.

"**PBGC**" means the Pension Benefit Guaranty Corporation and any Person succeeding to any or all of its functions under ERISA.

"**Pension Plan**" means any ERISA Plan that is subject to Section 412 of the Code or Title IV of ERISA.

"**Permits**" means all governmental licenses, authorizations, provider numbers, supplier numbers, registrations, permits, drug or device authorizations and approvals, certificates, franchises, qualifications, accreditations, consents and approvals of a Credit Party required under all applicable Laws and required for such Credit Party in order to carry on its business as now conducted.

"**Permitted Asset Dispositions**" means the following Asset Dispositions, *provided, however,* that at the time of such Asset Disposition, no Default or Event of Default exists or would result from such Asset Disposition:

(a) dispositions of Inventory in the Ordinary Course of Business and not pursuant to any bulk sale;

(b) dispositions of furniture, fixtures and equipment in the Ordinary Course of Business that the applicable Borrower or Subsidiary determines in good faith is no longer used or useful in the business of such Borrower and its Subsidiaries;

(c) the use of cash or cash equivalents and conversions of cash equivalents into cash or other cash equivalents, in each case, in a manner not prohibited by the Financing Documents;

(d) dispositions of assets among Borrowers to the extent not otherwise prohibited pursuant to the terms of this Agreement;

(e) to the extent constituting an Asset Disposition, the making of Permitted Investments or the granting of Permitted Liens;

(f) sales of equipment to Winmark pursuant to the terms of a Permitted Winmark Sale Leaseback Transaction;

(g) any non-exclusive sub-license of Intellectual Property rights of a Borrower to any other Borrower or any Restricted Foreign Subsidiary so long as all such licenses do not result in a legal transfer of title to the licensed property, and have been granted pursuant to documentation in form and substance reasonably satisfactory to Agent; and

(h) dispositions approved by Agent.

"**Permitted Contest**" means, with respect to any tax obligation or other obligation allegedly or potentially owing from any Borrower or its Subsidiary to any governmental tax authority or other third party, a contest maintained in good faith by appropriate proceedings promptly instituted and diligently conducted and with respect to which such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made on the books and records and financial statements of the applicable Credit Party(ies); *provided*, *however*, that (a) compliance with the obligation that is the subject of such contest is effectively stayed during such challenge; (b) Borrowers' and its Subsidiaries' title to, and its right to use, the Collateral is not adversely affected thereby and Agent's Lien and priority on the Collateral are not adversely affected, altered or impaired thereby; (c) Borrowers have given prior written notice to Agent of a Borrower's or its Subsidiary's intent to so contest the obligation; (d) the Collateral or any part thereof or any interest therein shall not be in any danger of being sold, forfeited or lost by reason of such contest by Borrowers or its Subsidiaries; (e) Borrowers have given Agent notice of the commencement of such contest and upon request by Agent, from time to time, notice of the status of such contest by Borrowers and/or confirmation of the continuing satisfaction of this definition; and (f) upon a final determination of such contest, Borrowers and its Subsidiaries shall promptly comply with the requirements thereof.

"**Permitted Contingent Obligations**" means:

(a) Contingent Obligations arising in respect of the Debt under the Financing Documents;

(b) Contingent Obligations resulting from endorsements for collection or deposit in the Ordinary Course of Business;

(c) Contingent Obligations outstanding on the date of this Agreement and set forth on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to the indebtedness underlying such Contingent Obligations other than extensions of the maturity thereof without any other change in terms);

(d) Contingent Obligations incurred in the Ordinary Course of Business with respect to surety and appeal bonds, performance bonds and other similar obligations not to exceed $100,000 in the aggregate at any time outstanding;

(e) Contingent Obligations arising under indemnity agreements with title insurers to cause such title insurers to issue to Agent mortgagee title insurance policies;

(f) Contingent Obligations arising with respect to customary indemnification obligations in favor of purchasers in connection with dispositions of personal property assets permitted under Section 5.6;

(g) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Contingent Obligations existing or arising under any Swap Contract, *provided*, *however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(a) Contingent Obligations arising from indemnities or warranties provided to customers in the Ordinary Course of Business;

(b) Contingent Obligations related to indemnification and defense of directors and officers and employees from claims arising pursuant to the Organizational Documents of the Credit Party, applicable law or an indemnification agreement entered into in the Ordinary Course of Business, which claims, in each case, relate to their service to the Credit Party; and

(c) other Contingent Obligations not permitted by clauses (a) through (g) above, not to exceed $100,000 in the aggregate at any time outstanding.

"**Permitted Debt**" means:

(a) Borrowers' and its Subsidiaries' Debt to Agent and each Lender under this Agreement and the other Financing Documents;

(b) Debt incurred as a result of endorsing negotiable instruments received in the Ordinary Course of Business;

(c) purchase money Debt not to exceed $500,000 at any time (whether in the form of a loan or a lease) used solely to acquire equipment used in the Ordinary Course of Business and secured only by such equipment;

(d) Debt existing on the date of this Agreement and described on Schedule 5.1 (but not including any refinancings, extensions, increases or amendments to such Debt other than extensions of the maturity thereof without any other change in terms);

(e) so long as there exists no Event of Default both immediately before and immediately after giving effect to any such transaction, Debt existing or arising under any Swap Contract, *provided*, *however*, that such obligations are (or were) entered into by Borrower or an Affiliate in the Ordinary Course of Business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person and not for purposes of speculation;

(f) Debt in the form of insurance premiums financed through the applicable insurance company;

(g) trade accounts payable arising and paid on a timely basis and in the Ordinary Course of Business;

(h) Debt in respect of (i) credit cards, credit card processing services, debit cards, stored value cards, purchase cards (including so-called "procurement cards" or "P-cards"), in each case, incurred in the Ordinary Course of Business and to the extent such Debt does not exceed $250,000 in the aggregate at any time outstanding;

(i) Subordinated Debt.

"**Permitted Distributions**" means the following Restricted Distributions:

(a) dividends by any Subsidiary of any Borrower to such parent Borrower;

(b) dividends payable solely in common stock;

(c) issuance of restricted stock, options, warrants or other rights (i) to acquire common stock of the issuer and issued to directors, officers, employees or contractors in connection with services pursuant to plans or agreements approved by the issuer's governing body or (ii) to acquire Equity Interests issued to landlords or equipment lessors or lenders with respect to Permitted Debt and Equity Interests issued upon exercise of any right described in the preceding clauses (i) or (ii);

(d) repurchases of stock of former employees, directors or consultants pursuant to stock purchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, *provided, however,* that such repurchase does not exceed $250,000 in the aggregate per fiscal year;

(e) dividends or distributions paid to a Borrower's shareholder(s) or member(s) solely to the extent and at the times necessary for such shareholder(s) or member(s) to pay its or their respective federal (and, if applicable, state) income taxes arising from such shareholder(s)' or member(s)' respective allocable shares of such Borrower's income that are taxable directly to such shareholder(s) or member(s), *provided, however*, that no Event of Default shall exist, and no act, event or condition shall have occurred or exist which with notice or the lapse of time, or both, would constitute an Event of Default; and

(f) a repurchase on the Closing Date of shares of Series B-1 Preferred Stock as identified on Schedule 3.4 hereto.

"**Permitted Investments**" means:

(a) Investments shown on Schedule 5.7 and existing on the Closing Date;

(b) cash and cash equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the Ordinary Course of Business;

(d) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the Ordinary Course of Business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrowers or their Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrowers' Board of Directors (or other governing body), but the aggregate of all such loans outstanding may not exceed $250,000 at any time;

(e) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the Ordinary Course of Business;

(f) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the Ordinary Course of Business, *provided, however*, that this subpart (f) shall not apply to Investments of Borrowers in any Subsidiary;

(g) Investments consisting of Deposit Accounts in which Agent has received a Deposit Account Control Agreement;

(h) Investments by any Borrower in any other Borrower made in compliance with Section 4.11(c); and

(i) so long as no Default or Event of Default has occurred and is continuing, Investments of cash and cash equivalents in an Restricted Foreign Subsidiary but solely to the extent that the aggregate amount of such Investments with respect to all Restricted Foreign Subsidiaries does not, at any time, exceed $500,000 in the aggregate with respect to all such Restricted Foreign Subsidiaries in any twelve (12) month period; and

(j) other Investments of cash and cash equivalents in an amount not exceeding $100,000 in the aggregate.

"**Permitted Liens**" means:

(a) deposits or pledges of cash to secure obligations under workmen's compensation, social security or similar laws, or under unemployment insurance (but excluding Liens arising under ERISA) pertaining to a Borrower's or its Subsidiary's employees, if any;

(b) deposits or pledges of cash to secure bids, tenders, contracts (other than contracts for the payment of money or the deferred purchase price of property or services), leases, statutory obligations, surety and appeal bonds and other obligations of like nature arising in the Ordinary Course of Business;

(c) carrier's, warehousemen's, mechanic's, workmen's, materialmen's or other like Liens on Collateral, other than any Collateral which is part of the Borrowing Base, arising in the Ordinary Course of Business with respect to obligations which are not due, or which are being contested pursuant to a Permitted Contest;

(d) Liens on Collateral, other than Accounts, for taxes or other governmental charges not at the time delinquent or thereafter payable without penalty or the subject of a Permitted Contest;

(e) attachments, appeal bonds, judgments and other similar Liens on Collateral other than Accounts, for sums not exceeding $250,000 in the aggregate arising in connection with court proceedings; *provided*, *however*, that the execution or other enforcement of such Liens is effectively stayed and the claims secured thereby are the subject of a Permitted Contest;

(f) Liens and encumbrances in favor of Agent under the Financing Documents;

(g) Liens on Collateral, other than Collateral which is part of the Borrowing Base, existing on the date hereof and set forth on Schedule 5.2;

(h) Liens of a depository banks solely in respect of the Credit Card Cash Collateral Account to the extent securing obligations permitted pursuant to clause (h) of the definition of Permitted Debt; and

(i) any Lien on any equipment securing Debt permitted under subpart (c) of the definition of Permitted Debt, *provided*, *however*, that such Lien attaches concurrently with or within twenty (20) days after the acquisition thereof.

"**Permitted Modifications**" means (a) such amendments or other modifications to a Borrower's or Subsidiary's Organizational Documents as are required under this Agreement or by applicable Law and fully disclosed to Agent within thirty (30) days after such amendments or modifications have become effective, and (b) such amendments or modifications to a Borrower's or Subsidiary's Organizational Documents (other than those involving a change in the name of a Borrower or Subsidiary or involving a reorganization of a Borrower or Subsidiary under the laws of a different jurisdiction) that would not adversely affect the rights and interests of Agent or Lenders and fully disclosed to Agent within thirty (30) days after such amendments or modifications have become effective.

"**Permitted Winmark Sale Leaseback Transactions**" means any sale and leaseback transaction between Borrowers and Winmark Capital Corporation (or any affiliate thereof, "**Winmark**") providing for the leasing by Borrower of tangible electronic equipment from Winmark; *provided* that, in each case, (a) the equipment sold by Borrower in connection with such sale leaseback transaction is sold for value and cash consideration only (b) the sale occurs while no Event of Default has occurred and is continuing, and (c) aggregate gross amount of all such sales during the term of this Agreement is not in excess of $1,000,000.

"**Person**" means any natural person, corporation, limited liability company, professional association, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, and any Governmental Authority.

"**Prepayment Fee**" has the meaning set forth in Section 2.2.

"**Pro Rata Share**" means (a) with respect to a Lender's obligation to make advances in respect of a Term Loan and such Lender's right to receive payments of principal and interest with respect to the Term Loans, the Term Loan Commitment Percentage of such Lender, (b) with respect to a Lender's obligation to make Revolving Loans, such Lender's right to receive the unused line fee described in Section 2.2(b), such Lender's obligation to purchase interests and participations in Letters of Credit and related Support Agreement liabilities and obligations, and such Lender's obligation to share in Letter of Credit Liabilities and to receive the related Letter of Credit fee described in Section 2.5(b), the Revolving Loan Commitment Percentage of such Lender, (c) with respect to a Lender's right to receive payments of principal and interest with respect to Revolving Loans, such Lender's Revolving Loan Exposure with respect thereto; and (d) for all other purposes (including, without limitation, the indemnification obligations arising under Section 11.6) with respect to any Lender, the percentage obtained by dividing (i) the sum of the Revolving Loan Commitment Amount and Term Loan Commitment Amount of such Lender (or, in the event the Revolving Loan Commitment and Term Loan Commitment shall have been terminated, such Lender's then existing Revolving Loan Outstanding or then outstanding principal advances of such Lender under the Term Loan, as applicable), by (ii) the sum of the Revolving Loan Commitment and Term Loan Commitment Amount (or, in the event the Revolving Loan Commitment or Term Loan Commitment shall have been terminated, the then existing Revolving Loan Outstanding or then outstanding principal advances of such Lenders under the Term Loan, as applicable) of all Lenders.

"**Reimbursement Obligations**" means, at any date, the obligations of each Borrower then outstanding to reimburse (a) Agent for payments made by Agent under a Support Agreement, and/or (b) any LC Issuer, for payments made by such LC Issuer under a Lender Letter of Credit.

"**Required Lenders**" means at any time Lenders holding (a) sixty-six and two thirds percent (66 2/3%) or more of the sum of the Revolving Loan Commitment and the Term Loan Commitment (taken as a whole), or (b) if the Revolving Loan Commitment or Term Loan Commitment has been terminated, sixty-six and two thirds percent (66 2/3%) or more of the sum of (x) the then aggregate outstanding principal balance of the Loans plus (y) the then aggregate amount of Letter of Credit Liabilities.

"**Responsible Officer**" means any of the Chief Executive Officer, Chief Financial Officer or any other officer of the applicable Borrower acceptable to Agent.

"**Restricted Distribution**" means as to any Person (a) any dividend or other distribution (whether in cash, securities or other property) on any Equity Interest in such Person (except those payable solely in its Equity Interests of the same class), (b) any payment by such Person on account of (i) the purchase, redemption, retirement, defeasance, surrender, cancellation, termination or acquisition of any Equity Interests in such Person or any claim respecting the purchase or sale of any Equity Interest in such Person, or (ii) any option, warrant or other right to acquire any Equity Interests in such Person (excluding any warrants issued to Agent or a Lender), (c) any management fees, salaries or other fees or compensation to any Person holding an Equity Interest in a Borrower or a Subsidiary of a Borrower (other than (i) payments of salaries or bonuses to individuals, (ii) directors fees, and (iii) advances and reimbursements to employees or directors, all in the Ordinary Course of Business), an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower, (d) any lease or rental payments to an Affiliate or Subsidiary of a Borrower, or (e) repayments of or debt service on loans or other indebtedness held by any Person holding an Equity Interest in a Borrower or a Subsidiary of a Borrower, an Affiliate of a Borrower or an Affiliate of any Subsidiary of a Borrower unless permitted under and made pursuant to a Subordination Agreement applicable to such loans or other indebtedness; *provided, however*, that issuance of Equity Interests pursuant to the terms of any instrument that constitutes Permitted Debt upon conversion of such Permitted Debt into Equity Interests of the issuer in accordance with its terms shall not be a "**Restricted Distribution**."

"**Restricted Foreign Subsidiary**" means (a) Mohawk Innovations Limited, an Irish private limited company, (b) Shenzhen Mohawk Technology Ltd. Co., a limited company organized under the laws of the People's Republic of China; (c) Mohawk Innovations Canada Inc., a Canadian company organized under the laws of the Province of Quebec, Canada; and (d) each other direct and indirect Foreign Subsidiary that Agent and Required Lenders may agree (in their sole discretion) in writing from time to time after the Closing Date to designate as an "**Restricted Foreign Subsidiary**" for purposes of this Agreement; *provided however* that from and after the time that any such Subsidiary has been made a Credit Party hereunder in accordance with the provisions set forth in Section 4.11, it shall no longer be a "**Restricted Foreign Subsidiary**" hereunder.

"**Revolving Lender**" means each Lender having a Revolving Loan Commitment Amount in excess of $0 (or, in the event the Revolving Loan Commitment shall have been terminated at any time, each Lender at such time having Revolving Loan Outstanding in excess of $0).

"**Revolving Loan Availability**" means, at any time, the Revolving Loan Limit *minus* the Revolving Loan Outstanding.

"**Revolving Loan Borrowing**" means a borrowing of a Revolving Loan.

"**Revolving Loan Commitment**" means, as of any date of determination, the aggregate Revolving Loan Commitment Amounts of all Lenders as of such date.

"**Revolving Loan Commitment Amount**" means, as to any Lender, the dollar amount set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Amount" (if such Lender's name is not so set forth thereon, then the dollar amount on the Commitment Annex for the Revolving Loan Commitment Amount for such Lender shall be deemed to be

$0), as such amount may be adjusted from time to time by (a) any amounts assigned (with respect to such Lender's portion of Revolving Loans outstanding and its commitment to make Revolving Loans) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party, and (b) any Additional Tranche(s) activated by Borrowers. For the avoidance of doubt, the aggregate Revolving Loan Commitment Amount of all Lenders on the Closing Date shall be $15,000,000.00 and if the Additional Tranche is fully activated by Borrowers pursuant to the terms of the Agreement such amount shall increase up to $30,000,000.00.

"**Revolving Loan Commitment Percentage**" means, as to any Lender, (a) on the Closing Date, the percentage set forth opposite such Lender's name on the Commitment Annex under the column "Revolving Loan Commitment Percentage" (if such Lender's name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero), and (b) on any date following the Closing Date, the percentage equal to the Revolving Loan Commitment Amount of such Lender on such date *divided by* the Revolving Loan Commitment on such date.

"**Revolving Loan Exposure**" means, with respect to any Lender on any date of determination, the percentage equal to the amount of such Lender's Revolving Loan Outstanding on such date *divided by* the aggregate Revolving Loan Outstanding of all Lenders on such date.

"**Revolving Loan Limit**" means, at any time, the lesser of (a) the Revolving Loan Commitment and (b) the Borrowing Base.

"**Revolving Loan Outstanding**" means, at any time of calculation, (a) the sum of the then existing aggregate outstanding principal amount of Revolving Loans *plus* the then existing Letter of Credit Liabilities, and (b) when used with reference to any single Lender, the sum of the then existing outstanding principal amount of Revolving Loans advanced by such Lender *plus* the then existing Letter of Credit Liabilities for the account of such Lender.

"**Revolving Loans**" has the meaning set forth in Section 2.1(b). "**S&P**" means S&P Global Ratings or any successor thereto.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Account**" means a "securities account" (as defined in Article 9 of the UCC), an investment account, or other account in which investment property or securities are held or invested for credit to or for the benefit of any Borrower.

"**Securities Account Control Agreement**" means an agreement, in form and substance satisfactory to Agent, among Agent, any applicable Borrower and each securities intermediary in which such Borrower maintains a Securities Account pursuant to which Agent shall obtain "control" (as defined in Article 9 of the UCC) over such Securities Account.

"**Security Document**" means this Agreement and any other agreement, document or instrument executed concurrently herewith or at any time hereafter pursuant to which one or more Credit Parties or any other Person either (a) Guarantees payment or performance of all or any portion of the Obligations, and/or (b) provides, as security for all or any portion of the Obligations, a Lien on any of its assets in favor of Agent for its own benefit and the benefit of the Lenders, as any or all of the same may be amended, supplemented, restated or otherwise modified from time to time.

"**Series B-1 Equity Raise**" means the issuance of Series B-1 Preferred Stock by Mohawk Parent of its Equity Interests on or prior to the Closing Date, on terms and conditions satisfactory to Agent.

"**Solvent**" means, with respect to any Person, that such Person (a) owns and will own assets the fair saleable value of which are (i) greater than the total amount of its liabilities (including Contingent Obligations), and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to it; (b) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (c) does not intend to incur and does not believe that it will incur debts beyond its ability to pay such debts as they become due.

"**Stated Rate**" has the meaning set forth in Section 2.7.

"**Subordinated Debt**" means any Debt of Borrowers incurred pursuant to the terms of the Subordinated Debt Documents and with the prior written consent of Agent, all of which documents must be in form and substance acceptable to Agent in its sole discretion. As of the Closing Date, there is no Subordinated Debt.

"**Subordinated Debt Documents**" means each document or agreement evidencing and/or securing Debt governed by a Subordination Agreement or otherwise by its terms subordinated to the Obligations, all of which documents must be in form and substance acceptable to Agent in its sole discretion. As of the Closing Date, there are no Subordinated Debt Documents.

"**Subordination Agreement**" means any agreement between Agent and another creditor of Borrowers, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with the terms thereof, pursuant to which the Debt owing from any Borrower(s) and/or the Liens securing such Debt granted by any Borrower(s) to such creditor are subordinated in any way to the Obligations and the Liens created under the Security Documents, the terms and provisions of such Subordination Agreements to have been agreed to by and be acceptable to Agent in the exercise of its sole discretion.

"**Subsidiary**" means, with respect to any Person, (a) any corporation of which an aggregate of more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, capital stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of more than fifty percent (50%) of such capital stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%) or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of a Borrower.

"**Support Agreement**" has the meaning set forth in Section 2.5(a).

"**Supported Letter of Credit**" means a Letter of Credit issued by an LC Issuer in reliance on one or more Support Agreements.

"**Swap Contract**" means any "swap agreement", as defined in Section 101 of the Bankruptcy Code, that is obtained by Borrower to provide protection against fluctuations in interest or currency exchange rates, but only if Agent provides its prior written consent to the entry into such "swap agreement".

"**Taxes**" has the meaning set forth in Section 2.8.

"**Termination Date**" means the earlier to occur of (a) the Commitment Expiry Date, (b) any date on which Agent accelerates the maturity of the Loans pursuant to Section 10.2, or (c) the termination date stated in any notice of termination of this Agreement provided by Borrowers in accordance with Section 2.12.

"**Term Loan**" has the meaning set forth in Section 2.1(a).

"**Term Loan Commitment**" means the sum of each Lender's Term Loan Commitment Amount, which is equal to $7,000,000.

"**Term Loan Commitment Amount**" means, (a) as to any Lender that is a Lender on the Closing Date, the dollar amount set forth opposite such Lender's name on the Commitment Annex under the column "Term Loan Commitment Amount", as such amount may be adjusted from time to time by any amounts assigned (with respect to such Lender's portion of Term Loans outstanding and its commitment to make advances in respect of the Term Loan) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party, and (b) as to any Lender that becomes a Lender after the Closing Date, the amount of the "Term Loan Commitment Amount(s)" of other Lender(s) assigned to such new Lender pursuant to the terms of the effective assignment agreement(s) pursuant to which such new Lender shall become a Lender, as such amount may be adjusted from time to time by any amounts assigned (with respect to such Lender's portion of Term Loans outstanding and its commitment to make advances in respect of the Term Loan) pursuant to the terms of any and all effective assignment agreements to which such Lender is a party.

"**Term Loan Commitment Percentage**" means, as to any Lender, (a) on the Closing Date, the percentage set forth opposite such Lender's name on the Commitment Annex under the column "Term Loan Commitment Percentage" (if such Lender's name is not so set forth thereon, then, on the Closing Date, such percentage for such Lender shall be deemed to be zero), and (b) on any date following the Closing Date, the percentage equal to the Term Loan Commitment Amount of such Lender on such date *divided by* the Term Loan Commitment on such date.

"**Three-Month Cash Burn Amount"** means, as of any date of determination, the positive value of the difference between:

(a) the aggregate Credit Party Liquidity as of such determination date *less*

(b) the sum of (i) the aggregate Credit Party Liquidity on the date that was three (3) calendar months prior to such determination date, *plus* (ii) the aggregate amount of all obligations of Borrowers that are past due by more than three (3) Business Days as of such date of termination (including, without limitation, all accounts payable, taxes, payments in respect of Debt, interest payments, fees and other liabilities owed by Borrowers), *plus* (iii) the aggregate amount of all additional obligations (whether new or constituting increases in existing obligations) in respect of vendor notes, capital lease obligations, or other Debt (in each case without limiting the definition of Permitted Debt or Section 5.1) incurred by Borrowers during the period ending on such date of determination and beginning on the date that was

three (3) calendar months prior thereto and that either (x) resulted in the receipt by Borrowers of cash proceeds or (y) refinanced obligations that were previously outstanding would otherwise have been due and owing, and excluding, for the avoidance of doubt, the principal amount of any Loans borrowed by Borrowers during such period.

"**UCC**" means the Uniform Commercial Code of the State of Maryland or of any other state the laws of which are required to be applied in connection with the perfection of security interests in any Collateral.

"**United States**" means the United States of America.

"**Work-In-Process**" means Inventory that is not a product that is finished and approved by a Borrower in accordance with applicable Laws and such Borrower's normal business practices for release and delivery to customers.

Section 1.2 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder (including, without limitation, determinations made pursuant to the exhibits hereto) shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of each Borrower and its Consolidated Subsidiaries delivered to Agent and each of the Lenders on or prior to the Closing Date. If at any time any change in GAAP would affect the computation of any financial ratio or financial requirement set forth in any Financing Document, and either Borrowers or the Required Lenders shall so request, Agent, the Lenders and Borrowers shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided*, *however*, that until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Borrowers shall provide to Agent and the Lenders financial statements and other documents required under this Agreement which include a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Debt or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value", as defined therein.

Section 1.3 Other Definitional and Interpretive Provisions. References in this Agreement to "Articles", "Sections", "Annexes", "Exhibits", or "Schedules" shall be to Articles, Sections, Annexes, Exhibits or Schedules of or to this Agreement unless otherwise specifically provided. Any term defined herein may be used in the singular or plural. "Include", "includes" and "including" shall be deemed to be followed by "without limitation". Except as otherwise specified or limited herein, references to any Person include the successors and assigns of such Person. References "from" or "through" any date mean, unless otherwise specified, "from and including" or "through and including", respectively. Unless otherwise specified herein, the settlement of all payments and fundings hereunder between or among the parties hereto shall be made in lawful money of the United States and in immediately available funds. References to any statute or act shall include all related current regulations and all amendments and any successor statutes, acts and regulations. All amounts used for purposes of financial calculations required to be made herein shall be without duplication. References to any statute or act, without additional reference, shall be deemed to refer to federal statutes and acts of the United States. References to any agreement, instrument or document shall include all schedules, exhibits, annexes and other attachments thereto. As used in this Agreement, the meaning of the term "material" or

the phrase "in all material respects" is intended to refer to an act, omission, violation or condition which reflects or could reasonably be expected to result in a Material Adverse Effect. References to capitalized terms that are not defined herein, but are defined in the UCC, shall have the meanings given them in the UCC. All references herein to times of day shall be references to daylight or standard time, as applicable.

Section 1.4 Time is of the Essence. Time is of the essence in Borrower's and each other Credit Party's performance under this Agreement and all other Financing Documents.

ARTICLE 2 - LOANS AND LETTERS OF CREDIT

Section 2.1 Loans.

(a) Term Loans.

(i) Term Loan Amounts. On the terms and subject to the conditions set forth herein and in the other Financing Documents, the Lenders severally hereby agree to make to Borrowers a term loan in an original aggregate principal amount equal to the Term Loan Commitment ("**Term Loan**"). Each Lender's obligation to fund the Term Loan shall be limited to such Lender's Term Loan Commitment Percentage, and no Lender shall have any obligation to fund any portion of any Term Loan required to be funded by any other Lender, but not so funded. No Borrower shall have any right to reborrow any portion of the Term Loan that is repaid or prepaid from time to time. The Term Loan shall be funded in one advance on the Closing Date. Borrowers shall deliver to Agent a Notice of Borrowing with respect to the proposed Term Loan advance upon the Closing Date.

(ii) Scheduled Repayments; Mandatory Prepayments; Optional Prepayments.

(A) There shall become due and payable, and Borrowers shall repay the Term Loan through, scheduled payments as set forth on Schedule 2.1 attached hereto. Notwithstanding the payment schedule set forth above, the outstanding principal amount of the Term Loan shall become immediately due and payable in full on the Termination Date.

(B) There shall become due and payable and Borrowers shall prepay the Term Loan in the following amounts and at the following times:

(i) Unless Agent shall otherwise consent in writing, on the date on which any Credit Party (or Agent as loss payee or assignee) receives any casualty proceeds in excess of $100,000 with respect to assets upon which Agent maintained a Lien, an amount equal to one hundred percent (100%) of such proceeds (net of out-of-pocket expenses and repayment of secured debt permitted under clause (c) of the definition of Permitted Debt and encumbering the property that suffered such casualty), or such lesser portion of such proceeds as Agent shall elect to apply to the Obligations;

(ii) an amount equal to any interest that is deemed to be in excess of the Maximum Lawful Rate (as defined below) and is required to be applied to the reduction of the principal balance of the Loans by any Lender as provided for in Section 2.7; and

(iii) unless Agent shall otherwise consent in writing, upon receipt by any Credit Party of the proceeds of any Asset Disposition that is not made in the Ordinary Course of Business or that pertains to any Collateral upon which Borrowing Base is calculated (in each case other than a Permitted Asset Disposition), an amount equal to one hundred percent (100%) of the net cash proceeds of such asset disposition (net of out-of-pocket expenses and repayment of secured debt permitted under clause (c) of the definition of Permitted Debt and encumbering such asset), or such lesser portion as Agent shall elect to apply to the Obligations.

Notwithstanding the foregoing and so long as no Event of Default or Default then exists: (1) any such casualty proceeds in excess of $250,000 (other than with respect to Inventory and any real property, unless Agent shall otherwise elect) may be used by Borrowers within one hundred eighty (180) days from the receipt of such proceeds to replace or repair any assets in respect of which such proceeds were paid so long as (x) prior to the receipt of such proceeds, Borrowers have delivered to Agent a reinvestment plan detailing such replacement or repair acceptable to Agent in its reasonable discretion and (y) such proceeds are deposited into an account with Agent promptly upon receipt by such Borrower; and (2) proceeds of personal property asset dispositions that are not made in the Ordinary Course of Business or Permitted Asset Dispositions (other than Collateral upon which the Borrowing Base is calculated or Intellectual Property, unless Agent shall otherwise elect) may be used by Borrowers within one hundred eighty (180) days from the receipt of such proceeds to purchase new or replacement assets of comparable value, *provided, however*, that such proceeds are deposited into an account with Agent promptly upon receipt by such Borrower. All sums held by Agent pending reinvestment as described in subsections (1) and (2) above shall be deemed additional collateral for the Obligations and may be commingled with the general funds of Agent.

(C) Optional Prepayments. Borrowers may from time to time, with at least five (5) Business Days prior delivery to Agent of an appropriately completed Payment Notification, prepay the Term Loan in whole or in part; *provided, however*, that each such prepayment shall be in an amount equal to $100,000 or a higher integral multiple of $25,000, *provided, further,* that each such prepayment shall be accompanied by all prepayment fees, exit fees and any other applicable fees required hereunder.

(iii) All Prepayments. Except as this Agreement may specifically provide otherwise, all prepayments of the Term Loan shall be applied by Agent to the Obligations in inverse order of maturity. The monthly payments required under Schedule 2.1 shall continue in the same amount (for so long as the Term Loan and/or (if applicable) any advance thereunder shall remain outstanding) notwithstanding any partial prepayment, whether mandatory or optional, of the Term Loan.

(iv) LIBOR Rate.

(A) Except as provided in subsection (C) below, the Term Loan shall accrue interest at the LIBOR Rate *plus* the Applicable Margin.

(B) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in

each case, due to changes in applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding loans bearing interest based upon the LIBOR Rate; *provided, however,* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (I) require such Lender to furnish to Borrowers a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (II) repay the Loans bearing interest based upon the LIBOR Rate with respect to which such adjustment is made. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the change in law giving rise to such increased costs or reductions pursuant to this Section and of such Lender's intention to claim compensation therefore; *provided, further*, that, if a change in law giving rise to such increased costs or reductions is retroactive (or has retroactive effect), then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

(C) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to maintain Loans bearing interest based upon the LIBOR Rate or to continue such maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender, (I) in the case of the pro rata share of the Term Loan held by such Lender and then outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such portion of the Term Loan, and interest upon such portion thereafter shall accrue interest at the Base Rate *plus* the Applicable Margin, and (II) such portion of the Term Loan shall continue to accrue interest at the Base Rate *plus* the Applicable Margin until such Lender determines that it would no longer be unlawful or impractical to maintain such Term Loan at the LIBOR Rate.

(D) Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues based on the LIBOR Rate.

(b) Revolving Loans.

(i) Revolving Loans and Borrowings. On the terms and subject to the conditions set forth herein, each Lender severally agrees to make loans to Borrowers from time to time as set forth herein (each a "**Revolving Loan**", and collectively, "**Revolving Loans**") equal to such Lender's Revolving Loan Commitment Percentage of Revolving Loans requested by Borrowers hereunder, *provided*, *however*, that after giving effect thereto, the Revolving Loan Outstanding shall not exceed the Revolving Loan Limit. Borrowers shall deliver to Agent a Notice of Borrowing with respect to each proposed Revolving Loan Borrowing, such Notice of Borrowing to be delivered before 1:00 p.m. (Eastern time) two (2) Business Days prior to the date of such proposed borrowing. Each Borrower and each Revolving Lender hereby authorizes Agent to make Revolving Loans on behalf of Revolving Lenders, at any time in its sole discretion, (A) as provided in Section 2.5(c), with respect to obligations arising under Support Agreements and/or Lender Letters of Credit, and (B) to pay principal owing in respect of the Loans and interest, fees, expenses and other charges payable by any Credit Party from time to time arising under this Agreement or any other Financing Document. The Borrowing Base shall be determined by Agent based on the most recent Borrowing Base Certificate delivered to Agent in accordance with this Agreement and such other information as may be available to Agent. Without limiting any other rights and remedies of Agent hereunder or under the other Financing Documents, the Revolving Loans shall be subject to Agent's continuing right to withhold from the Borrowing Base reserves, and to increase and decrease such reserves from time to time, if and to the extent that in Agent's reasonable good faith credit judgment and discretion, such reserves are necessary.

(ii) Mandatory Revolving Loan Repayments and Prepayments.

(A) The Revolving Loan Commitment shall terminate on the Termination Date. On such Termination Date, there shall become due, and Borrowers shall pay, the entire outstanding principal amount of each Revolving Loan, together with accrued and unpaid Obligations pertaining thereto incurred to, but excluding the Termination Date; *provided*, *however,* that such payment is made not later than 12:00 Noon (Eastern time) on the Termination Date.

(B) If at any time the Revolving Loan Outstanding exceed the Revolving Loan Limit, then, on the next succeeding Business Day, Borrowers shall repay the Revolving Loans or cash collateralize Letter of Credit Liabilities in the manner specified in Section 2.5(e) or cause the cancellation of outstanding Letters of Credit, or any combination of the foregoing, in an aggregate amount equal to such excess.

(C) Principal payable on account of Revolving Loans shall be payable by Borrowers to Agent (I) immediately upon the receipt by any Borrower or Agent of any payments on or proceeds from any of the Accounts, to the extent of such payments or proceeds, as further described in Section 2.11 below, and (II) in full on the Termination Date.

(iii) Optional Prepayments. Borrowers may from time to time prepay the Revolving Loans in whole or in part; *provided*, *however*, that any such partial prepayment shall be in an amount equal to $100,000 or a higher integral multiple of $25,000. For the avoidance of doubt, nothing in this clause shall permit termination of the Revolving Loan Commitment by Borrower other than in accordance with Section 2.12.

(iv) LIBOR Rate.

(A) Except as provided in subsection (C) below, Revolving Loans shall accrue interest at the LIBOR Rate *plus* the Applicable Margin.

(B) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding loans bearing interest based upon the LIBOR Rate; *provided*, *however,* that notwithstanding anything in this Agreement to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (I) require such Lender to furnish to Borrowers a statement setting forth the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (II) repay the Loans bearing interest based upon the LIBOR Rate with respect to which such adjustment is made. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that such Lender notifies the Borrower of the change in law giving rise to such increased costs or reductions pursuant to this Section and of such Lender's intention to claim compensation therefore; *provided, further*, that, if a change in law giving rise to such increased costs or reductions is retroactive (or has retroactive effect), then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

(C) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain Loans bearing interest based upon the LIBOR Rate or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (I) in the case of any outstanding Loans of such Lender bearing interest based upon the LIBOR Rate, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such Loans, and interest upon such Lender's Loans thereafter shall accrue interest at Base Rate *plus* the Applicable Margin, and (II) such Loans shall continue to accrue interest at Base Rate

plus the Applicable Margin until such Lender determines that it would no longer be unlawful or impractical to maintain such Loans at the LIBOR Rate.

(D) Anything to the contrary contained herein notwithstanding, neither Agent nor any Lender is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues based on the LIBOR Rate.

(c) Additional Tranches. After the Closing Date, so long as no Default or Event of Default exists and subject to the terms of this Agreement, with the prior written consent of Agent and all Lenders in their sole discretion, the Revolving Loan Commitment may be increased upon the written request of Borrower Representative (which such request shall state the aggregate amount of the Additional Tranche requested and shall be made at least thirty (30) days prior to the proposed effective date of such Additional Tranche) to Agent to activate an Additional Tranche; *provided*, *however,* that Agent and Lenders shall have no obligation to consent to any requested activation of an Additional Tranche and the written consent of Agent and all Lenders shall be required in order to activate an Additional Tranche. Upon activating an Additional Tranche, each Lender's Commitment shall increase by a proportionate amount so as to maintain the same Pro Rata Share of the Revolving Loan Commitment as such Lender held immediately prior to such activation. In the event Agent and all Lenders do not consent to the activation of a requested Additional Tranche within thirty (30) days after receiving a written request from Borrower Representative, then the Revolving Loan Commitment shall not be increased and, within the next one hundred twenty (120) days, Borrowers may terminate this Agreement upon written notice to Agent and, if the Borrowing Base on the date of such request would have supported such increased Revolving Loan Commitment, upon repayment in full of all Obligations, no fee shall be due pursuant to Section 2.2(f) in connection with such termination.

Section 2.2 Interest, Interest Calculations and Certain Fees.

(a) Interest. From and following the Closing Date, except as expressly set forth in this Agreement, Loans and the other Obligations shall bear interest at the sum of the LIBOR Rate *plus* the Applicable Margin. Interest on the Loans shall be paid in arrears on the first (1st) day of each month and on the maturity of such Loans, whether by acceleration or otherwise. Interest on all other Obligations shall be payable upon demand. For purposes of calculating interest, all funds transferred to the Payment Account for application to any Revolving Loans shall be subject to a three (3) Business Day clearance period and all interest accruing on such funds during such clearance period shall accrue for the benefit of Agent, and not for the benefit of the Lenders.

(b) Unused Line Fee. From and following the Closing Date, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Revolving Loans, in accordance with their respective Pro Rata Shares, a fee in an amount equal to (i) (A) the Revolving Loan Commitment *minus* (B) the average daily balance of the sum of the Revolving Loan Outstanding during the preceding month, *multiplied by* (ii) one half of one percent (0.5%) per annum. The unused line fee payable pursuant to this paragraph is to be paid monthly in arrears on the first day of each month.

(c) Reserved.

(d) Collateral Fee. From and following the Closing Date, Borrowers shall pay Agent, for its own account and not for the benefit of any other Lenders, a fee in an amount equal to the product obtained by *multiplying* (i) the average end-of-day principal balance of Revolving Loans outstanding during the immediately preceding month *by* (ii) one half of one percent (0.5%) per annum. For purposes of calculating the average end-of-day principal balance of Revolving Loans, all funds paid

into the Payment Account (or which were required to be paid into the Payment Account hereunder) or otherwise received by Agent for the account of Borrowers shall be subject to a three (3) Business Day clearance period. The collateral fee payable pursuant to this paragraph shall be deemed fully earned when due and payable and, once paid, shall be non-refundable.

(e) Origination Fee. Contemporaneously with Borrowers' execution of this Agreement, Borrowers shall pay Agent, for the benefit of all Lenders committed to make Revolving Loans on the Closing Date, in accordance with their respective Pro Rata Shares, a fee in an amount equal to (i) the Revolving Loan Commitment, *multiplied by* (ii) one percent (1.0%). All fees payable pursuant to this paragraph shall be non-refundable as of the Closing Date.

(f) Deferred Revolving Loan Origination Fee. If Lenders' funding obligations in respect of the Revolving Loan Commitment under this Agreement terminate for any reason (whether by voluntary termination by Borrowers, by reason of the occurrence of an Event of Default or otherwise) prior to the Commitment Expiry Date, Borrowers shall pay to Agent, for the benefit of all Lenders committed to make Revolving Loans on the Closing Date, a fee as compensation for the costs of such Lenders being prepared to make funds available to Borrowers under this Agreement, equal to an amount determined by *multiplying* the Revolving Loan Commitment *by* the following applicable percentage amount: three percent (3.0%) for the first year following the Closing Date, two percent (2.0%) for the second year following the Closing Date, and one half of one percent (0.5%) thereafter. All fees payable pursuant to this paragraph shall be deemed fully earned and non-refundable as of the Closing Date.

(g) Reserved.

(h) Prepayment Fee. If any advance under the Term Loan is prepaid at any time, in whole or in part, for any reason (whether by voluntary prepayment by Borrowers, by reason of the occurrence of an Event of Default or the acceleration of the Term Loan, or otherwise), or if the Term Loan shall become accelerated and due and payable in full, Borrowers shall pay to Agent, for the benefit of all Lenders committed to make Term Loan advances, as compensation for the costs of such Lenders making funds available to Borrowers under this Agreement, a prepayment fee (the "**Prepayment Fee**") equal to an amount determined by *multiplying* the amount of the Term Loans being repaid *by* the following applicable percentage amount: (x) three percent (3.00%) % for the first year following the Closing Date, (y) two percent (2.00%) for the second year following the Closing Date, or (z) one half of one percent (.50%) thereafter. The Prepayment Fee shall not apply to or be assessed upon any prepayment made by Borrowers if such payments were required by Agent to be made pursuant to Section 2.1(a)(ii)(B) subpart (i) (relating to casualty proceeds), or subpart (ii) (relating to payments exceeding the Maximum Lawful Rate). All fees payable pursuant to this paragraph shall be deemed fully earned and non-refundable as of the Closing Date.

(i) Audit Fees. Borrowers shall pay to Agent, for its own account and not for the benefit of any other Lenders, all reasonable fees and expenses in connection with audits and inspections of Borrowers' books and records, audits, valuations or appraisals of the Collateral, audits of Borrowers' compliance with applicable Laws and such other matters as Agent shall deem appropriate, which shall be due and payable after the audit or inspection has occurred on the first Business Day of the month following the date of issuance by Agent of a written request for payment thereof to Borrowers; *provided*, that, in the absence of a Default or an Event of Default, Borrowers shall not be obligated to reimburse Agent for more than (i) two (2) Inventory appraisals per calendar year and (ii) two (2) collateral audits per calendar year conducted, in each case, by Agent or its designee in accordance with Section 4.6

(j) Wire Fees. Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, on written demand, fees for incoming and outgoing wires made for the

account of Borrowers, such fees to be based on Agent's then current wire fee schedule (available upon written request of the Borrowers).

(k) Late Charges. If payments of principal (other than a final installment of principal upon the Termination Date), interest due on the Obligations, or any other amounts due hereunder or under the other Financing Documents are not timely made and remain overdue for a period of five (5) days, Borrowers, without notice or demand by Agent, promptly shall pay to Agent, for its own account and not for the benefit of any other Lenders, as additional compensation to Agent in administering the Obligations, an amount equal to five percent (5.0%) of each delinquent payment.

(l) Computation of Interest and Related Fees. All interest and fees under each Financing Document shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding of a Loan shall be included in the calculation of interest. The date of payment of a Loan shall be excluded from the calculation of interest. If a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

(m) Automated Clearing House Payments. If Agent (or its designated servicer or trustee on behalf of a securitization vehicle) so elects, monthly payments of principal, interest, fees, expenses or any other amounts due and owing from Borrower to Agent hereunder shall be paid to Agent by Automated Clearing House debit of immediately available funds from the financial institution account designated by Borrower Representative in the Automated Clearing House debit authorization executed by Borrowers or Borrower Representative in connection with this Agreement, and shall be effective upon receipt. Borrowers shall execute any and all forms and documentation necessary from time to time to effectuate such automatic debiting. In no event shall any such payments be refunded to Borrowers.

Section 2.3 Notes. The portion of the Loans made by each Lender shall be evidenced, if so requested by such Lender, by one or more promissory notes executed by Borrowers on a joint and several basis (each, a "Note") in an original principal amount equal to such Lender's Revolving Loan Commitment Amount or Term Loan Commitment Amount. Upon activation of an Additional Tranche in accordance with Section 2.1(c) hereof, Borrowers shall deliver to each Lender to whom Borrowers previously delivered a Note, a restated Note evidencing such Lender's Revolving Loan Commitment Amount.

Section 2.4 [Reserved].

Section 2.5 Letters of Credit and Letter of Credit Fees.

(a) Letter of Credit. On the terms and subject to the conditions set forth herein, the Revolving Loan Commitments may be used by Borrowers, in addition to the making of Revolving Loans hereunder, for the issuance, prior to that date which is one year prior to the Termination Date, by (i) Agent, of letters of credit, Guarantees or other agreements or arrangements (each, a "**Support Agreement**") to induce an LC Issuer to issue or increase the amount of, or extend the expiry date of, one or more Letters of Credit and (ii) a Lender, identified by Agent, as an LC Issuer, of one or more Lender Letters of Credit, so long as, in each case:

(i) Agent shall have received a Notice of LC Credit Event at least five (5) Business Days before the relevant date of issuance, increase or extension; and

(ii) after giving effect to such issuance, increase or extension, (A) the aggregate Letter of Credit Liabilities do not exceed $0, and (B) the Revolving Loan Outstanding do not exceed the Revolving Loan Limit.

Nothing in this Agreement shall be construed to obligate any Lender to issue, increase the amount of or extend the expiry date of any Letter of Credit, which act or acts, if any, shall be subject to agreements to be entered into from time to time between Borrowers and such Lender. Each Lender that is an LC Issuer hereby agrees to give Agent prompt written notice of each issuance of a Lender Letter of Credit by such Lender and each payment made by such Lender in respect of Lender Letters of Credit issued by such Lender.

Notwithstanding anything to the contrary set forth herein, Borrowers agree and acknowledge that no part of the Revolving Loan Commitment will be available for the issuance of a Letter of Credit until such times as Agent notifies Borrower Representative that a Lender party to this Agreement is an LC Issuer.

(b) Letter of Credit Fee. Borrowers shall pay to Agent, for the benefit of the Revolving Lenders in accordance with their respective Pro Rata Shares, a letter of credit fee with respect to the Letter of Credit Liabilities for each Letter of Credit, computed for each day from the date of issuance of such Letter of Credit to the date that is the last day a drawing is available under such Letter of Credit, at a rate per annum equal to the Applicable Margin then applicable to Loans bearing interest based upon the LIBOR Rate. Such fee shall be payable in arrears on the last day of each calendar month prior to the Termination Date and on such date. In addition, Borrowers agree to pay promptly to the LC Issuer any fronting or other fees that it may charge in connection with any Letter of Credit.

(c) Reimbursement Obligations of Borrowers. If either (i) Agent shall make a payment to an LC Issuer pursuant to a Support Agreement, or (ii) any Lender shall notify Agent that it has made payment in respect of, a Lender Letter of Credit, (A) the applicable Borrower shall reimburse Agent or such Lender, as applicable, for the amount of such payment by the end of the day on which Agent or such Lender shall make such payment and (B) Borrowers shall be deemed to have immediately requested that Revolving Lenders make a Revolving Loan, in a principal amount equal to the amount of such payment (but solely to the extent such Borrower shall have failed to directly reimburse Agent or, with respect to Lender Letters of Credit, the applicable LC Issuer, for the amount of such payment). Agent shall promptly notify Revolving Lenders of any such deemed request and each Revolving Lender hereby agrees to make available to Agent not later than noon (Eastern time) on the Business Day following such notification from Agent such Revolving Lender's Pro Rata Share of such Revolving Loan. Each Revolving Lender hereby absolutely and unconditionally agrees to fund such Revolving Lender's Pro Rata Share of the Loan described in the immediately preceding sentence, unaffected by any circumstance whatsoever, including, without limitation, (x) the occurrence and continuance of a Default or Event of Default, (y) the fact that, whether before or after giving effect to the making of any such Revolving Loan, the Revolving Loan Outstanding exceed or will exceed the Revolving Loan Limit, and/or (z) the non-satisfaction of any conditions set forth in Section 7.2. Agent hereby agrees to apply the gross proceeds of each Revolving Loan deemed made pursuant to this Section 2.5(c) in satisfaction of Borrowers' reimbursement obligations arising pursuant to this Section 2.5(c). Borrowers shall pay interest, on demand, on all amounts so paid by Agent pursuant to any Support Agreement or to any applicable Lender in honoring a draw request under any Lender Letter of Credit for each day from the date of such payment until Borrowers reimburse Agent or the applicable Lender therefor (whether pursuant to clause (A) or (B) of the first sentence of this subsection (c)) at a rate per annum equal to the sum of two percent (2%) *plus* the interest rate applicable to Revolving Loans for such day.

(d) Reimbursement and Other Payments by Borrowers. The obligations of each Borrower to reimburse Agent and/or the applicable LC Issuer pursuant to Section 2.5(c) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including the following:

(i) any lack of validity or enforceability of, or any amendment or waiver of or any consent to departure from, any Letter of Credit or any related document;

(ii) the existence of any claim, set-off, defense or other right which any Borrower may have at any time against the beneficiary of any Letter of Credit, the LC Issuer (including any claim for improper payment), Agent, any Lender or any other Person, whether in connection with any Financing Document or any unrelated transaction, *provided*, *however*, that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(iii) any statement or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(iv) any affiliation between the LC Issuer and Agent; or

(v) to the extent permitted under applicable law, any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

(e) Deposit Obligations of Borrowers. In the event any Letters of Credit are outstanding at the time that Borrowers prepay in full or are required to repay the Obligations or the Revolving Loan Commitment is terminated, Borrowers shall (i) deposit with Agent for the benefit of all Revolving Lenders cash in an amount equal to one hundred ten percent (110%) of the aggregate outstanding Letter of Credit Liabilities to be available to Agent, for its benefit and the benefit of issuers of Letters of Credit, to reimburse payments of drafts drawn under such Letters of Credit and pay any fees and expenses related thereto, and (ii) prepay the fee payable under Section 2.5(b) with respect to such Letters of Credit for the full remaining terms of such Letters of Credit assuming that the full amount of such Letters of Credit as of the date of such repayment or termination remain outstanding until the end of such remaining terms. Upon termination of any such Letter of Credit and so long as no Event of Default has occurred and is continuing, the unearned portion of such prepaid fee attributable to such Letter of Credit shall be refunded to Borrowers, together with the deposit described in the preceding clause (i) attributable to such Letter of Credit, but only to the extent not previously applied by Agent in the manner described herein.

(f) Participations in Support Agreements and Lender Letters of Credit.

(i) Concurrently with the issuance of each Supported Letter of Credit, Agent shall be deemed to have sold and transferred to each Revolving Lender, and each such Revolving Lender shall be deemed irrevocably and immediately to have purchased and received from Agent, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Pro Rata Share, Agent's Support Agreement liabilities and obligations in respect of such Supported Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Concurrently with the issuance of each Lender Letter of Credit, the LC Issuer in respect thereof shall be deemed to have sold and transferred to each Revolving Lender, and each such Revolving Lender shall be deemed irrevocably and immediately to have purchased and received from such LC Issuer, without recourse or warranty, an undivided interest and participation in, to the extent of such Lender's Pro Rata Share, such Lender Letter of Credit and Borrowers' Reimbursement Obligations with respect thereto. Any purchase obligation arising pursuant to the immediately two preceding sentences shall be absolute and unconditional and shall not be affected by any circumstances whatsoever.

(ii) If either (A) Agent makes any payment or disbursement under any Support Agreement and/or (B) an LC Issuer makes any payment or disbursement under any Lender Letter of Credit, and (I) Borrowers have not reimbursed Agent or the applicable LC Issuer, as applicable, in full for such payment or disbursement in accordance with Section 2.5(c), or (II) any reimbursement under any Support Agreement or Lender Letter of Credit received by Agent or any LC Issuer, as applicable, from any Credit Party is or must be returned or rescinded upon or during any bankruptcy or reorganization of any Credit Party or otherwise, each Revolving Lender shall be irrevocably and unconditionally obligated to pay to Agent or the applicable LC Issuer, as applicable, its Pro Rata Share of such payment or disbursement (but no such payment shall diminish the Obligations of Borrowers under Section 2.5(c)). To the extent any such Revolving Lender shall not have made such amount available to Agent or the applicable LC Issuer, as applicable, before 12:00 Noon (Eastern time) on the Business Day on which such Lender receives notice from Agent or the applicable LC Issuer, as applicable, of such payment or disbursement, or return or rescission, as applicable, such Lender agrees to pay interest on such amount to Agent or the applicable LC Issuer, as applicable, forthwith on demand accruing daily at the Federal Funds Rate, for the first three (3) days following such Lender's receipt of such notice, and thereafter at the Base Rate *plus* the Applicable Margin in respect of Revolving Loans. Any such Revolving Lender's failure to make available to Agent or the applicable LC Issuer, as applicable, its Pro Rata Share of any such payment or disbursement, or return or rescission, as applicable, shall not relieve any other Lender of its obligation hereunder to make available such other Revolving Lender's Pro Rata Share of such payment, but no Revolving Lender shall be responsible for the failure of any other Lender to make available such other Lender's Pro Rata Share of any such payment or disbursement, or return or rescission.

Section 2.6 General Provisions Regarding Payment; Loan Account.

(a) All payments to be made by each Borrower under any Financing Document, including payments of principal and interest made hereunder and pursuant to any other Financing Document, and all fees, expenses, indemnities and reimbursements, shall be made without set-off, recoupment or counterclaim. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension (it being understood and agreed that, solely for purposes of calculating financial covenants and computations contained herein and determining compliance therewith, if payment is made, in full, on any such extended due date, such payment shall be deemed to have been paid on the original due date without giving effect to any extension thereto). Any payments received in the Payment Account before 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on such date, and any payments received in the Payment Account at or after 12:00 Noon (Eastern time) on any date shall be deemed received by Agent on the next succeeding Business Day. In the absence of receipt by Agent of a written designation by Borrower Representative, at least two (2) Business Days prior to such prepayment, that such prepayment is to be applied to a Term Loan, Borrowers and each Lender hereby authorize and direct Agent, subject to the provisions of Section 10.7 hereof, to apply such prepayment against then outstanding Revolving Loans, and second, if no Revolving Loans are then outstanding, pro rata against all outstanding Term Loans in accordance with the provisions of Section 2.1(a)(iii); provided, however, that if Agent at any time determines that payments received by Agent were in respect of a mandatory prepayment event, Agent shall apply such payments in accordance with the provisions of Section 2.1(a)(ii) and shall be fully authorized by Borrowers and each Lender to make corresponding Loan Account reversals in respect thereof.

(b) Agent shall maintain a loan account (the "**Loan Account**") on its books to record Loans and other extensions of credit made by the Lenders hereunder or under any other Financing

Document, and all payments thereon made by each Borrower. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded in Agent's books and records at any time shall be conclusive and binding evidence of the amounts due and owing to Agent by each Borrower absent manifest error; *provided*, *however*, that any failure to so record or any error in so recording shall not limit or otherwise affect any Borrower's duty to pay all amounts owing hereunder or under any other Financing Document. Agent shall endeavor to provide Borrowers with a monthly statement regarding the Loan Account (but neither Agent nor any Lender shall have any liability if Agent shall fail to provide any such statement). Unless any Borrower notifies Agent of any objection to any such statement (specifically describing the basis for such objection) within ninety (90) days after the date of receipt thereof, it shall be deemed final, binding and conclusive upon Borrowers in all respects as to all matters reflected therein.

Section 2.7 **Maximum Interest**. In no event shall the interest charged with respect to the Loans or any other Obligations of any Borrower under any Financing Document exceed the maximum amount permitted under the laws of the State of Maryland or of any other applicable jurisdiction. Notwithstanding anything to the contrary herein or elsewhere, if at any time the rate of interest payable hereunder or under any Note or other Financing Document (the "Stated Rate") would exceed the highest rate of interest permitted under any applicable law to be charged (the "Maximum Lawful Rate"), then for so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable shall be equal to the Maximum Lawful Rate; *provided*, *however*, that if at any time thereafter the Stated Rate is less than the Maximum Lawful Rate, each Borrower shall, to the extent permitted by law, continue to pay interest at the Maximum Lawful Rate until such time as the total interest received is equal to the total interest which would have been received had the Stated Rate been (but for the operation of this provision) the interest rate payable. Thereafter, the interest rate payable shall be the Stated Rate unless and until the Stated Rate again would exceed the Maximum Lawful Rate, in which event this provision shall again apply. In no event shall the total interest received by any Lender exceed the amount which it could lawfully have received had the interest been calculated for the full term hereof at the Maximum Lawful Rate. If, notwithstanding the prior sentence, any Lender has received interest hereunder in excess of the Maximum Lawful Rate, such excess amount shall be applied to the reduction of the principal balance of the Loans or to other amounts (other than interest) payable hereunder, and if no such principal or other amounts are then outstanding, such excess or part thereof remaining shall be paid to Borrowers. In computing interest payable with reference to the Maximum Lawful Rate applicable to any Lender, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate *divided by* the number of days in the year in which such calculation is made.

Section 2.8 **Taxes; Capital Adequacy**.

(a) All payments of principal and interest on the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp, documentary, payroll, employment, property or franchise taxes and other taxes, fees, duties, levies, assessments, withholdings or other charges of any nature whatsoever (including interest and penalties thereon) imposed by any taxing authority, excluding taxes imposed on or measured by Agent's or any Lender's net income, franchise taxes, branch profit taxes imposed as a result of a present or former connection between the lender and the jurisdiction imposing such Tax (other than connections arising from Agent or such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, engaged in any other transaction pursuant to or enforced any Financing Document, or sold or assigned an interest in any Loans or any Financing Document), such as a lending office or principal place of business by any taxing authority whatever (all non-excluded items being called "**Taxes**"). If any withholding or deduction from any payment to be made by any Borrower hereunder is required in respect of any Taxes pursuant to any applicable Law, then Borrowers will: (i) pay directly to the relevant authority the full amount required to be so withheld or deducted; (ii) promptly

forward to Agent an official receipt or other documentation satisfactory to Agent evidencing such payment to such authority; and (iii) pay to Agent for the account of Agent and Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by Agent and each Lender will equal the full amount Agent and such Lender would have received had no such withholding or deduction been required. If any Taxes are directly asserted against Agent or any Lender with respect to any payment received by Agent or such Lender hereunder, Agent or such Lender may pay such Taxes and Borrowers will promptly pay such additional amounts (including any penalty, interest or expense) as is necessary in order that the net amount received by such Person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such Person would have received had such Taxes not been asserted so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which Agent or such Lender first made written demand therefor.

(b) If any Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to Agent, for the account of Agent and the respective Lenders, the required receipts or other required documentary evidence, Borrowers shall indemnify Agent and Lenders for any incremental Taxes, interest or penalties that may become payable by Agent or any Lender as a result of any such failure.

(c) Each Lender that is not U.S. person as defined in Section 7701(a)(30) of the Code and (i) is a party hereto on the Closing Date or (ii) purports to become an assignee of an interest as a Lender under this Agreement after the Closing Date (unless such Lender was already a Lender hereunder immediately prior to such assignment) (each such Lender a "**Foreign Lender**") shall execute and deliver to each of Borrowers and Agent one or more (as Borrowers or Agent may reasonably request) United States Internal Revenue Service Forms W-8ECI, W-8BEN, W-8IMY (as applicable) and other applicable forms, certificates or documents prescribed by the United States Internal Revenue Service or reasonably requested by Agent certifying as to such Lender's entitlement to a complete exemption from withholding or deduction of Taxes. Borrowers shall not be required to pay additional amounts to any Lender pursuant to this Section 2.8 with respect to United States withholding and income Taxes to the extent that the obligation to pay such additional amounts would not have arisen but for the failure of such Lender to comply with this paragraph other than as a result of a change in law.

(d) If any Lender shall determine in its commercially reasonable judgment that the adoption or taking effect of, or any change in, any applicable Law regarding capital adequacy, in each instance, after the Closing Date, or any change after the Closing Date in the interpretation, administration or application thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation, administration or application thereof, or the compliance by any Lender or any Person controlling such Lender with any request, guideline or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency adopted or otherwise taking effect after the Closing Date, has or would have the effect of reducing the rate of return on such Lender's or such controlling Person's capital as a consequence of such Lender's obligations hereunder or under any Support Agreement or Lender Letter of Credit to a level below that which such Lender or such controlling Person could have achieved but for such adoption, taking effect, change, interpretation, administration, application or compliance (taking into consideration such Lender's or such controlling Person's policies with respect to capital adequacy) then from time to time, upon written demand by such Lender (which demand shall be accompanied by a statement setting forth the basis for such demand and a calculation of the amount thereof in reasonable detail, a copy of which shall be furnished to Agent), Borrowers shall promptly pay to such Lender such additional amount as will compensate such Lender or such controlling Person for such reduction, so long as such amounts have accrued on or after the day which is two hundred seventy (270) days prior to the date on which such Lender first made demand therefor; provided, however, that notwithstanding anything in this Agreement

to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "change in applicable Law", regardless of the date enacted, adopted or issued.

(e) If any Lender requires compensation under Section 2.8(d), or requires any Borrower to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), then, upon the written request of Borrower Representative, such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder (subject to the terms of this Agreement) to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or materially reduce amounts payable pursuant to any such subsection, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender (as determined in its sole discretion). Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(f) Each party's obligations under this Section 2.8 shall survive the resignation or replacement of the Agent or any assignment of rights by, or the replacement of, a Lender, and the repayment, satisfaction or discharge of all Obligations hereunder.

Section 2.9 Appointment of Borrower Representative.

(a) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent and attorney-in-fact to request and receive Loans in the name or on behalf of such Borrower and any other Borrowers, deliver Notices of Borrowing, Notices of LC Credit Events and Borrowing Base Certificates, give instructions with respect to the disbursement of the proceeds of the Loans, requesting Letters of Credit, giving and receiving all other notices and consents hereunder or under any of the other Financing Documents and taking all other actions (including in respect of compliance with covenants) in the name or on behalf of any Borrower or Borrowers pursuant to this Agreement and the other Financing Documents. Agent and Lenders may disburse the Loans to such bank account of Borrower Representative or a Borrower or otherwise make such Loans to a Borrower, and LC Issuer may provide such Letters of Credit for the account of a Borrower, in each case as Borrower Representative may designate or direct, without notice to any other Borrower. Notwithstanding anything to the contrary contained herein, Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Borrower Representative hereby accepts the appointment by Borrowers to act as the agent and attorney-in-fact of Borrowers pursuant to this Section 2.9. Borrower Representative shall ensure that the disbursement of any Loans that are at any time requested by or to be remitted to or for the account of a Borrower, or the issuance of any Letter of Credit requested on behalf of a Borrower hereunder, shall be remitted or issued to or for the account of such Borrower.

(c) Each Borrower hereby irrevocably appoints and constitutes Borrower Representative as its agent to receive statements on account and all other notices from Agent, Lenders and LC Issuer with respect to the Obligations or otherwise under or in connection with this Agreement and the other Financing Documents.

(d) Any notice, election, representation, warranty, agreement or undertaking made or delivered by or on behalf of any Borrower by Borrower Representative shall be deemed for all purposes to have been made or delivered by such Borrower, as the case may be, and shall be binding upon and enforceable against such Borrower to the same extent as if made or delivered directly by such Borrower.

(e) No resignation by or termination of the appointment of Borrower Representative as agent and attorney-in-fact as aforesaid shall be effective, except after ten (10) Business Days' prior written notice to Agent. If the Borrower Representative resigns under this Agreement, Borrowers shall be entitled to appoint a successor Borrower Representative (which shall be a Borrower and shall be reasonably acceptable to Agent as such successor). Upon the acceptance of its appointment as successor Borrower Representative hereunder, such successor Borrower Representative shall succeed to all the rights, powers and duties of the retiring Borrower Representative and the term "Borrower Representative" shall mean such successor Borrower Representative for all purposes of this Agreement and the other Financing Documents, and the retiring or terminated Borrower Representative's appointment, powers and duties as Borrower Representative shall be thereupon terminated.

Section 2.10 Joint and Several Liability; Rights of Contribution; Subordination and Subrogation.

(a) Borrowers are defined collectively to include all Persons named as one of the Borrowers herein; *provided*, *however*, that any references herein to "any Borrower", "each Borrower" or similar references, shall be construed as a reference to each individual Person named as one of the Borrowers herein. Each Person so named shall be jointly and severally liable for all of the obligations of Borrowers under this Agreement. Each Borrower, individually, expressly understands, agrees and acknowledges, that the credit facilities would not be made available on the terms herein in the absence of the collective credit of all of the Persons named as the Borrowers herein, the joint and several liability of all such Persons, and the cross-collateralization of the collateral of all such Persons. Accordingly, each Borrower individually acknowledges that the benefit to each of the Persons named as one of the Borrowers as a whole constitutes reasonably equivalent value, regardless of the amount of the credit facilities actually borrowed by, advanced to, or the amount of collateral provided by, any individual Borrower. In addition, each entity named as one of the Borrowers herein hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained in this Agreement shall be applicable to and shall be binding upon and measured and enforceable individually against each Person named as one of the Borrowers herein as well as all such Persons when taken together. By way of illustration, but without limiting the generality of the foregoing, the terms of Section 10.1 of this Agreement are to be applied to each individual Person named as one of the Borrowers herein (as well as to all such Persons taken as a whole), such that the occurrence of any of the events described in Section 10.1 of this Agreement as to any Person named as one of the Borrowers herein shall constitute an Event of Default even if such event has not occurred as to any other Persons named as the Borrowers or as to all such Persons taken as a whole.

(b) Notwithstanding any provisions of this Agreement to the contrary, it is intended that the joint and several nature of the liability of each Borrower for the Obligations and the Liens granted by Borrowers to secure the Obligations, not constitute a Fraudulent Conveyance (as defined below). Consequently, Agent, Lenders and each Borrower agree that if the liability of a Borrower for the Obligations, or any Liens granted by such Borrower securing the Obligations would, but for the application of this sentence, constitute a Fraudulent Conveyance, the liability of such Borrower and the Liens securing such liability shall be valid and enforceable only to the maximum extent that would not cause such liability or such Lien to constitute a Fraudulent Conveyance, and the liability of such Borrower and this Agreement shall automatically be deemed to have been amended accordingly. For purposes hereof, the term "Fraudulent Conveyance" means a fraudulent conveyance under Section 548 of

Chapter 11 of Title II of the Bankruptcy Code or a fraudulent conveyance or fraudulent transfer under the applicable provisions of any fraudulent conveyance or fraudulent transfer law or similar law of any state, nation or other governmental unit, as in effect from time to time.

(c) Agent is hereby authorized, without notice or demand (except as otherwise specifically required under this Agreement) and without affecting the liability of any Borrower hereunder, at any time and from time to time, to (i) renew, extend or otherwise increase the time for payment of the Obligations; (ii) with the written agreement of any Borrower, change the terms relating to the Obligations or otherwise modify, amend or change the terms of any Note or other agreement, document or instrument now or hereafter executed by any Borrower and delivered to Agent for any Lender; (iii) accept partial payments of the Obligations; (iv) take and hold any Collateral for the payment of the Obligations or for the payment of any guaranties of the Obligations and exchange, enforce, waive and release any such Collateral; (v) apply any such Collateral and direct the order or manner of sale thereof as Agent, in its sole discretion, may determine; and (vi) settle, release, compromise, collect or otherwise liquidate the Obligations and any Collateral therefor in any manner, all guarantor and surety defenses being hereby waived by each Borrower. Without limitations of the foregoing, with respect to the Obligations, each Borrower hereby makes and adopts each of the agreements and waivers set forth in each Guarantee, the same being incorporated hereby by reference. Except as specifically provided in this Agreement or any of the other Financing Documents, Agent shall have the exclusive right to determine the time and manner of application of any payments or credits, whether received from any Borrower or any other source, and such determination shall be binding on all Borrowers. All such payments and credits may be applied, reversed and reapplied, in whole or in part, to any of the Obligations that Agent shall determine, in its sole discretion, without affecting the validity or enforceability of the Obligations of the other Borrower.

(d) Each Borrower hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Obligations from any obligor or other action to enforce the same; (ii) the waiver or consent by Agent with respect to any provision of any instrument evidencing the Obligations, or any part thereof, or any other agreement heretofore, now or hereafter executed by a Borrower and delivered to Agent; (iii) failure by Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for the Obligations; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against a Borrower or Agent's election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by a Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of Agent's claim(s) for repayment of any of the Obligations; or (vii) any other circumstance other than payment in full of the Obligations which might otherwise constitute a legal or equitable discharge or defense of a guarantor or surety.

(e) The Borrowers hereby agree, as between themselves, that to the extent that Agent, on behalf of Lenders, shall have received from any Borrower any Recovery Amount (as defined below), then the paying Borrower shall have a right of contribution against each other Borrower in an amount equal to such other Borrower's contributive share of such Recovery Amount; provided, however, that in the event any Borrower suffers a Deficiency Amount (as defined below), then the Borrower suffering the Deficiency Amount shall be entitled to seek and receive contribution from and against the other Borrowers in an amount equal to the Deficiency Amount; and provided, further, that in no event shall the aggregate amounts so reimbursed by reason of the contribution of any Borrower equal or exceed an amount that would, if paid, constitute or result in Fraudulent Conveyance. Until all Obligations have been paid and satisfied in full, no payment made by or for the account of a Borrower including, without limitation, (i) a payment made by such Borrower on behalf of the liabilities of any other Borrower, or (ii) a payment made by any other Guarantor under any Guarantee, shall entitle such Borrower, by

subrogation or otherwise, to any payment from such other Borrower or from or out of such other Borrower's property. The right of each Borrower to receive any contribution under this Section 2.10(e) or by subrogation or otherwise from any other Borrower shall be subordinate in right of payment to the Obligations and such Borrower shall not exercise any right or remedy against such other Borrower or any property of such other Borrower by reason of any performance of such Borrower of its joint and several obligations hereunder, until the Obligations have been paid and satisfied in full, and no Borrower shall exercise any right or remedy with respect to this Section 2.10(e) until the Obligations have been paid and satisfied in full. As used in this Section 2.10(e), the term "Recovery Amount" means the amount of proceeds received by or credited to Agent from the exercise of any remedy of the Lenders under this Agreement or the other Financing Documents, including, without limitation, the sale of any Collateral. As used in this Section 2.10(e), the term "Deficiency Amount" means any amount that is less than the entire amount a Borrower is entitled to receive by way of contribution or subrogation from, but that has not been paid by, the other Borrowers in respect of any Recovery Amount attributable to the Borrower entitled to contribution, until the Deficiency Amount has been reduced to $0 through contributions and reimbursements made under the terms of this Section 2.10(e) or otherwise.

Section 2.11 Collections and Lockbox Account.

(a) Borrowers shall maintain a lockbox (the "Lockbox") with a United States depository institution designated from time to time by Agent (the "Lockbox Bank"), subject to the provisions of this Agreement, and (subject to Section 7.4) shall execute with the Lockbox Bank a Deposit Account Control Agreement and such other agreements related to such Lockbox as Agent may require. At all times following the Lockbox Post-Closing Period, Borrowers shall ensure that all collections of Accounts are paid directly from Account Debtors (i) into the Lockbox for deposit into a Lockbox Account and/or (ii) directly into a Lockbox Account; *provided*, *however*, unless Agent shall otherwise direct by written notice to Borrowers, Borrowers shall be permitted to cause Account Debtors who are individuals to pay Accounts directly to Borrowers, which Borrowers shall then administer and apply in the manner required below. At all times during the Lockbox Post-Closing Period, Borrowers shall ensure that all collections of Accounts are transferred into the Payment Account pursuant to a standing wire order at the close of each Business Day. At all times following the Lockbox Post-Closing Period, all funds deposited into a Lockbox Account shall be transferred into the Payment Account by the close of each Business Day.

(b) [Reserved]

(c) Notwithstanding anything in any lockbox agreement or Deposit Account Control Agreement to the contrary, Borrowers agree that they shall be liable for any fees and charges in effect from time to time and charged by the Lockbox Bank in connection with the Lockbox, the Lockbox Account, and that Agent shall have no liability therefor. Borrowers hereby indemnify and agree to hold Agent harmless from any and all liabilities, claims, losses and demands whatsoever, including reasonable attorneys' fees and expenses, arising from or relating to actions of Agent or the Lockbox Bank pursuant to this Section or any lockbox agreement or Deposit Account Control Agreement or similar agreement, except to the extent of such losses arising solely from Agent's gross negligence or willful misconduct.

(d) Agent shall apply, on a daily basis, all funds transferred into the Payment Account pursuant to this Section to reduce the outstanding Revolving Loans in such order of application as Agent shall elect. Agent shall have no obligation to apply any funds transferred into the Payment Account pursuant to this Section and not otherwise required to be applied by this Section 2.11 to reduce to Revolving Loans to reduce the outstanding Term Loan, but Agent shall have the option to apply such funds to any Term Loan to the extent of any payments (whether of principal, interest or otherwise) due and payable in respect thereof. If as the result of collections of Accounts pursuant to the terms and conditions of this Section, a credit balance exists with respect to the Loan Account, such credit balance

shall not accrue interest in favor of Borrowers, but Agent shall transfer such funds into an account designated by Borrower Representative for so long as no Event of Default exists.

(e) To the extent that any collections of Accounts or proceeds of other Collateral are not sent directly to the Lockbox or Lockbox Account but are received by any Borrower, such collections shall be held in trust for the benefit of Agent pursuant to an express trust created hereby and immediately remitted, in the form received, to applicable Lockbox or Lockbox Account. No such funds received by any Borrower shall be commingled with other funds of the Borrowers. If any funds received by any Borrower are commingled with other funds of the Borrowers, or are required to be deposited to a Lockbox or Lockbox Account and are not so deposited within two (2) Business Days, then Borrowers shall pay to Agent, for its own account and not for the account of any other Lenders, a compliance fee equal to $500 for each day that any such conditions exist.

(f) Borrowers acknowledge and agree that compliance with the terms of this Section is essential, and that Agent and Lenders will suffer immediate and irreparable injury and have no adequate remedy at law, if any Borrower, through acts or omissions, causes or permits Account Debtors to send payments other than to the Lockbox or Lockbox Accounts or if any Borrower fails to promptly deposit collections of Accounts or proceeds of other Collateral in the Lockbox Account as herein required. Accordingly, in addition to all other rights and remedies of Agent and Lenders hereunder, Agent shall have the right to seek specific performance of the Borrowers' obligations under this Section, and any other equitable relief as Agent may deem necessary or appropriate, and Borrowers waive any requirement for the posting of a bond in connection with such equitable relief.

(g) Borrowers shall not, and Borrowers shall not suffer or permit any Credit Party to, (i) withdraw any amounts from any Lockbox Account, (ii) change the procedures or sweep instructions under the agreements governing any Lockbox Accounts, or (iii) send to or deposit in any Lockbox Account any funds other than payments made with respect to and proceeds of Accounts or other Collateral. Borrowers shall, and shall cause each Credit Party to, cooperate with Agent in the identification and reconciliation on a daily basis of all amounts received in or required to be deposited into the Lockbox Accounts. If more than five percent (5%) of the collections of Accounts received by Borrowers during any given fifteen (15) day period is not identified or reconciled to the reasonable satisfaction of Agent within ten (10) Business Days of receipt, Agent shall not be obligated to make further advances under this Agreement until such amount is identified or is reconciled to the reasonable satisfaction of Agent, as the case may be. In addition, if any such amount cannot be identified or reconciled to the reasonable satisfaction of Agent, Agent may utilize its own staff or, if it deems necessary, engage an outside auditor, in either case at Borrowers' expense (which in the case of Agent's own staff shall be in accordance with Agent's then prevailing customary charges (*plus* expenses)), to make such examination and report as may be necessary to identify and reconcile such amount.

(h) If any Borrower breaches its obligation to direct payments of the proceeds of the Collateral to the Lockbox Account, Agent, as the irrevocably made, constituted and appointed true and lawful attorney for Borrowers, may, by the signature or other act of any of Agent's authorized representatives (without requiring any of them to do so), direct any Account Debtor to pay proceeds of the Collateral to Borrowers by directing payment to the Lockbox Account.

Section 2.12 Termination; Restriction on Termination.

(a) Termination by Lenders. In addition to the rights set forth in Section 10.2, Agent may, and at the direction of Required Lenders shall, terminate this Agreement without notice upon or after the occurrence and during the continuance of an Event of Default.

(b) Termination by Borrowers. Upon at least thirty (30) days' prior written notice and pursuant to payoff documentation in form and substance satisfactory to Agent and Lenders, Borrowers may, at its option, terminate this Agreement; *provided*, *however,* that no such termination shall be effective until Borrowers have (i) paid or collateralized to Agent's satisfaction all of the Obligations in immediately available funds, all Letters of Credit and Support Agreements have expired, terminated or have been cash collateralized to Agent's satisfaction, (ii) complied with Section 2.2. Any notice of termination given by Borrowers shall be irrevocable unless all Lenders otherwise agree in writing and no Lender shall have any obligation to make any Loans or issue or procure any Letters of Credit or Support Agreements on or after the termination date stated in such notice. Borrowers may elect to terminate this Agreement in its entirety only. No section of this Agreement or type of Loan available hereunder may be terminated singly.

(c) Effectiveness of Termination. All of the Obligations (other than inchoate indemnity obligations for which no claim has been asserted and which survive the termination) shall be immediately due and payable upon the Termination Date. All undertakings, agreements, covenants, warranties and representations of Borrowers contained in the Financing Documents shall survive any such termination and Agent shall retain its Liens in the Collateral and Agent and each Lender shall retain all of its rights and remedies under the Financing Documents notwithstanding such termination until all Obligations (other than inchoate indemnity obligations for which no claim has been asserted and which survive the termination) have been discharged or paid, in full, in immediately available funds, including, without limitation, all Obligations under Section 2.2 and the terms of any fee letter resulting from such termination. Notwithstanding the foregoing or the payment in full of the Obligations, Agent shall not be required to terminate its Liens in the Collateral unless, with respect to any loss or damage Agent may incur as a result of dishonored checks or other items of payment received by Agent from Borrower or any Account Debtor and applied to the Obligations, Agent shall, at its option, (i) have received a written agreement satisfactory to Agent, executed by Borrowers and by any Person whose loans or other advances to Borrowers are used in whole or in part to satisfy the Obligations, indemnifying Agent and each Lender from any such loss or damage or (ii) have retained cash Collateral or other Collateral for such period of time as Agent, in its discretion, may deem necessary to protect Agent and each Lender from any such loss or damage.

(d) Release of Lien; Recordation. Upon (i) termination of each of the Revolving Loan Commitment and the Term Loan Commitment; (ii) cash collateralization of certain Obligations that may survive termination of this Agreement as referred to in Section 2.12(b); (iii) payment in full of all Obligations (other than inchoate indemnity obligations for which no claim has been asserted and which survive the termination) and those cash collateralized as contemplated by Section 2.12(b) and (iv) satisfaction of the conditions in the last sentence of Section 2.12(c), if any are applicable, the Agent on behalf of the Lenders shall, pursuant to the terms of a payoff documentation in form and substance satisfactory to Agent and Lender, release the security interest granted in the Collateral pursuant to this Financing Documents, and Agent shall execute and deliver or authenticate at Borrower's reasonable request such UCC-3 termination statements and other instruments as Borrower shall reasonably request to evidence the termination of the security interests granted pursuant to the terms of the Financing Documents.

ARTICLE 3 - REPRESENTATIONS AND WARRANTIES

To induce Agent and Lenders to enter into this Agreement and to make the Loans and other credit accommodations contemplated hereby, each Borrower hereby represents and warrants to Agent and each Lender that:

Section 3.1 Existence and Power. Each Credit Party is an entity as specified on Schedule 3.1, is duly organized, validly existing and in good standing under the laws of the jurisdiction specified on Schedule 3.1 and no other jurisdiction, has the same legal name as it appears in such Credit Party's Organizational Documents and an organizational identification number (if any), in each case as specified on Schedule 3.1, and has all powers and all Permits necessary or desirable in the operation of its business as presently conducted or as proposed to be conducted, except where the failure to have such Permits could not reasonably be expected to have a Material Adverse Effect. Each Credit Party is qualified to do business as a foreign entity in each jurisdiction in which it is required to be so qualified, which jurisdictions as of the Closing Date are specified on Schedule 3.1, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.1, no Credit Party (a) has had, over the five (5) year period preceding the Closing Date, any name other than its current name, or (b) was incorporated or organized under the laws of any jurisdiction other than its current jurisdiction of incorporation or organization.

Section 3.2 Organization and Governmental Authorization; No Contravention. The execution, delivery and performance by each Credit Party of the Operative Documents to which it is a party (a) are within its powers, (b) have been duly authorized by all necessary action pursuant to its Organizational Documents, (c) require no further action by or in respect of, or filing with, any Governmental Authority and (d) do not violate, conflict with or cause a breach or a default under (i) any Law applicable to any Credit Party, (ii) any of the Organizational Documents of any Credit Party, or (iii) any agreement or instrument binding upon it, except for such violations, conflicts, breaches or defaults as could not, with respect to this clause (iii), reasonably be expected to have a Material Adverse Effect.

Section 3.3 Binding Effect. Each of the Operative Documents to which any Credit Party is a party constitutes a valid and binding agreement or instrument of such Credit Party, enforceable against such Credit Party in accordance with its respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

Section 3.4 Capitalization. The authorized equity securities of each of the Credit Parties as of the Closing Date are as set forth on Schedule 3.4. All issued and outstanding equity securities of each of the Credit Parties are duly authorized and validly issued, fully paid, nonassessable, free and clear of all Liens other than those in favor of Agent for the benefit of Agent and Lenders, and such equity securities were issued in compliance with all applicable Laws. The identity of the holders of the equity securities of each of the Credit Parties and the percentage of their fully-diluted ownership of the equity securities of each of the Credit Parties as of the Closing Date is set forth on Schedule 3.4. No shares of the capital stock or other equity securities of any Credit Party, other than those described above, are issued and outstanding as of the Closing Date. Except as set forth on Schedule 3.4, as of the Closing Date there are no preemptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Credit Party of any equity securities of any such entity.

Section 3.5 Financial Information. All information delivered to Agent and pertaining to the financial condition of any Credit Party fairly presents the financial position of such Credit Party as of such date in conformity with GAAP (and as to unaudited financial statements, subject to normal year-end adjustments and the absence of footnote disclosures). Since December 31, 2016, there has been no material adverse change in the business, operations, properties, prospects or condition (financial or otherwise) of any Credit Party.

Section 3.6 **Litigation.** Except as set forth on Schedule 3.6 as of the Closing Date, and except as hereafter disclosed to Agent in writing, there is no Litigation pending against, or to such

Borrower's knowledge threatened against or affecting, any Credit Party or, to such Borrower's knowledge, any party to any Operative Document other than a Credit Party. There is no Litigation pending in which an adverse decision could reasonably be expected to have a Material Adverse Effect or which in any manner draws into question the validity of any of the Operative Documents.

Section 3.7 Ownership of Property. Each Borrower and each of its Subsidiaries is the lawful owner of, has good and marketable title to and is in lawful possession of, or has valid leasehold interests in, all properties and other assets (real or personal, tangible, intangible or mixed) purported or reported to be owned or leased (as the case may be) by such Person.

Section 3.8 No Default. No Event of Default, or to such Borrower's knowledge, Default, has occurred and is continuing. No Credit Party is in breach or default under or with respect to any contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect.

Section 3.9 Labor Matters. As of the Closing Date, there are no strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party. Hours worked and payments made to the employees of the Credit Parties have not been in violation of the Fair Labor Standards Act or any other applicable Law dealing with such matters. All payments due from the Credit Parties, or for which any claim may be made against any of them, on account of wages and employee and retiree health and welfare insurance and other benefits have been paid or accrued as a liability on their books, as the case may be. The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which it is a party or by which it is bound.

Section 3.10 Regulated Entities. No Credit Party is an "investment company" or a company "controlled" by an "investment company" or a "subsidiary" of an "investment company," all within the meaning of the Investment Company Act of 1940.

Section 3.11 Margin Regulations. None of the proceeds from the Loans have been or will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" (as defined in Regulation U of the Federal Reserve Board), for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any "margin stock" or for any other purpose which might cause any of the Loans to be considered a "purpose credit" within the meaning of Regulation T, U or X of the Federal Reserve Board.

Section 3.12 Compliance With Laws; Anti-Terrorism Laws.

(a) Each Credit Party is in compliance with the requirements of all applicable Laws, except for such Laws the noncompliance with which could not reasonably be expected to have a Material Adverse Effect.

(b) None of the Credit Parties and, to the knowledge of the Credit Parties, none of their Affiliates (i) is in violation of any Anti-Terrorism Law, (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law, (iii) is a Blocked Person, or is controlled by a Blocked Person, (iv) is acting or will act for or on behalf of a Blocked Person, (v) is associated with, or will become associated with, a Blocked Person or (vi) is providing, or will provide, material, financial or technical support or other services to or in support of acts of terrorism of a Blocked Person. No Credit Party nor, to the knowledge of any Credit Party, any of its Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement, (A) conducts any business

or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, or (B) deals in, or otherwise engages in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law.

Section 3.13 Taxes. All federal, state and local tax returns, reports and statements required to be filed by or on behalf of each Credit Party have been filed with the appropriate Governmental Authorities in all jurisdictions in which such returns, reports and statements are required to be filed and, except (a) as set forth on Schedule 3.13 as of the Closing Date and (b) to the extent subject to a Permitted Contest, all Taxes (including real property Taxes) and other charges shown to be due and payable in respect thereof have been timely paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof. Except to the extent subject to a Permitted Contest, all state and local sales and use Taxes required to be paid by each Credit Party have been paid. All federal and state returns have been filed by each Credit Party for all periods for which returns were due with respect to employee income tax withholding, social security and unemployment taxes, and, except to the extent subject to a Permitted Contest, the amounts shown thereon to be due and payable have been paid in full or adequate provisions therefor have been made.

Section 3.14 Compliance with ERISA.

(a) Each ERISA Plan (and the related trusts and funding agreements) complies in form and in operation with, has been administered in compliance with, and the terms of each ERISA Plan satisfy, the applicable requirements of ERISA and the Code in all material respects. Each ERISA Plan which is intended to be qualified under Section 401(a) of the Code is so qualified, and the United States Internal Revenue Service has issued a favorable determination letter with respect to each such ERISA Plan which may be relied on currently. No Credit Party has incurred liability for any material excise tax under any of Sections 4971 through 5000 of the Code.

(b) Except as could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, each Borrower and each Subsidiary is in compliance with the applicable provisions of ERISA and the provision of the Code relating to ERISA Plans and the regulations and published interpretations therein. During the thirty-six (36) month period prior to the Closing Date or the making of any Loan or the issuance of any Letter of Credit, (i) no steps have been taken to terminate any Pension Plan, and (ii) no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which could result in the incurrence by any Credit Party of any material liability, fine or penalty. No Credit Party has incurred liability to the PBGC (other than for current premiums) with respect to any employee Pension Plan. All contributions (if any) have been made on a timely basis to any Multiemployer Plan that are required to be made by any Credit Party or any other member of the Controlled Group under the terms of the plan or of any collective bargaining agreement or by applicable Law; no Credit Party nor any member of the Controlled Group has withdrawn or partially withdrawn from any Multiemployer Plan, incurred any withdrawal liability with respect to any such plan or received notice of any claim or demand for withdrawal liability or partial withdrawal liability from any such plan, and no condition has occurred which, if continued, could result in a withdrawal or partial withdrawal from any such plan, and no Credit Party nor any member of the Controlled Group has received any notice that any Multiemployer Plan is in reorganization, that increased contributions may be required to avoid a reduction in plan benefits or the imposition of any excise tax, that any such plan is or has been funded at a rate less than that required under Section 412 of the Code, that any such plan is or may be terminated, or that any such plan is or may become insolvent.

Section 3.15 Consummation of Operative Documents; Brokers. Except (a) as set forth on Schedule 3.15 as of the Closing Date and (b) for fees payable to Agent and/or Lenders, no broker, finder or other intermediary has brought about the obtaining, making or closing of the transactions contemplated by the Operative Documents, and no Credit Party has or will have any obligation to any Person in respect of any finder's or brokerage fees, commissions or other expenses in connection herewith or therewith.

Section 3.16 Reserved.

Section 3.17 Material Contracts. Except for the Operative Documents and the other agreements set forth on Schedule 3.17 (collectively with the Operative Documents, the "Material Contracts"), as of the Closing Date there are no (a) employment agreements covering the management of any Credit Party, (b) collective bargaining agreements or other similar labor agreements covering any employees of any Credit Party, (c) agreements for managerial, consulting or similar services to which any Credit Party is a party or by which it is bound, (d) agreements regarding any Credit Party, its assets or operations or any investment therein to which any of its equity holders is a party or by which it is bound, (e) real estate leases, Intellectual Property licenses or other lease or license agreements to which any Credit Party is a party, either as lessor or lessee, or as licensor or licensee (other than licenses arising from the purchase of "off the shelf" products), (f) customer, distribution, marketing or supply agreements (other than standalone purchase orders made by a Borrower in the Ordinary Course of Business) to which any Credit Party is a party, in each case with respect to the preceding clauses (a) through (e) requiring payment of more than $500,000 (or such higher threshold as Agent may agree in its reasonable discretion) in any year, (g) partnership agreements to which any Credit Party is a general partner or joint venture agreements to which any Credit Party is a party, (h) third party billing arrangements to which any Credit Party is a party, or (i) any other agreements or instruments to which any Credit Party is a party, and the breach, nonperformance or cancellation of which, or the failure of which to renew, could reasonably be expected to have a Material Adverse Effect. Schedule 3.17 sets forth, with respect to each real estate lease agreement to which any Borrower is a party (as a lessee) as of the Closing Date, the address of the subject property and the annual rental (or, where applicable, a general description of the method of computing the annual rental). The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than any Credit Party), except for such Material Contracts the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

Section 3.18 Compliance with Environmental Requirements; No Hazardous Materials. Except in each case as set forth on Schedule 3.18:

(a) no notice, notification, demand, request for information, citation, summons, complaint or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending, or to such Borrower's knowledge, threatened by any Governmental Authority or other Person with respect to any (i) alleged violation by any Credit Party of any Environmental Law, (ii) alleged failure by any Credit Party to have any Permits required in connection with the conduct of its business or to comply with the terms and conditions thereof, (iii) any generation, treatment, storage, recycling, transportation or disposal of any Hazardous Materials, or (iv) release of Hazardous Materials; and

(b) no property now owned or leased by any Credit Party and, to the knowledge of each Borrower, no such property previously owned or leased by any Credit Party, to which any Credit Party has, directly or indirectly, transported or arranged for the transportation of any Hazardous Materials, is listed or, to such Borrower's knowledge, proposed for listing, on the National Priorities List promulgated pursuant to CERCLA, or CERCLIS (as defined in CERCLA) or any similar state list or is

the subject of federal, state or local enforcement actions or, to the knowledge of such Borrower, other investigations which may lead to claims against any Credit Party for clean-up costs, remedial work, damage to natural resources or personal injury claims, including, without limitation, claims under CERCLA.

For purposes of this Section 3.18, each Credit Party shall be deemed to include any business or business entity (including a corporation) that is, in whole or in part, a predecessor of such Credit Party.

Section 3.19 Intellectual Property. Each Credit Party owns, is licensed to use or otherwise has the right to use, all Intellectual Property that is material to the condition (financial or other), business or operations of such Credit Party. All Intellectual Property existing as of the Closing Date which is issued or registered or for which application or registration is pending with any United States or foreign Governmental Authority (including, without limitation, any and all applications for the registration of any Intellectual Property with any such United States or foreign Governmental Authority) and all material licenses (other than commercially available or off-the-shelf software) under which any Borrower is the licensee of any such registered Intellectual Property (or any such application for the registration of Intellectual Property) owned by another Person are set forth on Schedule 3.19. Such Schedule 3.19 indicates in each case whether such registered Intellectual Property (or application therefor) is owned or licensed by such Credit Party, and in the case of any such licensed registered Intellectual Property (or application therefor), lists the name and address of the licensor and the name and date of the agreement pursuant to which such item of Intellectual Property is licensed and whether or not such license is an exclusive license and indicates whether there are any purported restrictions in such license on the ability to such Credit Party to grant a security interest in and/or to transfer any of its rights as a licensee under such license. Except as indicated on Schedule 3.19, the applicable Credit Party is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each such registered Intellectual Property (or application therefor) purported to be owned by such Credit Party, free and clear of any Liens and/or licenses in favor of third parties or agreements or covenants not to sue such third parties for infringement. All registered Intellectual Property of each Credit Party is duly and properly registered, filed or issued in the appropriate office and jurisdictions for such registrations, filings or issuances, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect. No Credit Party is party to, nor bound by, any material license or other agreement with respect to which any Credit Party is the licensee that prohibits or otherwise restricts such Credit Party from granting a security interest in such Borrower's interest in such license or agreement or other property which prohibition or restriction is enforceable within Section 9408 of the UCC. To such Borrower's knowledge, each Credit Party conducts its business without infringement of any Intellectual Property rights of others and there is no infringement or filed complaint alleging of infringement by others of any Intellectual Property rights of any Credit Party, which infringement or claim of infringement could reasonably be expected to have a Material Adverse Effect.

Section 3.20 Solvency. After giving effect to the Loan advance and the liabilities and obligations of each Borrower under the Operative Documents, each Borrower is Solvent and each additional Credit Party is Solvent, in each case, after giving effect to all rights of such Person arising by virtue of Section 2.10(b) and (e) and any other rights of contribution or similar rights of such Person.

Section 3.21 Full Disclosure. None of the written information (financial or otherwise) furnished by or on behalf of any Credit Party to Agent or any Lender in connection with the consummation of the transactions contemplated by the Operative Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which such statements were made. All financial projections delivered to Agent and the Lenders by Borrowers (or their agents) have been prepared on the basis of the assumptions stated therein. Such projections represent each Borrower's best

estimate of such Borrower's future financial performance and such assumptions are believed by such Borrower to be fair and reasonable in light of current business conditions; *provided*, *however*, that Borrowers can give no assurance that such projections will be attained.

Section 3.22 **[Reserved].**

Section 3.23 **Subsidiaries**. Borrowers do not own any stock, partnership interests, limited liability company interests or other equity securities except (a) as set forth on Schedule 3.23 as of the Closing Date and (b) Permitted Investments.

ARTICLE 4 - AFFIRMATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 4.1 Financial Statements and Other Reports. Each Borrower will deliver to Agent: (a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet, cash flow and income statement (including year-to-date results) covering Borrowers' and its Consolidated Subsidiaries' consolidated operations during the period, prepared under GAAP, consistently applied, setting forth in comparative form the corresponding figures as at the end of the corresponding month of the previous fiscal year and the projected figures for such period based upon the projections required hereunder, all in reasonable detail, certified by a Responsible Officer and in a form acceptable to Agent; (b) together with the financial reporting package described in (a) above, evidence of payment and satisfaction of all payroll, withholding and similar taxes due and owing by all Borrowers with respect to the payroll period(s) occurring during such month; (c) as soon as available, but no later than ninety (90) days after the last day of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion on the financial statements from an independent certified public accounting firm acceptable to Agent in its reasonable discretion; (d) within five (5) days of delivery or filing thereof, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt and copies of all reports and other filings made by Borrower with any stock exchange on which any securities of any Borrower are traded and/or the SEC; (e) a prompt written report of any legal actions pending or threatened against any Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to any Borrower or any of its Subsidiaries of One Hundred Thousand Dollars ($100,000) or more *provided* that Borrower shall be required to disclose threatened litigation that is received in the form of a "demand letter" only in its quarterly Compliance Certificates (it being understood that the foregoing exception shall not apply with respect to litigation for which any court filings have been made); (f) prompt written notice of an event that materially and adversely affects the value of any Intellectual Property; and (g) budgets, sales projections, operating plans and other financial information and information, reports or statements regarding the Borrowers, their business and the Collateral as Agent may from time to time reasonably request. Each Borrower will, within thirty (30) days after the last day of each month, deliver to Agent with the monthly financial statements described in clause (a) above, a duly completed Compliance Certificate signed by a Responsible Officer setting forth monthly cash and cash equivalents held by Borrowers and Borrowers and their Consolidated Subsidiaries and calculations showing compliance with the financial covenants set forth in this Agreement. Promptly upon their becoming available, Borrowers shall deliver to Agent copies of all Swap Contracts and Material Contracts. Each Borrower will, within ten (10) days after the last day of each month, deliver to Agent a duly completed Borrowing Base Certificate signed by a Responsible Officer, with aged listings of accounts receivable and accounts payable (by invoice date). Borrowers shall, every ninety (90) days on a schedule to be designated by Agent, and at such other times as Agent shall request, deliver to Agent a schedule of Eligible Accounts denoting, for the thirty (30) largest Account Debtors during such quarter.

Section 4.2 Payment and Performance of Obligations. Each Borrower (a) will pay and discharge, and cause each Subsidiary to pay and discharge, on a timely basis as and when due, all of their respective obligations and liabilities, except for such obligations and/or liabilities (i) that may be the subject of a Permitted Contest, and (ii) the nonpayment or nondischarge of which could not reasonably be expected to have a Material Adverse Effect or result in a Lien against any Collateral, except for Permitted Liens, (b) without limiting anything contained in the foregoing clause (a), pay all amounts due and owing in respect of Taxes (including without limitation, payroll and withholdings tax liabilities) on a timely basis as and when due, and in any case prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for nonpayment thereof, (c) will maintain, and cause each Subsidiary to maintain, in accordance with GAAP, appropriate reserves for the accrual of all of their respective obligations and liabilities, and (d) will not breach or permit any Subsidiary to breach, or permit to exist any default under, the terms of any lease, commitment, contract, instrument or obligation to which it is a party, or by which its properties or assets are bound, except for such breaches or defaults which could not reasonably be expected to have a Material Adverse Effect.

Section 4.3 Maintenance of Existence. Each Borrower will preserve, renew and keep in full force and effect and in good standing, and will cause each Subsidiary to preserve, renew and keep in full force and effect and in good standing, (a) their respective existence and (b) their respective rights, privileges and franchises necessary or desirable in the normal conduct of business.

Section 4.4 Maintenance of Property; Insurance.

(a) Each Borrower will keep, and will cause each Subsidiary to keep, all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted. If all or any part of the Collateral useful or necessary in its business, or upon which any Borrowing Base is calculated, becomes damaged or destroyed, if repair is commercially reasonable each Borrower will, and will cause each Subsidiary to, promptly and completely repair and/or restore the affected Collateral in a good and workmanlike manner, regardless of whether Agent agrees to disburse sums (other than insurance proceeds with respect to such loss required to be disbursed to Borrower under this Agreement) to pay costs of the work of repair or reconstruction.

(b) Upon completion of any Permitted Contest, Borrowers shall, and will cause each Subsidiary to, promptly pay the amount due, if any, and deliver to Agent proof of the completion of the contest and payment of the amount due, if any, following which Agent shall return the security, if any, deposited with Agent pursuant to the definition of Permitted Contest.

(c) Each Borrower will maintain (i) casualty insurance on all real and personal property on an all risks basis (including the perils of flood, windstorm and quake), covering the repair and replacement cost of all such property and coverage, business interruption and rent loss coverages with extended period of indemnity (for the period required by Agent from time to time) and indemnity for extra expense, in each case without application of coinsurance and with agreed amount endorsements, (ii) general and professional liability insurance (including products/completed operations liability coverage), (iii) if as of the date on which any Compliance Certificate is delivered (or required to be delivered) to Agent in accordance with Section 6.3, more than 5% of Borrowers' consolidated net revenue (as determined in accordance with GAAP) for the trailing twelve month period ending on the last day of the month for which such Compliance Certificate was delivered is derived from management services or software related services provided by Borrowers to third parties, Cyber/Professional Services insurance in amounts reasonably satisfactory to Agent, and (iv) such other insurance coverage in such amounts and with respect to such risks as Agent may request from time to time; *provided*, *however*, that, in no event shall such insurance be in amounts or with coverage less than, or with carriers with qualifications inferior to, any of the insurance or carriers in existence as of the Closing Date (or required to be in existence after

the Closing Date under a Financing Document). All such insurance shall be provided by insurers having an A.M. Best policyholders rating reasonably acceptable to Agent.

(d) On or prior to the Closing Date, and at all times thereafter, each Borrower will cause Agent to be named as an additional insured, assignee and lender loss payee (which shall include, as applicable, identification as mortgagee), as applicable, on each insurance policy required to be maintained pursuant to this Section 4.4 pursuant to endorsements in form and substance acceptable to Agent. Borrowers shall deliver to Agent and the Lenders (i) on the Closing Date, a certificate from Borrowers' insurance broker dated such date showing the amount of coverage as of such date, and that such policies will include effective waivers (whether under the terms of any such policy or otherwise) by the insurer of all claims for insurance premiums against all loss payees and additional insureds and all rights of subrogation against all loss payees and additional insureds, and that if all or any part of such policy is canceled, terminated or expires, the insurer will forthwith give notice thereof to each additional insured, assignee and loss payee and that no cancellation, reduction in amount or material change in coverage thereof shall be effective until at least thirty (30) days after receipt by each additional insured, assignee and loss payee of written notice thereof, (ii) on an annual basis, and upon the request of any Lender through Agent from time to time full information as to the insurance carried, (iii) within five (5) days of receipt of notice from any insurer, a copy of any notice of cancellation, nonrenewal or material change in coverage from that existing on the date of this Agreement, (iv) forthwith, notice of any cancellation or nonrenewal of coverage by any Borrower, and (v) at least sixty (60) days prior to expiration of any policy of insurance, evidence of renewal of such insurance upon the terms and conditions herein required.

(e) In the event any Borrower fails to provide Agent with evidence of the insurance coverage required by this Agreement, Agent may purchase insurance at Borrowers' expense to protect Agent's interests in the Collateral. This insurance may, but need not, protect such Borrower's interests. The coverage purchased by Agent may not pay any claim made by such Borrower or any claim that is made against such Borrower in connection with the Collateral. Such Borrower may later cancel any insurance purchased by Agent, but only after providing Agent with evidence that such Borrower has obtained insurance as required by this Agreement. If Agent purchases insurance for the Collateral, Borrowers will be responsible for the costs of that insurance to the fullest extent provided by law, including interest and other charges imposed by Agent in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of the insurance may be added to the Obligations. The costs of the insurance may be more than the cost of insurance such Borrower is able to obtain on its own.

Section 4.5 Compliance with Laws and Material Contracts. Each Borrower will comply, and cause each Subsidiary to comply, with the requirements of all applicable Laws and Material Contracts, except to the extent that failure to so comply could not reasonably be expected to (a) have a Material Adverse Effect, or (b) result in any Lien upon either (i) a material portion of the assets of any such Person in favor of any Governmental Authority, or (ii) any Collateral that is part of the Borrowing Base.

Section 4.6 Inspection of Property, Books and Records. Each Borrower will keep, and will cause each Subsidiary to keep, proper books of record substantially in accordance with GAAP in which full, true and correct entries shall be made of all dealings and transactions in relation to its business and activities; and will permit, and will cause each Subsidiary to permit, at the sole cost of the applicable Borrower or any applicable Subsidiary, representatives of Agent and of any Lender to visit and inspect any of their respective properties, to examine and make abstracts or copies from any of their respective books and records, to conduct a collateral audit and analysis of their respective operations and the Collateral, to verify the amount and age of the Accounts, the identity and credit of the respective Account Debtors, to review the billing practices of Borrowers and to discuss their respective affairs, finances and

accounts with their respective officers, employees and independent public accountants as often as may reasonably be desired. In the absence of a Default or an Event of Default, Agent or any Lender exercising any rights pursuant to this Section 4.6 shall give the applicable Borrower or any applicable Subsidiary commercially reasonable prior notice of such exercise. No notice shall be required during the existence and continuance of any Default or any time during which Agent reasonably believes a Default exists.

Section 4.7 Use of Proceeds. Borrowers shall use the proceeds of the Loans solely for (a) transaction fees incurred in connection with the Financing Documents and the payment in full on the Closing Date of certain existing Debt, and (b) for working capital needs of Borrowers and their Subsidiaries. No portion of the proceeds of the Loans will be used for family, personal, agricultural or household use.

Section 4.8 Estoppel Certificates. After written request by Agent (which request shall be no more frequent than once a quarter so long as no Event of Default has occurred and is continuing), Borrowers, within fifteen (15) days and at their expense, will furnish Agent with a statement, duly acknowledged and certified, setting forth (a) the amount of the original principal amount of the Notes, and the unpaid principal amount of the Notes, (b) the rate of interest of the Notes, (c) the date payments of interest and/or principal were last paid, (d) any offsets or defenses to the payment of the Obligations, and if any are alleged, the nature thereof, (e) that the Notes and this Agreement have not been modified or if modified, giving particulars of such modification, and (f) that there has occurred and is then continuing no Default or if such Default exists, the nature thereof, the period of time it has existed, and the action being taken to remedy such Default.

Section 4.9 Notices of Litigation and Defaults. Borrowers will give prompt written notice to Agent (a) of any litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party which would reasonably be expected to have a Material Adverse Effect with respect to Borrowers or any other Credit Party or which in any manner calls into question the validity or enforceability of any Financing Document; *provided* that Borrower shall be required to disclose threatened litigation that is received in the form of a "demand letter" only in its quarterly Compliance Certificates (it being understood that the foregoing exception shall not apply with respect to pending litigation for which any court filings have been made), (b) upon any Borrower becoming aware of the existence of any Default or Event of Default, (c) upon any Borrower receiving notice (or otherwise becoming aware) that any Credit Party is in breach or default under or with respect to any Material Contract, or if any Credit Party is in breach or default under or with respect to any other contract, agreement, lease or other instrument to which it is a party or by which its property is bound or affected, which breach or default could reasonably be expected to have a Material Adverse Effect, (d) of any strikes or other labor disputes pending or, to any Borrower's knowledge, threatened against any Credit Party, (e) if Borrower is notified (or otherwise becomes aware) that there is any infringement or claim of infringement by any other Person with respect to any Intellectual Property rights of any Credit Party that, if determined in a manner adverse to such Credit Party, could reasonably be expected to have a Material Adverse Effect, or if there is any claim by any other Person that any Credit Party in the conduct of its business is infringing on the Intellectual Property Rights of others, and (f) of all returns, recoveries, disputes and claims that involve more than $100,000. Borrowers represent and warrant that Schedule 4.9 sets forth a complete list of all matters existing as of the Closing Date for which notice could be required under this Section and all litigation or governmental proceedings pending or threatened (in writing) against Borrowers or other Credit Party as of the Closing Date.

Section 4.10 Hazardous Materials; Remediation.

(a) If any release or disposal of Hazardous Materials shall occur or shall have occurred on any real property or any other assets of any Borrower or any other Credit Party, such Borrower will to the extent Borrower or any other Credit Party is liable for remediation costs, cause, or direct the applicable Credit Party to cause, the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets as is necessary to comply with all Environmental Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, each Borrower shall, and shall cause each other Credit Party to, comply with each Environmental Law requiring the performance at any real property by any Borrower or any other Credit Party of activities in response to the release or threatened release of a Hazardous Material.

(b) Borrowers will provide Agent within thirty (30) days after written demand therefor with a bond, letter of credit or similar financial assurance evidencing to the reasonable satisfaction of Agent that sufficient funds are available to pay the cost of removing, treating and disposing of any Hazardous Materials or Hazardous Materials Contamination and discharging any assessment which may be established on any property as a result thereof for which any Credit Party is liable for remediation costs, such demand to be made, if at all, upon Agent's reasonable business determination that the failure to remove, treat or dispose of any Hazardous Materials or Hazardous Materials Contamination, or the failure to discharge any such assessment could reasonably be expected to have a Material Adverse Effect.

Section 4.11 Further Assurances.

(a) Each Borrower will, and will cause each Subsidiary to, at its own cost and expense, promptly and duly take, execute, acknowledge and deliver all such further acts, documents and assurances as may from time to time be necessary or as Agent or the Required Lenders may from time to time reasonably request in order to carry out the intent and purposes of the Financing Documents and the transactions contemplated thereby, including all such actions to (i) establish, create, preserve, protect and perfect a first priority Lien (subject only to Permitted Liens) in favor of Agent for itself and for the benefit of the Lenders on the Collateral (including Collateral acquired after the date hereof), and (ii) unless Agent shall agree otherwise in writing, cause all Subsidiaries of Borrowers (other than Restricted Foreign Subsidiaries) to be jointly and severally obligated with the other Borrowers under all covenants and obligations under this Agreement, including the obligation to repay the Obligations. Without limiting the generality of the foregoing, (x) Borrowers shall, at the time of the delivery of any Compliance Certificate disclosing the acquisition by an Credit Party of any registered Intellectual Property or application for the registration of Intellectual Property, deliver to Agent a duly completed and executed supplement to the applicable Credit Party's Intellectual Property Security Agreement, and (y) at the request of Agent, following the disclosure by Borrowers on any Compliance Certificate of the acquisition by any Credit Party of any rights under a license as a licensee with respect to any registered Intellectual Property or application for the registration of any Intellectual Property owned by another Person to the extent the loss of such license is material to the business of Borrowers, Borrowers shall execute any documents requested by Agent to establish, create, preserve, protect and perfect a first priority lien in favor of Agent, to the extent legally possible and, in such Borrower's rights under such license and shall use their commercially reasonable efforts to obtain the written consent of the licensor of such license to the granting in favor of Agent of a Lien on such Borrower's rights as licensee under such license.

(b) Upon receipt of an affidavit of an authorized representative of Agent or a Lender as to the loss, theft, destruction or mutilation of any Note or any other Financing Document which is not of public record, and, in the case of any such mutilation, upon surrender and cancellation of such Note or other applicable Financing Document, Borrowers will issue, in lieu thereof, a replacement Note or other

applicable Financing Document, dated the date of such lost, stolen, destroyed or mutilated Note or other Financing Document in the same principal amount thereof and otherwise of like tenor.

(c) Upon the formation or acquisition of a new Subsidiary, Borrowers shall (i) pledge, have pledged or cause or have caused to be pledged to Agent pursuant to a pledge agreement in form and substance satisfactory to Agent, all of the outstanding shares of Equity Interests or other Equity Interests of such new Subsidiary owned directly or indirectly by any Borrower, along with undated stock or equivalent powers for such certificates, executed in blank, *provided*, *however*¸ that in the case of a Restricted Foreign Subsidiary, Borrowers shall not be required to pledge more than 65% of the Equity Interests of such Restricted Foreign Subsidiary; (ii) unless Agent shall agree otherwise in writing, cause the new Subsidiary to take such other actions (including entering into or joining any Security Documents) as are necessary or advisable in the reasonable opinion of Agent in order to grant Agent, acting on behalf of the Lenders, a first priority Lien on all real and personal property of such Subsidiary in existence as of such date and in all after acquired property, which first priority Liens are required to be granted pursuant to this Agreement, *provided*, *however,* that clause (ii) shall not apply to a Restricted Foreign Subsidiary; (iii) unless Agent shall agree otherwise in writing, cause such new Subsidiary to either (at the election of Agent) become a Borrower hereunder with joint and several liability for all obligations of Borrowers hereunder and under the other Financing Documents pursuant to a joinder agreement or other similar agreement in form and substance satisfactory to Agent or to become a Guarantor of the obligations of Borrowers hereunder and under the other Financing Documents pursuant to a guaranty and suretyship agreement in form and substance satisfactory to Agent *provided*, *however,* that clause (iii) shall not apply to a Foreign Subsidiary; and (iv) cause the new Subsidiary that is not a Restricted Foreign Subsidiary to deliver certified copies of such Subsidiary's certificate or articles of incorporation, together with good standing certificates, by-laws (or other operating agreement or governing documents), resolutions of the Board of Directors or other governing body, approving and authorize the execution and delivery of the Security Documents, incumbency certificates and to execute and/or deliver such other documents and legal opinions or to take such other actions as may be requested by Agent, in each case, in form and substance satisfactory to Agent.

(d) Upon the request of Agent, Borrowers shall obtain (i) a landlord's agreement or mortgagee agreement, as applicable, from the lessor of each leased property or mortgagee of owned property with respect to any business location where any portion of the Collateral included in or proposed to be included in the Borrowing Base, is stored or located, other than with respect to any Amazon Location and (ii) a landlord's agreement or an electronic access agreement, as applicable, from the landlord or electronic access provider for the books and records relating to any Collateral included in or proposed to be included in the Borrowing Base and/or software and equipment relating to such books and records or Collateral, in each case, which agreement or letter shall be reasonably satisfactory in form and substance to Agent; *provided* that in the case of this clause (d)(ii), if such books and records are located at multiple locations, Borrower shall be required to deliver an access agreement only with respect to one location. Borrowers shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location where any Collateral, or any records related thereto, is or may be located.

(e) Borrower further agrees to ensure that the total amount of cash and cash equivalents held by Restricted Foreign Subsidiaries does not exceed $1,000,000, in the aggregate at any time; *provided*, *however,* that nothing in this Section 4.11(e) shall require a Restricted Foreign Subsidiary to make any distribution that would be prohibited by applicable Law.

(f) Following (i) the occurrence and continuation of an Event of Default and (ii) the exercise by Agent of any right, option or remedy provided for hereunder, under any Financing Document or at law or in equity, Credit Parties shall cause each Restricted Foreign Subsidiary to declare and pay to

the applicable Credit Party the maximum amount of dividends and other distributions in respect of its capital stock or other equity interest legally permitted to be paid by each such Restricted Foreign Subsidiary; *provided* that such Restricted Foreign Subsidiary shall be able to retain for working capital purposes such other amounts used by such Restricted Foreign Subsidiaries in the Ordinary Course of Business and as are reasonable necessary for its operations based on its current projections, as provided to the Agent pursuant to Section 4.1.

Section 4.12 Reserved.

Section 4.13 Power of Attorney. Each of the authorized representatives of Agent is hereby irrevocably made, constituted and appointed the true and lawful attorney for Borrowers (without requiring any of them to act as such) with full power of substitution to do the following: (a) endorse the name of Borrowers upon any and all checks, drafts, money orders, and other instruments for the payment of money that are payable to Borrowers and constitute collections on Borrowers' Accounts; (b) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, execute in the name of Borrowers any schedules, assignments, instruments, documents, and statements that Borrowers are obligated to give Agent under this Agreement; (c) after the occurrence and during the continuance of an Event of Default, take any action Borrowers are required to take under this Agreement; (d) so long as Agent has provided not less than three (3) Business Days' prior written notice to Borrower to perform the same and Borrower has failed to take such action, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce any Account or other Collateral or perfect Agent's security interest or Lien in any Collateral; and (e) after the occurrence and during the continuance of an Event of Default, do such other and further acts and deeds in the name of Borrowers that Agent may deem necessary or desirable to enforce its rights with regard to any Account or other Collateral. This power of attorney shall be irrevocable and coupled with an interest.

Section 4.14 Borrowing Base Collateral Administration.

(a) All data and other information relating to Accounts or other intangible Collateral shall at all times be kept by Borrowers, at their respective principal offices and shall not be moved from such locations without (i) providing prior written notice to Agent, and (ii) obtaining the prior written consent of Agent, which consent shall not be unreasonably withheld.

(b) Following the Lockbox Post-Closing Period, Borrowers shall provide prompt written notice to each Person who either is currently an Account Debtor or becomes an Account Debtor at any time following the date of this Agreement that directs each Account Debtor to make payments into the Lockbox or a Lockbox Account, and hereby authorizes Agent, upon Borrowers' failure to send such notices within ten (10) days after the date of the end of the Lockbox Post-Closing Period (or ten (10) days after the Person becomes an Account Debtor), to send any and all similar notices to such Person. Agent reserves the right to notify Account Debtors that Agent has been granted a Lien upon all Accounts.

(c) Borrowers will conduct a physical count of the Inventory at least once per year (or twice, if Agent shall so request) and Borrowers shall provide to Agent a written accounting of such physical count in form and substance satisfactory to Agent; *provided* that if an Event of Default has occurred and is continuing, Borrower shall perform such additional inventory counts in any given year as Agent shall request in its sole discretion. Each Borrower will use commercially reasonable efforts to at all times keep its Inventory in good and marketable condition. In addition to the foregoing, from time to time, Agent may require Borrowers to obtain and deliver to Agent appraisal reports in form and substance and from appraisers reasonably satisfactory to Agent stating the then current fair market values of all or any portion of Inventory owned by each Borrower or any Subsidiaries.

(d) Borrower shall ensure that all Inventory held at Amazon Locations is owned by Borrowers other than Mohawk Parent and that such Subsidiary Borrowers have the right to recall such Inventory from the Amazon locations at any time (subject to the terms of the Amazon Agreement). Upon Agent's request from time to time, Borrower shall provide Agent with online viewing access to its Amazon.com account.

Section 4.15 Maintenance of Management. Borrower will cause its business to be continuously managed by its present chief executive officer and chief financial officer or such other individuals serving in such capacities as shall be reasonably satisfactory to Agent. Borrowers will notify Agent promptly in writing of any change in its board of directors or executive officers.

ARTICLE 5 - NEGATIVE COVENANTS

Each Borrower agrees that, so long as any Credit Exposure exists:

Section 5.1 Debt; Contingent Obligations. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, incur, assume, guarantee or otherwise become or remain directly or indirectly liable with respect to, any Debt, except for Permitted Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume, incur or suffer to exist any Contingent Obligations, except for Permitted Contingent Obligations.

Section 5.2 Liens. No Borrower will, or will permit any Subsidiary to, directly or indirectly, create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except for Permitted Liens.

Section 5.3 Restricted Distributions. No Borrower will, or will permit any Subsidiary to, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Distribution, except for Permitted Distributions.

Section 5.4 Restrictive Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) enter into or assume any agreement (other than the Financing Documents and any agreements for purchase money debt permitted under clause (c) of the definition of Permitted Debt) prohibiting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or (b) create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction of any kind (except as provided by the Financing Documents) on the ability of any Subsidiary to: (i) pay or make Restricted Distributions to any Borrower or any Subsidiary; (ii) pay any Debt owed to any Borrower or any Subsidiary; (iii) make loans or advances to any Borrower or any Subsidiary; or (iv) transfer any of its property or assets to any Borrower or any Subsidiary.

Section 5.5 Payments and Modifications of Subordinated Debt. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) declare, pay, make or set aside any amount for payment in respect of Subordinated Debt, except for payments made in full compliance with and expressly permitted under the Subordination Agreement, (b) amend or otherwise modify the terms of any Subordinated Debt, except for amendments or modifications made in full compliance with the Subordination Agreement, (c) declare, pay, make or set aside any amount for payment in respect of any Debt hereinafter incurred that, by its terms, or by separate agreement, is subordinated to the Obligations, except for payments made in full compliance with and expressly permitted under the subordination provisions applicable thereto, or (d) amend or otherwise modify the terms of any such Debt if the effect of such amendment or modification is to (i) increase the interest rate or fees on, or change the manner or timing of payment of, such Debt, (ii) accelerate or shorten the dates upon which payments of principal or interest are due on, or the principal amount of, such Debt, (iii) change in a manner adverse to any Credit

Party or Agent any event of default or add or make more restrictive any covenant with respect to such Debt, (iv) change the prepayment provisions of such Debt or any of the defined terms related thereto, (v) change the subordination provisions thereof (or the subordination terms of any guaranty thereof), or (vi) change or amend any other term if such change or amendment would materially increase the obligations of the obligor or confer additional material rights on the holder of such Debt in a manner adverse to Borrowers, any Subsidiaries, Agent or Lenders. Borrowers shall, prior to entering into any such amendment or modification, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy thereof; *provided* that nothing in this clause (d) shall prohibit amendment of any Debt to permit its conversion into Equity Interests of Borrower or issuance of Equity Interests upon such conversion thereof to the extent otherwise permitted pursuant to the terms of the applicable Subordination Agreement.

Section 5.6 Consolidations, Mergers and Sales of Assets; Change in Control. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) consolidate or merge or amalgamate with or into any other Person other than (i) consolidations or mergers among Borrowers, (ii) consolidations or mergers among a Guarantor and a Borrower so long as the Borrower is the surviving entity, (iii) consolidations or mergers among Guarantors, and (iv) consolidations or mergers among Subsidiaries that are not Credit Parties, or (b) consummate any Asset Dispositions other than Permitted Asset Dispositions. No Borrower will suffer or permit to occur any Change in Control with respect to itself, any Subsidiary or any Guarantor.

Section 5.7 Purchase of Assets, Investments. No Borrower will, or will permit any Subsidiary to, directly or indirectly (a) acquire or enter into any agreement to acquire any assets other than in the Ordinary Course of Business or as permitted under clause (h) of the definition of Permitted Investments; (b) engage or enter into any agreement to engage in any joint venture or partnership with any other Person; or (c) acquire or own or enter into any agreement to acquire or own any Investment in any Person other than Permitted Investments.

Section 5.8 Transactions with Affiliates. Except as otherwise disclosed on Schedule 5.8, and except for transactions that are disclosed to Agent in advance of being entered into and which contain terms that are no less favorable to the applicable Borrower or any Subsidiary, as the case may be, than those which might be obtained from a third party not an Affiliate of any Credit Party, no Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of any Borrower.

Section 5.9 Modification of Organizational Documents. No Borrower will, or will permit any Subsidiary to, directly or indirectly, amend or otherwise modify any Organizational Documents of such Person, except for Permitted Modifications.

Section 5.10 Modification of Certain Agreements. No Borrower will, or will permit any Subsidiary to, directly or indirectly, amend or otherwise modify any Material Contract, which amendment or modification in any case: (a) is contrary to the terms of this Agreement or any other Financing Document; (b) could reasonably be expected to be adverse to the rights, interests or privileges of Agent or the Lenders or their ability to enforce the same; or (c) reduces in any material respect any rights or benefits of any Borrower or any Subsidiaries (it being understood and agreed that any such determination shall be in the discretion of Agent). Each Borrower shall, prior to entering into any amendment or other modification of any of the foregoing documents, deliver to Agent reasonably in advance of the execution thereof, any final or execution form copy of amendments or other modifications to such documents, and such Borrower agrees not to take, nor permit any of its Subsidiaries to take, any such action with respect to any such documents without obtaining such approval from Agent.

Section 5.11 Conduct of Business. No Borrower will, or will permit any Subsidiary to, directly or indirectly, engage in any line of business other than those businesses engaged in on the Closing Date and described on Schedule 5.11 and businesses reasonably related thereto. No Borrower will, or will permit any Subsidiary to, other than in the Ordinary Course of Business, change its normal billing payment and reimbursement policies and procedures with respect to its Accounts (including, without limitation, the amount and timing of finance charges, fees and write-offs).

Section 5.12 Lease Payments. No Borrower will, or will permit any Subsidiary to, directly or indirectly, incur or assume (whether pursuant to a Guarantee or otherwise) any liability for rental payments except in the Ordinary Course of Business.

Section 5.13 Limitation on Sale and Leaseback Transactions. Except for any Permitted Winmark Sale Leaseback Transaction, no Borrower will, or will permit any Subsidiary to, directly or indirectly, enter into any arrangement with any Person whereby, in a substantially contemporaneous transaction, any Borrower or any Subsidiaries sells or transfers all or substantially all of its right, title and interest in an asset and, in connection therewith, acquires or leases back the right to use such asset.

Section 5.14 Deposit Accounts and Securities Accounts; Payroll and Benefits Accounts. No Borrower will, or will permit any Subsidiary (other than a Restricted Foreign Subsidiary) to, directly or indirectly, establish any new Deposit Account or Securities Account without prior written notice to Agent, and unless Agent, such Borrower or such Subsidiary and the bank, financial institution or securities intermediary at which the account is to be opened enter into a Deposit Account Control Agreement or Securities Account Control Agreement prior to or concurrently with the establishment of such Deposit Account or Securities Account. Borrowers represent and warrant that Schedule 5.14 lists all of the Deposit Accounts and Securities Accounts of each Borrower as of the Closing Date. The provisions of this Section requiring Deposit Account Control Agreements shall not apply to (a) the Credit Card Cash Collateral Account and (b) Deposit Accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrowers' employees and identified to Agent by Borrowers as such; *provided*, *however*, that at all times that any Obligations remain outstanding, Borrower shall maintain one or more separate Deposit Accounts to hold any and all amounts to be used for payroll, payroll taxes and other employee wage and benefit payments, and shall not commingle any monies allocated for such purposes with funds in any other Deposit Account.

Section 5.15 Compliance with Anti-Terrorism Laws. Agent hereby notifies Borrowers that pursuant to the requirements of Anti-Terrorism Laws, and Agent's policies and practices, Agent is required to obtain, verify and record certain information and documentation that identifies Borrowers and its principals, which information includes the name and address of each Borrower and its principals and such other information that will allow Agent to identify such party in accordance with Anti-Terrorism Laws. No Borrower will, or will permit any Subsidiary to, directly or indirectly, knowingly enter into any Material Contracts with any Blocked Person or any Person listed on the OFAC Lists. Each Borrower shall immediately notify Agent if such Borrower has knowledge that any Borrower, any additional Credit Party or any of their respective Affiliates or agents acting or benefiting in any capacity in connection with the transactions contemplated by this Agreement is or becomes a Blocked Person or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. No Borrower will, or will permit any Subsidiary to, directly or indirectly, (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to

engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or other Anti-Terrorism Law.

Section 5.16 Agreements Regarding Receivables. No Borrower may backdate, postdate or redate any of its invoices. No Borrower may make any sales on extended dating or credit terms beyond that customary in such Borrower's industry or consented to in advance by Agent. In addition to the Borrowing Base Certificate to be delivered in accordance with this Agreement, Borrower Representative shall notify Agent promptly upon any Borrower's learning thereof, in the event any Eligible Account becomes ineligible for any reason, other than the aging of such Account, and of the reasons for such ineligibility. Borrower Representative shall also notify Agent promptly of all material disputes and claims with respect to the Accounts of any Borrower, and such Borrower will settle or adjust such material disputes and claims at no expense to Agent; *provided*, *however*, no Borrower may, without Agent's consent, grant (a) any discount, credit or allowance in respect of its Accounts (i) which is outside the ordinary course of business or (ii) which discount, credit or allowance exceeds an amount equal to $100,000 in the aggregate with respect to any individual Account of (b) any materially adverse extension, compromise or settlement to any customer or account debtor with respect to any then Eligible Account. Nothing permitted by this Section 5.16, however, may be construed to alter in any the criteria for Eligible Accounts or Eligible Inventory provided in Section 1.1.

ARTICLE 6 - FINANCIAL COVENANTS

Section 6.1 Minimum Credit Party Liquidity. Commencing on October 31, 2018 and at the end of each calendar month thereafter until the month following a Fixed Charge Election (if any), Borrower shall not permit the Credit Party Liquidity as of such date to be less than the Three-Month Cash Burn Amount for the trailing three month period ending on the last day of the applicable calendar month (the covenant set forth in this Section 6.1, the "**Minimum Liquidity Covenant**").

Section 6.2 Fixed Charge Coverage Ratio. Upon and following the occurrence of a valid Fixed Charge Election, Borrowers will not permit the Fixed Charge Coverage Ratio for any Defined Period, as tested on the last day of each month, to be less than 1.00 to 1.00.

Section 6.3 Evidence of Compliance. Borrowers shall furnish to Agent, together with the financial reporting required of Borrowers in Section 4.1 hereof, a Compliance Certificate as evidence of (x) the monthly cash and cash equivalents of Borrowers and Borrowers and their Consolidated Subsidiaries, (y) as applicable, of Borrowers' compliance with the applicable covenants in this Article, and (z) that no Event of Default specified in this Article has occurred. The Compliance Certificate shall include, without limitation, (a) a statement and report, on a form approved by Agent, detailing Borrowers' calculations, and (b) if requested by Agent, back-up documentation (including, without limitation, bank statements, invoices, receipts and other evidence of costs incurred during such quarter as Agent shall reasonably require) evidencing the propriety of the calculations.

ARTICLE 7 - CONDITIONS

Section 7.1 Conditions to Closing. The obligation of each Lender to make the initial Loans, of Agent to issue any Support Agreements on the Closing Date and of any LC Issuer to issue any Lender Letter of Credit on the Closing Date shall be subject to the receipt by Agent of each agreement, document and instrument set forth on the closing checklist prepared by Agent or its counsel, each in form and substance satisfactory to Agent, and such other closing deliverables reasonably requested by Agent and Lenders, and to the satisfaction of the following conditions precedent, each to the satisfaction of Agent and Lenders and their respective counsel in their sole discretion:

(a) the receipt by Agent of executed counterparts of this Agreement and the other Financing Documents;

(b) the payment of all fees, expenses and other amounts due and payable under each Financing Document;

(c) since December 31, 2016, the absence of any material adverse change in any aspect of the business, operations, properties, prospects or condition (financial or otherwise) of any Credit Party, or any event or condition which could reasonably be expected to result in such a material adverse change;

(d) the receipt of the initial Borrowing Base Certificate, prepared as of the Closing Date;

(e) the Credit Party Liquidity calculated as of the Closing Date shall not be less than $15,000,000; and

(f) evidence that Borrowers have received a minimum of $10,500,000 in unrestricted net cash proceeds from the issuance of the Series B-1 Equity Raise at a $135,000,000 pre-money valuation.

Each Lender, by delivering its signature page to this Agreement, shall be deemed to have acknowledged receipt of, and consented to and approved, each Financing Document, each additional Operative Document and each other document, agreement and/or instrument required to be approved by Agent, Required Lenders or Lenders, as applicable, on the Closing Date.

Section 7.2 Conditions to Each Loan, Support Agreement and Lender Letter of Credit. The obligation of the Lenders to make a Loan (other than Revolving Loans made pursuant to Section 2.5(c)) or an advance in respect of any Loan, of Agent to issue any Support Agreement or of any LC Issuer to issue any Lender Letter of Credit (including on the Closing Date) is subject to the satisfaction of the following additional conditions:

(a) in the case of a Revolving Loan Borrowing, receipt by Agent of a Notice of Borrowing (or telephonic notice if permitted by this Agreement) and updated Borrowing Base Certificate, in the case of any Support Agreement or Lender Letter of Credit, receipt by Agent of a Notice of LC Credit Event in accordance with Section 2.5(a), and in the case of a Term Loan advance, receipt by Agent of a Notice of Borrowing;

(b) the fact that, immediately after such borrowing and after application of the proceeds thereof or after such issuance, the Revolving Loan Outstanding will not exceed the Revolving Loan Limit;

(c) the fact that, immediately before and after such advance or issuance, no Default or Event of Default shall have occurred and be continuing;

(d) the fact that the representations and warranties of each Credit Party contained in the Financing Documents shall be true, correct and complete on and as of the date of such borrowing or issuance, except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date; and

(e) the fact that no adverse change in the condition (financial or otherwise), properties, business, prospects, or operations of Borrowers or any other Credit Party shall have occurred and be continuing with respect to Borrowers or any Credit Party since the date of this Agreement.

Each giving of a Notice of LC Credit Event hereunder, each giving of a Notice of Borrowing hereunder and each acceptance by any Borrower of the proceeds of any Loan made hereunder shall be deemed to be (y) a representation and warranty by each Borrower on the date of such notice or acceptance as to the facts specified in this Section, and (z) a restatement by each Borrower that each and every one of the representations made by it in any of the Financing Documents is true and correct as of such date (except to the extent that such representations and warranties expressly relate solely to an earlier date).

Section 7.3 Searches. Before the Closing Date, and thereafter (as and when determined by Agent in its discretion), Agent shall have the right to perform, all at Borrowers' expense, the searches described in clauses (a), (b), and (c) below against Borrowers and any other Credit Party, the results of which are to be consistent with Borrowers' representations and warranties under this Agreement and the satisfactory results of which shall be a condition precedent to all advances of Loan proceeds, all issuances of Lender Letters of Credit and all undertakings in respect of Support Agreements: (a) UCC searches with the Secretary of State of the jurisdiction in which the applicable Person is organized; (b) judgment, pending litigation, federal tax lien, personal property tax lien, and corporate and partnership tax lien searches, in each jurisdiction searched under clause (a) above; and (c) searches of applicable corporate, limited liability company, partnership and related records to confirm the continued existence, organization and good standing of the applicable Person and the exact legal name under which such Person is organized.

Section 7.4 Post Closing Requirements. Borrowers shall complete each of the post-closing obligations and/or provide to Agent each of the documents, instruments, agreements and information listed on Schedule 7.4 attached hereto on or before the date set forth for each such item thereon, each of which shall be completed or provided in form and substance satisfactory to Agent.

ARTICLE 8 - [RESERVED]

ARTICLE 9 - SECURITY AGREEMENT

Section 9.1 Generally. As security for the payment and performance of the Obligations, and without limiting any other grant of a Lien and security interest in any Security Document, Borrowers hereby assign and grant to Agent, for the benefit of itself and Lenders, a continuing first priority Lien (subject to Permitted Liens) on and security interest in, upon, and to the personal property set forth on Schedule 9.1 attached hereto and made a part hereof.

Section 9.2 Representations and Warranties and Covenants Relating to Collateral.

(a) The security interest granted pursuant to this Agreement constitutes a valid and, to the extent such security interest is required to be perfected by this Agreement and any other Financing Document, continuing perfected security interest in favor of Agent in all Collateral subject, for the following Collateral, to the occurrence of the following: (i) in the case of all Collateral in which a security interest may be perfected by filing a financing statement under the UCC, the completion of the filings and other actions specified on Schedule 9.2(b) (which, in the case of all filings and other documents referred to on such schedule, have been delivered to Agent in completed and duly authorized form), (ii) with respect to any Deposit Account, the execution of Deposit Account Control Agreements, (iii) in the case of letter-of-credit rights that are not supporting obligations of Collateral, the execution of a

contractual obligation granting control to Agent over such letter-of-credit rights, (iv) in the case of electronic chattel paper, the completion of all steps necessary to grant control to Agent over such electronic chattel paper, (v) in the case of all certificated stock, debt instruments and investment property, the delivery thereof to Agent of such certificated stock, debt instruments and investment property consisting of instruments and certificates, in each case properly endorsed for transfer to Agent or in blank, (vi) in the case of all investment property not in certificated form, the execution of control agreements with respect to such investment property and (vii) in the case of all other instruments and tangible chattel paper that are not certificated stock, debt instructions or investment property, the delivery thereof to Agent of such instruments and tangible chattel paper.

(b) Schedule 9.2(b) sets forth (i) each chief executive office and principal place of business of each Borrower and each of their respective Subsidiaries, and (ii) all of the addresses (including all warehouses) at which any of the Collateral is located and/or books and records of Borrowers regarding any of the Collateral are kept, which such Schedule 9.2(b) indicates in each case which Borrower(s) have Collateral and/or books and records located at such address, and, in the case of any such address not owned by one or more of the Borrowers(s), indicates the nature of such location (e.g., leased business location operated by Borrower(s), third party warehouse, consignment location, processor location, etc.) and the name and address of the third party owning and/or operating such location.

(c) Without limiting the generality of Section 3.2, except as indicated on Schedule 3.19 with respect to any rights of any Borrower as a licensee under any license of Intellectual Property owned by another Person, and except for the filing of financing statements under the UCC, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or consent of any other Person is required for (i) the grant by each Borrower to Agent of the security interests and Liens in the Collateral provided for under this Agreement and the other Security Documents (if any), or (ii) the exercise by Agent of its rights and remedies with respect to the Collateral provided for under this Agreement and the other Security Documents or under any applicable Law, including the UCC and neither any such grant of Liens in favor of Agent or exercise of rights by Agent shall violate or cause a default under any agreement between any Borrower and any other Person relating to any such collateral, including any license to which a Borrower is a party, whether as licensor or licensee, with respect to any Intellectual Property, whether owned by such Borrower or any other Person.

(d) As of the Closing Date, except as set forth on Schedule 9.2(d), no Borrower has any ownership interest in any Chattel Paper (as defined in Article 9 of the UCC), letter of credit rights, commercial tort claims, Instruments (other than checks and drafts delivered in the Ordinary Course of Business), documents or investment property (other than Equity Interests in any Subsidiaries of such Borrower disclosed on Schedule 3.4) and Borrowers shall give notice to Agent promptly (but in any event not later than the delivery by Borrowers of the next Compliance Certificate required pursuant to Section 4.1 above) upon the acquisition by any Borrower of any such Chattel Paper, letter of credit rights, commercial tort claims, Instruments (other than checks and drafts delivered in the Ordinary Course of Business), documents, investment property; *provided* that Borrower shall not be required to deliver negotiable bills of lading relating to In-Transit Inventory unless such Inventory is Eligible In-Transit Inventory included in the Borrowing Base and Borrower is required to make such a delivery in accordance with the definition of "Eligible In-Transit Inventory". No Person other than Agent or (if applicable) any Lender has "control" (as defined in Article 9 of the UCC) over any Deposit Account, investment property (including Securities Accounts and commodities account), letter of credit rights or electronic chattel paper in which any Borrower has any interest (except for such control arising by operation of law in favor of any bank or securities intermediary or commodities intermediary with whom any Deposit Account, Securities Account or commodities account of Borrowers is maintained).

(e) Borrowers shall not, and shall not permit any Credit Party to, take any of the following actions or make any of the following changes unless Borrowers have given at least thirty (30) days prior written notice to Agent of Borrowers' intention to take any such action (which such written notice shall include an updated version of any Schedule impacted by such change) and have executed any and all documents, instruments and agreements and taken any other actions which Agent may request after receiving such written notice in order to protect and preserve the Liens, rights and remedies of Agent with respect to the Collateral: (i) change the legal name or organizational identification number of any Borrower as it appears in official filings in the jurisdiction of its organization, (ii) change the jurisdiction of incorporation or formation of any Borrower or Credit Party or allow any Borrower or Credit Party to designate any jurisdiction as an additional jurisdiction of incorporation for such Borrower or Credit Party, or change the type of entity that it is, or (iii) change its chief executive office, principal place of business, or the location of its records concerning the Collateral or move any Collateral to or place any Collateral on any location that is not then listed on the Schedules and/or establish any business location at any location that is not then listed on the Schedules.

(f) Borrowers shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any Account Debtor, or allow any credit or discount thereon (other than adjustments, settlements, compromises, credits and discounts in the Ordinary Course of Business, made while no Default exists and in amounts which are not material with respect to the Account and which, after giving effect thereto, do not cause the Borrowing Base to be less than the Revolving Loan Outstanding) without the prior written consent of Agent. Without limiting the generality of this Agreement or any other provisions of any of the Financing Documents relating to the rights of Agent after the occurrence and during the continuance of an Event of Default, Agent shall have the right at any time after the occurrence and during the continuance of an Event of Default to: (i) exercise the rights of Borrowers with respect to the obligation of any Account Debtor to make payment or otherwise render performance to Borrowers and with respect to any property that secures the obligations of any Account Debtor or any other Person obligated on the Collateral, and (ii) adjust, settle or compromise the amount or payment of such Accounts.

(g) Without limiting the generality of Sections 9.2(c) and 9.2(e):

(i) Borrowers shall deliver to Agent all tangible Chattel Paper and all Instruments (other than checks and drafts delivered in the Ordinary Course of Business) and documents owned by any Borrower and constituting part of the Collateral duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent. Borrowers shall provide Agent with "control" (as defined in Article 9 of the UCC) of all electronic Chattel Paper owned by any Borrower and constituting part of the Collateral by having Agent identified as the assignee on the records pertaining to the single authoritative copy thereof and otherwise complying with the applicable elements of control set forth in the UCC. Borrowers also shall deliver to Agent all security agreements securing any such Chattel Paper and securing any such Instruments. Borrowers will mark conspicuously all such Chattel Paper and all such Instruments and documents with a legend, in form and substance satisfactory to Agent, indicating that such Chattel Paper and such instruments and documents are subject to the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents. Borrowers shall comply with all the provisions of Section 5.14 with respect to the Deposit Accounts and Securities Accounts of Borrowers.

(ii) Borrowers shall deliver to Agent all letters of credit on which any Borrower is the beneficiary and which give rise to letter of credit rights owned by such Borrower which constitute part of the Collateral in each case duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Agent.

Borrowers shall take any and all actions as may be necessary or desirable, or that Agent may request, from time to time, to cause Agent to obtain exclusive "control" (as defined in Article 9 of the UCC) of any such letter of credit rights in a manner acceptable to Agent.

(iii) Borrowers shall promptly advise Agent upon any Borrower becoming aware that it has any interests in any commercial tort claim that constitutes part of the Collateral, which such notice shall include descriptions of the events and circumstances giving rise to such commercial tort claim and the dates such events and circumstances occurred, the potential defendants with respect such commercial tort claim and any court proceedings that have been instituted with respect to such commercial tort claims, and Borrowers shall, with respect to any such commercial tort claim, execute and deliver to Agent such documents as Agent shall request to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to any such commercial tort claim.

(iv) Except for Collateral with an aggregate amount of $25,000 or less or Collateral stored at the Amazon Locations, no Inventory or other tangible Collateral shall at any time be in the possession or control of any warehouse, consignee, bailee or any of Borrowers' agents or processors without prior written notice to Agent and the receipt by Agent, if Agent has so requested, of warehouse receipts, consignment agreements or bailee lien waivers (as applicable) satisfactory to Agent prior to the commencement of such possession or control. Borrower has notified Agent that Collateral and books and records are currently located at the locations set forth on Schedule 9.2; *provided, however,* with respect to the Amazon Locations, Borrowers shall, upon request of Agent, use commercially reasonable efforts to obtain warehouse receipts, consignment agreements or bailee waiver (as applicable). Borrowers shall, upon the request of Agent, notify any such warehouse, consignee, bailee, agent or processor of the security interests and Liens in favor of Agent created pursuant to this Agreement and the Security Documents, instruct such Person to hold all such Collateral for Agent's account subject to Agent's instructions and shall obtain an acknowledgement from such Person that such Person holds the Collateral for Agent's benefit.

(v) Borrowers shall cause all equipment and other tangible Personal Property other than Inventory to be maintained and preserved in the same condition, repair and in working order as when new, ordinary wear and tear excepted, and shall to the extent doing so is commercially reasonable, promptly make or cause to be made all repairs, replacements and other improvements in connection therewith that are necessary or desirable to such end. Upon request of Agent, Borrowers shall promptly deliver to Agent any and all certificates of title, applications for title or similar evidence of ownership of all such tangible Personal Property and shall cause Agent to be named as lienholder on any such certificate of title or other evidence of ownership. Borrowers shall not permit any such tangible Personal Property to become fixtures to real estate unless such real estate is subject to a Lien in favor of Agent.

(vi) Each Borrower hereby authorizes Agent to file without the signature of such Borrower one or more UCC financing statements relating to liens on personal property relating to all or any part of the Collateral, which financing statements may list Agent as the "secured party" and such Borrower as the "debtor" and which describe and indicate the collateral covered thereby as all or any part of the Collateral under the Financing Documents (including an indication of the collateral covered by any such financing statement as "all assets" of such Borrower now owned or hereafter acquired), in such jurisdictions as Agent from time to time determines are appropriate, and to file without the signature of such Borrower any continuations of or corrective amendments to any such financing statements, in any such case in order for Agent to perfect, preserve or protect the Liens, rights and remedies of Agent with respect to the

Collateral. Each Borrower also ratifies its authorization for Agent to have filed in any jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(vii) As of the Closing Date, no Borrower holds, and after the Closing Date Borrowers shall promptly notify Agent in writing upon creation or acquisition by any Borrower of, any Collateral which constitutes a claim against any Governmental Authority, including, without limitation, the federal government of the United States or any instrumentality or agency thereof, the assignment of which claim is restricted by any applicable Law, including, without limitation, the federal Assignment of Claims Act and any other comparable Law. Upon the request of Agent, Borrowers shall take such steps as may be necessary or desirable, or that Agent may request, to comply with any such applicable Law.

(viii) Borrowers shall furnish to Agent from time to time any statements and schedules further identifying or describing the Collateral and any other information, reports or evidence concerning the Collateral as Agent may reasonably request from time to time.

ARTICLE 10 - EVENTS OF DEFAULT

Section 10.1 Events of Default. For purposes of the Financing Documents, the occurrence of any of the following conditions and/or events, whether voluntary or involuntary, by operation of law or otherwise, shall constitute an "Event of Default":

(a) (i) any Borrower shall fail to pay when due any principal, interest, premium or fee under any Financing Document or any other amount payable under any Financing Document, (ii) there shall occur any default in the performance of or compliance with any of the following sections of this Agreement: Section 2.11, Section 4.2(b), Section 4.4(c), Section 4.6, Section 4.11, and Article 5, or (iii) there shall occur any default in the performance of or compliance with Section 4.1 and/or Article 6 of this Agreement and Borrower Representative has received written notice from Agent or Required Lenders of such default;

(b) any Credit Party defaults in the performance of or compliance with any term contained in this Agreement or in any other Financing Document (other than occurrences described in other provisions of this Section 10.1 for which a different grace or cure period is specified or for which no grace or cure period is specified and thereby constitute immediate Events of Default) and such default is not remedied by the Credit Party or waived by Agent within fifteen (15) days after the earlier of (i) receipt by Borrower Representative of notice from Agent or Required Lenders of such default, or (ii) actual knowledge of any Borrower or any other Credit Party of such default;

(c) any representation, warranty, certification or statement made by any Credit Party or any other Person in any Financing Document or in any certificate, financial statement or other document delivered pursuant to any Financing Document is incorrect in any respect (or in any material respect if such representation, warranty, certification or statement is not by its terms already qualified as to materiality) when made (or deemed made);

(d) (i) failure of any Credit Party to pay when due or within any applicable grace period any principal, interest or other amount on Debt (other than the Loans) or in respect of any Swap Contract, or the occurrence of any breach, default, condition or event with respect to any Debt (other than the Loans) or in respect of any Swap Contract, if the effect of such failure or occurrence is to cause or to permit the holder or holders of any such Debt, or the counterparty under any such Swap Contract, to cause, Debt or other liabilities having an individual principal amount in excess of $100,000 (or any amount, solely with respect to Swap Contracts) or having an aggregate principal amount in excess of

$100,000 (or any amount, solely with respect to Swap Contracts) to become or be declared due prior to its stated maturity, or (ii) the occurrence of any breach or default under any terms or provisions of any Subordinated Debt Document or under any agreement subordinating the Subordinated Debt to all or any portion of the Obligations or the occurrence of any event requiring the prepayment of any Subordinated Debt;

(e) any Credit Party or any Subsidiary of a Borrower shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(f) an involuntary case or other proceeding shall be commenced against any Credit Party or any Subsidiary of a Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of forty-five (45) days; or an order for relief shall be entered against any Credit Party or any Subsidiary of a Borrower under applicable federal bankruptcy, insolvency or other similar law in respect of (i) bankruptcy, liquidation, winding-up, dissolution or suspension of general operations, (ii) composition, rescheduling, reorganization, arrangement or readjustment of, or other relief from, or stay of proceedings to enforce, some or all of the debts or obligations, or (iii) possession, foreclosure, seizure or retention, sale or other disposition of, or other proceedings to enforce security over, all or any substantial part of the assets of such Credit Party or Subsidiary;

(g) (i) institution of any steps by any Person to terminate a Pension Plan if as a result of such termination any Credit Party or any member of the Controlled Group could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of $100,000, (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA, or (iii) there shall occur any withdrawal or partial withdrawal from a Multiemployer Plan and the withdrawal liability (without unaccrued interest) to Multiemployer Plans as a result of such withdrawal (including any outstanding withdrawal liability that any Credit Party or any member of the Controlled Group have incurred on the date of such withdrawal) exceeds $100,000;

(h) one or more judgments or orders for the payment of money (not paid or fully covered by insurance maintained in accordance with the requirements of this Agreement and as to which the relevant insurance company has acknowledged coverage) aggregating in excess of $100,000 shall be rendered against any or all Credit Parties and either (i) enforcement proceedings shall have been commenced by any creditor upon any such judgments or orders, or (ii) there shall be any period of twenty (20) consecutive days during which a stay of enforcement of any such judgments or orders, by reason of a pending appeal, bond or otherwise, shall not be in effect;

(i) any Lien created by any of the Security Documents shall at any time fail to constitute a valid and perfected Lien on all of the Collateral purported to be encumbered thereby, subject to no prior or equal Lien except Permitted Liens, or any Credit Party shall so assert;

(j) the institution by any Governmental Authority of criminal proceedings against any Credit Party;

(k) a default or event of default occurs under any Guarantee of any portion of the Obligations;

(l) any Borrower makes any payment on account of any Debt that has been subordinated to any of the Obligations, other than payments specifically permitted by the terms of such subordination;

(m) if any Borrower is or becomes an entity whose equity is registered with the SEC, and/or is publicly traded on and/or registered with a public securities exchange, such Borrower's equity fails to remain registered with the SEC in good standing, and/or such equity fails to remain publicly traded on and registered with a public securities exchange; and

(n) the occurrence of any fact, event or circumstance that could reasonably be expected to result in a Material Adverse Effect, if such default shall have continued unremedied for a period of ten (10) days after written notice from Agent.

Notwithstanding the foregoing, if a Credit Party fails to comply with any same provision of this Agreement two (2) times in any twelve (12) month period and Agent has given to Borrower Representative in connection with each such failure any notice to which Borrowers would be entitled under this Section before such failure could become an Event of Default, then all subsequent failures by a Credit Party to comply with such provision of this Agreement shall effect an immediate Event of Default (without the expiration of any applicable cure period) with respect to all subsequent failures by a Credit Party to comply with such provision of this Agreement, and Agent thereupon may exercise any remedy set forth in this Article 10 without affording Borrowers any opportunity to cure such Event of Default.

All cure periods provided for in this Section 10.1 shall run concurrently with any cure period provided for in any applicable Financing Documents under which the default occurred.

Section 10.2 Acceleration and Suspension or Termination of Revolving Loan Commitment and Term Loan Commitment. Upon the occurrence and during the continuance of an Event of Default, Agent may, and shall if requested by Required Lenders, (a) by notice to Borrower Representative suspend or terminate the Revolving Loan Commitment and Term Loan Commitment and the obligations of Agent and the Lenders with respect thereto, in whole or in part (and, if in part, each Lender's Revolving Loan Commitment and Term Loan Commitment shall be reduced in accordance with its Pro Rata Share), and/or (b) by notice to Borrower Representative declare all or any portion of the Obligations to be, and the Obligations shall thereupon become, immediately due and payable, with accrued interest thereon, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same; *provided*, *however*, that in the case of any of the Events of Default specified in Section 10.1(e) or 10.1(f) above, without any notice to any Borrower or any other act by Agent or the Lenders, the Revolving Loan Commitment and Term Loan Commitment and the obligations of Agent and the Lenders with respect thereto shall thereupon immediately and automatically terminate and all of the Obligations shall become immediately and automatically due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower and Borrowers will pay the same.

Section 10.3 UCC Remedies.

(a) Upon the occurrence of and during the continuance of an Event of Default under this Agreement or the other Financing Documents, Agent, in addition to all other rights, options, and remedies granted to Agent under this Agreement or at law or in equity, may exercise, either directly or through one or more assignees or designees, all rights and remedies granted to it under all Financing

Documents and under the UCC in effect in the applicable jurisdiction(s) and under any other applicable law; including, without limitation:

(i) the right to take possession of, send notices regarding, and collect directly the Collateral, with or without judicial process;

(ii) the right to (by its own means or with judicial assistance) enter any of Borrowers' premises and take possession of the Collateral, or render it unusable, or to render it usable or saleable, or dispose of the Collateral on such premises in compliance with subsection (iii) below and to take possession of Borrowers' original books and records, to obtain access to Borrowers' data processing equipment, computer hardware and software relating to the Collateral and to use all of the foregoing and the information contained therein in any manner Agent deems appropriate, without any liability for rent, storage, utilities, or other sums, and Borrowers shall not resist or interfere with such action (if Borrowers' books and records are prepared or maintained by an accounting service, contractor or other third party agent, Borrowers hereby irrevocably authorize such service, contractor or other agent, upon notice by Agent to such Person that an Event of Default has occurred and is continuing, to deliver to Agent or its designees such books and records, and to follow Agent's instructions with respect to further services to be rendered);

(iii) the right to require Borrowers at Borrowers' expense to assemble all or any part of the Collateral and make it available to Agent at any place designated by Lender;

(iv) the right to notify postal authorities to change the address for delivery of Borrowers' mail to an address designated by Agent and to receive, open and dispose of all mail addressed to any Borrower; and/or

(v) the right to enforce Borrowers' rights against Account Debtors and other obligors, including, without limitation, (i) the right to collect Accounts directly in Agent's own name (as agent for Lenders) and to charge the collection costs and expenses, including attorneys' fees, to Borrowers, and (ii) the right, in the name of Agent or any designee of Agent or Borrowers, to verify the validity, amount or any other matter relating to any Accounts by mail, telephone, telegraph or otherwise, including, without limitation, verification of Borrowers' compliance with applicable Laws. Borrowers shall cooperate fully with Agent in an effort to facilitate and promptly conclude such verification process. Such verification may include contacts between Agent and applicable federal, state and local regulatory authorities having jurisdiction over the Borrowers' affairs, all of which contacts Borrowers hereby irrevocably authorize.

(vi) the right to cause Borrower to immediately recall all of its Inventory held at Amazon Locations to be delivered to a location of Borrower where Agent has received as satisfactory landlord or bailee access agreement or such other location (whether or not owned by Borrower) as Agent may direct in its sole discretion.

(b) Each Borrower agrees that a notice received by it at least ten (10) days before the time of any intended public sale, or the time after which any private sale or other disposition of the Collateral is to be made, shall be deemed to be reasonable notice of such sale or other disposition. If permitted by applicable law, any perishable Collateral which threatens to speedily decline in value or which is sold on a recognized market may be sold immediately by Agent without prior notice to Borrowers. At any sale or disposition of Collateral, Agent may (to the extent permitted by applicable law) purchase all or any part of the Collateral, free from any right of redemption by Borrowers, which

right is hereby waived and released. Each Borrower covenants and agrees not to interfere with or impose any obstacle to Agent's exercise of its rights and remedies with respect to the Collateral. Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. Agent may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. Agent may sell the Collateral without giving any warranties as to the Collateral. Agent may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral. If Agent sells any of the Collateral upon credit, Borrowers will be credited only with payments actually made by the purchaser, received by Agent and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Agent may resell the Collateral and Borrowers shall be credited with the proceeds of the sale. Borrowers shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations.

(c) Without restricting the generality of the foregoing and for the purposes aforesaid, each Borrower hereby appoints and constitutes Agent its lawful attorney-in-fact with full power of substitution in the Collateral, upon the occurrence and during the continuance of an Event of Default, to (i) use unadvanced funds remaining under this Agreement or which may be reserved, escrowed or set aside for any purposes hereunder at any time, or to advance funds in excess of the face amount of the Notes, (ii) pay, settle or compromise all existing bills and claims, which may be Liens or security interests, or to avoid such bills and claims becoming Liens against the Collateral, (iii) execute all applications and certificates in the name of such Borrower and to prosecute and defend all actions or proceedings in connection with the Collateral, and (iv) do any and every act which such Borrower might do in its own behalf; it being understood and agreed that this power of attorney in this subsection (c) shall be a power coupled with an interest and cannot be revoked.

(d) Agent and each Lender is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrowers' labels, mask works, rights of use of any name, any other Intellectual Property and advertising matter, and any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Agent's exercise of its rights under this Article, Borrowers' rights under all licenses (whether as licensor or licensee) (to the extent permitted by Applicable Law) and all franchise agreements inure to Agent's and each Lender's benefit.

Section 10.4 Cash Collateral. If (a) any Event of Default specified in Section 10.1(e) or 10.1(f) shall occur, (b) the Obligations shall have otherwise been accelerated pursuant to Section 10.2, or (c) the Revolving Loan Commitment and the obligations of Agent and the Lenders with respect thereto shall have been terminated pursuant to Section 10.2, then without any request or the taking of any other action by Agent or the Lenders, Borrowers shall immediately comply with the provisions of Section 2.5(e) with respect to the deposit of cash collateral to secure the existing Letter of Credit Liability and future payment of related fees.

Section 10.5 Default Rate of Interest. At the election of Agent or Required Lenders, after the occurrence of an Event of Default and for so long as it continues, (a) the Loans and other Obligations shall bear interest at rates that are five percent (5.0%) per annum in excess of the rates otherwise payable under this Agreement, and (b) the fee described in Section 2.5(b) shall increase by a rate that is five percent (5.0%) in excess of the rate otherwise payable under such Section; *provided*, *however*, that in the case of any Event of Default specified in Section 10.1(e) or 10.1(f) above, such default rates shall apply immediately and automatically without the need for any election or action of any kind on the part of Agent or any Lender.

Section 10.6 Setoff Rights. During the continuance of any Event of Default, each Lender is hereby authorized by each Borrower at any time or from time to time, with reasonably prompt subsequent notice to such Borrower (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (a) balances held by such Lender or any of such Lender's Affiliates at any of its offices for the account of such Borrower or any of its Subsidiaries (regardless of whether such balances are then due to such Borrower or its Subsidiaries), and (b) other property at any time held or owing by such Lender to or for the credit or for the account of such Borrower or any of its Subsidiaries, against and on account of any of the Obligations; except that no Lender shall exercise any such right without the prior written consent of Agent. Any Lender exercising a right to set off shall purchase for cash (and the other Lenders shall sell) interests in each of such other Lender's Pro Rata Share of the Obligations as would be necessary to cause all Lenders to share the amount so set off with each other Lender in accordance with their respective Pro Rata Share of the Obligations. Each Borrower agrees, to the fullest extent permitted by law, that any Lender and any of such Lender's Affiliates may exercise its right to set off with respect to the Obligations as provided in this Section 10.6.

Section 10.7 Application of Proceeds.

(a) Notwithstanding anything to the contrary contained in this Agreement, upon the occurrence and during the continuance of an Event of Default, each Borrower irrevocably waives the right to direct the application of any and all payments at any time or times thereafter received by Agent from or on behalf of such Borrower or any Guarantor of all or any part of the Obligations, and, as between Borrowers on the one hand and Agent and Lenders on the other, Agent shall have the continuing and exclusive right to apply and to reapply any and all payments received against the Obligations in such manner as Agent may deem advisable notwithstanding any previous application by Agent.

(b) Following the occurrence and continuance of an Event of Default, but absent the occurrence and continuance of an Acceleration Event, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in such order as Agent may from time to time elect.

(c) Notwithstanding anything to the contrary contained in this Agreement, if an Acceleration Event shall have occurred, and so long as it continues, Agent shall apply any and all payments received by Agent in respect of the Obligations, and any and all proceeds of Collateral received by Agent, in the following order: *first*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to Agent with respect to this Agreement, the other Financing Documents or the Collateral; *second*, to all fees, costs, indemnities, liabilities, obligations and expenses incurred by or owing to any Lender with respect to this Agreement, the other Financing Documents or the Collateral; *third*, to accrued and unpaid interest on the Obligations (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts); *fourth*, to the principal amount of the Obligations outstanding and to provide cash collateral to secure any and all Letter of Credit Liability and future payment of related fees, as provided for in Section 2.5(e); *fifth* to any other indebtedness or obligations of Borrowers owing to Agent or any Lender under the Financing Documents; and *sixth*, to the Obligations owing to any Eligible Swap Counterparty in respect of any Swap Contracts. Any balance remaining shall be delivered to Borrowers or to whoever may be lawfully entitled to receive such balance or as a court of competent jurisdiction may direct. In carrying out the foregoing, (y) amounts received shall be applied in the numerical order provided until exhausted prior to the application to the next succeeding category, and (z) each of the Persons entitled to receive a payment in any particular category shall receive an amount equal to its Pro Rata Share of amounts available to be applied pursuant thereto for such category.

Section 10.8 Waivers.

(a) Except as otherwise provided for in this Agreement and to the fullest extent permitted by applicable law, each Borrower waives: (i) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all Financing Documents, the Notes or any other notes, commercial paper, accounts, contracts, documents, Instruments, Chattel Paper and Guarantees at any time held by Lenders on which any Borrower may in any way be liable, and hereby ratifies and confirms whatever Lenders may do in this regard; (ii) all rights to notice and a hearing prior to Agent's or any Lender's taking possession or control of, or to Agent's or any Lender's replevy, attachment or levy upon, any Collateral or any bond or security which might be required by any court prior to allowing Agent or any Lender to exercise any of its remedies; and (iii) the benefit of all valuation, appraisal and exemption Laws. Each Borrower acknowledges that it has been advised by counsel of its choices and decisions with respect to this Agreement, the other Financing Documents and the transactions evidenced hereby and thereby.

(b) Each Borrower for itself and all its successors and assigns, (i) agrees that its liability shall not be in any manner affected by any indulgence, extension of time, renewal, waiver, or modification granted or consented to by Lender; (ii) consents to any indulgences and all extensions of time, renewals, waivers, or modifications that may be granted by Agent or any Lender with respect to the payment or other provisions of the Financing Documents, and to any substitution, exchange or release of the Collateral, or any part thereof, with or without substitution, and agrees to the addition or release of any Borrower, endorsers, guarantors, or sureties, or whether primarily or secondarily liable, without notice to any other Borrower and without affecting its liability hereunder; (iii) agrees that its liability shall be unconditional and without regard to the liability of any other Borrower, Agent or any Lender for any tax on the indebtedness; and (iv) to the fullest extent permitted by law, expressly waives the benefit of any statute or rule of law or equity now provided, or which may hereafter be provided, which would produce a result contrary to or in conflict with the foregoing.

(c) To the extent that Agent or any Lender may have acquiesced in any noncompliance with any requirements or conditions precedent to the closing of the Loans or to any subsequent disbursement of Loan proceeds, such acquiescence shall not be deemed to constitute a waiver by Agent or any Lender of such requirements with respect to any future disbursements of Loan proceeds and Agent may at any time after such acquiescence require Borrowers to comply with all such requirements. Any forbearance by Agent or Lender in exercising any right or remedy under any of the Financing Documents, or otherwise afforded by applicable law, including any failure to accelerate the maturity date of the Loans, shall not be a waiver of or preclude the exercise of any right or remedy nor shall it serve as a novation of the Notes or as a reinstatement of the Loans or a waiver of such right of acceleration or the right to insist upon strict compliance of the terms of the Financing Documents. Agent's or any Lender's acceptance of payment of any sum secured by any of the Financing Documents after the due date of such payment shall not be a waiver of Agent's and such Lender's right to either require prompt payment when due of all other sums so secured or to declare a default for failure to make prompt payment. The procurement of insurance or the payment of taxes or other Liens or charges by Agent as the result of an Event of Default shall not be a waiver of Agent's right to accelerate the maturity of the Loans, nor shall Agent's receipt of any condemnation awards, insurance proceeds, or damages under this Agreement operate to cure or waive any Credit Party's default in payment of sums secured by any of the Financing Documents.

(d) Without limiting the generality of anything contained in this Agreement or the other Financing Documents, each Borrower agrees that if an Event of Default is continuing (i) Agent and Lenders shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens

and other rights, remedies or privileges provided to Agent or Lenders shall remain in full force and effect until Agent or Lenders have exhausted all remedies against the Collateral and any other properties owned by Borrowers and the Financing Documents and other security instruments or agreements securing the Loans have been foreclosed, sold and/or otherwise realized upon in satisfaction of Borrowers' obligations under the Financing Documents.

(e) Nothing contained herein or in any other Financing Document shall be construed as requiring Agent or any Lender to resort to any part of the Collateral for the satisfaction of any of Borrowers' obligations under the Financing Documents in preference or priority to any other Collateral, and Agent may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of Borrowers' obligations under the Financing Documents. In addition, Agent shall have the right from time to time to partially foreclose upon any Collateral in any manner and for any amounts secured by the Financing Documents then due and payable as determined by Agent in its sole discretion, including, without limitation, the following circumstances: (i) in the event any Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and/or interest, Agent may foreclose upon all or any part of the Collateral to recover such delinquent payments, or (ii) in the event Agent elects to accelerate less than the entire outstanding principal balance of the Loans, Agent may foreclose all or any part of the Collateral to recover so much of the principal balance of the Loans as Lender may accelerate and such other sums secured by one or more of the Financing Documents as Agent may elect. Notwithstanding one or more partial foreclosures, any unforeclosed Collateral shall remain subject to the Financing Documents to secure payment of sums secured by the Financing Documents and not previously recovered.

(f) To the fullest extent permitted by law, each Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Collateral any equitable right otherwise available to any Credit Party which would require the separate sale of any of the Collateral or require Agent or Lenders to exhaust their remedies against any part of the Collateral before proceeding against any other part of the Collateral; and further in the event of such foreclosure each Borrower does hereby expressly consent to and authorize, at the option of Agent, the foreclosure and sale either separately or together of each part of the Collateral.

Section 10.9 Injunctive Relief. The parties acknowledge and agree that, in the event of a breach or threatened breach of any Credit Party's obligations under any Financing Documents, Agent and Lenders may have no adequate remedy in money damages and, accordingly, shall be entitled to an injunction (including, without limitation, a temporary restraining order, preliminary injunction, writ of attachment, or order compelling an audit) against such breach or threatened breach, including, without limitation, maintaining any cash management and collection procedure described herein. However, no specification in this Agreement of a specific legal or equitable remedy shall be construed as a waiver or prohibition against any other legal or equitable remedies in the event of a breach or threatened breach of any provision of this Agreement. Each Credit Party waives, to the fullest extent permitted by law, the requirement of the posting of any bond in connection with such injunctive relief. By joining in the Financing Documents as a Credit Party, each Credit Party specifically joins in this Section as if this Section were a part of each Financing Document executed by such Credit Party.

Section 10.10 Marshalling; Payments Set Aside. Neither Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Obligations. To the extent that Borrower makes any payment or Agent enforces its Liens or Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone, then to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied, and all Liens, rights

and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

ARTICLE 11 - AGENT

Section 11.1 Appointment and Authorization. Each Lender hereby irrevocably appoints and authorizes Agent to enter into each of the Financing Documents to which it is a party (other than this Agreement) on its behalf and to take such actions as Agent on its behalf and to exercise such powers under the Financing Documents as are delegated to Agent by the terms thereof, together with all such powers as are reasonably incidental thereto. Subject to the terms of Section 11.16 and to the terms of the other Financing Documents, Agent is authorized and empowered to amend, modify, or waive any provisions of this Agreement or the other Financing Documents on behalf of Lenders. The provisions of this Article 11 are solely for the benefit of Agent and Lenders and neither any Borrower nor any other Credit Party shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Agent shall act solely as agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Borrower or any other Credit Party. Agent may perform any of its duties hereunder, or under the Financing Documents, by or through its agents, servicers, trustees, investment managers or employees.

Section 11.2 Agent and Affiliates. Agent shall have the same rights and powers under the Financing Documents as any other Lender and may exercise or refrain from exercising the same as though it were not Agent, and Agent and its Affiliates may lend money to, invest in and generally engage in any kind of business with each Credit Party or Affiliate of any Credit Party as if it were not Agent hereunder.

Section 11.3 Action by Agent. The duties of Agent shall be mechanical and administrative in nature. Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Financing Documents is intended to or shall be construed to impose upon Agent any obligations in respect of this Agreement or any of the Financing Documents except as expressly set forth herein or therein.

Section 11.4 Consultation with Experts. Agent may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 11.5 Liability of Agent. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be liable to any Lender for any action taken or not taken by it in connection with the Financing Documents, except that Agent shall be liable with respect to its specific duties set forth hereunder but only to the extent of its own gross negligence or willful misconduct in the discharge thereof as determined by a final non-appealable judgment of a court of competent jurisdiction. Neither Agent nor any of its directors, officers, agents, trustees, investment managers, servicers or employees shall be responsible for or have any duty to ascertain, inquire into or verify (a) any statement, warranty or representation made in connection with any Financing Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements specified in any Financing Document; (c) the satisfaction of any condition specified in any Financing Document; (d) the validity, effectiveness, sufficiency or genuineness of any Financing Document, any Lien purported to be created or perfected thereby or any other instrument or writing furnished in connection therewith; (e) the existence or non-existence of any Default or Event of Default; or (f) the financial condition of any Credit Party. Agent shall not incur any liability by acting in reliance upon any

notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile or electronic transmission or similar writing) believed by it to be genuine or to be signed by the proper party or parties. Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subsequently determined to have been made in error the sole recourse of any Lender to whom payment was due but not made, shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them).

Section 11.6 Indemnification. Each Lender shall, in accordance with its Pro Rata Share, indemnify Agent (to the extent not reimbursed by Borrowers) upon demand against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss or liability (except such as result from Agent's gross negligence or willful misconduct as determined by a final non-appealable judgment of a court of competent jurisdiction) that Agent may suffer or incur in connection with the Financing Documents or any action taken or omitted by Agent hereunder or thereunder. If any indemnity furnished to Agent for any purpose shall, in the opinion of Agent, be insufficient or become impaired, Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against even if so directed by Required Lenders until such additional indemnity is furnished.

Section 11.7 Right to Request and Act on Instructions. Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Financing Documents Agent is permitted or desires to take or to grant, and if such instructions are promptly requested, Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Financing Documents until it shall have received such instructions from Required Lenders or all or such other portion of the Lenders as shall be prescribed by this Agreement. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting under this Agreement or any of the other Financing Documents in accordance with the instructions of Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) and, notwithstanding the instructions of Required Lenders (or such other applicable portion of the Lenders), Agent shall have no obligation to take any action if it believes, in good faith, that such action would violate applicable Law or exposes Agent to any liability for which it has not received satisfactory indemnification in accordance with the provisions of Section 11.6.

Section 11.8 Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Financing Documents.

Section 11.9 Collateral Matters. Lenders irrevocably authorize Agent, at its option and in its discretion, to (a) release any Lien granted to or held by Agent under any Security Document (i) upon termination of each of the Revolving Loan Commitment and the Term Loan Commitment and payment in full of all Obligations, and, to the extent required by Agent in its sole discretion, the expiration, termination or cash collateralization (to the satisfaction of Agent) of all Swap Contracts secured, in whole or in part, by any Collateral; or (ii) constituting property sold or disposed of as part of or in connection with any disposition permitted under any Financing Document (it being understood and agreed that Agent may conclusively rely without further inquiry on a certificate of a Responsible Officer as to the sale or other disposition of property being made in full compliance with the provisions of the Financing Documents); and (b) subordinate any Lien granted to or held by Agent under any Security Document to a

Permitted Lien that is allowed to have priority over the Liens granted to or held by Agent pursuant to the definition of "Permitted Liens". Upon request by Agent at any time, Lenders will confirm Agent's authority to release and/or subordinate particular types or items of Collateral pursuant to this Section 11.9.

Section 11.10 Agency for Perfection. Agent and each Lender hereby appoint each other Lender as agent for the purpose of perfecting Agent's security interest in assets which, in accordance with the Uniform Commercial Code in any applicable jurisdiction, can be perfected by possession or control. Should any Lender (other than Agent) obtain possession or control of any such assets, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor, shall deliver such assets to Agent or in accordance with Agent's instructions or transfer control to Agent in accordance with Agent's instructions. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any Collateral for the Loan unless instructed to do so by Agent (or consented to by Agent), it being understood and agreed that such rights and remedies may be exercised only by Agent.

Section 11.11 Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of Lenders, unless Agent shall have received written notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". Agent will notify each Lender of its receipt of any such notice. Agent shall take such action with respect to such Default or Event of Default as may be requested by Required Lenders (or all or such other portion of the Lenders as shall be prescribed by this Agreement) in accordance with the terms hereof. Unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interests of Lenders.

Section 11.12 Assignment by Agent; Resignation of Agent; Successor Agent.

(a) Agent may at any time assign its rights, powers, privileges and duties hereunder to (i) another Lender or an Affiliate of Agent or any Lender or any Approved Fund, or (ii) any Person to whom Agent, in its capacity as a Lender, has assigned (or will assign, in conjunction with such assignment of agency rights hereunder) 50% or more of its Loan, in each case without the consent of the Lenders or Borrowers. Following any such assignment, Agent shall endeavor to give notice to the Lenders and Borrowers. Failure to give such notice shall not affect such assignment in any way or cause the assignment to be ineffective. An assignment by Agent pursuant to this subsection (a) shall not be deemed a resignation by Agent for purposes of subsection (b) below.

(b) Without limiting the rights of Agent to designate an assignee pursuant to subsection (a) above, Agent may at any time give notice of its resignation to the Lenders and Borrowers. Upon receipt of any such notice of resignation, Required Lenders shall have the right to appoint a successor Agent. If no such successor shall have been so appointed by Required Lenders and shall have accepted such appointment within ten (10) Business Days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent; *provided*, *however,* that if Agent shall notify Borrowers and the Lenders that no Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice from Agent that no Person has accepted such appointment and, from and following delivery of such notice, (i) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Financing Documents, and (ii) all payments, communications and determinations provided to be made by, to or through Agent shall instead be made by or to each Lender directly, until such time as Required Lenders appoint a successor Agent as provided for above in this paragraph.

(c) Upon (i) an assignment permitted by subsection (a) above, or (ii) the acceptance of a successor's appointment as Agent pursuant to subsection (b) above, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder and under the other Financing Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Financing Documents, the provisions of this Article and Section 11.12 shall continue in effect for the benefit of such retiring Agent and its sub-agents in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting or was continuing to act as Agent.

Section 11.13 Payment and Sharing of Payment.

(a) Revolving Loan Advances, Payments and Settlements; Interest and Fee Payments.

(i) Agent shall have the right, on behalf of Revolving Lenders to disburse funds to Borrowers for all Revolving Loans requested or deemed requested by Borrowers pursuant to the terms of this Agreement. Agent shall be conclusively entitled to assume, for purposes of the preceding sentence, that each Revolving Lender, other than any Non-Funding Lenders, will fund its Pro Rata Share of all Revolving Loans requested by Borrowers. Each Revolving Lender shall reimburse Agent on demand, in accordance with the provisions of the immediately following paragraph, for all funds disbursed on its behalf by Agent pursuant to the first sentence of this clause (i), or if Agent so requests, each Revolving Lender will remit to Agent its Pro Rata Share of any Revolving Loan before Agent disburses the same to a Borrower. If Agent elects to require that each Revolving Lender make funds available to Agent, prior to a disbursement by Agent to a Borrower, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's Pro Rata Share of the Revolving Loan requested by such Borrower no later than noon (Eastern time) on the date of funding of such Revolving Loan, and each such Revolving Lender shall pay Agent on such date such Revolving Lender's Pro Rata Share of such requested Revolving Loan, in same day funds, by wire transfer to the Payment Account, or such other account as may be identified by Agent to Revolving Lenders from time to time. If any Lender fails to pay the amount of its Pro Rata Share of any funds advanced by Agent pursuant to the first sentence of this clause (i) within one (1) Business Day after Agent's demand, Agent shall promptly notify Borrower Representative, and Borrowers shall immediately repay such amount to Agent. Any repayment required by Borrowers pursuant to this Section 11.13 shall be accompanied by accrued interest thereon from and including the date such amount is made available to a Borrower to but excluding the date of payment at the rate of interest then applicable to Revolving Loans. Nothing in this Section 11.13 or elsewhere in this Agreement or the other Financing Documents shall be deemed to require Agent to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Agent or any Borrower may have against any Lender as a result of any default by such Lender hereunder.

(ii) On a Business Day of each week as selected from time to time by Agent, or more frequently (including daily), if Agent so elects (each such day being a "**Settlement Date**"), Agent will advise each Revolving Lender by telephone, facsimile or e-mail of the amount of each such Revolving Lender's percentage interest of the Revolving Loan balance as of the close of business of the Business Day immediately preceding the Settlement Date. In the event that payments are necessary to adjust the amount of such Revolving Lender's actual percentage

interest of the Revolving Loans to such Lender's required percentage interest of the Revolving Loan balance as of any Settlement Date, the Revolving Lender from which such payment is due shall pay Agent, without setoff or discount, to the Payment Account before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date the full amount necessary to make such adjustment. Any obligation arising pursuant to the immediately preceding sentence shall be absolute and unconditional and shall not be affected by any circumstance whatsoever. In the event settlement shall not have occurred by the date and time specified in the second preceding sentence, interest shall accrue on the unsettled amount at the rate of interest then applicable to Revolving Loans.

(iii) On each Settlement Date, Agent shall advise each Revolving Lender by telephone, facsimile or e-mail of the amount of such Revolving Lender's percentage interest of principal, interest and fees paid for the benefit of Revolving Lenders with respect to each applicable Revolving Loan, to the extent of such Revolving Lender's Revolving Loan Exposure with respect thereto, and shall make payment to such Revolving Lender before 1:00 p.m. (Eastern time) on the Business Day following the Settlement Date of such amounts in accordance with wire instructions delivered by such Revolving Lender to Agent, as the same may be modified from time to time by written notice to Agent; *provided, however,* that, in the case such Revolving Lender is a Defaulted Lender, Agent shall be entitled to set off the funding short-fall against that Defaulted Lender's respective share of all payments received from any Borrower.

(iv) On the Closing Date, Agent, on behalf of Lenders, may elect to advance to Borrowers the full amount of the initial Loans to be made on the Closing Date prior to receiving funds from Lenders, in reliance upon each Lender's commitment to make its Pro Rata Share of such Loans to Borrowers in a timely manner on such date. If Agent elects to advance the initial Loans to Borrower in such manner, Agent shall be entitled to receive all interest that accrues on the Closing Date on each Lender's Pro Rata Share of such Loans unless Agent receives such Lender's Pro Rata Share of such Loans before 3:00 p.m. (Eastern time) on the Closing Date.

(v) It is understood that for purposes of advances to Borrowers made pursuant to this Section 11.13, Agent will be using the funds of Agent, and pending settlement, (A) all funds transferred from the Payment Account to the outstanding Revolving Loans shall be applied first to advances made by Agent to Borrowers pursuant to this Section 11.13, and (B) all interest accruing on such advances shall be payable to Agent.

(vi) The provisions of this Section 11.13(a) shall be deemed to be binding upon Agent and Lenders notwithstanding the occurrence of any Default or Event of Default, or any insolvency or bankruptcy proceeding pertaining to any Borrower or any other Credit Party.

(b) Term Loan Payments. Payments of principal, interest and fees in respect of the Term Loans will be settled on the date of receipt if received by Agent on the last Business Day of a month or on the Business Day immediately following the date of receipt if received on any day other than the last Business Day of a month.

(c) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from a Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such

amount from such Lender on demand without setoff, counterclaim or deduction of any kind, together with interest accruing on a daily basis at the Federal Funds Rate.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to any Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Financing Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to any Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(d) Defaulted Lenders. The failure of any Defaulted Lender to make any payment required by it hereunder shall not relieve any other Lender of its obligations to make payment, but neither any other Lender nor Agent shall be responsible for the failure of any Defaulted Lender to make any payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Defaulted Lender shall not have any voting or consent rights under or with respect to any Financing Document or constitute a "Lender" (or be included in the calculation of "Required Lenders" hereunder) for any voting or consent rights under or with respect to any Financing Document.

(e) Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Section 2.8(d)) in excess of its Pro Rata Share of payments entitled pursuant to the other provisions of this Section 11.13, such Lender shall purchase from the other Lenders such participations in extensions of credit made by such other Lenders (without recourse, representation or warranty) as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; *provided*, *however,* that if all or any portion of the excess payment or other recovery is thereafter required to be returned or otherwise recovered from such purchasing Lender, such portion of such purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such return or recovery, without interest. Each Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this clause (e) may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 10.6) with respect to such participation as fully as if such Lender were the direct creditor of Borrowers in the amount of such participation). If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this clause (e) applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this clause (e) to share in the benefits of any recovery on such secured claim.

Section 11.14 Right to Perform, Preserve and Protect. If any Credit Party fails to perform any obligation hereunder or under any other Financing Document, Agent itself may, but shall not be obligated to, cause such obligation to be performed at Borrowers' expense. Agent is further authorized by Borrowers and the Lenders to make expenditures from time to time which Agent, in its reasonable business judgment, deems necessary or desirable to (a) preserve or protect the business conducted by Borrowers, the Collateral, or any portion thereof, and/or (b) enhance the likelihood of, or maximize the amount of, repayment of the Loan and other Obligations. Each Borrower hereby agrees to reimburse Agent on demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14. Each Lender hereby agrees to indemnify Agent upon demand for any and all costs, liabilities and obligations incurred by Agent pursuant to this Section 11.14, in accordance with the provisions of Section 11.6.

Section 11.15 Additional Titled Agents. Except for rights and powers, if any, expressly reserved under this Agreement to any bookrunner, arranger or to any titled agent named on the cover page of this Agreement, other than Agent (collectively, the "**Additional Titled Agents**"), and except for obligations, liabilities, duties and responsibilities, if any, expressly assumed under this Agreement by any Additional Titled Agent, no Additional Titled Agent, in such capacity, has any rights, powers, liabilities, duties or responsibilities hereunder or under any of the other Financing Documents. Without limiting the foregoing, no Additional Titled Agent shall have nor be deemed to have a fiduciary relationship with any Lender. At any time that any Lender serving as an Additional Titled Agent shall have transferred to any other Person (other than any Affiliates) all of its interests in the Loan, such Lender shall be deemed to have concurrently resigned as such Additional Titled Agent.

Section 11.16 Amendments and Waivers.

(a) No provision of this Agreement or any other Financing Document may be materially amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by Borrowers, the Required Lenders and any other Lender to the extent required under Section 11.16(b); *provided*, *however*, that Agent shall be entitled, in its sole and absolute discretion, to provide its written consent to a proposed Swap Contract, in each case without the consent of any other Lender.

(b) In addition to the required signatures under Section 11.16(a), no provision of this Agreement or any other Financing Document may be amended, waived or otherwise modified unless such amendment, waiver or other modification is in writing and is signed or otherwise approved by the following Persons:

(i) if any amendment, waiver or other modification would increase a Lender's funding obligations in respect of any Loan, by such Lender; and/or

(ii) if the rights or duties of Agent or LC Issuer are affected thereby, by Agent and LC Issuer, as the case may be;

provided, *however*, that, in each of (i) and (ii) above, no such amendment, waiver or other modification shall, unless signed or otherwise approved in writing by all the Lenders directly affected thereby, (A) reduce the principal of, rate of interest on or any fees with respect to any Loan or Reimbursement Obligation or forgive any principal, interest (other than default interest) or fees (other than late charges) with respect to any Loan or Reimbursement Obligation; (B) postpone the date fixed for, or waive, any payment (other than any mandatory prepayment pursuant to Section 2.1(b)(ii)) of principal of any Loan or of any Reimbursement Obligation, or of interest on any Loan or Reimbursement Obligation (other than default interest) or any fees provided for hereunder (other than late charges) or postpone the date of termination of any commitment of any Lender hereunder; (C) change the definition of the term Required Lenders or the percentage of Lenders which shall be required for Lenders to take any action hereunder; (D) release all or substantially all of the Collateral, authorize any Borrower to sell or otherwise dispose of all or substantially all of the Collateral or release any Guarantor of all or any portion of the Obligations or its Guarantee obligations with respect thereto, except, in each case with respect to this clause (D), as otherwise may be provided in this Agreement or the other Financing Documents (including in connection with any disposition permitted hereunder); (E) amend, waive or otherwise modify this Section 11.16(b) or the definitions of the terms used in this Section 11.16(b) insofar as the definitions affect the substance of this Section 11.16(b); (F) consent to the assignment, delegation or other transfer by any Credit Party of any of its rights and obligations under any Financing Document or release any Borrower of its payment obligations under any Financing Document, except, in each case with respect to this clause (F), pursuant to a merger or consolidation permitted pursuant to this Agreement; or (G) amend any of the provisions of

Section 10.7 or amend any of the definitions Pro Rata Share, Revolving Loan Commitment, Term Loan Commitment, Revolving Loan Commitment Amount, Term Loan Commitment Amount, Revolving Loan Commitment Percentage, Term Loan Commitment Percentage or that provide for the Lenders to receive their Pro Rata Shares of any fees, payments, setoffs or proceeds of Collateral hereunder. It is hereby understood and agreed that all Lenders shall be deemed directly affected by an amendment, waiver or other modification of the type described in the preceding clauses (C), (D), (E), (F) and (G) of the preceding sentence.

(c) Without limitation of the provisions of the preceding clause (a) and (b), no waiver, amendment or other modification to this Agreement shall, unless signed by each Eligible Swap Counterparty then in existence, modify the provisions of Section 10.7 in any manner adverse to the interests of each such Eligible Swap Counterparty.

Section 11.17 Assignments and Participations.

(a) Assignments.

(i) Any Lender may at any time assign to one or more Eligible Assignees all or any portion of such Lender's Loan together with all related obligations of such Lender hereunder, *provided, however,* that unless an Event of Default has occurred and is continuing, no Lender shall be permitted assign all or any portion of such Lender's Loan to any Competitor of a Borrower without the prior written consent of Borrower Representative. Except as Agent may otherwise agree, the amount of any such assignment (determined as of the date of the applicable Assignment Agreement or, if a "Trade Date" is specified in such Assignment Agreement, as of such Trade Date) shall be in a minimum aggregate amount equal to $1,000,000 or, if less, the assignor's entire interests in the outstanding Loan; *provided, however,* that, in connection with simultaneous assignments to two or more related Approved Funds, such Approved Funds shall be treated as one assignee for purposes of determining compliance with the minimum assignment size referred to above. Borrowers and Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned to an Eligible Assignee until Agent shall have received and accepted an effective Assignment Agreement executed, delivered and fully completed by the applicable parties thereto and a processing fee of $3,500 to be paid by the assigning Lender; *provided, however,* that only one processing fee shall be payable in connection with simultaneous assignments to two or more related Approved Funds.

(ii) From and after the date on which the conditions described above have been met, (A) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent of the interests assigned to such Eligible Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder, and (B) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment Agreement, shall be released from its rights and obligations hereunder (other than those that survive termination pursuant to Section 12.1). Upon the request of the Eligible Assignee (and, as applicable, the assigning Lender) pursuant to an effective Assignment Agreement, each Borrower shall execute and deliver to Agent for delivery to the Eligible Assignee (and, as applicable, the assigning Lender) Notes in the aggregate principal amount of the Eligible Assignee's Loan (and, as applicable, Notes in the principal amount of that portion of the principal amount of the Loan retained by the assigning Lender). Upon receipt by the assigning Lender of such Note, the assigning Lender shall return to Borrower Representative any prior Note held by it.

(iii) Agent, acting solely for this purpose as an agent of Borrower, shall maintain at the office of its servicer located in Bethesda, Maryland a copy of each Assignment Agreement delivered to it and a register for the recordation of the names and addresses of each Lender, and the commitments of, and principal amount of the Loan owing to, such Lender pursuant to the terms hereof. The entries in such register shall be conclusive, absent manifest error, and Borrower, Agent and Lenders may treat each Person whose name is recorded therein pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such register shall be available for inspection by Borrower and any Lender, at any reasonable time upon reasonable prior notice to Agent.

(iv) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided, however,* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(v) Notwithstanding the foregoing provisions of this Section 11.17(a) or any other provision of this Agreement, Agent has the right, but not the obligation, to effectuate assignments of Loan via an electronic settlement system acceptable to Agent as designated in writing from time to time to the Lenders by Agent (the "**Settlement Service**"). At any time when Agent elects, in its sole discretion, to implement such Settlement Service, each such assignment shall be effected by the assigning Lender and proposed assignee pursuant to the procedures then in effect under the Settlement Service, which procedures shall be consistent with the other provisions of this Section 11.17(a). Each assigning Lender and proposed Eligible Assignee shall comply with the requirements of the Settlement Service in connection with effecting any assignment of Loan pursuant to the Settlement Service. With the prior written approval of Agent, Agent's approval of such Eligible Assignee shall be deemed to have been automatically granted with respect to any transfer effected through the Settlement Service. Assignments and assumptions of the Loan shall be effected by the provisions otherwise set forth herein until Agent notifies Lenders of the Settlement Service as set forth herein.

(b) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or Agent, sell to one or more Persons (other than any Borrower or any Borrower's Affiliates) participating interests in its Loan, commitments or other interests hereunder (any such Person, a "Participant"), *provided, however,* that unless an Event of Default has occurred and is continuing, no Lender sell any participating interest in its Loans, commitments or other interests hereunder to any Competitor of any Borrower without the prior written consent of Borrower Representative. In the event of a sale by a Lender of a participating interest to a Participant, (i) such Lender's obligations hereunder shall remain unchanged for all purposes, (ii) Borrowers and Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder, and (iii) all amounts payable by each Borrower shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. Each Borrower agrees that if amounts outstanding under this Agreement are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement; *provided, however*, that such right of set-off shall be subject to the obligation of each Participant to share with Lenders, and Lenders agree to share with each Participant, as provided in Section 11.5.

(c) Replacement of Lenders. Within thirty (30) days after: (i) receipt by Agent of notice and demand from any Lender for payment of additional costs as provided in Section 2.8(d), which demand shall not have been revoked, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.8(a), (iii) any Lender is a Defaulted Lender, and the circumstances causing such status shall not have been cured or waived; or (iv) any failure by any Lender to consent to a requested amendment, waiver or modification to any Financing Document in which Required Lenders have already consented to such amendment, waiver or modification but the consent of each Lender, or each Lender affected thereby, is required with respect thereto (each relevant Lender in the foregoing clauses (i) through (iv) being an "**Affected Lender**") each of Borrower Representative and Agent may, at its option, notify such Affected Lender and, in the case of Borrowers' election, Agent, of such Person's intention to obtain, at Borrowers' expense, a replacement Lender ("Replacement Lender") for such Lender, which Replacement Lender shall be an Eligible Assignee and, in the event the Replacement Lender is to replace an Affected Lender described in the preceding clause (iv), such Replacement Lender consents to the requested amendment, waiver or modification making the replaced Lender an Affected Lender. In the event Borrowers or Agent, as applicable, obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender shall sell, at par, and assign all of its Loan and funding commitments hereunder to such Replacement Lender in accordance with the procedures set forth in Section 11.17(a); *provided*, *however*, that (A) Borrowers shall have reimbursed such Lender for its increased costs and additional payments for which it is entitled to reimbursement under Section 2.8(a) or Section 2.8(d), as applicable, of this Agreement through the date of such sale and assignment, and (B) Borrowers shall pay to Agent the $3,500 processing fee in respect of such assignment. In the event that a replaced Lender does not execute an Assignment Agreement pursuant to Section 11.17(a) within five (5) Business Days after receipt by such replaced Lender of notice of replacement pursuant to this Section 11.17(c) and presentation to such replaced Lender of an Assignment Agreement evidencing an assignment pursuant to this Section 11.17(c), such replaced Lender shall be deemed to have consented to the terms of such Assignment Agreement, and any such Assignment Agreement executed by Agent, the Replacement Lender and, to the extent required pursuant to Section 11.17(a), Borrowers, shall be effective for purposes of this Section 11.17(c) and Section 11.17(a). Upon any such assignment and payment, such replaced Lender shall no longer constitute a "Lender" for purposes hereof, other than with respect to such rights and obligations that survive termination as set forth in Section 12.1.

(d) Credit Party Assignments. No Credit Party may assign, delegate or otherwise transfer any of its rights or other obligations hereunder or under any other Financing Document without the prior written consent of Agent and each Lender.

Section 11.18 Funding and Settlement Provisions Applicable When Non-Funding Lenders Exist.

So long as Agent has not waived the conditions to the funding of Revolving Loans set forth in Article 7 or of any condition to funding of a portion of any Term Loan as set forth in Article 7, any Lender may deliver a notice to Agent stating that such Lender shall cease making Loans due to the non-satisfaction of one or more conditions to funding Loans set forth in Article 7, and specifying any such non-satisfied conditions. Any Lender delivering any such notice shall become a non-funding Lender (a "**Non-Funding Lender**") for purposes of this Agreement commencing on the Business Day following receipt by Agent of such notice, and shall cease to be a Non-Funding Lender on the date on which such Lender has either revoked the effectiveness of such notice or acknowledged in writing to each of Agent the satisfaction of the condition(s) specified in such notice, or Required Lenders waive the conditions to the funding of such Loans giving rise to such notice by Non-Funding Lender. Each Non-Funding Lender shall remain a Lender for purposes of this Agreement to the extent that such Non-Funding Lender has Revolving Loans Outstanding in excess of $0 or Term Loans outstanding in excess of $0; *provided*,

however, that during any period of time that any Non-Funding Lender exists, and notwithstanding any provision to the contrary set forth herein, the following provisions shall apply:

(a) For purposes of determining the Pro Rata Share of each Revolving Lender under clause (c) of the definition of such term, each Non-Funding Lender shall be deemed to have a Revolving Loan Commitment Amount and Term Loan Commitment Amount as in effect immediately before such Lender became a Non-Funding Lender.

(b) Except as provided in clause (a) above, the Revolving Loan Commitment Amount and Term Loan Commitment Amount of each Non-Funding Lender shall be deemed to be $0.

(c) The Revolving Loan Commitment at any date of determination during such period shall be deemed to be equal to the sum of (i) the aggregate Revolving Loan Commitment Amounts of all Lenders, other than the Non-Funding Lenders as of such date plus (ii) the aggregate Revolving Loan Outstanding of all Non-Funding Lenders as of such date.

(d) The Term Loan Commitment at any date of determination during such period shall be deemed to be equal to the sum of (i) the aggregate Term Loan Commitment Amounts of all Lenders, other than the Non-Funding Lenders as of such date plus (ii) the aggregate principal amount outstanding under the Term Loans of all Non-Funding Lenders as of such date.

(e) Agent shall have no right to make or disburse Revolving Loans for the account of any Non-Funding Lender pursuant to Section 2.1(b)(i) to pay interest, fees, expenses and other charges of any Credit Party, other than reimbursement obligations that have arisen pursuant to Section 2.5(c) in respect of Letters of Credit issued at the time such Non-Funding Lender was not then a Non-Funding Lender.

(f) Agent shall have no right to (i) make or disburse Revolving Loans as provided in Section 2.1(b)(i) for the account of any Revolving Lender that was a Non-Funding Lender at the time of issuance of any Letter of Credit for which funding or reimbursement obligations have arisen pursuant to Section 2.5(c), or (ii) assume that any Revolving Lender that was a Non-Funding Lender at the time of issuance of such Letter of Credit will fund any portion of the Revolving Loans to be funded pursuant to Section 2.5(c) in respect of such Letter of Credit. In addition, no Revolving Lender that was a Non-Funding Lender at the time of issuance of any Letter of Credit for which funding or reimbursement obligations have arisen pursuant to Section 2.5(c), shall have an obligation to fund any portion of the Revolving Loans to be funded pursuant to Section 2.5(c) in respect to such Letter of Credit, or to make any payment to Agent or the L/C Issuer, as applicable, under Section 2.5(f)(ii) in respect of such Letter of Credit, or be deemed to have purchased any interest or participation in such Letter of Credit from Agent or the L/C Issuer, as applicable, under Section 2.5(f)(i).

(g) To the extent that Agent applies proceeds of Collateral or other payments received by Agent to repayment of Revolving Loans pursuant to Section 10.7, such payments and proceeds shall be applied first in respect of Revolving Loans made at the time any Non-Funding Lenders exist, and second in respect of all other outstanding Revolving Loans.

Section 11.19 Buy-Out Upon Refinancing. MCF shall have the right to purchase from the other Lenders all of their respective interests in the Loan at par in connection with any refinancing of the Loan upon one or more new economic terms, but which refinancing is structured as an amendment and restatement of the Loan rather than a payoff of the Loan.

ARTICLE 12 - MISCELLANEOUS

Section 12.1 Survival. All agreements, representations and warranties made herein and in every other Financing Document shall survive the execution and delivery of this Agreement and the other Financing Documents and the other Operative Documents. The provisions of Section 2.10 and Articles 11 and 12 shall survive the payment of the Obligations (both with respect to any Lender and all Lenders collectively) and any termination of this Agreement and any judgment with respect to any Obligations, including any final foreclosure judgment with respect to any Security Document, and no unpaid or unperformed, current or future, Obligations will merge into any such judgment.

Section 12.2 No Waivers. No failure or delay by Agent or any Lender in exercising any right, power or privilege under any Financing Document shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein and therein provided shall be cumulative and not exclusive of any rights or remedies provided by law. Any reference in any Financing Document to the "continuing" nature of any Event of Default shall not be construed as establishing or otherwise indicating that any Borrower or any other Credit Party has the independent right to cure any such Event of Default, but is rather presented merely for convenience should such Event of Default be waived in accordance with the terms of the applicable Financing Documents.

Section 12.3 Notices.

(a) All notices, requests and other communications to any party hereunder shall be in writing (including prepaid overnight courier, facsimile transmission or similar writing) and shall be given to such party at its address, facsimile number or e-mail address set forth on the signature pages hereof (or, in the case of any such Lender who becomes a Lender after the date hereof, in an assignment agreement or in a notice delivered to Borrower Representative and Agent by the assignee Lender forthwith upon such assignment) or at such other address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to Agent and Borrower Representative; provided, however, that notices, requests or other communications shall be permitted by electronic means only in accordance with the provisions of Section 12.3(b) and (c). Each such notice, request or other communication shall be effective (i) if given by facsimile, when such notice is transmitted to the facsimile number specified by this Section and the sender receives a confirmation of transmission from the sending facsimile machine, or (ii) if given by mail, prepaid overnight courier or any other means, when received or when receipt is refused at the applicable address specified by this Section 12.3(a).

(b) Notices and other communications to the parties hereto may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved from time to time by Agent, provided, however, that the foregoing shall not apply to notices sent directly to any Lender if such Lender has notified Agent that it is incapable of receiving notices by electronic communication. Agent or Borrower Representative may, in their discretion, agree to accept notices and other communications to them hereunder by electronic communications pursuant to procedures approved by it, *provided*, *however*, that approval of such procedures may be limited to particular notices or communications.

(c) Unless Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and

identifying the website address therefor, provided, however, that if any such notice or other communication is not sent or posted during normal business hours, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day.

Section 12.4 Severability. In case any provision of or obligation under this Agreement or any other Financing Document shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

Section 12.5 Headings. Headings and captions used in the Financing Documents (including the Exhibits, Schedules and Annexes hereto and thereto) are included for convenience of reference only and shall not be given any substantive effect.

Section 12.6 Confidentiality.

(a) Each Credit Party agrees (i) not to transmit or disclose provisions of any Financing Document to any Person (other than to each Credit Party's current and prospective direct and indirect financing sources, acquirors and holders of Debt of Credit Parties and the Credit Parties' direct and indirect equityholders, and its and their respective attorneys, advisors, directors, managers and officers on a need-to-know basis or as otherwise may be required by law or in connection with the resolution of a dispute brought hereunder involving a Credit Party and any of Agent, any Lender, any Participant) without Agent's prior written consent, and (ii) to inform all Persons of the confidential nature of the Financing Documents and to direct them not to disclose the same to any other Person and to require each of them to be bound by these provisions.

(b) Agent and each Lender shall hold all non-public information regarding the Credit Parties and their respective businesses identified as such by Borrowers and obtained by Agent or any Lender pursuant to the requirements hereof in accordance with such Person's customary procedures for handling information of such nature, except that disclosure of such information may be made (i) to their respective agents, employees, Subsidiaries, Affiliates, attorneys, auditors, professional consultants, rating agencies, insurance industry associations and portfolio management services, (ii) to prospective transferees or purchasers of any interest in the Loans, Agent or a Lender, and to prospective contractual counterparties (or the professional advisors thereto) in Swap Contracts permitted hereby, *provided*, *however*, that any such Persons are bound by obligations of confidentiality, (iii) as required by Law, subpoena, judicial order or similar order and in connection with any litigation, (iv) as may be required in connection with the examination, audit or similar investigation of such Person, and (v) to a Person that is a trustee, investment advisor or investment manager, collateral manager, servicer, noteholder or secured party in a Securitization (as hereinafter defined) in connection with the administration, servicing and reporting on the assets serving as collateral for such Securitization. For the purposes of this Section, "Securitization" shall mean (A) the pledge of the Loans as collateral security for loans to a Lender, or (B) a public or private offering by a Lender or any of its Affiliates or their respective successors and assigns, of securities which represent an interest in, or which are collateralized, in whole or in part, by the Loans. Confidential information shall include only such information identified as such at the time provided to Agent and shall not include information that either: (y) is in the public domain, or becomes part of the public domain after disclosure to such Person through no fault of such Person, or (z) is disclosed to such Person by a Person other than a Credit Party, *provided*, *however*, Agent does not have actual knowledge that such Person is prohibited from disclosing such information. The obligations of Agent and Lenders under this Section 12.6 shall supersede and replace the obligations of Agent and Lenders under any confidentiality agreement in respect of this financing executed and delivered by Agent or any Lender prior to the date hereof.

Section 12.7 Waiver of Consequential and Other Damages. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee (as defined below), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, any other Financing Document or any agreement or instrument contemplated hereby or thereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Financing Documents or the transactions contemplated hereby or thereby.

Section 12.8 GOVERNING LAW; SUBMISSION TO JURISDICTION.

(a) THIS AGREEMENT, EACH NOTE AND EACH OTHER FINANCING DOCUMENT, AND ALL DISPUTES AND OTHER MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(b) EACH BORROWER HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF MONTGOMERY, STATE OF MARYLAND AND IRREVOCABLY AGREES THAT, SUBJECT TO AGENT'S ELECTION, ALL ACTIONS OR PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OTHER FINANCING DOCUMENTS SHALL BE LITIGATED IN SUCH COURTS. EACH BORROWER EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. EACH BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON SUCH BORROWER BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO SUCH BORROWER AT THE ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

(c) Each Borrower, Agent and each Lender agree that each Loan (including those made on the Closing Date) shall be deemed to be made in, and the transactions contemplated hereunder and in any other Financing Document shall be deemed to have been performed in, the State of Maryland.

Section 12.9 WAIVER OF JURY TRIAL. EACH BORROWER, AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE FINANCING DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY. EACH BORROWER, AGENT AND EACH LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS, AND THAT EACH WILL CONTINUE TO RELY ON THIS WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH BORROWER, AGENT AND EACH LENDER WARRANTS AND REPRESENTS THAT IT HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

Section 12.10 Publication; Advertisement.

(a) Publication. No Credit Party will directly or indirectly publish, disclose or otherwise use in any public disclosure, advertising material, promotional material, press release or interview, any reference to the name, logo or any trademark of MCF or any of its Affiliates or any reference to this Agreement or the financing evidenced hereby, in any case except (i) as required by Law, subpoena or judicial or similar order, in which case the applicable Credit Party shall give Agent prior written notice of such publication or other disclosure, or (ii) with MCF's prior written consent.

(b) Advertisement. Each Lender and each Credit Party hereby authorizes MCF to publish the name of such Lender and Credit Party, the existence of the financing arrangements referenced under this Agreement, the primary purpose and/or structure of those arrangements, the amount of credit extended under each facility, the title and role of each party to this Agreement, and the total amount of the financing evidenced hereby in any "tombstone", comparable advertisement or press release which MCF elects to submit for publication. In addition, each Lender and each Credit Party agrees that MCF may provide lending industry trade organizations with information necessary and customary for inclusion in league table measurements after the Closing Date. With respect to any of the foregoing, MCF shall provide Borrowers with an opportunity to review and confer with MCF regarding the contents of any such tombstone, advertisement or information, as applicable, prior to its submission for publication and, following such review period, MCF may, from time to time, publish such information in any media form desired by MCF, until such time that Borrowers shall have requested MCF cease any such further publication.

Section 12.11 Counterparts; Integration. This Agreement and the other Financing Documents may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Signatures by facsimile or by electronic mail delivery of an electronic version of any executed signature page shall bind the parties hereto. This Agreement and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersede any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 12.12 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 12.13 Lender Approvals. Unless expressly provided herein to the contrary, any approval, consent, waiver or satisfaction of Agent or Lenders with respect to any matter that is the subject of this Agreement, the other Financing Documents may be granted or withheld by Agent and Lenders in their sole and absolute discretion and credit judgment.

Section 12.14 Expenses; Indemnity.

(a) Borrowers hereby agree to promptly pay (i) all reasonable costs and expenses of Agent (including, without limitation, the fees, costs and expenses of counsel to, and independent appraisers and consultants retained by Agent) in connection with the examination, review, due diligence investigation, documentation, negotiation, closing and syndication of the transactions contemplated by the Financing Documents, in connection with the performance by Agent of its rights and remedies under the Financing Documents and in connection with the continued administration of the Financing Documents including (A) any amendments, modifications, consents and waivers to and/or under any and all

Financing Documents, and (B) any periodic public record searches conducted by or at the request of Agent (including, without limitation, title investigations, UCC searches, fixture filing searches, judgment, pending litigation and tax lien searches and searches of applicable corporate, limited liability, partnership and related records concerning the continued existence, organization and good standing of certain Persons); (ii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with the creation, perfection and maintenance of Liens pursuant to the Financing Documents; (iii) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with (A) protecting, storing, insuring, handling, maintaining or selling any Collateral, (B) any litigation, dispute, suit or proceeding relating to any Financing Document, and (C) any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all of the Financing Documents; (iv) without limitation of the preceding clause (i), all costs and expenses of Agent in connection with Agent's reservation of funds in anticipation of the funding of the initial Loans to be made hereunder; and (v) all costs and expenses incurred by Lenders in connection with any litigation, dispute, suit or proceeding relating to any Financing Document and in connection with any workout, collection, bankruptcy, insolvency and other enforcement proceedings under any and all Financing Documents, whether or not Agent or Lenders are a party thereto. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

(b) Each Borrower hereby agrees to indemnify, pay and hold harmless Agent and Lenders and the officers, directors, employees, trustees, agents, investment advisors and investment managers, collateral managers, servicers, and counsel of Agent and Lenders (collectively called the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitee) in connection with any investigative, response, remedial, administrative or judicial matter or proceeding, whether or not such Indemnitee shall be designated a party thereto and including any such proceeding initiated by or on behalf of a Credit Party, and the reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and any commission, fee or compensation claimed by any broker (other than any broker retained by Agent or Lenders) asserting any right to payment for the transactions contemplated hereby, which may be imposed on, incurred by or asserted against such Indemnitee as a result of or in connection with the transactions contemplated hereby or by the other Operative Documents (including (i)(A) as a direct or indirect result of the presence on or under, or escape, seepage, leakage, spillage, discharge, emission or release from, any property now or previously owned, leased or operated by Borrower, any Subsidiary or any other Person of any Hazardous Materials, (B) arising out of or relating to the offsite disposal of any materials generated or present on any such property, or (C) arising out of or resulting from the environmental condition of any such property or the applicability of any governmental requirements relating to Hazardous Materials, whether or not occasioned wholly or in part by any condition, accident or event caused by any act or omission of Borrower or any Subsidiary, and (ii) proposed and actual extensions of credit under this Agreement) and the use or intended use of the proceeds of the Loans and Letters of Credit, except that Borrower shall have no obligation hereunder to an Indemnitee with respect to any liability resulting from the gross negligence or willful misconduct of such Indemnitee, as determined by a final non-appealable judgment of a court of competent jurisdiction. To the extent that the undertaking set forth in the immediately preceding sentence may be unenforceable, Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of all such indemnified liabilities incurred by the Indemnitees or any of them.

(c) Notwithstanding any contrary provision in this Agreement, the obligations of Borrowers under this Section 12.14 shall survive the payment in full of the Obligations and the

termination of this Agreement. NO INDEMNITEE SHALL BE RESPONSIBLE OR LIABLE TO THE BORROWERS OR TO ANY OTHER PARTY TO ANY FINANCING DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

Section 12.15 Reserved.

Section 12.16 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any petition or other proceeding be filed by or against any Credit Party for liquidation or reorganization, should any Credit Party become insolvent or make an assignment for the benefit of any creditor or creditors or should an interim receiver, receiver, receiver and manager or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a fraudulent preference reviewable transaction or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

Section 12.17 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers and Agent and each Lender and their respective successors and permitted assigns.

Section 12.18 USA PATRIOT Act Notification. Agent (for itself and not on behalf of any Lender) and each Lender hereby notifies Borrowers that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record certain information and documentation that identifies Borrowers, which information includes the name and address of Borrower and such other information that will allow Agent or such Lender, as applicable, to identify Borrowers in accordance with the USA PATRIOT Act.

[SIGNATURES APPEAR ON FOLLOWING PAGE(S)]

IN WITNESS WHEREOF, intending to be legally bound, and intending that this Agreement constitute an agreement executed under seal, each of the parties have caused this Agreement to be executed under seal the day and year first above mentioned.

BORROWERS:

MOHAWK GROUP, INC.

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

Address:

37 E. 18th St., 7th Floor
New York, NY 10003
Attn: Yaniv Sarig
Facsimile: 347-293-0056
E-Mail: yaniv@mohawkgp.com

XTAVA LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

SUNLABZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

RIF6 LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VREMI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

HOMELABS LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VIDAZEN LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

URBAN SOURCE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

ZEPHYR BEAUTY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

DISCOCART LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VUETI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

PUNCHED LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

SWEETHOMEDEALZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

KITCHENVOX LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

EXORIDER LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

KINETIC WAVE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

3GIRLSFROMNY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

CHICALLEY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

BOXWHALE, LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

AGENT: **MIDCAP FINANCIAL TRUST**

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Mohawk transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

Payment Account Designation:

Bank Name: Wells Fargo Bank
Bank Address: 420 Montgomery Street, San Francisco, CA 94163
ABA Number: 121000248
Account Number: 4509127528
Account Name: MIDCAP FUNDING X TRUST - Collections
Attention: Mohawk Facility

LENDER: **MIDCAP FINANCIAL TRUST**

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Mohawk transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

LENDERS:

MIDCAP FUNDING H TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem (SEAL)
Name: Maurice Amsellem
Title: Authorized Signatory

Address:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: Account Manager for Mohawk transaction
Facsimile: 301-941-1450
E-mail: notices@midcapfinancial.com

with a copy to:

c/o MidCap Financial Services, LLC, as servicer
7255 Woodmont Avenue, Suite 200
Bethesda, Maryland 20814
Attn: General Counsel
Facsimile: 301-941-1450
E-mail: legalnotices@midcapfinancial.com

ANNEXES, EXHIBITS AND SCHEDULES

ANNEXES

Annex A	Commitment Annex
Annex B	Subsidiary Borrowers

EXHIBITS

Exhibit A	[Reserved]
Exhibit B	Form of Compliance Certificate
Exhibit C	Borrowing Base Certificate
Exhibit D	Form of Notice of Borrowing
Exhibit E	Payment Notification

SCHEDULES

Schedule 3.1	Existence, Organizational ID Numbers, Foreign Qualification, Prior Names
Schedule 3.4	Capitalization
Schedule 3.6	Litigation
Schedule 3.17	Material Contracts
Schedule 3.18	Environmental Compliance
Schedule 3.19	Intellectual Property
Schedule 4.4	Insurance
Schedule 4.9	Litigation, Governmental Proceedings and Other Notice Events
Schedule 5.1	Debt; Contingent Obligations
Schedule 5.2	Liens
Schedule 5.7	Permitted Investments
Schedule 5.8	Affiliate Transactions
Schedule 5.11	Business Description
Schedule 5.14	Deposit Accounts and Securities Accounts
Schedule 7.4	Post-Closing Obligations
Schedule 9.1	Collateral
Schedule 9.2(b)	Location of Collateral
Schedule 9.2(d)	Chattel Paper, Letter of Credit Rights, Commercial Tort Claims, Instruments, Documents, Investment Property

ANNEX A TO CREDIT AGREEMENT (COMMITMENT ANNEX)

Lender	Revolving Loan Commitment Amount	Revolving Loan Commitment Percentage	Term Loan Commitment Amount	Term Loan Commitment Percentage
MidCap Financial Trust	$ 15,000,000	100%	$ 0	0%
MidCap Funding H Trust	$ 0	0%	$7,000,000	100%
TOTALS	**$15,000,000.00**	**100%**	**$7,000,000**	**100%**

ANNEX B TO CREDIT AGREEMENT (SUBSIDIARY BORROWER ANNEX)

XTAVA LLC, a Delaware limited liability company

SUNLABZ LLC, a Delaware limited liability company

RIF6 LLC, a Delaware limited liability company

VREMI LLC, a Delaware limited liability company

hOmeLabs LLC, a Delaware limited liability company

VIDAZEN LLC, a Delaware limited liability company

URBAN SOURCE LLC, a Delaware limited liability company

ZephyrBeauty LLC, a Delaware limited liability company

DiscoCart LLC, a Delaware limited liability company

Vueti LLC, a Delaware limited liability company

Punched LLC, a Delaware limited liability company

SweetHomeDealz LLC, a Delaware limited liability company

KitchenVox LLC, a Delaware limited liability company

ExoRider LLC, a Delaware limited liability company

Kinetic Wave LLC, a Delaware limited liability company

3GirlsFromNY LLC, a Delaware limited liability company

ChicAlley LLC, a Delaware limited liability company

boxwhale, llc, a Delaware limited liability company

EXHIBIT A TO CREDIT AGREEMENT (RESERVED)

EXHIBIT B TO CREDIT AGREEMENT (COMPLIANCE CERTIFICATE)

COMPLIANCE CERTIFICATE

Date: _____, 201____

This Compliance Certificate is given by _____, a Responsible Officer of Mohawk Group, Inc., a Delaware corporation (the "**Borrower Representative**"), pursuant to that certain Credit and Security Agreement dated as of October 16, 2017 among the Borrower Representative, certain subsidiaries of the Borrower Representative set forth on Annex B thereto and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

The undersigned Responsible Officer hereby certifies to Agent and Lenders that:

(a) the financial statements delivered with this certificate in accordance with Section 4.1 of the Credit Agreement fairly present in all material respects the results of operations and financial condition of Borrowers and their Consolidated Subsidiaries as of the dates and the accounting period covered by such financial statements;

(b) I have reviewed the terms of the Credit Agreement and have made, or caused to be made under my supervision, a review in reasonable detail of the transactions and conditions of Borrowers and their Consolidated Subsidiaries during the accounting period covered by such financial statements and such review has not disclosed the existence during or at the end of such accounting period, and I have no knowledge of the existence as of the date hereof, of any condition or event that constitutes a Default or an Event of Default, except as set forth in Schedule 1 hereto, which includes a description of the nature and period of existence of such Default or an Event of Default and what action Borrowers have taken, are undertaking and propose to take with respect thereto;

(c) except as noted on Schedule 2 attached hereto, the Credit Agreement contains a complete and accurate list of all business locations of Borrowers and Guarantors and all names under which Borrowers and Guarantors currently conduct business; Schedule 2 specifically notes any changes in the names under which any Borrower or Guarantor conduct business;

(d) except as noted on Schedule 3 attached hereto, the undersigned has no knowledge of (i) any federal or state tax liens having been filed against any Borrower, Guarantor or any Collateral or (ii) any failure of any Borrower or Guarantors to make required payments of withholding or other tax obligations of any Borrower or Guarantors during the accounting period to which the attached statements pertain or any subsequent period.

(e) Schedule 5.14 to the Credit Agreement contains a complete and accurate statement of all deposit accounts and investment accounts maintained by Borrowers and Guarantors;

(f) except as noted on Schedule 4 attached hereto and Schedule 3.6 to the Credit Agreement, the undersigned has no knowledge of any current, pending or threatened: (i) litigation against any Borrower or Guarantor; (ii) inquiries, investigations or proceedings concerning the business affairs, practices, licensing or reimbursement entitlements of any Borrower or Guarantor; or (iii) any default by any Borrower or Guarantor under any Material Contract to which it is a party.

(g) except as noted on Schedule 5 attached hereto, no Borrower or Guarantor has acquired, by purchase, by the approval or granting of any application for registration (whether or not such application was previously disclosed to Agent by Borrowers) or otherwise, any Intellectual Property that is registered with any United States or foreign Governmental Authority, or has filed with any such United States or foreign Governmental Authority, any new application for the registration of any Intellectual Property, or acquired rights under a license as a licensee with respect to any such registered Intellectual Property (or any such application for the registration of Intellectual Property) owned by another Person, that has not previously been reported to Agent on Schedule 3.17 to the Credit Agreement or any Schedule 5 to any previous Compliance Certificate delivered by the Borrower to Agent.

(h) except as noted on Schedule 6 attached hereto, no Borrower or Guarantor has acquired, by purchase or otherwise, any Chattel Paper, Letter of Credit Rights, Instruments, Documents or Investment Property that has not previously been reported to Agent on any Schedule 6 to any previous Compliance Certificate delivered by Borrower Representative to Agent.

(i) except as noted on Schedule 7 attached hereto, no Borrower or Guarantor is aware of any commercial tort claim that has not previously been reported to Agent on any Schedule 7 to any previous Compliance Certificate delivered by Borrower Representative to Agent.

(j) The overall percentage of Borrowers' aggregate consolidated net revenue (as determined in accordance with GAAP) for the trailing twelve month period ending on the last day of the month for which this Compliance Certificate is delivered that is derived from management services or software related services provided by Borrowers to third parties is [____]%.

(k) Borrowers and Guarantors (if any) are in compliance with the covenants contained in Article 6 of the Credit Agreement, and in any Guarantee constituting a part of the Financing Documents, as demonstrated by the calculation attached hereto. Such calculations and the certifications contained therein are true, correct and complete.

The foregoing certifications and computations are made as of _____, 201____ (end of month) and as of _____, 201____.

Sincerely,

MOHAWK GROUP, INC.

By: _____
Name: _____
Title: _____

Fixed Charge Coverage Ratio Worksheet (Attachment to Compliance Certificate)

Fixed Charges for the applicable Defined Period is calculated as follows:

	Interest expense, net of interest income, interest paid in kind and amortization of capitalized fees and expenses incurred to consummate the transactions contemplated by the Financing Documents and included in interest expense, included in the determination of net income of Borrowers and their Consolidated Subsidiaries for the Defined Period ("**Total Interest Expense**")	$_____
Plus:	Any provision for (or *minus* any benefit from) income or franchise taxes included in the determination of net income for the Defined Period *	$_____
Plus:	Payments of principal and interest for the Defined Period with respect to all Debt (including the portion of scheduled payments under capital leases allocable to principal but excluding mandatory prepayments required by Section 2.1 and excluding scheduled repayments of Revolving Loans and other Debt subject to reborrowing to the extent not accompanied by a concurrent and permanent reduction of the Revolving Loan Commitment (or equivalent loan commitment))	$_____
Plus:	Permitted Distributions	$_____
	Fixed Charges for the applicable Defined Period:	$_____

Operating Cash Flow for the applicable Defined Period is calculated as follows:

	EBITDA for the Defined Period (calculated pursuant to the EBITDA Worksheet)	$_____
Minus:	Unfinanced capital expenditures for the Defined Period	$_____
Minus:	To the extent not already reflected in the calculation of EBITDA, other capitalized costs, defined as the gross amount paid in cash and capitalized during the Defined Period, as long term assets (other than amounts capitalized during the Defined Period as capital expenditures for property, plant and equipment or similar fixed asset accounts), capitalized labor costs or capitalized costs in respect of the development of Intellectual Property	$_____
	Operating Cash Flow for the Defined Period:	$_____

Covenant Compliance:

Fixed Charge Coverage Ratio (Ratio of Operating Cash Flow to Fixed Charges) for the Defined Period	____to 1.0
Minimum Fixed Charge Coverage for the Defined Period	1.0 to 1.0
In Compliance	Yes / No

EBITDA Worksheet (Attachment to Compliance Certificate)

EBITDA for the applicable Defined Period is calculated as follows:

Net income (or loss) for the Defined Period of Borrowers and their Consolidated Subsidiaries, but excluding: (a) the income (or loss) of any Person (other than Subsidiaries of Borrowers) in which Borrowers or any of their Subsidiaries has an ownership interest unless received by Borrower or their Subsidiary in a cash distribution; and (b) the income (or loss) of any Person accrued prior to the date it became a Subsidiary of Borrowers or is merged into or consolidated with Borrowers		$_____
Plus:	Any provision for (or *minus* any benefit from) income and franchise taxes deducted in the determination of net income for the Defined Period	$_____
Plus:	Interest expense, net of interest income, deducted in the determination of net income for the Defined Period	$_____
Plus:	Amortization and depreciation deducted in the determination of net income for the Defined Period	$_____
EBITDA for the Defined Period:		$_____

Minimum Credit Party Liquidity Worksheet (Attachment to Compliance Certificate)

Three-Month Cash Burn Amount for the applicable Defined Period is calculated as follows:

A. Credit Party Liquidity as of the close of business on the last business day of the calendar month for which this Compliance Certificate is being delivered (the "**Determination Date**") $_____

Less: B. The aggregate Credit Party Liquidity as of the close of business on the date that was three (3) calendar months prior to such Determination Date $_____

Less: C. The aggregate amount of all obligations of Borrowers that are past due by more than three (3) Business Days as of such Determination Date (including, without limitation, all accounts payable, taxes, payments in respect of Debt, interest payments, fees and other liabilities owed by Borrowers) $_____

Less: D. The aggregate amount of all additional obligations (whether new or constituting increases in existing obligations) in respect of vendor notes, capital lease obligations, or other Debt (in each case without limiting the definition of Permitted Debt or Section 5.1) incurred by Borrowers during the period ending on such Determination Date and beginning on the date that was three (3) calendar months prior thereto and that either (i) resulted in the receipt by Borrowers of cash proceeds or (ii) refinanced obligations that were previously outstanding would otherwise have been due and owing and excluding, for the avoidance of doubt, the principal amount of any Loans borrowed by Borrowers during such period, $_____

The greater of i) zero (0) and ii) (A - B - C - D) multiplied by negative one (1) $_____

Three-Month Cash Burn Amount for the applicable Defined Period: $_____

Credit Party Liquidity is calculated as follows:

The aggregate unrestricted cash and cash equivalents owned by Borrowers and that are (a) held in the name of a Borrower in a bank or financial institution located in the United States and subject to a Deposit Account Control Agreement or Securities Account Control Agreement, as applicable, in favor of Agent, (b) not subject to any Lien other than a Lien in favor of Agent or any other Permitted Lien and (c) not pledged to or held by Agent to secure a specified Obligation as of the Determination Date.	$_____
Plus: Revolving Loan Availability as of the Date of Determination	$_____
Credit Party Liquidity as of the Date of Determination:	$_____

Covenant Compliance:

A. Three-Month Cash Burn Amount for the Defined Period	$_____
B. Credit Party Liquidity as of [the Date of Determination]	$_____
In Compliance if B > A	Yes/No

EXHIBIT C TO CREDIT AGREEMENT (BORROWING BASE CERTIFICATE)

MidCap Funding X Trust

Borrowing Base Report

BBR Date: _____

Name: **Mohawk Group Inc.**

	Amazon	Non-Amazon	Total
1. **Accounts Receivable**			
1-30 Past Date of Invoice	—	—	—
31-60 Past Date of Invoice	—	—	—
61-90 Past Date of Invoice	—	—	—
> 90 Past Date of Invoice	—	—	—
2. **Total A/R**	**—**	**—**	**—**
Less: Ineligible A/R			
A/R > 30 Days Past Date of Invoice	—	—	—
Cross Age @ 50%	—	—	—
Foreign A/R (Excluding Canada)	—	—	—
Amazon Vendor Central	—	—	—
Bullboat UK Ltd	—	—	—
Government Payor	—	—	—
Private Payor	—	—	—
Concentration Limit @ 20% (Excluding Amazon)	—	—	—
Contras	—	—	—
Credit Balances >30 Days Past Date of Invoice	—	—	—
3. **Total Ineligible A/R**	**—**	**—**	**—**
4. **Net Eligible A/R**	**—**	**—**	**—**
Reserves			
Product Return Reserve	—	—	—
5. **Net Eligible A/R**	**—**	**—**	**—**

Computation of Availability		
6. Total Eligible Accounts:	$	—
7a. **(Less)**: Cash Posted Since Last Aging		
7b. **Add:** A/R since last aging		
7c. **Plus/(Minus)**: Adjustments		
8. Net Eligible Accounts	$	—
Gross Advance Rate		85.0%
Less: Dilution Reserve		0.0%
9. Advance Rate		**85.0%**
10. Net A/R Availability	$	—
11. Net Inventory Availability	$	—
12. **Net Availability**	$	—

Computation of Loan		
13. Facility Limit		**$15,000,000.00**
14. Available to Borrow (not to exceed limit)	$	—
15. Loan Balance on Prior Borrowing Base Certificate	$	—
16. **(Less)**: Cash Collections since last Borrowing Base Certificate	$	—
17. **Increase/(Decrease)**: Adjustments	$	—
18. Loan Advances	$	—
19. Ending Loan Balance	$	—
20. Letter of Credit Outstandings	$	—
21. Overall Reserve	$	—
22. Remaining Availability (Lines 15-20-21-22)		
	$	—

Pursuant to, and in accordance with, the terms and provisions of the Financing Documents ("Documents"), between Midcap Funding X Trust ("Secured Party") and Mohawk Group Inc. ("Borrower"), Borrower is executing and delivering to Secured Party this Borrowing Base Report accompanied by supporting data (collectively referred to as "Report"). Borrower warrants and represents to Secured Party that this Report is true, correct, and based on information contained in Borrower's own financial accounting records.

Borrower, by the execution of this Report:

(a) Hereby ratifies, confirms, and affirms all of the terms, and further certifies that the Borrower is in compliance with the Loan Documents as of October , 2017 (b) Hereby certifies that the Borrower has paid all State and Federal payroll witholding taxes immediately due and payable through. Capitalized Terms used herein and not otherwise defined shall have the meaning ascribed to them in the Loan and Security Agreement between Secured Party and Borrower dated October , 2017.

(Responsible Officer's Signature)

_____

Name:

Mohawk Group Inc.
A/R Availability
As of

	Amazon	Non-Amazon	Total
Accounts Receivable			
1-30 Past Date of Invoice		—	—
31-60 Past Date of Invoice	—	—	—
61-90 Past Date of Invoice	—	—	—
> 90 Past Date of Invoice	—	—	—
Total A/R	**—**	**—**	**—**
Less: Ineligible A/R			
A/R > 30 Days Past Date of Invoice	—	—	—
Cross Age @ 50%	—	—	—
Foreign A/R (Excluding Canada)	—	—	—
Amazon Vendor Central	—	—	—
Bullboat UK Ltd	—	—	—
Government Payor	—	—	—
Private Payor	—	—	—
Concentration Limit @ 20% (Excluding Amazon)	—	—	—
Contras		—	—
Credit Balances >30 Days Past Date of Invoice	—	—	—
Total Ineligible A/R	**—**	**—**	**—**
Net Eligible A/R	**—**	**—**	**—**
Reserves			
Product Return Percentage			
Historical Dilution Percentage			

Mohawk Group Inc.
Inventory Availability
As of

	Landed	In-Transit	Total
Gross Inventory at Cost			—
Less: Ineligibles & Reserves			
Slow moving (aged over 365 days)		—	—
> 3 Month Supply on Hand	—	—	—
Damaged, Defective or Expired		—	—
Discontinued	—	—	—
Consignment	—	—	—
Uninsured	—	—	—
Foreign (Excluding Canada)	—	—	—
No Access Agreement (Excluding Amazon)	—	—	—
Licensed from 3rd Party	—	—	—
Freight & Duty Reserve	—	—	—
Total Ineligible Inventory	—	—	—
Total Eligible Inventory	—	—	—
Inventory @ NOLV			
Total Eligible Inventory	—	—	—
NOLV			
Net Eligible Inventory	—	—	—
Advance Rate	85.0%	65.0%	
Availability Before Cap	—	—	—
Inventory @ Cost			
Total Eligible Inventory	—	—	—
Advance Rate	65.0%	65.0%	
Availability Before Cap	—	—	—
Inventory Availability			
Lesser of Availability at Cost or NOLV	—	—	—
Cap		1,000,000	
Net Inventory Availability	—	—	—

EXHIBIT D TO CREDIT AGREEMENT (NOTICE OF BORROWING)

NOTICE OF BORROWING

This Notice of Borrowing is given by _____, a Responsible Officer of Mohawk Group, Inc., a Delaware corporation (the "**Borrower Representative**"), pursuant to that certain Credit and Security Agreement dated as of October 16, 2017 among the Borrower Representative, certain subsidiaries of the Borrower Representative set forth on Annex B thereto and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

[For Revolving Loans] [The undersigned Responsible Officer hereby gives notice to Agent of Borrower Representative's request to on_____, 201____ borrow $_____ of Loans on , 201___. Attached is a Borrowing Base Certificate complying in all respects with the Credit Agreement and confirming that, after giving effect to the requested advance, the Revolving Loan Outstanding will not exceed the Revolving Loan Limit.]

[For Term Loans] The undersigned Responsible Officer hereby gives notice to Agent of Borrower Representative's request to on _____, 201____ borrow $_____ of Term Loans on _____, 201____.]

The undersigned officer hereby certifies that, both before and after giving effect to the request above (a) each of the conditions precedent set forth in Section 7.2 have been satisfied, (b) all of the representations and warranties contained in the Credit Agreement and the other Financing Documents are true, correct and complete as of the date hereof, except to the extent such representation or warranty relates to a specific date, in which case such representation or warranty is true, correct and complete as of such earlier date, and (c) no Default or Event of Default has occurred and is continuing on the date hereof.

IN WITNESS WHEREOF, the undersigned officer has executed and delivered this Notice of Borrowing this____ day of _____, 201____.

Sincerely,

MOHAWK GROUP, INC.

By: _____
Name: _____
Title: _____

EXHIBIT E TO CREDIT AGREEMENT (PAYMENT NOTIFICATION)

PAYMENT NOTIFICATION

This Payment Notification is given by _____, a Responsible Officer of Mohawk Group, Inc., a Delaware corporation (the "**Borrower Representative**"), pursuant to that certain Credit and Security Agreement dated as of October 16, 2017 among the Borrower Representative, certain subsidiaries of the Borrower Representative set forth on Annex B thereto and any additional Borrower that may hereafter be added thereto (collectively, "**Borrowers**"), MidCap Financial Trust, individually as a Lender and as Agent, and the financial institutions or other entities from time to time parties hereto, each as a Lender (as such agreement may have been amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**"). Capitalized terms used herein without definition shall have the meanings set forth in the Credit Agreement.

Please be advised that funds in the amount of $_____ will be wire transferred to Agent on _____, 20____. Such funds shall constitute [an optional] [a mandatory] prepayment of the Term Loans, with such prepayments to be applied in the manner specified in Section 2.1(a)(iii). [Such mandatory prepayment is being made pursuant to Section _____ of the Credit Agreement.]

Fax to MCF Operations 301-941-1450 no later than noon Eastern time.

Note: Funds must be received in the Payment Account by no later than noon Eastern time for same day application

IN WITNESS WHEREOF, the undersigned officer has executed and delivered this Payment Notification this _____ day of _____, 201____.

Sincerely,

MOHAWK GROUP, INC.

By: _____
Name: _____
Title: _____

Exhibit 10.7

Execution Version

AMENDMENT NO. 1 TO CREDIT AND SECURITY AGREEMENT AND LIMITED WAIVER

This AMENDMENT NO. 1 TO CREDIT AND SECURITY AGREEMENT AND LIMITED WAIVER (this "**Agreement**") is made as of this 5th day of April, 2018, by and among MOHAWK GROUP, INC., a Delaware corporation ("**Mohawk Parent**") and each of its direct and indirect subsidiaries set forth on the signature pages hereto (each being referred to herein individually as an "**Borrower**", and collectively as "**Borrowers**"), MIDCAP FUNDING X TRUST, as successor to MidCap Financial Trust (as Agent for Lenders, in such capacity and together with its permitted successors and assigns, "**Agent**"), MIDCAP FUNDING H TRUST and MIDCAP FUNDING X TRUST, each individually as a Lender, and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders and Borrowers are parties to that certain Credit and Security Agreement, dated as of October 16, 2017 (as amended, modified, supplemented and restated from time to time prior to the date hereof, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers and certain of their Affiliates in the amounts and manner set forth in the Credit Agreement.

B. As of the date hereof, certain Events of Default identified on Exhibit A hereto (collectively, the "**Existing Events of Default**") have occurred and are continuing.

C. Borrowers have requested that Agent and Lenders constituting not less than Required Lenders (i) waive, *ab initio*, the Existing Events of Default and (ii) amend certain provisions of the Existing Credit Agreement, all in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders and Borrowers hereby agree as follows:

1. **Recitals**. This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as amended hereby. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Amendments to Existing Credit Agreement**. Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 4 below, the Existing Credit Agreement is hereby amended as follows:

(a) The definition of "Amazon Agreement" in Section 1.1 of the Existing Credit Agreement is hereby amended and restated to read as follows:

""**Amazon Agreement**" means, collectively, each Amazon Business Services Solutions Agreement (and any and all successor agreements or agreements serving an identical or similar purpose) pursuant to which the Borrowers sell Inventory through Amazon Services International, Inc. and its affiliates (collectively, "**Amazon**")."

(b) The definition of "Material Contract" in Section 1.1 of the Existing Credit Agreement is hereby amended and restated to read as follows:

""**Material Contract**" means (a) the Operative Documents, (b) the Amazon Agreement, (c) employment agreements covering the management of any Credit Party, (d) collective bargaining agreements or other similar labor agreements covering any employees of any Credit Party, (e) agreements for managerial, consulting or similar services to which any Credit Party is a party or by which it is bound, (f) agreements regarding any Credit Party, its assets or operations or any investment therein to which any of its equity holders is a party or by which it is bound, (g) real estate leases, Intellectual Property licenses or other lease or license agreements to which any Credit Party is a party, either as lessor or lessee, or as licensor or licensee (other than licenses arising from the purchase of "off the shelf" products), (h) customer, distribution, marketing or supply agreements (other than standalone purchase orders made by a Borrower in the Ordinary Course of Business) to which any Credit Party is a party, in each case with respect to the preceding clauses (c) through (h) requiring payment of more than $500,000 (or such higher threshold as Agent may agree in its reasonable discretion) in any year, (i) partnership agreements to which any Credit Party is a general partner or joint venture agreements to which any Credit Party is a party, (j) third party billing arrangements to which any Credit Party is a party, or (k) any other agreements or instruments to which any Credit Party is a party, and the breach, nonperformance or cancellation of which, or the failure of which to renew, could reasonably be expected to have a Material Adverse Effect."

(c) Section 3.17 of the Existing Credit Agreement is hereby amended and restated to read as follows:

"**Section 3.17 Material Contracts**. Except for the Operative Documents, the Amazon Agreement and the other agreements set forth on Schedule 3.17, as of the Closing Date there are no Material Contracts. Schedule 3.17 sets forth, with respect to each real estate lease agreement to which any Borrower is a party (as a lessee) as of the Closing Date, the address of the subject property and the annual rental (or, where applicable, a general description of the method of computing the annual rental). The consummation of the transactions contemplated by the Financing Documents will not give rise to a right of termination in favor of any party to any Material Contract (other than any Credit Party), except for such Material Contracts the noncompliance with which would not reasonably be expected to have a Material Adverse Effect.

3. **Representations and Warranties; Reaffirmation of Security Interest.** Each Borrower hereby confirms that, except with respect to the Existing Events of Default, all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Borrower as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. Each Borrower acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of such Borrower, and are enforceable against such Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

4. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which each of the following conditions has been satisfied, as determined by Agent in its sole discretion:

(a) Each Borrower shall have delivered to Agent this Agreement, executed by an authorized officer of such Borrower;

(b) all representations and warranties of Borrowers contained herein shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct as of such earlier date (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(c) prior to and after giving effect to the agreements set forth herein, no Default or Event of Default (other than the Existing Events of Default) shall exist under any of the Financing Documents;

(d) Borrowers shall have delivered such other documents, information, certificates, records, permits, and filings as the Agent may reasonably request.

5. **Costs and Expenses.** Borrowers shall be responsible for the payment of all reasonable and documented out-of-pocket costs and fees of Agent's counsel incurred in connection with the preparation of this Agreement and any related documents. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

6. **Limited Waiver**.

(a) At the request of and as an accommodation to the Borrowers, subject to the terms and conditions set forth herein, Agent and Lenders hereby waive, *ab initio*, the Existing Events of Default; *provided* that Borrowers deliver to Agent evidence satisfactory to Agent of Amazon's consent to (or other resolution acceptable to Agent) the operation of each of Borrowers' "Seller Central" accounts within ninety (90) days of the date hereof (or such longer period as Agent may determine in its sole discretion).

(b) The limited waiver set forth in this Section 6 is effective solely in respect of the Existing Events of Default as set forth herein and shall be limited precisely as written and shall not, except as expressly provided herein with respect to the Existing Events of Default, be deemed or construed to (i) be a consent to any amendment, waiver or modification of any term or condition of the Credit Agreement or of any other Financing Document; (ii) prejudice any power, right or remedy that Agent or Lenders have or may have in the future under or in connection with the Credit Agreement or any other Financing Document or at law or in equity; (iii) constitute a consent to or waiver of any past, present or future Default or Event of Default or other violation of any provisions of the Credit Agreement or any other Financing Documents except as expressly set forth in Section 6(a); (iv) create any obligation to forbear from taking any enforcement action; (v) waive future compliance with the Credit Agreement; or (vi) establish a custom or course of dealing among any of the Credit Parties, on the one hand, or Agent or any Lender, on the other hand.

7. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Borrower, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers,

shareholders, agents, and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Releasing Parties**") does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective parents, subsidiaries, affiliates, members, managers, shareholders, directors, officers and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Released Parties**"), of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly), based in whole or in part on facts, whether or not now known, existing on or before the Effective Date, that relate to, arise out of or otherwise are in connection with: (i) any or all of the Financing Documents or transactions contemplated thereby or any actions or omissions in connection therewith or (ii) any aspect of the dealings or relationships between or among any or all of the Borrowers, on the one hand, and any or all of the Released Parties, on the other hand, relating to any or all of the documents, transactions, actions or omissions referenced in clause (i) hereof. Each Borrower acknowledges that the foregoing release is a material inducement to Agent's and Lender's decision to enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

8. **No Waiver or Novation.** The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Except as set forth in Section 6, nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents (including without limitation the Existing Events of Default) or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

9. **Confidentiality.** No Borrower will disclose the contents of this Agreement, the Credit Agreement or any of the other Financing Documents to any third party (including, without limitation, any financial institution or intermediary) without Agent's prior written consent, other than to Borrowers' officers and advisors on a need-to-know basis or as otherwise may be required by Law, including to any court or regulatory agency having jurisdiction over such Borrower, any Lender or the Agent. Each Borrower agrees to inform all such persons who receive information concerning this Agreement, the Credit Agreement and the other Financing Documents that such information is confidential and may not be disclosed to any other person except as may be required by Law, including to any court or regulatory agency having jurisdiction over such Borrower, any Lender or the Agent.

10. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Borrower hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Borrower. Each Borrower covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

11. **Miscellaneous**.

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Borrower.

(b) Governing Law. THIS AGREEMENT AND EACH OTHER FINANCING DOCUMENT, AND ALL MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (Indemnification), Section 12.8 (Submission to Jurisdiction) and Section 12.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(e) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or by electronic mail delivery of an electronic version (e.g., .pdf or .tif file) of an executed signature page shall be effective as delivery of an original executed counterpart hereof and shall bind the parties hereto.

(f) Entire Agreement. The Credit Agreement, as amended hereby, and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, and intending that this document constitute an agreement executed under seal, the undersigned have executed this Agreement under seal as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING H TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

[Signatures Continue on Following Page]

BORROWERS:

MOHAWK GROUP, INC.

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

XTAVA LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

SUNLABZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

RIF6 LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VREMI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

HOMELABS LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VIDAZEN LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

URBAN SOURCE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

ZEPHYRBEAUTY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

DISCOCART LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

VUETI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

PUNCHED LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

SWEETHOMEDEALZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

KITCHENVOX LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

EXORIDER LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

KINETIC WAVE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

3GIRLSFROMNY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

CHICALLEY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

BOXWHALE, LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: President

Exhibit A

Existing Events of Default

1. An Event of Default under Section 10.1(b) as a result of the Borrowers breach of the terms of the Amazon Agreement with respect to maintenance of multiple “Seller Central” accounts.

Exhibit 10.8

Execution Version

AMENDMENT NO. 2 TO CREDIT AND SECURITY AGREEMENT AND LIMITED CONSENT

This AMENDMENT NO. 2 TO CREDIT AND SECURITY AGREEMENT AND LIMITED CONSENT (this "**Agreement**") is made as of this 8th day of August, 2018, by and among MOHAWK GROUP, INC., a Delaware corporation ("**Mohawk Parent**") and each of its direct and indirect subsidiaries set forth on the signature pages hereto (each being referred to herein individually as an "**Borrower**", and collectively as "**Borrowers**"), MIDCAP FUNDING X TRUST, as successor to MidCap Financial Trust (as Agent for Lenders, in such capacity and together with its permitted successors and assigns, "**Agent**"), MIDCAP FUNDING V TRUST and MIDCAP FUNDING X TRUST, each individually as a Lender, and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders and Borrowers are parties to that certain Credit and Security Agreement, dated as of October 16, 2017 (as amended by that certain Amendment No. 1 to Credit and Security Agreement and Limited Waiver, dated as of April 5, 2018, and as further amended, modified, supplemented and restated from time to time prior to the date hereof, the "**Existing Credit Agreement**" and as the same is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the "**Credit Agreement**"), pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers and certain of their Affiliates in the amounts and manner set forth in the Credit Agreement.

B. Borrowers have requested, and Agent and Lenders constituting not less than Required Lenders have agreed, to (i) consent to the formation of Mohawk Research & Development Ltd, a company incorporated under the Laws of the State of Israel ("**New Israeli Subsidiary**") and the designation of New Israeli Subsidiary as a Restricted Foreign Subsidiary under the Financing Documents and (ii) amend certain provisions of the Existing Credit Agreement, to, among other things, (w) increase the amount of Debt in respect of credit cards, credit card processing services, debit cards, stored value cards, purchase cards that the Borrowers are permitted to maintain, (x) permit the Borrowers to maintain certain Inventory outside of the United States, (y) modify certain Eligible Inventory criteria and (z) add a minimum balance fee, all in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, Lenders and Borrowers hereby agree as follows:

1. **Recitals**. This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as amended hereby. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Limited Consent**. At the request of and as an accommodation to the Borrowers, subject to the terms and conditions set forth herein, including, without limitation, the terms set forth in Section 5, Agent and Lenders constituting not less than Required Lenders consent to formation of New Israeli Subsidiary and the designation of New Israeli Subsidiary as a Restricted Foreign Subsidiary under the Financing Documents. The consent set forth in this Section 2 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (1) be a consent to any

amendment, waiver or modification of any other term or condition of the Credit Agreement or of any other Financing Document; (2) prejudice any right that Agent or the Lenders have or may have in the future under or in connection with the Credit Agreement or any other Financing Document; (3) constitute a consent to or waiver of any past, present or future Default or Event of Default or other violation of any provisions of the Credit Agreement or any other Financing Documents, (4) create any obligation to forbear from taking any enforcement action, or to make any further extensions of credit or (5) establish a custom or course of dealing among any of the Credit Parties, on the one hand, or Agent or any Lender, on the other hand.

3. **Amendments to Existing Credit Agreement**. Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 5 below, the Existing Credit Agreement is hereby amended as follows:

(a) Clause (h) of the definition of "Permitted Debt" in Section 1.1 of the Existing Credit Agreement is hereby amended by deleting "$250,000" where it appears therein and replacing it with "$300,000".

(b) Section 1.1 of the Existing Credit Agreement is hereby amended by adding the following definitions in the appropriate alphabetical order therein:

""**Minimum Balance**" means, at any time, an amount equal to $3,000,000."

""**Minimum Balance Fee**" means a fee equal to (a) the positive difference, if any, remaining after subtracting (i) the average end-of-day principal balance of Revolving Loans outstanding during the immediately preceding month (without giving effect to the clearance day calculations referenced in Section 2.2(a)) from (ii) the Minimum Balance multiplied by (b) the highest interest rate applicable to the Revolving Loans during such month (or, during the continuance of an Event of Default, the default rate of interest set forth in Section 10.5(a))."

""**Second Amendment**" means that certain Amendment No. 2 to Credit and Security Agreement and Limited Consent, dated as of August 8, 2018, by and among Borrowers, Agent and Lenders party thereto."

"**Second Amendment Effective Date**" means the first date that all of the conditions in Section 5 of the Second Amendment are satisfied."

(c) Section 1.1 of the Existing Credit Agreement is hereby amended by amending clause (b) of the definition of "Borrowing Base" to add the following proviso immediately prior to the word "plus" contained therein:

"*provided* that the Borrowing Base will be automatically adjusted down, if necessary, such that the aggregate availability of Eligible Inventory from products for which Borrowers have a greater than three (3) month supply on hand but less than five (5) month supply on hand shall never exceed an amount equal to $5,000,000 of the Borrowing Base;"

(d) Section 1.1 of the Existing Credit Agreement is hereby amended by amending and restating clause (p) of the definition of "Eligible Inventory" in its entirety as follows:

"(p) such Inventory consists of products for which Borrowers have a greater than five (5) month supply on hand;"

(e) Section 2.2(c) of the Existing Credit Agreement is hereby amended by amending and restating such section in its entirety as follows:

"(c) Minimum Balance Fee. On the first day of each month, commencing on the first month following Second Amendment Effective Date, the Borrowers agree to pay to Agent, for the ratable benefit of all Lenders, the sum of the Minimum Balance Fees due for the prior month. The Minimum Balance Fee shall be deemed fully earned when due and payable and, once paid, shall be non-refundable."

(f) Clause (c) of Section 4.11 is hereby amended by revising the proviso at the end of the subclause (i) thereof as follows:

"provided, however, that in the case of a Restricted Foreign Subsidiary, Borrowers shall not be required to pledge more than 65% of the Equity Interests of any such first tier Restricted Foreign Subsidiary"

(g) The first sentence of Section 9.2(g)(iv) of the Existing Credit Agreement is hereby amended and restated to read as follows:

"(iv) Except for Collateral with an aggregate value of $25,000 or less or Collateral stored at the Amazon Locations, no Inventory or other tangible Collateral shall at any time be in the possession or control of any warehouse, consignee, bailee or any of Borrowers' agents or processors without prior written notice to Agent and the receipt by Agent, if Agent has so requested, of warehouse receipts, consignment agreements or bailee lien waivers (as applicable) satisfactory to Agent prior to the commencement of such possession or control; *provided* that the Borrowers shall not be required to deliver such warehouse receipts, consignment agreements or bailee lien waivers with respect to Collateral maintained at locations outside of the United States until thirty (30) days after the Second Amendment Effective Date and *provided*, *further* that Borrowers shall not maintain Inventory or other tangible Collateral with a value in excess of $1,000,000 at Edison Road, Hams Hill Distribution Park, Coleshill, Birmingham, B46 1DA, United Kingdom.

(h) Schedule 9.1 is hereby amended by inserting the phase "first tier" before the phase "Restricted Foreign Subsidiary" contained therein.

(i) Exhibit C (Borrowing Base Certificate) to the Credit Agreement is hereby replaced in its entirety with Exhibit A attached hereto.

4. **Representations and Warranties; Reaffirmation of Security Interest.** Each Borrower hereby confirms that all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Borrower as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of such earlier date. Each Borrower confirms and agrees that all security interest and Liens granted to Agent continue in full force and effect, and all Collateral remains free and clear of any Liens, other than Permitted Liens. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. Each Borrower acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of such Borrower, and are enforceable against such Borrower in accordance with its terms, except as the enforceability thereof may be limited by

bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

5. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which each of the following conditions has been satisfied, as determined by Agent in its sole discretion:

(a) Each Borrower shall have delivered to Agent this Agreement, executed by an authorized officer of such Borrower;

(b) all representations and warranties of Borrowers contained herein shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) as of such earlier date (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(c) prior to and after giving effect to the agreements set forth herein, no Default or Event of Default shall exist under any of the Financing Documents;

(d) Borrowers shall have delivered such other documents, information, certificates, records, permits, and filings as the Agent may reasonably request.

6. **Costs and Expenses.** Borrowers shall be responsible for the payment of all reasonable and documented out-of-pocket costs and fees of Agent's counsel incurred in connection with the preparation of this Agreement and any related documents. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

7. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Borrower, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers, shareholders, agents, and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Releasing Parties**") does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective parents, subsidiaries, affiliates, members, managers, shareholders, directors, officers and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Released Parties**"), of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly), based in whole or in part on facts, whether or not now known, existing on or before the Effective Date, that relate to, arise out of or otherwise are in connection with: (i) any or all of the Financing Documents or transactions contemplated thereby or any actions or omissions in connection therewith or (ii) any aspect of the dealings or relationships between or among any or all of the Borrowers, on the one hand, and any or all of the Released Parties, on the other hand, relating to any or all of the documents, transactions, actions or omissions referenced in clause (i) hereof. Each Borrower acknowledges that the foregoing release is a material inducement to Agent's and Lender's decision to

enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

8. **No Waiver or Novation.** The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

9. **Confidentiality.** No Borrower will disclose the contents of this Agreement, the Credit Agreement or any of the other Financing Documents to any third party (other than to such Borrower's current and prospective direct and indirect financing sources, acquirors and holders of Debt of Credit Parties and the Credit Parties' direct and indirect equityholders, and its and their respective attorneys, advisors, directors, managers and officers on a need-to-know basis or as otherwise may be required by law or in connection with the resolution of a dispute brought hereunder involving a Credit Party and any of Agent, any Lender, any Participant) without Agent's prior written consent. Each Borrower agrees to inform all such persons who receive information concerning this Agreement, the Credit Agreement and the other Financing Documents that such information is confidential and may not be disclosed to any other person except as may be required by Law, including to any court or regulatory agency having jurisdiction over such Borrower, any Lender or the Agent.

10. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Borrower hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Borrower. Each Borrower covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

11. **Miscellaneous**.

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Borrower.

(b) GOVERNING LAW. THIS AGREEMENT AND EACH OTHER FINANCING DOCUMENT, AND ALL MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (*Indemnification*), Section 12.8 (*Submission to Jurisdiction*) and Section 12.9 (*Waiver of*

Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(e) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or by electronic mail delivery of an electronic version (e.g., .pdf or .tif file) of an executed signature page shall be effective as delivery of an original executed counterpart hereof and shall bind the parties hereto.

(f) Entire Agreement. The Credit Agreement, as amended hereby, and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, and intending that this document constitute an agreement executed under seal, the undersigned have executed this Agreement under seal as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING V TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

[Signatures Continue on Following Page]

BORROWERS:

MOHAWK GROUP, INC.

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

XTAVA LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

SUNLABZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

RIF6 LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

VREMI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yuniv Sarig
Title: CEO

HOMELABS LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

VIDAZEN LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

URBAN SOURCE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

ZEPHYRBEAUTY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

DISCOCART LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

VUETI LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

PUNCHED LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

SWEETHOMEDEALZ LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

KITCHENVOX LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

EXORIDER LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

KINETIC WAVE LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

3GIRLSFROMNY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

CHICALLEY LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

BOXWHALE, LLC

By: /s/ Yaniv Sarig (SEAL)
Name: Yaniv Sarig
Title: CEO

EXHIBIT A

Borrowing Base Certificate

Attached.

MidCap Funding X Trust

Borrowing Base Report

BBR Date: _____

Name: **Mohawk Group Inc.**

	Amazon	Non-Amazon	Total
1. **Accounts Receivable**			
1-30 Past Date of Invoice			
31-60 Past Date of Invoice			
61-90 Past Date of Invoice			
> 90 Past Date of Invoice			
2. **Total A/R**			
Less: Ineligible A/R			
A/R > 30 Days Past Date of Invoice			
Cross Age @ 50%			
Foreign A/R (Excluding Canada)			
Amazon Vendor Central			
Bullboat UK Ltd			
Government Payor			
Private Payor			
Concentration Limit @ 20% (Excluding Amazon)			
Contras			
Credit Balances >30 Days Past Date of Invoice			
3. **Total Ineligible A/R**			
4. **Net Eligible A/R**			
Reserves			
Product Return Reserve			
5. **Net Eligible A/R**			

Computation of Availability		
6. Total Eligible Accounts:	$	—
7a. **(Less)**: Cash Posted Since Last Aging	$	—
7b. **Add:** A/R since last aging	$	—
7c. **Plus/(Minus)**: Adjustments	$	—
8. Net Eligible Accounts	$	—
Gross Advance Rate		**85.0%**
Less: Dilution Reserve		
9. Advance Rate		**85.0%**
10. Net A/R Availability	$	—
11. Net Inventory Availability		
12. **Net Availability**		

Computation of Loan	
13. Facility Limit	**$15,000,000.00**
14. Available to Borrow (not to exceed limit)	
15. Loan Balance on Prior Borrowing Base Certificate	
16. **(Less)**: Cash Collections since last Borrowing Base Certificate	
17. **Increase/(Decrease)**: Adjustments	
18. **Loan Advances**	
19. Ending Loan Balance	
20. Letter of Credit Outstandings	$ —
21. Overall Reserve	$ —
22. Remaining Availability (Lines 15-20-21-22)	

Pursuant to, and in accordance with, the terms and provisions of the Financing Documents ("Documents"), between Midcap Funding X Trust ("Secured Party") and Mohawk Group Inc. ("Borrower"), Borrower is executing and delivering to Secured Party this Borrowing Base Report accompanied by supporting data (collectively referred to as "Report"). Borrower warrants and represents to Secured Party that this Report is true, correct, and based on information contained in Borrower's own financial accounting records.

Borrower, by the execution of this Report:

(a) Hereby ratifies, confirms, and affirms all of the terms, and further certifies that the Borrower is in compliance with the Loan Documents as of : (b) Hereby certifies that the Borrower has paid all State and Federal payroll witholding taxes immediately due and payable through .Capitalized Terms used herein and not otherwise defined shall have the meaning ascribed to them in the Credit and Security Agreement between Secured Party and Borrower dated October 16, 2017.

(Responsible Officer's Signature)

_____

Name:
Title:

Mohawk Group Inc.
A/R Availability
As of

	Amazon	Non-Amazon	Total
Accounts Receivable			
1-30 Past Date of Invoice			
31-60 Past Date of Invoice			
61-90 Past Date of Invoice			
> 90 Past Date of Invoice			
Total A/R			
Less: Ineligible A/R			
A/R > 30 Days Past Date of Invoice			
Cross Age @ 50%			
Foreign A/R (Excluding Canada)			
Amazon Vendor Central			
Bullboat UK Ltd			
Government Payor			
Private Payor			
Concentration Limit @ 20% (Excluding Amazon)			
Contras			
Credit Balances >30 Days Past Date of Invoice			
Total Ineligible A/R			
Net Eligible A/R			
Reserves			
Product Return Percentage			
Historical Dilution Percentage			

Mohawk Group Inc.
Inventory Availability
As of

	Landed	In-Transit	Total
Gross Inventory at Cost			
Less: Ineligibles & Reserves			
Slow moving (aged over 365 days)			
> 5 Month Supply on Hand 3—5 Month Supply on Hand > Cap			
Damaged, Defective or Expired			
Discontinued			
Consignment			
Uninsured			
Foreign (Excluding Canada)			
No Access Agreement (Excluding Amazon)			
Licensed from 3rd Party			
Freight & Duty Reserve			
Total Ineligible Inventory			
Total Eligible Inventory			
Inventory @ NOLV			
Total Eligible Inventory	—	—	
NOLV	65.5%	65.5%	
Net Eligible Inventory	—	—	—
Advance Rate	85.0%	65.0%	
Availability Before Cap	—	—	—
Inventory @ Cost			
Total Eligible Inventory	—	—	—
Advance Rate	65.0%	65.0%	
Availability Before Cap	—	—	—
Inventory Availability			
Lesser of Availability at Cost or NOLV	—	—	—
Cap			
Net Inventory Availability	—	—	—

90 - 150 Day Inventory Eligibility Calculation		
	Landed	Total
3 - 5 Month Supply on Hand Cap		
3 - 5 Month Supply on Hand > Cap		

Exhibit 10.9

Execution Version

OMNIBUS CONSENT, JOINDER AND AMENDMENT NO. 3 TO CREDIT AND SECURITY AGREEMENT

This OMNIBUS CONSENT, JOINDER AND AMENDMENT NO. 3 TO CREDIT AND SECURITY AGREEMENT (this "**Agreement**") is made as of this 4th day of September, 2018, by and among MOHAWK GROUP, INC., a Delaware corporation ("**Mohawk**") and each of its direct and indirect subsidiaries set forth on the signature pages hereto (each being referred to herein individually as an "**Original Borrower",** and collectively as "**Original Borrowers"),** MOHAWK GROUP HOLDINGS, INC., a Delaware corporation ("**New Borrower",** and New Borrower, together with the Original Borrowers, the "**Borrowers**"), MIDCAP FUNDING X TRUST, as successor to MidCap Financial Trust (as Agent for Lenders, in such capacity and together with its permitted successors and assigns, "**Agent**"), MIDCAP FUNDING V TRUST and MIDCAP FUNDING X TRUST, each individually as a Lender, and the other financial institutions or other entities from time to time parties to the Credit Agreement referenced below, each as a Lender.

RECITALS

A. Agent, Lenders and Original Borrowers are parties to that certain Credit and Security Agreement, dated as of October 16, 2017 (as amended by that certain Amendment No. 1 to Credit and Security Agreement and Limited Waiver, dated as of April 5, 2018, that certain Amendment No. 2 to Credit and Security Agreement and Limited Consent, dated as of August 8, 2018 and as further amended, modified, supplemented and restated from time to time prior to the date hereof, the **"Original Credit Agreement**" and as the same is amended hereby and as it may be further amended, modified, supplemented and restated from time to time, the **"Credit Agreement"),** pursuant to which the Lenders have agreed to make certain advances of money and to extend certain financial accommodations to Borrowers and certain of their Affiliates in the amounts and manner set forth in the Credit Agreement.

B. Borrowers desire to consummate the acquisition of Mohawk by New Borrower in accordance with the terms of that certain Agreement and Plan of Merger, dated as of March 28, 2018, by and among Mohawk, MGH Merger Sub, Inc., a Delaware corporation ("**Merger Sub")** and New Borrower, a copy of which is attached hereto as Exhibit A (as amended by that certain Amendment No. 1 to the Agreement and Plan of Merger, dated as of April 1, 2018, and as in effect on the date hereof, the **"Merger Agreement"),** pursuant to which Mohawk will merge with and into Merger Sub, with Mohawk surviving as a wholly-owned Subsidiary of New Borrower (**the** "**Merger**").

C. Following the consummation of the Merger, New Borrower will join the Credit Agreement as a Borrower and Original Borrowers have requested that Agent and the Lenders amend the Credit Agreement and the Pledge Agreement to join New Borrower as a party to the Credit Agreement as a Borrower, as a party to the Pledge Agreement as a Pledgor, and the other applicable Financing Documents, in each case, on and subject to the terms hereof.

D. Pursuant to Section 5.6 of the Credit Agreement, no Borrower will suffer or permit to occur any Change in Control with respect to itself, any Subsidiary or any Guarantor without the prior written consent of Agent and Required Lenders, as set forth more specifically in the Credit Agreement.

E. Borrowers have requested, and Agent and the Lenders constituting not less than Required Lenders have agreed, to amend the Original Credit Agreement to, among other things, (i) consent to the Merger and any Change in Control that may arise as a result of the Merger, (ii) join New Borrower to the Credit Agreement and (iii) amend certain terms of the Original Credit Agreement related to the Merger, all in accordance with the terms and subject to the conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Agent, the Lenders and Borrowers hereby agree as follows:

1. **Recitals.** This Agreement shall constitute a Financing Document and the Recitals and each reference to the Credit Agreement, unless otherwise expressly noted, will be deemed to reference the Credit Agreement as amended hereby. The Recitals set forth above shall be construed as part of this Agreement as if set forth fully in the body of this Agreement and capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement (including those capitalized terms used in the Recitals hereto).

2. **Limited Consent.** At the request of and as an accommodation to the Borrowers, subject to the terms and conditions set forth herein, including, without limitation, the terms set forth in Section 9, Agent and the Lenders constituting not less than Required Lenders, (a) consent to the merger of Merger Sub with and into Mohawk upon the consummation of the Merger, (b) notwithstanding the restrictions on Change in Control under Section 5.6 of the Credit Agreement, hereby consent to any Change in Control that may arise as a result of New Borrower's acquisition of 100% of the outstanding equity interests of Mohawk pursuant to the Merger Agreement and (c) consent to the joinder of the New Borrower to the Credit Agreement. The consent set forth in this Section 2 is effective solely for the purposes set forth herein and shall be limited precisely as written and shall not be deemed to (1) be a consent to any amendment, waiver or modification of any other term or condition of the Credit Agreement or of any other Financing Document; (2) prejudice any right that Agent or the Lenders have or may have in the future under or in connection with the Credit Agreement or any other Financing Document; (3) constitute a consent to or waiver of any past, present or future Default or Event of Default or other violation of any provisions of the Credit Agreement or any other Financing Documents, (4) create any obligation to forbear from taking any enforcement action, or to make any further extensions of credit or (5) establish a custom or course of dealing among any of the Credit Parties, on the one hand, or Agent or any Lender, on the other hand.

3. **Joinder.** Subject to the satisfaction of the conditions precedent set forth in Section 9 and immediately following the consummation of the Merger:

(a) New Borrower hereby assumes the Obligations under the Credit Agreement and joins in, adopts and becomes (i) a Borrower under the Credit Agreement, (ii) a Pledgor (as defined in the Pledge Agreement) under the Pledge Agreement, and (iii) party to the other Financing Documents applicable to it as a Borrower. Each party hereto agrees that all references to "Borrower" or "Borrowers" contained in the Financing Documents are hereby deemed for all purposes to also refer to and include New Borrower as a Borrower, and New Borrower hereby agrees to comply with all of the terms and conditions of the Financing Documents as if such New Borrower was an original signatory thereto.

(b) Without limiting the generality of the provisions of subparagraph (a) above, each party agrees that the "Pledged Collateral" (as defined in the Pledge Agreement) owned by New Borrower as of the date hereof and listed in Exhibit B shall be and become a part of the Pledged Collateral referred to in Pledge Agreement and shall secure all Obligations referred to and in accordance with said Pledge Agreement.

4. **Amendments to Original Credit Agreement.** Subject to the terms and conditions of this Agreement, including, without limitation, the conditions to effectiveness set forth in Section 9 below, the Original Credit Agreement is hereby amended as follows:

(a) The following definitions are hereby added to Section 1.1 of the Original Credit Agreement in their respective alphabetic order:

"Merger Agreement" has the meaning set forth in the Third Amendment.

"Mohawk Holdco" means Mohawk Group Holdings, Inc., a Delaware corporation.

"Registration Rights Agreement" means that certain Registration Rights Agreement dated as of April 6, 2018, by and among Mohawk Holdco, the purchasers, brokers and other persons party thereto.

"Third Amendment" means that certain Omnibus Consent, Joinder and Amendment No. 3 to Credit and Security Agreement, dated as of September 4, 2018, among Borrowers, Agent and Lenders party thereto.

"Third Amendment Effective Date" means the first date on which all of the conditions set forth in Section 9 of the Third Amendment are satisfied.

(b) The definition of **"Change in Control"** appearing in Section 1.1 of the Original Credit Agreement is hereby amended and restated in its entirety as follows:

(c) "**Change in Control"** means any of the following: (a) any Person or "group" (within the meaning of Rules 13d-3 and 13d-5 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), shall have acquired beneficial ownership of 25% or more on a fully diluted basis of the voting and/or economic interest in the Equity Interests of Mohawk Holdco after the Third Amendment Effective Date; (b) a majority of the members of the board of directors or other equivalent governing body of Mohawk Holdco cease to be composed of individuals (i) who were members of that board or equivalent governing body on the Third Amendment Effective Date, (ii) whose election, appointment or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election, appointment or nomination at least a majority of that board or equivalent governing body or (iii) whose election, appointment or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election, appointment or nomination at least a majority of that board or equivalent governing body of Mohawk Holdco; (c) Mohawk Holdco shall cease to, directly or indirectly, own and control one hundred percent (100%) of each class of the outstanding Equity Interests of each Subsidiary of Mohawk Holdco (except to the extent any such Subsidiary becomes party to any merger or consolidation otherwise permitted pursuant to Section 5.6); and (d) the occurrence of any "Change of Control", "Change in Control" or terms of similar import under any document or instrument governing or relating to Debt of or equity in such Person. As used herein, "beneficial ownership" shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934.

(d) The definition of "**Operative Documents"** appearing in Section 1.1 of the Original Credit Agreement is hereby amended by adding the words ", the Merger Agreement," immediately following the words "the Financing Documents".

(e) A new Section 5.17 is hereby added to the Original Credit Agreement in appropriate numerical order, as follows:

"**Section 5.17 Registration Events.** No Borrower will permit a "Registration Event" (as such term is defined in Registration Rights Agreement) to occur.

(f) A new Section 5.18 is hereby added to the Original Credit Agreement in appropriate numerical order, as follows:

"**Section 5.18 Mohawk Holdco.** Mohawk Holdco will not incur or permit to exist any Debt nor grant or permit to exist any Liens upon any of its properties or assets nor engage in any operations, business or activity other than (i) owning 100% of the equity interests of Mohawk Parent and all operations incidental thereto, (ii) granting a security interest in all its assets to Agent, for the benefit of the Lenders and other Permitted Liens, (iii) executing and performing its obligations under the Operative Documents to which it is a party, (iv) fulfilling its obligations under the Operative Documents to which it is a party, (v) performing administrative, governance and supervisory functions in connection with the operation of the business of its Subsidiaries, (vi) issuing equity interests, including without limitation pursuant to stock option plans, (v) the Debt and obligations under the Operative Documents, (vi) the maintenance of its corporate existence and corporate governance and other activities reasonably incidental thereto and (vii) guarantees of obligations of Subsidiaries to the extent permitted by this Agreement."

(g) Attached hereto as Exhibit C are supplements to the Schedules to the Original Credit Agreement and setting forth the relevant information with respect to New Borrower which are added to the information set forth on Schedules to the Original Credit Agreement to which they apply and shall be deemed attached thereto and become a part thereof.

5. **Amendment to Pledge Agreement.** Each Borrower, including New Borrower, hereby agrees that the schedules attached hereto as Exhibit B are true and correct as of the date hereof and reflect the joinder of New Borrower as a Pledgor under the Pledge Agreement and shall be deemed to be added to the schedules of the same number in the Pledge Agreement and shall be deemed attached thereto and become a part thereof.

6. **Grant of Security Interest.** Consistent with the intent of the parties and in consideration of the accommodations set forth herein, as further security for the prompt payment in full of all Obligations, and without limiting any other grant of a Lien and security interest in a Security Document, New Borrower hereby collaterally assigns and grants to Agent, for the benefit of itself and Lenders, and subject only to Permitted Liens, a continuing first priority Lien on and security interest in, upon, and to all of New Borrower's right, title and interest in and to all of such New Borrower's assets, including without limitation, all of such New Borrower's right, title, and interest in and to the following, whether now owned or hereafter created, acquired or arising:

(a) all goods, Accounts (including health-care insurance receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims (including each such claim listed on Schedule 9.2(d)), documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, securities accounts, fixtures, letter of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located,

(b) all of New Borrower's books and records relating to any of the foregoing; and

(c) any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral shall not, at any time, include more than 65% the voting capital stock of any first tier Restricted Foreign Subsidiary; *provided* that immediately upon any amendment of the Code that would allow the pledge of a greater percentage of such voting stock without material adverse tax consequences to such Borrower (including without limitation non-recognition of income if and to the extent the first tier Foreign Subsidiary has earnings and profits in any year following such amendment), "Collateral" shall automatically and without further action required by, and without notice to, any Person include such greater percentage of voting stock of such first tier Restricted Foreign Subsidiary from that time forward.

New Borrower hereby authorizes Agent to file UCC-1 financing statements against New Borrower covering the Collateral owned by New Borrower in such jurisdictions as Agent shall deem necessary, prudent or desirable to perfect and protect the liens and security interests granted to Agent hereunder.

7. **Representations and Warranties; Reaffirmation of Security Interest; Updated Schedules.** Each Borrower hereby (a) confirms that all of the representations and warranties set forth in the Credit Agreement are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Borrower as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representation or warranty shall be true and correct in all material respects as of such earlier date, and (b) covenants to perform its respective obligations under the Credit Agreement. Each Borrower confirms and agrees that all security interests and Liens granted to Agent continue in full force and effect, and all Collateral remains free and clear of any Liens, other than Permitted Liens. Nothing herein is intended to impair or limit the validity, priority or extent of Agent's security interests in and Liens on the Collateral. Each Borrower acknowledges and agrees that the Credit Agreement, the other Financing Documents and this Agreement constitute the legal, valid and binding obligation of such Borrower, and are enforceable against such Borrower in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or other similar laws relating to the enforcement of creditors' rights generally and by general equitable principles.

8. **Costs and Fees.**

(a) In consideration of Agent's agreement to enter into this Agreement, Borrowers agree to pay Agent, for the benefit of all Lenders, an amendment fee in the amount of $50,000 (the **"Amendment Fee")**. The Amendment Fee shall be due and payable on the Third Amendment Effective Date and, once paid, is non-refundable. If the Amendment Fee is not paid when due, Borrowers hereby authorize Agent to deduct all of such fees set forth in this Section 8(a) from the proceeds of one or more Revolving Loans made under the Credit Agreement.

(b) Borrowers shall be responsible for the payment of all reasonable and documented out-of-pocket costs and fees of Agent's counsel incurred in connection with the preparation of this Agreement and any related documents. If Agent or any Lender uses in-house counsel for any of these purposes, Borrowers further agree that the Obligations include reasonable charges for such work commensurate with the fees that would otherwise be charged by outside legal counsel selected by Agent or such Lender for the work performed.

9. **Conditions to Effectiveness.** This Agreement shall become effective as of the date on which Agent has received each agreement, document and instrument set forth on the closing

checklist prepared by Agent or its counsel, each in form and substance satisfactory to Agent, including the satisfaction of the following conditions precedent, each to the satisfaction of Agent in its sole discretion:

(a) Borrowers shall have delivered to Agent this Agreement, duly executed by an authorized officer of each Borrower;

(b) Agent shall have received executed copies of the Merger Agreement and all other material agreements, documents or instruments pursuant to which the Merger is to be consummated, any schedules to such agreements, documents or instruments and all other material ancillary agreements, instruments and documents to be executed or delivered in connection therewith, and, to the extent required to be completed prior to the closing of such Merger under the related acquisition agreement, all required regulatory and third party approvals and copies of any environmental assessments;

(c) the Merger has been consummated (i) in all material respects in accordance with the terms of the Merger Agreement, (ii) in accordance with applicable Law (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(d) the Merger is not hostile and, if applicable, shall have been approved by the board of directors (or other similar body) and/or the stockholders or other equity holders of New Borrower (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(e) no Debt or Liens are assumed or created in connection with the Merger (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(f) Agent shall have received a duly executed legal opinion of New Borrower's counsel, addressed to Agent and Lenders, addressing matters Agent may reasonably request;

(g) Borrowers shall have delivered such other documents, information, certificates, records, permits, and filings as the Agent may reasonably request, including, without limitation, any agreements, instruments and other documents necessary to ensure that Agent receives a perfected Lien in all entities and assets acquired in connection with the Merger to the extent required by the Credit Agreement;

(h) all of the representations and warranties of Borrowers set forth in the herein and in the other Financing Documents are true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) with respect to such Borrower as of the date hereof except to the extent that any such representation or warranty relates to a specific date in which case such representations and warranties were true and correct in all material respects (without duplication of any materiality qualifier in the text of such representation or warranty) on and as of such date (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof);

(i) no Default or Event of Default shall exist under any of the Financing Documents (and such parties' delivery of their respective signatures hereto shall be deemed to be its certification thereof); and

(j) Agent shall have received from Borrowers all of the fees owing pursuant to this Agreement, including pursuant to Section 8(a).

10. **Conditions Subsequent.**

(a) On or prior to the date which is 60 days following the Effective Date (as such term is defined in Registration Rights Agreement) Borrowers shall deliver to Agent evidence satisfactory

to Agent that Borrowers have filed with the SEC a Registration Statement on Form S-1 with respect to the Registrable Shares (as such term is defined in the Registration Rights Agreement)(the "**Registration Statement")** and have otherwise complied with the terms of Section 3(a)(i) of the Registration Rights Agreement.

(b) Immediately following such declaration (but in any event no later than 135 days after the SEC Filing Date (as such term is defined in the Registration Rights Agreement), Borrowers shall deliver to Agent evidence satisfactory to Agent that the Registration Statement has been declared effective by the SEC.

(c) On or prior to the date which is 15 days following the Third Amendment Effective Date (or such longer period as Agent may agree in its sole discretion) Borrowers shall deliver to Agent an opinion as to matters of Maryland law in form and substance satisfactory to Agent in its reasonable discretion.

(d) On or prior to the date which is 10 days following the Third Amendment Effective Date (or such longer period as Agent may agree in its sole discretion) Borrowers shall deliver to Agent the original stock certificate evidencing New Borrower's ownership of Mohawk and the corresponding original stock power related thereto.

(e) Each Borrower hereby agrees that failure to comply with the requirements set forth in Sections 10(a), 10(b) and 10(c) shall constitute an immediate and automatic Event of Default.

11. **Release.** In consideration of the agreements of Agent and Lenders contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Borrower, voluntarily, knowingly, unconditionally and irrevocably, with specific and express intent, for and on behalf of itself and all of its respective parents, subsidiaries, affiliates, members, managers, predecessors, successors, and assigns, and each of their respective current and former directors, officers, shareholders, agents, and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Releasing Parties")** does hereby fully and completely release, acquit and forever discharge each of Agent, Lenders, and each their respective parents, subsidiaries, affiliates, members, managers, shareholders, directors, officers and employees, and each of their respective predecessors, successors, heirs, and assigns (individually and collectively, the "**Released Parties"),** of and from any and all actions, causes of action, suits, debts, disputes, damages, claims, obligations, liabilities, costs, expenses and demands of any kind whatsoever, at law or in equity, whether matured or unmatured, liquidated or unliquidated, vested or contingent, choate or inchoate, known or unknown that the Releasing Parties (or any of them) has against the Released Parties or any of them (whether directly or indirectly), based in whole or in part on facts, whether or not now known, existing on or before the Third Amendment Effective Date, that relate to, arise out of or otherwise are in connection with: (i) any or all of the Financing Documents or transactions contemplated thereby or any actions or omissions in connection therewith or (ii) any aspect of the dealings or relationships between or among any or all of the Borrowers, on the one hand, and any or all of the Released Parties, on the other hand, relating to any or all of the documents, transactions, actions or omissions referenced in clause (i) hereof. Each Borrower acknowledges that the foregoing release is a material inducement to Agent's and Lender's decision to enter into this Agreement and agree to the modifications contemplated hereunder, and has been relied upon by Agent and Lenders in connection therewith.

12. **No Waiver or Novation.** The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided in this Agreement, operate as a waiver of any right, power or remedy of Agent, nor constitute a waiver of any provision of the Credit Agreement, the Financing Documents or any other documents, instruments and agreements executed or delivered in connection with any of the foregoing. Nothing herein is intended or shall be construed as a waiver of any existing

Defaults or Events of Default under the Credit Agreement or the other Financing Documents or any of Agent's rights and remedies in respect of such Defaults or Events of Default. This Agreement (together with any other document executed in connection herewith) is not intended to be, nor shall it be construed as, a novation of the Credit Agreement.

13. **Confidentiality.** No Borrower will disclose the contents of this Agreement, the Credit Agreement or any of the other Financing Documents to any third party (other than to such Borrower's current and prospective direct and indirect financing sources, acquirors and holders of Debt of Credit Parties and the Credit Parties' direct and indirect equityholders, and its and their respective attorneys, advisors, directors, managers and officers on a need-to-know basis or as otherwise may be required by law or in connection with the resolution of a dispute brought hereunder involving a Credit Party and any of Agent, any Lender, any Participant) without Agent's prior written consent. Each Borrower agrees to inform all such persons who receive information concerning this Agreement, the Credit Agreement and the other Financing Documents that such information is confidential and may not be disclosed to any other person except as may be required by Law, including to any court or regulatory agency having jurisdiction over such Borrower, any Lender or the Agent.

14. **Affirmation.** Except as specifically amended pursuant to the terms hereof, each Borrower hereby acknowledges and agrees that the Credit Agreement and all other Financing Documents (and all covenants, terms, conditions and agreements therein) shall remain in full force and effect, and are hereby ratified and confirmed in all respects by such Borrower. Each Borrower covenants and agrees to comply with all of the terms, covenants and conditions of the Credit Agreement and the Financing Documents, notwithstanding any prior course of conduct, waivers, releases or other actions or inactions on Agent's or any Lender's part which might otherwise constitute or be construed as a waiver of or amendment to such terms, covenants and conditions.

15. **Miscellaneous.**

(a) Reference to the Effect on the Credit Agreement. Upon the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of similar import shall mean and be a reference to the Credit Agreement, as amended by this Agreement. Except as specifically amended above, the Credit Agreement, and all other Financing Documents (and all covenants, terms, conditions and agreements therein), shall remain in full force and effect, and are hereby ratified and confirmed in all respects by each Borrower.

(b) GOVERNING LAW. THIS AGREEMENT AND EACH OTHER FINANCING DOCUMENT, AND ALL MATTERS RELATING HERETO OR THERETO OR ARISING THEREFROM (WHETHER SOUNDING IN CONTRACT LAW, TORT LAW OR OTHERWISE), SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF MARYLAND, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES.

(c) Incorporation of Credit Agreement Provisions. The provisions contained in Section 11.6 (Indemnification), Section 12.8 (Submission to Jurisdiction) and Section 12.9 (Waiver of Jury Trial) of the Credit Agreement are incorporated herein by reference to the same extent as if reproduced herein in their entirety.

(d) Headings. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(e) Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and

the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or by electronic mail delivery of an electronic version (e.g., .pdf or .tif file) of an executed signature page shall be effective as delivery of an original executed counterpart hereof and shall bind the parties hereto.

(f) Entire Agreement. The Credit Agreement, as amended hereby, and the other Financing Documents constitute the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

(g) Severability. In case any provision of or obligation under this Agreement shall be invalid, illegal or unenforceable in any applicable jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(h) Successors/Assigns. This Agreement shall bind, and the rights hereunder shall inure to, the respective successors and assigns of the parties hereto, subject to the provisions of the Credit Agreement and the other Financing Documents.

[SIGNATURES APPEAR ON FOLLOWING PAGES]

IN WITNESS WHEREOF, intending to be legally bound, and intending that this document constitute an agreement executed under seal, the undersigned have executed this Agreement under seal as of the day and year first hereinabove set forth.

AGENT:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

LENDER:

MIDCAP FUNDING X TRUST

By: Apollo Capital Management, L.P.,
its investment manager

By: Apollo Capital Management GP, LLC,
its general partner

By: /s/ Maurice Amsellem
Name: Maurice Amsellem
Title: Authorized Signatory

[Signatures Continue on Following Page]

ORIGINAL BORROWERS:

MOHAWK GROUP, INC.

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

XTAVA LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

SUNLABZ LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

RIF6 LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

VREMI LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

HOMELABS LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

VIDAZEN LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

URBAN SOURCE LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

ZEPHYRBEAUTY LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

DISCOCART LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

VUETI LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

PUNCHED LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

SWEETHOMEDEALZ LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

KITCHENVOX LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

EXORIDER LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

KINETIC WAVE LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

3GIRLSFROMNY LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

CHICALLEY LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

BOXWHALE, LLC

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

NEW BORROWER:

MOHAWK GROUP HOLDINGS, INC.

By: /s/ Fabrice Hamaide (SEAL)
Name: Fabrice Hamaide
Title: Chief Financial Officer

Exhibit 10.10

MOHAWK GROUP, INC.
TRANSACTION BONUS PLAN

1. PURPOSES.

(a) The purpose of this Mohawk Group, Inc. Transaction Bonus Plan (this "Plan") is to provide a means by which select Employees of Mohawk Group, Inc. (the "Company") and its Subsidiaries may be given incentives to remain with the Company and its Subsidiaries through a liquidity transaction.

(b) The Company hereby seeks to retain the services of persons who are now, or who become, Employees of the Company and its Subsidiaries and to provide incentives for such persons to exert maximum efforts for the success of the Company.

2. DEFINITIONS.

(a) "Administrator" means (i) prior to a Sale of the Company, the Company's Board of Directors, and (ii) after a Sale of the Company, the entity designated in the Purchase Agreement to act as the representative of the Company's stockholders under the Purchase Agreement (and in the absence of such a designation, the Chairman of the Company's Board of Directors as of immediately prior to the Sale of the Company).

(b) "Award Agreement" has the meaning set forth in Section 5(a) of this Plan.

(c) "Cause" shall mean, after the Effective Date:

(1) the Participant has been convicted of, pled guilty or no contest to or entered into a plea agreement with respect to (x) any felony (under the laws of the United States, any relevant state, or the equivalent of a felony in any international jurisdiction in which the Company does business) or (y) any crime involving dishonesty or moral turpitude;

(2) the Participant has engaged in (A) any willful misconduct (including any violation of federal securities laws) or gross negligence, or (B) any act of dishonesty, violence or threat of violence, in each case with respect to this clause (B), that would reasonably be expected to result in a material injury to the Corporation;

(3) the Participant willfully fails to perform the Participant's duties to the Company and/or willfully fails to comply with lawful directives of the Company's board of directors; or

(4) the Participant materially breaches any material contract to which the Participant and the Company are parties;

provided that, with respect to clause (4) and if the event giving rise to the claim of Cause is curable, the Company provides written notice to the Participant of the event within thirty (30) days of the Company learning of the occurrence of such event, and such Cause event remains uncured thirty (30) days after the Company has provided such written

notice; provided further that any termination of the Participant's employment or service for "Cause" with respect to clause (4) occurs no later than thirty (30) days following the expiration of such cure period.

(d) "Closing" means the closing of the first to occur of (i) a Sale of the Company, or (ii) a Qualified IPO.

(e) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(f) "Company" has the meaning set forth in Section 1 of this Plan.

(g) "Disability" means, with respect to a Participant, if (a) the Participant is rendered incapable because of physical or mental illness of satisfactorily discharging his/her duties and responsibilities to the Company for a period of 90 consecutive days and (b) a duly qualified physician chosen by the Company and reasonably acceptable to the Participant or his/her legal representatives so certifies in writing.

(h) "Effective Date" has the meaning set forth in Section 4 of this Plan.

(i) "Employee" means any full-time employee or independent contractor/consultant of the Company or a Company Subsidiary who has been employed or otherwise under contract by the Company or a Company Subsidiary for at least three months.

(j) "Good Reason" shall mean, after the Effective Date:

(1) a material diminution in the nature or scope of the Participant's responsibilities, duties or authority;

(2) the Company's material breach of any material contract to which the Participant and the Company are parties;

(3) the Company's relocation of the Participant's principal place of employment more than fifty (50) miles from the prior location; or

(4) a reduction in the Participant's base salary or target incentive bonus other than, for both base salary and target incentive bonus individually, a one-time reduction of not more than ten percent (10%) that also is applied to substantially all executive officers of the Company;

provided that, in any such case, the Participant provides written notice to the Company of the event giving rise to such claim of Good Reason within thirty (30) days after the Participant learns of the occurrence of such event, and such Good Reason event remains uncured thirty (30) days after the Participant has provided such written notice; provided further that any resignation of the Participant's employment or service for "Good Reason" occurs no later than thirty (30) days following the expiration of such cure period.

(k) "Involuntary Termination" means, with respect to a Participant, a termination of the Participant's employment or service by the Company or a Company Subsidiary without Cause, the Participant's resignation for Good Reason, or the termination of the Participant's employment or service with the Company and its Subsidiaries due to death or Disability.

(l) "Participant" means any Employee who holds outstanding Participation Units.

(m) "Participation Percentage" with respect to a Participant means, on the date of determination, the number of Participation Units held by the Participant divided by the total number of then outstanding Participation Units.

(n) "Participation Unit" means a bookkeeping entry representing a potential right to receive a payment under this Plan.

(o) "Plan" has the meaning set forth in Section 1(a) of this Plan.

(p) "Plan Pool" has the meaning set forth in Section 4 of this Plan.

(q) "Purchase Agreement" means the definitive purchase agreement, agreement and plan of merger or similar agreement entered into with respect to the Sale of the Company.

(r) "Qualified IPO" means either (i) a firm commitment underwritten public offering ("Underwritten Offering") pursuant to an effective registration statement filed under the Securities Act of 1933, as amended, covering the offer and sale of the Company's common stock or (ii) a transaction pursuant to which the Company reverse merges directly or indirectly with a publicly listed special purpose acquisition company ("Reverse Merger"), and in each case, provided that in connection with such offering or transaction, the Company's common stock, or the common stock issued in connection with a Reverse Merger, is listed for trading on The Nasdaq Stock Market LLC, the New York Stock Exchange or another exchange or marketplace approved by the Administrator, and provided further that the aggregate gross proceeds to the Company or any affiliate thereof in connection with an Underwritten Offering or Reverse Merger are not less than $50,000,000.

(s) "Sale of the Company" means (i) the accumulation, by means of any transaction or series of related transactions, whether directly or indirectly, beneficially or of record, by any individual and/or entity of more than 50% the outstanding shares of common stock of the Company, whether by merger, consolidation, sale or other transfer of shares of the Company's common stock, so long as the Company's holders of common stock as of the Effective Date, immediately after such transaction or series of transactions, hold less than 50% of the common stock of the Company or the voting securities of the surviving or acquiring entity or (ii) a sale of all or substantially all of the assets of the Company, which may include a license transaction; provided, however, that, unless a Qualified IPO has occurred, a transaction shall be a Sale of the Company only if such transaction is a change in the ownership of the Company or a change in the ownership of a substantial portion of the assets of the Company such that the Sale of the Company is a permissible payment under Treasury Regulation 1.409A-3(a)(5).

3. ADMINISTRATION.

(a) This Plan shall be interpreted and administered by the Administrator, whose actions shall be final and binding on all persons, including Participants.

(b) The Administrator, in his, her or its sole but reasonable discretion, shall have the power, subject to, and within the limitations of, the express provisions of this Plan:

(1) To determine whether a transaction or related series of transactions constitutes a Sale of the Company or a Qualified IPO;

(2) To determine whether any individual has status as a Participant, the number of Participation Units to be granted to a Participant (provided, however, no more than 10,000 Participation Units may be granted under this Plan and any grant of Participation Units must be unanimously approved by the Administrator), and whether a Participant is entitled to payment hereunder;

(3) To determine the amount of any payment to be made under this Plan and to make all other calculations and determinations to be made by the Administrator under this Plan (including, without limitation, any calculations and determinations of any amounts or items set forth in Schedule 1 hereto);

(4) To determine for a Participant, at the time of grant, any additional terms and conditions of participation in this Plan not inconsistent with the terms of this Plan, which such additional terms and conditions shall be set forth in the Award Agreement.

(5) To take all other action as may be required hereunder; and

(6) To interpret this Plan.

Each action, interpretation, and determination by the Administrator shall be binding on all Participants (as applicable). Action by the Administrator approving and effecting a grant of Participation Units may be evidenced by an Award Agreement signed by the Administrator or the Company's CEO.

4. EFFECTIVE DATE OF THIS PLAN; ESTABLISHMENT OF PLAN POOL.

(a) This Plan is effective as of July 9, 2018 (the "Effective Date").

(b) The Plan Pool shall initially be $0 and shall be deemed funded following the Closing pursuant to the funding mechanics set forth on Schedule 1 (including, without limitation, the funding medium set forth therein). Correspondingly, the Plan Pool shall be deemed reduced as amounts are paid to Participants under this Plan.

5. ALLOCATION OF PLAN POOL AND VESTING.

(a) Each award granted by the Administrator under this Plan to a Participant will represent a contractual right to receive, subject to the terms and conditions of this Plan and the

applicable award agreement evidencing such grant (an "Award Agreement"), payments under this Plan in accordance with the terms and conditions of this Plan.

(b) The number of Participation Units granted to each Participant shall be set forth in the Participant's Award Agreement.

(c) Participation Units may be granted at any time on or before the Closing. Following the Closing, no additional Participation Units may be granted.

(d) The Participation Units granted to any one Participant shall vest in accordance with the following vesting schedule:

(1) Participation Units shall be deemed vested in nine (9) substantially equal monthly installments on each of the nine (9) monthly anniversaries of the date of grant, subject to the Participant's continued employment with the Company or a Company Subsidiary;

(2) Participation Units shall immediately and fully vest upon the occurrence of the Closing if the Participant's employment or service to the Company and its Subsidiaries had not previously terminated;

(3) In the event of a Participant's Involuntary Termination prior to the Closing:

(1) such Participant's Participation Units shall immediately and fully vest if the Involuntary Termination was not unanimously approved by the Administrator; or

(2) such Participant's Participation Units shall vest to the extent deemed vested if the Involuntary Termination was unanimously approved by the Administrator.

(e) Upon the Closing, (1) unvested Participation Units held by a Participant whose employment or service to the Company was previously terminated, shall be forfeited for no consideration (but only after giving effect to any vesting pursuant to the foregoing clause (d)), and (2) all Participation Units held by a Participant whose employment previously was terminated for any reason other than an Involuntary Termination shall be forfeited for no consideration. Units forfeited pursuant to the preceding sentence shall be distributed pro rata to the remaining Participants based on the number of Participation Units each such Participant then holds.

6. PAYMENT/DISTRIBUTIONS – QUALIFIED IPO.

(a) Following a Qualified IPO, a Participant shall be entitled to a payments and distributions under this Plan as follows:

(1) On each of the first four six-month anniversaries of the Qualified IPO (i.e., at month 6, month 12, month 18, and month 24, each such date, an "IPO Payment Date"), a Participant shall be entitled to 25% of the Participant's Participation Percentage of the Plan Pool;

(2) In the event of a Participant's Involuntary Termination, (i) before the Qualified IPO, the Participant shall be paid the Participant's then unpaid Participation Percentage of the Plan Pool on the 45th day following the Qualified IPO (but only after giving effect to any vesting pursuant to Section 5(d)) or, (ii) after the Qualified IPO, on the date of the Participant's Involuntary Termination.

(b) Notwithstanding any contrary provision herein, in the event of a termination of Participant's employment or service following a Qualified IPO other than due to an Involuntary Termination (i.e. voluntary resignation), such Participant's Participation Units shall be forfeited for no consideration and amounts remaining to be paid in respect of such Participation Units shall instead be added back to the Plan Pool and shall be paid proportionally to remaining Participants in respect of outstanding Participation Units, with such payment to any one Participant to be paid proportionally on the remaining IPO Payment Dates or, if earlier, upon the Participant's Involuntary Termination.

(c) With respect to any one Participant, following a Qualified IPO, cash payments shall be made first in time, with any non-cash consideration to be paid under the Plan to be paid only after the Participant has been paid all cash consideration the Participant is entitled to receive. Notwithstanding the foregoing, the Administrator may provide that equivalent cash payment shall be provided in lieu of fractional shares of Company common stock, with the amount of such fractional cash payment determined based on closing price share value on the last trading day immediately prior to the date of applicable payment.

7. PAYMENT/DISTRIBUTIONS – SALE OF THE COMPANY.

Following a Sale of the Company, a Participant who held vested units as of the Closing (including pursuant to vesting under Section 5(d)) shall be entitled to payments and distributions under this Plan as the Plan Pool is deemed funded, but only through the fifth anniversary of the Closing. Upon each deemed funding date or event, a Participant shall be paid his or her Participation Percentage of the Plan Pool.

8. MISCELLANEOUS PROVISIONS

(a) *Payment Rounding*. All payments provided under this Plan shall be rounded down to the nearest whole cent.

(b) *Tax Withholding*. As a condition to receipt of any payment under this Plan, a Participant must make arrangements reasonably acceptable to the Company to satisfy applicable tax withholding. With respect to cash payments, the Company shall be permitted to deduct applicable withholding from the cash payment. With respect to non-cash payments, in the event a Participant does not make arrangements to satisfy applicable withholding within ten (10) business days following written request of the Company (which such request can be made no earlier than fifteen (15) business days prior to the applicable payment), the Participant shall forfeit the applicable payment.

(c) *Release of Claims*. Notwithstanding any contrary provision herein, all payments hereunder due to a Participant on or following the Participant's Involuntary Termination are subject to the Participant (or the Participant's estate, as applicable) executing and not revoking

the Company's standard form of general release of all claims, such that the release becomes irrevocably effective within sixty (60) days following the Involuntary Termination. Amounts shall accrue until such release becomes fully and irrevocably effective, with accrued amounts paid once the release becomes fully and irrevocably effective; provided, however, in the event the foregoing 60-day period spans two calendar years, in no event will any payment be made in respect of the Participant's Participation Units prior to January 1 of the second calendar year. Amounts forfeited as a result of failure to satisfy the foregoing release condition shall be distributed pro rata to the remaining Participants based on the number of Participation Units each such Participant then holds.

9. AMENDMENT AND TERMINATION OF THIS PLAN.

(a) The Administrator may terminate or amend this Plan only with the prior written consent of (i) Participants holding at least 70% of the Participation Units outstanding at that time and (ii) the Administrator.

(b) This Plan shall automatically terminate upon the payment or distribution of all amounts owed to Participants under this Plan and the applicable Award Agreements.

(c) This Plan shall automatically terminate on the 3rd anniversary of the Effective Date if a Closing does not occur prior to such anniversary.

10. NO GUARANTEE OF FUTURE SERVICE.

Nothing in this Plan shall provide any guarantee or promise of continued service of a Participant with the Company. Subject to the rights of Participants as otherwise set forth herein, the Company retains the right to terminate the employment of any Participant at any time, with or without cause, for any reason or no reason, except as may be restricted by law or contract.

11. SECTION 409A COMPLIANCE.

Notwithstanding other provisions of this Plan, it is intended that no payment be provided under this Plan in a manner that would result in the imposition of an additional tax under Section 409A of the Code upon a Participant. In the event that it is reasonably determined by the Administrator that, as a result of Section 409A of the Code, payments under this Plan may not be made at the time contemplated by the terms of this Plan without causing the Participant to be subject to taxation under Section 409A of the Code, the Company will make a reasonable effort in good faith so that the Participant will not incur any tax liability under Section 409A of the Code; *provided that* neither the Company nor any Subsidiary thereof nor any of their respective owners, directors, officers, employees or representatives shall have any liability to Participants with respect to this Section 11. Each payment in a stream of payments shall be deemed a separate payment for purposes of Section 409A of the Code.

Accordingly, and notwithstanding any contrary provision of this Plan:

(a) if a Participant's termination of employment is not a "Separation from Service" within the meaning of Section 409A of the Code and the regulations and other published guidance thereunder (including §1.409A-1(h)), then, if required in order to

comply with the provisions of Section 409A of the Code, payments to the Participant hereunder shall be delayed until such a Separation from Service occurs; and

(b) If a Participant is a "Specified Employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date of the Participant's Separation from Service (the "Separation Date"), then no payment of non-qualified deferred compensation (within the meaning of Section 409A of the Code) otherwise to be made as a result of the Participant's Separation from Service shall be made or commence during the period beginning on the Separation Date and ending on the date that is six months following the Separation Date or, if earlier, on the date of the Participant's death. The amount of any payment that would otherwise be paid to the Participant during this period shall instead be paid to the Participant on the first day of the first calendar month following the end of such six-month period.

12. FUNDING.

This Plan is intended to constitute an "unfunded" program for incentive compensation, and no amounts shall be set aside to fund any payments hereunder prior to a Closing. The Company's obligations under this Plan are unfunded and unsecured, and the Participants have no rights other than those of general unsecured creditors of the Company with respect to any payment hereunder.

13. NO ASSIGNMENT OF BENEFITS.

Except as otherwise determined by the Administrator in its sole discretion, benefits under this Plan are not assignable or transferable by Participants before they are paid. Benefits will be paid only to the Participants who are entitled to receive them under this Plan. Notwithstanding the foregoing, in the event of the death of a Participant, payments that otherwise would have been made to the Participant shall instead be provided to the Participant's estate.

14. CHOICE OF LAW.

All questions concerning the construction, validity and interpretation of this Plan will be governed by the law of the State of Delaware, applicable to contracts to be executed and performed entirely therein, regardless of the laws of any other jurisdiction that might otherwise govern due to applicable conflicts of laws principles.

15. ARBITRATION.

Any controversy arising out of or relating to this Plan and/or an Award Agreement, their enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of their provisions, or any other controversy arising out of or related to the Award, including, but not limited to, any state or federal statutory claims, shall be submitted to arbitration in Manhattan, New York, before a panel of three arbitrators (the "Panel"), selected from Judicial Arbitration and Mediation Services, Inc., or its successor ("JAMS"), or if JAMS is no longer able to supply the Panel, such Panel shall be selected from the American Arbitration Association; provided, however, that provisional injunctive relief may, but need not, be sought by either party to this Award Agreement, without proof of damages or the posting of bond, in a

court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Panel. Final resolution of any dispute through arbitration may include any remedy or relief which the Panel deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of the arbitration, the Panel shall issue a written decision that sets forth the essential findings and conclusions upon which the arbitrator's award or decision is based. Any award or relief granted by the Panel hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with any of the matters referenced in the first sentence above. The parties agree that the Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the arbitration fees. The parties further agree that in any proceeding with respect to such matters, each party shall bear its own attorney's fees and costs (other than forum costs associated with the arbitration) incurred by it, him or her in connection with the resolution of the dispute. Each party will select one arbitrator and the two selected arbitrators will select the third arbitrator.

16. HEADINGS.

The headings in this Plan are inserted for convenience only and shall not be deemed to constitute a part hereof nor to affect the meaning hereof.

17. SUCCESSORS.

This Plan shall be binding on all successors to the Company or the Company's business pursuant to a Sale of the Company.

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SCHEDULE 1
ACQUISITION POOL SCHEDULE

Fund of Plan Pool

The Plan Pool shall be determined as follows:

- 5% of Value (defined below) if total Value is below the historical total amount invested in respect of preferred equity (determined as of the Closing) ("Level 1");
- 10% of total Value if total Value equals or exceeds Level 1 and is below a Value of $300,000,000 ("Level 2"); and
- 15% of total Value if Value equals or exceeds $300,000,000;

provided, however, that, following a Sale of the Company, the Plan Pool shall be deemed funded only as amounts are paid to shareholders. If any release of funds is not sufficient to fully fund the Plan Pool, the Plan Pool will be reduced to such level as results from 100% of released funds being allocated to the Plan Pool (with an applicable funding catch-up in the event of a subsequent release of funds).

In the event the Closing is due to a Qualified IPO, "Value" shall be either (i) the Company's market capitalization using the 30-day average VWAP for the 30 days immediately following, and inclusive of, the date of the Qualified IPO in the case of an Underwritten Offering or (ii) the post-money valuation of the Company immediately after giving effect to a Reverse Merger.

In the event the Closing is due to a Qualified IPO, the Plan Pool shall be deemed funded 1/3 in cash and 2/3 in Company common stock, with the number of shares of Company common stock determined by dividing 2/3 of Value by the per share Company common stock price to public in connection with the Qualified IPO.

In the event the Closing is due to a Sale of the Company, "Value" shall be Sale of the Company proceeds paid or distributed to Company stockholders, treating amounts otherwise payable under this Plan as amounts paid to stockholders, with Value increasing upon every release of proceeds to Company stockholders. In the event of a Sale of the Company transaction where the Company's holders of common stock as of the Effective Date, immediately after such transaction or series of transactions, shall hold common stock of the Company or the voting securities of the surviving or acquiring entity, Value shall be the fully diluted number of shares of the Company's common stock multiplied by the per share price paid to the Company or the selling shareholders, as the case may be. For the avoidance of doubt, contingency payments and amounts held in escrow shall not be deemed to constitute Value until such amounts are actually released to, and paid to, Company stockholders.

In the event the Closing is due to a Sale of the Company, the Plan Pool shall be funded with the same form of consideration paid in respect of Company common stock. In the event that any portion of the Sale of the Company consideration includes non-cash consideration, the Administrator, in his, her, or its sole but reasonable discretion, shall determine the value of any of such non-cash consideration.

All calculations, with respect to the Plan Pool, including, without limitation, determination of Value, shall be performed by the Administrator in its sole but reasonable discretion.

Mohawk Group, Inc.
37-40 E. 18th St, 7th Fl
New York, NY 10003

May 14, 2018

Joseph Risico

Dear Joe,

Mohawk Group, Inc (the "Company"), is super excited to offer you employment with the Company. We're always looking for 10x'ers and think you have what it takes to be a Mohawker.

Position, Salary and Bonus Target. I am pleased to offer you the position listed below. You will receive an annual salary listed below, which will be paid biweekly and subject to a periodic review. You are eligible to participate in the Company bonus program; your annual bonus target will be the below percentage of the median salary for your peers in your position at your level. If at any point in your employment, your position / level changes, your annual bonus target may change. Bonuses under the Company bonus program are discretionary. The actual bonus amount could be larger or smaller than this amount, based on your performance and the performance of the Company. Whether a bonus will be awarded in a particular bonus period, and in what amount, is within Mohawk's sole discretion. Please note that both your salary and bonus eligibility are subject to periodic review and may be modified in Mohawk's discretion.

Title: Co-General Counsel

Salary: $250,000 gross annual, minus applicable taxes
Annual Bonus Target: up to 20% of your annual gross income

By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company. As a regular employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary that I have enclosed with this letter.

Stock Options. Subject to the approval of the Company's Board of Directors, you will be granted an option to purchase **50,000** shares of the Company's common stock. The option will be subject to the terms and conditions applicable to options granted under the Company's 2015 Equity

Incentive Plan, as described in that plan and the applicable stock option agreement, which you will be required to sign. You will vest in 25% of the option shares on the 12-month anniversary of your vesting commencement date and 1/48th of the total option shares will vest in monthly installments thereafter during continuous service, as described in the applicable stock option agreement. The exercise price per share will be equal to the fair market value per share on the date the option is granted, as determined by the Company's Board of Directors in good faith compliance with applicable guidance in order to avoid having the option be treated as deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax risks associated with accepting an option to purchase the Company's common stock.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Proprietary Information and Inventions Agreement.

Employment Relationship. Employment with the Company is for no specific period of time.
Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive
Officer.

Outside Activities. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity, including selling on Amazon, eBay, or other ecommerce platforms, without the written consent of the Company. In addition, while you render services to the company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

No Conflicts. It is the policy of the Company that employees neither disclose nor use any confidential information from prior employment while employed by the Company. If you have entered into specific non-disclosure agreements, non-compete agreements, non-solicitation agreements, or any other agreements with any previous employer that might affect your eligibility to be employed by us, restrict your freedom to lawfully recruit others to join our team, or otherwise limit the manner in which you may be employed, please provide us with a copy so that we can ensure that both you and the Company will be able to abide by the terms thereof if you are employed by the Company. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. This offer is expressly contingent upon your providing us with these agreements prior to accepting this offer, or the Company waiving this contingency, in its sole discretion.

Withholding Taxes. All forms of compensation referred to in this letter are subject to applicable withholding and payroll taxes.

Entire Agreement. This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

[Signature Page Follows]

If you wish to accept this offer, please sign and date both the enclosed duplicate original of this letter and the enclosed Proprietary Information and Inventions Agreement and return them to me. As required, by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States. We look forward to having you join the team!

Sincerely,

/s/ Yaniv Sarig
Yaniv Sarig, CEO
Mohawk Group, Inc.

ACCEPTED AND AGREED:

/s/ Joe. Risico
Joseph Risico
Joseph Risico

Date

Anticipated Start Date: May 14, 2018

Attachment A: Proprietary Information and Inventions Agreement

ATTACHMENT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

In consideration of my employment or consulting (including independent contracting) relationship with **Mohawk Group, Inc.**, a Delaware corporation (the **"Company"),** the training, contacts and experience that I may receive in connection with such relationship, the compensation paid to me by the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I agree as follows:

Section 1. Definitions

The following terms have the following specified meanings:

"Competing Business" means any business who offers products or services that are directly or indirectly competitive with the products or services of the Company. A Competing Business includes any business pursuing research and development and/or offering products or services in competition with products or services which are, during and at the end of the Term, either (a) produced, marketed, distributed, sourced or otherwise commercially exploited by the Company or (b) in actual or demonstrably anticipated research or development by the Company.

"Confidential Information" means any information related to the business or other affairs of the Company or its affiliates that is not generally available to the public, and that: (a) is conceived, compiled, developed, or discovered by me whether solely or jointly with others, during the Term or (b) is or has been received or otherwise becomes known to me in connection with my employment or consulting relationship. Without limiting the generality of the foregoing, Confidential Information includes information, both written and oral, relating to Inventions and Works, trade secrets and other proprietary information, technical data, products, services, finances, business plans, marketing plans, legal affairs, suppliers, clients, potential clients, prospects, opportunities, contracts or assets of the Company or its affiliates. Confidential Information also includes any information that has been made available to the Company by its clients or other third parties and which the Company is obligated to keep confidential.

"Inventions and Works" means any composition, work of authorship, computer program, product, device, technique, know-how, algorithm, method, design, process, procedure, improvement, discovery or invention, whether or not patentable or copyrightable and whether or not reduced to practice, that is (a) within the scope of the Company's business, research or investigations, or results from or is suggested by any work performed by me for the Company, and (b) created, conceived, reduced to practice, developed, discovered, invented or made by me during the Term, whether solely or jointly with others, and whether or not while employed by, or in a consulting relationship with, the Company.

"Materials" means any product, prototype, sample, model, document, diskette, tape, picture, drawing, design, recording, report, proposal, paper, note, writing or other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic or other form, any Confidential Information or Inventions and Works.

"Person" means any corporation, limited liability company, partnership, trust, association, governmental authority, educational institution, individual or other entity.

"Proprietary Right" means any patent, copyright, trade secret, trademark, trade name, service mark or other protected intellectual property right in any Confidential Information, Inventions and Works, or Material.

"Restricted Period" means the period commencing at the beginning of the Term and ending one (1) year after expiration of the Term.

"Term" means the period from the beginning of my employment or consulting relationship with the Company, whether on a full-time, part-time or consulting basis, through the last day of such employment or consulting relationship.

Section 2. Confidential Information, Inventions and Works, and Materials

2.1 Ownership. As between the Company and me, the Company is and will be the sole owner of all Confidential Information, Inventions and Works, Materials and Proprietary Rights. To the extent eligible for such treatment, all Inventions and Works will constitute "works made for hire" under applicable copyright laws.

2.2 Assignment. I hereby irrevocably assign and transfer to the Company all right, title and interest that I may now or hereafter have in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, subject to the limitations set forth in the notice below. This assignment and transfer is independent of any obligation or commitment made to me by the Company. Further, I hereby waive any moral rights that I may have in or to any Confidential Information, Inventions and Works, Materials and Proprietary Rights. I will take such action (including, but not limited to, the execution, acknowledgment, delivery and assistance in preparation of documents or the giving of testimony) as may be requested by the Company to evidence, transfer, vest or confirm the Company's right, title and interest in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, and the license rights described in Section 2.6 below. I agree to keep and maintain adequate and current written records of all Inventions and Proprietary Rights during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times. I will not contest the validity of any Proprietary Rights or aid or encourage any third party to contest the validity of any Proprietary Right of the Company. If I have any question as to whether any information, an invention, a work, a material or a right qualifies, respectively, as Confidential Information, an Invention, a Work, a Material or a Proprietary Right, I will inform the Company of the nature of such information, invention, work, material or right for the Company's determination as to whether such information, invention, work, material or right is, respectively, Confidential Information, an Invention, a Work, a Material or a Proprietary Right.

<u>NOTICE</u>: Notwithstanding any other provision of this Agreement to the contrary, this Agreement does not obligate me to assign or offer to assign to the Company any of my rights in an invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the Company. This satisfies the written notice and other requirements of California Labor Code Section 2870 or any other similar state statute that may be applicable in my case.

2.3 Company Authority. If the Company is unable for any reason to secure my signature to fulfill the intent of the foregoing paragraph or to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions and Works assigned to the Company above, then I irrevocably appoint the Company and its authorized agents as my agent and attorney in fact, to transfer, vest or confirm the Company's rights and to execute and file any such applications and to do all other lawful acts to further the prosecution and issuance of letters patent or copyright registrations with the same legal force as if done by me.

2.4 Use Restrictions. Except as required for performance of my work for the Company or as authorized in writing by the Company, I will not (a) use, disclose, publish or distribute any Confidential Information, Inventions and Works or Materials or (b) remove any Materials from the Company's premises. I will hold all Materials in trust for the Company and I will deliver them to the Company upon request and in any event at the end of the Term. I will take all action necessary to protect the confidentiality of the Confidential Information, Inventions and Works or Materials including, without limitation, implementing and enforcing operating procedures to minimize the possibility of unauthorized use or copying thereof.

2.5 Disclosure Obligations. I will promptly disclose to the Company all Confidential Information, Inventions and Works, and Materials, as well as any business opportunity that comes to my attention during the Term and which relates to the business of the Company or which arises as a result of my employment or consulting relationship with the Company. I will not take advantage of or divert any such opportunity for the benefit of myself or anyone else either during or after the Term without the prior written consent of the Company. I agree that at the end of the Term

I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all Inventions and Works, Materials and other property belonging to the Company, its successors or assigns.

2.6 Prior Inventions. I have attached as **Exhibit A** a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to the Term (collectively referred to as **"Prior Inventions"**), which belong to me or in which I have an interest, which relate to the Company's current or proposed business, products or research and development, and which are not assigned to the Company. I represent and warrant that this list is complete and accurate. If no such Prior Inventions exist, then I have written "none" on Exhibit A or left it blank. If Exhibit A is left blank or reads "none," then I represent that there are no Prior Inventions. Notwithstanding the notice in Section 2.2, if, during the Term, I use any Prior Inventions with or incorporate any Prior Invention in any Confidential Information, Inventions and Works or Materials into a Company product, process or machine, I hereby irrevocably grant to the Company, to the full extent of my rights in and to the same, a fully paid-up, perpetual, worldwide right and license to sublicense, disclose, offer, copy, distribute, import, make, have made, make derivative works of, use and otherwise exploit any trade secrets, copyrights, patents or other proprietary rights to the Prior Inventions belonging to me or a third party with such Confidential Information, Inventions and Works, or Materials.

Section 3. Nonsolicitation, Noncompetition, Etc.

3.1 No Solicitation. During the Restricted Period, I will not induce, or attempt to induce, any employee or consultant of the Company to leave such employment or relationship to engage in, be employed by, perform services for, participate in or otherwise be connected with, either directly or indirectly, me or any enterprise with which I am in any way associated.

3.2 No Breaches. My execution, delivery and performance of this Agreement and the performance of my other obligations and duties to the Company will not cause any breach, default or violation of any other employment, nondisclosure, confidentiality, consulting or other agreement to which I am a party or by which I may be bound. Attached as Exhibit B is a list of all prior agreements now in effect under which I have agreed to keep information confidential or not to compete or solicit employees of any Person. I will not use in performance of my work for the Company or disclose to the Company any trade secret, confidential or proprietary information of any prior employer or other person or entity if and to the extent that such use or disclosure may cause any breach, default or violation of any obligation or duty that I owe to such other person or entity (e.g., under any agreement or applicable law). My compliance with this Section 3.2 will not prohibit, restrict or impair the performance of my work, obligations and duties to the Company.

3.3 Nondisparagement. During the Restricted Period, I will not (a) make any false, misleading or disparaging representations or statements with regard to the Company or the products or services of the Company to any third party or (b) make any statement to any third party that may impair or otherwise adversely affect the goodwill or reputation of the Company.

3.4 Noncompetition. During the Restricted Period, I will not engage in, be employed by, perform services for, participate in the non-passive ownership, management, control or operation of, or otherwise be connected with or participate in any Competing Business or activity that is in any way competitive with the business or proposed business of the Company, including but not limited to businesses that engage in the development, design, manufacturing, and/or sale of functionally similar products and technologies to those of the Company. I agree that this restriction is reasonable for my employment with the Company, but further agree that should a court exercising jurisdiction with respect to this Agreement find any such restriction invalid or unenforceable due to unreasonableness, either in period of time, geographical area, or otherwise, then in that event, such restriction is to be interpreted and enforced to the maximum extent which such court deems reasonable. The Company, in its sole discretion, may determine to waive the noncompetition provisions of this Section 3.4. Any such waiver shall not constitute a waiver of any noncompetition or forfeiture provisions of any other agreement between the Company and me.

3.5 Diversion of Company Business. During the Restricted Period, I will not divert or attempt to divert from the Company any business the Company enjoyed or solicited from its customers during the twelve (12) months prior to the end of the Term, nor will I solicit or attempt to induce any customer, supplier, partner or other person or entity with whom the Company has, or is attempting to establish, a commercial relationship to cease or refrain from doing business with the Company or to alter its relationship with the Company in any way adverse to the Company.

Section 4. Termination of Relationship

4.1 Return of Company Property. I hereby authorize and specifically agree to allow the Company to deduct from my wages or other payments due me, the value of any property (including equipment, goods, or other items provided to me by the Company during my employment or consulting relationship) which I fail to return when requested to do so by the Company, provided that such deduction (a) does not exceed the cost of the item, (b) does not reduce my wages below minimum wage or overtime compensation below time and a half, (c) is not made for normal wear and tear on or nonwillful loss or breakage of the provided item(s), and (d) is accompanied with a list of all items for which deductions are being made. I agree that at the end of the Term I will deliver to the Company (and will not keep in my possession, re-create or deliver to anyone else) any and all Materials and other property belonging to the Company, its successors or assigns. I agree to sign and deliver a certificate to the Company as to my compliance with this paragraph.

4.2 New Employer Information. At the end of the Term or at any time within six (6) months thereafter, if requested by the Company, I agree to provide the name of my new employer, if any, and I consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

Section 5. General Provisions

5.1 At-Will Employment. This Agreement is not a contract of employment and no rights of employment are hereby created. Unless otherwise set forth in a written agreement signed by me and the Company, my employment with the Company (if I am an employee) is "at will" and may be terminated at any time, with or without cause, by me or the Company.

5.2 Survival. The following provisions will survive the termination or expiration of this Agreement: Sections 1, 2, 3.1, 3.3, 3.4, 3.5 and 5.

5.3 Specific Performance. In the event of any breach of or default under this Agreement by me, the Company may suffer irreparable harm and damages may not be an adequate remedy. In the event of any such breach or default, or any threat of such breach or default, the Company will be entitled to injunctive relief and specific performance. Further, in any legal action or other proceeding in connection with this Agreement (e.g., to recover damages or other relief), the prevailing party will be entitled to recover, in addition to any other relief to which it may be entitled, its reasonable attorneys' fees and other costs incurred in that action or proceeding. The rights and remedies of the Company under this Section 5.3 are in addition to, and not in lieu of, any other right or remedy afforded to the Company under any other provision of this Agreement, by law or otherwise.

5.4 Severability. This Agreement will be enforced to the fullest extent permitted by applicable law. If for any reason any provision of this Agreement is held to be invalid or unenforceable to any extent, then (a) such provision will be interpreted, construed or reformed to the extent reasonably required to render the same valid, enforceable and consistent with the original intent underlying such provision and (b) such invalidity or unenforceability will not affect any other provision of this Agreement or any other agreement between the Company and me. If the invalidity or unenforceability is due to the unreasonableness of the scope or duration of the provision, the provision will remain effective for such scope and duration as may be determined to be reasonable.

5.5 No Waiver. The failure of the Company to insist upon or enforce strict performance of any other provisions of this Agreement or to exercise any of its rights or remedies under this Agreement will not be construed as a waiver or a relinquishment to any extent of the Company's rights to assert or rely on any such provision, right or remedy in that or any instance; rather, the same will be and remain in full force and effect.

5.6 Entire Agreement. This Agreement shall be effective as of the date I execute the Agreement and shall be binding upon me, my heirs, executors, assigns and administrators. This Agreement sets forth the entire Agreement, and supersedes any and all prior agreements, between me and the Company with regard to the Confidential Information, Inventions and Works, Materials and Proprietary Rights of the Company. This Agreement is independent of any other written agreements between me and the Company regarding other aspects of my

employment. This Agreement may not be amended, except in a writing signed by me and an authorized representative of the Company.

5.7 Governing Law and Venue. This Agreement will be governed by the laws of the State of New York without regard to its choice of law principles to the contrary. I irrevocably consent to the jurisdiction and venue of the state and federal courts located in New York County, New York, in connection with any action relating to this Agreement. Further, I will not bring any action relating to this Agreement in any other court.

5.8 Acknowledgement. I have carefully read all of the provisions of this Agreement and agree that (a) the same are necessary for the reasonable and proper protection of the Company's business, (b) the Company has been induced to enter into and continue its relationship with me in reliance upon my compliance with the provisions of this Agreement, (c) every provision of this Agreement is reasonable with respect to its scope and duration and (d) I have received a copy of this Agreement.

This Agreement shall be effective as of , 20 .

EMPLOYEE

/s/ Joe. Risico

Signature

Joe. Risico

FULL NAME (print or type)

ACCEPTED:

MOHAWK GROUP, INC.

/s/ Yaniv Sarig

Name: Yaniv Sarig
Title: CEO

EXHIBIT A

PRIOR INVENTIONS

Title	Date	Identifying or Brief Description	Number

☐ No inventions or improvements

☐ Additional Sheets Attached

Signature of Employee: /s/ Joe. Risico
Print Name of Employee: Joe. Risico
Date: _____

EXHIBIT B

The following is a list of all prior agreements with former employers or others to which I am a party in which I agreed to maintain the confidentiality of the information of, or not to compete with or solicit the employees or customers of a third party.

☐ No Agreements

☐ See below

☐ Additional sheets attached

Signature of Employee: /s/ Joe. Risico
Print Name of Employee: Joe. Risico
Date: _____

Mohawk Group, Inc.
37-40 E. 18th St, 7th Fl
New York, NY 10003

January 1, 2016

Mihal Chaouat-Fix

Dear Mihal,

Mohawk Group, Inc (the "Company"), is super excited to offer you employment with the Company. We're always looking for 10x'ers and think you have what it takes to be a Mohawker.

Position, Salary and Bonus Target. I am pleased to offer you the position listed below. You will receive an annual salary listed below, which will be paid biweekly and subject to a periodic review. You are eligible to participate in the Company bonus program; your annual bonus target will be the below percentage of the median salary for your peers in your position at your level. If at any point in your employment, your position / level changes, your annual bonus target may change. Bonuses under the Company bonus program are discretionary. The actual bonus amount could be larger or smaller than this amount, based on your performance and the performance of the Company. Whether a bonus will be awarded in a particular bonus period, and in what amount, is within Mohawk's sole discretion. Please note that both your salary and bonus eligibility are subject to periodic review and may be modified in Mohawk's discretion.

Title: Chief Operating Officer

Salary: $100,000
Annual Bonus Target: 20%

By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company. As a regular employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary that I have enclosed with this letter.

Stock Options. Subject to the approval of the Company's Board of Directors, you will be granted an option to purchase **100,000** shares of the Company's common stock. The option will be subject to the terms and conditions applicable to options granted under the Company's 2015

Equity Incentive Plan, as described in that plan and the applicable stock option agreement, which you will be required to sign. You will vest in 25% of the option shares on the 12-month anniversary of your vesting commencement date and 11/48th of the total option shares will vest in monthly installments thereafter during continuous service, as described in the applicable stock option agreement. The exercise price per share will be equal to the fair market value per share on the date the option is granted, as determined by the Company's Board of Directors in good faith compliance with applicable guidance in order to avoid having the option be treated as deferred compensation under Section 409 A of the Internal Revenue Code of 1986, as amended. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax risks associated with accepting an option to purchase the Company's common stock.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Proprietary Information and Inventions Agreement.

Employment Relationship. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

Outside Activities. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity, including selling on Amazon, eBay, or other ecommerce platforms, without the written consent of the Company. In addition, while you render services to the company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

No Conflicts. It is the policy of the Company that employees neither disclose nor use any confidential information from prior employment while employed by the Company. If you have entered into specific non-disclosure agreements, non-compete agreements, non-solicitation agreements, or any other agreements with any previous employer that might affect your eligibility to be employed by us, restrict your freedom to lawfully recruit others to join our team, or otherwise limit the manner in which you may be employed, please provide us with a copy so that we can ensure that both you and the Company will be able to abide by the terms thereof if you are employed by the Company. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. This offer is expressly contingent upon your providing us with these agreements prior to accepting this offer, or the Company waiving this contingency, in its sole discretion.

Withholding Taxes. All forms of compensation referred to in this letter are subject to applicable withholding and payroll taxes.

Entire Agreement. This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

[Signature Page Follows]

If you wish to accept this offer, please sign and date both the enclosed duplicate original of this letter and the enclosed Proprietary Information and Inventions Agreement and return them to me. As required, by law, your employment with the Company is also contingent upon your providing legal proof of your identify and authorization to work in the United States. We look forward to having you join the team!

Sincerely,

/s/ Yaniv Sarig
Yaniv Sarig, CEO
Mohawk Group, Inc.

ACCEPTED AND AGREED:

/s/ Mihal Chaouat-Fix
Mihal Chaouat-Fix

01/01/2016
Date

Anticipated Start Date: January 1,2016

Attachment A: Proprietary Information and Inventions Agreement

ATTACHMENT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

In consideration of my employment or consulting (including independent contracting) relationship with **Mohawk Group, Inc.,** a Delaware corporation (the "**Company**"), the training, contacts and experience that I may receive in connection with such relationship, the compensation paid to me by the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I agree as follows:

Section 1. Definitions

The following terms have the following specified meanings:

"Competing Business" means any business who offers products or services that are directly or indirectly competitive with the products or services of the Company. A Competing Business includes any business pursuing research and development and/or offering products or services in competition with products or services which are, during and at the end of the Term, either (a) produced, marketed, distributed, sourced or otherwise commercially exploited by the Company or (b) in actual or demonstrably anticipated research or development by the Company.

"**Confidential Information"** means any information related to the business or other affairs of the Company or its affiliates that is not generally available to the public, and that: (a) is conceived, compiled, developed, or discovered by me whether solely or jointly with others, during the Term or (b) is or has been received or otherwise becomes known to me in connection with my employment or consulting relationship. Without limiting the generality of the foregoing, Confidential Information includes information, both written and oral, relating to Inventions and Works, trade secrets and other proprietary information, technical data, products, services, finances, business plans, marketing plans, legal affairs, suppliers, clients, potential clients, prospects, opportunities, contracts or assets of the Company or its affiliates. Confidential Information also includes any information that has been made available to the Company by its clients or other third parties and which the Company is obligated to keep confidential.

"Inventions and Works" means any composition, work of authorship, computer program, product, device, technique, know-how, algorithm, method, design, process, procedure, improvement, discovery or invention, whether or not patentable or copyrightable and whether or not reduced to practice, that is (a) within the scope of the Company's business, research or investigations, or results from or is suggested by any work performed by me for the Company, and (b) created, conceived, reduced to practice, developed, discovered, invented or made by me during the Term, whether solely or jointly with others, and whether or not while employed by, or in a consulting relationship with, the Company.

"Materials" means any product, prototype, sample, model, document, diskette, tape, picture, drawing, design, recording, report, proposal, paper, note, writing or other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic or other form, any Confidential Information or Inventions and Works.

"Person" means any corporation, limited liability company, partnership, trust, association, governmental authority, educational institution, individual or other entity.

"Proprietary Right" means any patent, copyright, trade secret, trademark, trade name, service mark or other protected intellectual property right in any Confidential Information, Inventions and Works, or Material.

"Restricted Period" means the period commencing at the beginning of the Term and ending one (1) year after expiration of the Term.

"Term" means the period from the beginning of my employment or consulting relationship with the Company, whether on a full-time, part-time or consulting basis, through the last day of such employment or consulting relationship.

Section 2. Confidential Information, Inventions and Works, and Materials

2.1 Ownership. As between the Company and me, the Company is and will be the sole owner of all Confidential Information, Inventions and Works, Materials and Proprietary Rights. To the extent eligible for such treatment, all Inventions and Works will constitute "works made for hire" under applicable copyright laws.

2.2 Assignment. I hereby irrevocably assign and transfer to the Company all right, title and interest that I may now or hereafter have in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, subject to the limitations set forth in the notice below. This assignment and transfer is independent of any obligation or commitment made to me by the Company. Further, I hereby waive any moral rights that I may have in or to any Confidential Information, Inventions and Works, Materials and Proprietary Rights. I will take such action (including, but not limited to, the execution, acknowledgment, delivery and assistance in preparation of documents or the giving of testimony) as may be requested by the Company to evidence, transfer, vest or confirm the Company's right, title and interest in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, and the license rights described in Section 2.6 below. I agree to keep and maintain adequate and current written records of all Inventions and Proprietary Rights during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times. I will not contest the validity of any Proprietary Rights or aid or encourage any third party to contest the validity of any Proprietary Right of the Company. If I have any question as to whether any information, an invention, a work, a material or a right qualifies, respectively, as Confidential Information, an Invention, a Work, a Material or a Proprietary Right, I will inform the Company of the nature of such information, invention, work, material or right for the Company's determination as to whether such information, invention, work, material or right is, respectively, Confidential Information, an Invention, a Work, a Material or a Proprietary Right.

NOTICE: Notwithstanding any other provision of this Agreement to the contrary, this Agreement does not obligate me to assign or offer to assign to the Company any of my rights in an invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the Company. This satisfies the written notice and other requirements of California Labor Code Section 2870 or any other similar state statute that may be applicable in my case.

2.3 Company Authority. If the Company is unable for any reason to secure my signature to fulfill the intent of the foregoing paragraph or to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions and Works assigned to the Company above, then I irrevocably appoint the Company and its authorized agents as my agent and attorney in fact, to transfer, vest or confirm the Company's rights and to execute and file any such applications and to do all other lawful acts to further the prosecution and issuance of letters patent or copyright registrations with the same legal force as if done by me.

2.4 Use Restrictions. Except as required for performance of my work for the Company or as authorized in writing by the Company, I will not (a) use, disclose, publish or distribute any Confidential Information, Inventions and Works or Materials or (b) remove any Materials from the Company's premises. I will hold all Materials in trust for the Company and I will deliver them to the Company upon request and in any event at the end of the Term. I will take all action necessary to protect the confidentiality of the Confidential Information, Inventions and Works or Materials including, without limitation, implementing and enforcing operating procedures to minimize the possibility of unauthorized use or copying thereof.

2.5 Disclosure Obligations. I will promptly disclose to the Company all Confidential Information, Inventions and Works, and Materials, as well as any business opportunity that comes to my attention during the Term and which relates to the business of the Company or which arises as a result of my employment or consulting relationship with the Company. I will not take advantage of or divert any such opportunity for the benefit of myself or anyone else either during or after the Term without the prior written consent of the Company. I agree that at the end of the Term

I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all Inventions and Works, Materials and other property belonging to the Company, its successors or assigns.

2.6 Prior Inventions. I have attached as **Exhibit A** a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to the Term (collectively referred to as "**Prior Inventions**"), which belong to me or in which I have an interest, which relate to the Company's current or proposed business, products or research and development, and which are not assigned to the Company. I represent and warrant that this list is complete and accurate. If no such Prior Inventions exist, then I have written "none" on Exhibit A or left it blank. If Exhibit A is left blank or reads "none," then I represent that there are no Prior Inventions. Notwithstanding the notice in Section 2.2, if, during the Term, I use any Prior Inventions with or incorporate any Prior Invention in any Confidential Information, Inventions and Works or Materials into a Company product, process or machine, I hereby irrevocably grant to the Company, to the full extent of my rights in and to the same, a fully paid-up, perpetual, worldwide right and license to sublicense, disclose, offer, copy, distribute, import, make, have made, make derivative works of, use and otherwise exploit any trade secrets, copyrights, patents or other proprietary rights to the Prior Inventions belonging to me or a third party with such Confidential Information, Inventions and Works, or Materials.

Section 3. Nonsolicitation, Noncompetition, Etc.

3.1 No Solicitation. During the Restricted Period, I will not induce, or attempt to induce, any employee or consultant of the Company to leave such employment or relationship to engage in, be employed by, perform services for, participate in or otherwise be connected with, either directly or indirectly, me or any enterprise with which I am in any way associated.

3.2 No Breaches. My execution, delivery and performance of this Agreement and the performance of my other obligations and duties to the Company will not cause any breach, default or violation of any other employment, nondisclosure, confidentiality, consulting or other agreement to which I am a party or by which I may be bound. Attached as Exhibit B is a list of all prior agreements now in effect under which I have agreed to keep information confidential or not to compete or solicit employees of any Person. I will not use in performance of my work for the Company or disclose to the Company any trade secret, confidential or proprietary information of any prior employer or other person or entity if and to the extent that such use or disclosure may cause any breach, default or violation of any obligation or duty that I owe to such other person or entity (e.g., under any agreement or applicable law). My compliance with this Section 3.2 will not prohibit, restrict or impair the performance of my work, obligations and duties to the Company.

3.3 Nondisparagement. During the Restricted Period, I will not (a) make any false, misleading or disparaging representations or statements with regard to the Company or the products or services of the Company to any third party or (b) make any statement to any third party that may impair or otherwise adversely affect the goodwill or reputation of the Company.

3.4 Noncompetition. During the Restricted Period, I will not engage in, be employed by, perform services for, participate in the non-passive ownership, management, control or operation of, or otherwise be connected with or participate in any Competing Business or activity that is in any way competitive with the business or proposed business of the Company, including but not limited to businesses that engage in the development, design, manufacturing, and/or sale of functionally similar products and technologies to those of the Company. I agree that this restriction is reasonable for my employment with the Company, but further agree that should a court exercising jurisdiction with respect to this Agreement find any such restriction invalid or unenforceable due to unreasonableness, either in period of time, geographical area, or otherwise, then in that event, such restriction is to be interpreted and enforced to the maximum extent which such court deems reasonable. The Company, in its sole discretion, may determine to waive the noncompetition provisions of this Section 3.4. Any such waiver shall not constitute a waiver of any noncompetition or forfeiture provisions of any other agreement between the Company and me.

3.5 Diversion of Company Business. During the Restricted Period, I will not divert or attempt to divert from the Company any business the Company enjoyed or solicited from its customers during the twelve (12) months prior to the end of the Term, nor will I solicit or attempt to induce any customer, supplier, partner or other person or entity

with whom the Company has, or is attempting to establish, a commercial relationship to cease or refrain from doing business with the Company or to alter its relationship with the Company in any way adverse to the Company.

Section 4. Termination of Relationship

4.1 Return of Company Property. I hereby authorize and specifically agree to allow the Company to deduct from my wages or other payments due me, the value of any property (including equipment, goods, or other items provided to me by the Company during my employment or consulting relationship) which I fail to return when requested to do so by the Company, provided that such deduction (a) does not exceed the cost of the item, (b) does not reduce my wages below minimum wage or overtime compensation below time and a half, (c) is not made for normal wear and tear on or nonwillful loss or breakage of the provided item(s), and (d) is accompanied with a list of all items for which deductions are being made. I agree that at the end of the Term I will deliver to the Company (and will not keep in my possession, re-create or deliver to anyone else) any and all Materials and other property belonging to the Company, its successors or assigns. I agree to sign and deliver a certificate to the Company as to my compliance with this paragraph.

4.2 New Employer Information. At the end of the Term or at any time within six (6) months thereafter, if requested by the Company, I agree to provide the name of my new employer, if any, and I consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

Section 5. General Provisions

5.1 At-Will Employment. This Agreement is not a contract of employment and no rights of employment are hereby created. Unless otherwise set forth in a written agreement signed by me and the Company, my employment with the Company (if I am an employee) is “at will” and may be terminated at any time, with or without cause, by me or the Company.

5.2 Survival. The following provisions will survive the termination or expiration of this Agreement: Sections 1, 2, 3.1, 3.3, 3.4, 3.5 and 5.

5.3 Specific Performance. In the event of any breach of or default under this Agreement by me, the Company may suffer irreparable harm and damages may not be an adequate remedy. In the event of any such breach or default, or any threat of such breach or default, the Company will be entitled to injunctive relief and specific performance. Further, in any legal action or other proceeding in connection with this Agreement (e.g., to recover damages or other relief), the prevailing party will be entitled to recover, in addition to any other relief to which it may be entitled, its reasonable attorneys’ fees and other costs incurred in that action or proceeding. The rights and remedies of the Company under this Section 5.3 are in addition to, and not in lieu of, any other right or remedy afforded to the Company under any other provision of this Agreement, by law or otherwise.

5.4 Severability. This Agreement will be enforced to the fullest extent permitted by applicable law. If for any reason any provision of this Agreement is held to be invalid or unenforceable to any extent, then (a) such provision will be interpreted, construed or reformed to the extent reasonably required to render the same valid, enforceable and consistent with the original intent underlying such provision and (b) such invalidity or unenforceability will not affect any other provision of this Agreement or any other agreement between the Company and me. If the invalidity or unenforceability is due to the unreasonableness of the scope or duration of the provision, the provision will remain effective for such scope and duration as may be determined to be reasonable.

5.5 No Waiver. The failure of the Company to insist upon or enforce strict performance of any other provisions of this Agreement or to exercise any of its rights or remedies under this Agreement will not be construed as a waiver or a relinquishment to any extent of the Company’s rights to assert or rely on any such provision, right or remedy in that or any instance; rather, the same will be and remain in full force and effect.

5.6 Entire Agreement. This Agreement shall be effective as of the date I execute the Agreement and shall be binding upon me, my heirs, executors, assigns and administrators. This Agreement sets forth the entire Agreement, and supersedes any and all prior agreements, between me and the Company with regard to the Confidential Information, Inventions and Works, Materials and Proprietary Rights of the Company. This Agreement is independent of any other written agreements between me and the Company regarding other aspects of my

employment. This Agreement may not be amended, except in a writing signed by me and an authorized representative of the Company.

5.7 Governing Law and Venue. This Agreement will be governed by the laws of the State of New York without regard to its choice of law principles to the contrary. I irrevocably consent to the jurisdiction and venue of the state and federal courts located in New York County, New York, in connection with any action relating to this Agreement. Further, I will not bring any action relating to this Agreement in any other court.

5.8 Acknowledgement. I have carefully read all of the provisions of this Agreement and agree that (a) the same are necessary for the reasonable and proper protection of the Company's business, (b) the Company has been induced to enter into and continue its relationship with me in reliance upon my compliance with the provisions of this Agreement, (c) every provision of this Agreement is reasonable with respect to its scope and duration and (d) I have received a copy of this Agreement.

This Agreement shall be effective as of January 1, 2016.

EMPLOYEE	**ACCEPTED:**
/s/ Mihal Chaouat-Fix	**MOHAWK GROUP, INC.**
Signature	Name: /s/ Yaniv Sarig
Mihal Chaouat-Fix FULL NAME (print or type)	Title: CEO

EXHIBIT A
PRIOR INVENTIONS

Title	Date	Identifying Number or Brief Description

☒ No inventions or improvements

☐ Additional Sheets Attached

Signature of Employee: /s/ Mihal Chaouat-Fix
Print Name of Employee: Mihal Chaouat-Fix
Date: 1/1/2016

EXHIBIT B

The following is a list of all prior agreements with former employers or others to which I am a party in which I agreed to maintain the confidentiality of the information of, or not to compete with or solicit the employees or customers of a third party.

☒ No Agreements

☐ See below

☐ Additional sheets attached

Signature of Employee: /s/ Mihal Chaouat-Fix
Print Name of Employee: Mihal Chaouat-Fix
Date: 1/1/16

MOHAWK GROUP, INC.

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement (this "**Agreement**") is made and entered into as of July 1st, 2017 ("**Effective Date**") between Mohawk Group, Inc., a Delaware corporation ("**Company**"), and Fabrice Hamaide ("**Contractor**"). In consideration of the mutual promises contained in this Agreement, the parties agree as follows:

1. SERVICES AND COMPENSATION

1.1 Services. Subject to the terms and conditions of this Agreement and at Company's request and direction, Contractor will perform for Company the services ("**Services**") described in **Exhibit A** during the term of this Agreement.

1.2 Compensation. As consideration for Contractor's proper performance of the Services, Company will pay Contractor the compensation set forth in **Exhibit A**.

2. TERM AND TERMINATION

2.1 Term. This Agreement commences on the Effective Date and will continue until the earlier of July 1st , 2018 or (a) termination as provided below.

2.2 Termination. (a)This Agreement may be terminated by either Party at any time, but if so terminated for any of the reasons below, the appropriate provisions of subsection (b) of this Section 2.2 shall apply.

(i) Mutual written agreement between the Employee and the Company at any time;

(ii) Employee's death;

(iii) Employee's disability which renders Employee unable to perform the essential functions of his job even with reasonable accommodation;

(iv) For Cause. For Cause shall mean a termination by the Company because of any one of the following events:

(A) Employee's material breach of this Agreement;

(B) Employee's breach of fiduciary duty to the Company;

(C) Any wrongful act or omission by Employee which causes material injury to the Company, including material injury to the business reputation of the Company;

(D) Employee's fraud;

(E) Employee's material misconduct involving objectively demonstrable dishonesty;

(F) Employee's refusal to abide by the published policies, procedures, and rules of the Company; or (G) Employee's indictment for, conviction of, or entry of a plea of guilty or no contest to, (1) a felony, or (2) crime involving moral turpitude;

(v) Employee's Resignation Without "**Good Reason**". "**Good Reason**" shall mean (A) the Company, without Employee's written consent, (1) reduces Employee's total compensation by more than 10%, except for a reduction that applies to all similarly situated employees in the same relative proportion; (2) changes Employee's position with the Company (or its parent or subsidiary) that materially reduces Employee's level of authority or responsibilities; (3) relocates Employee's principal workplace by more than 40 miles from New York City, New York; or (4) enters into a Change of Control as such term is defined in the Mohawk Group Inc.'s 2014 Equity Incentive Plan, (B) Employee provides written notice to the Company of any such action within sixty (60) days of the date on which such action and provides the Company with thirty (30) days to remedy such action (the "**Cure Period**"); (C) the Company fails to remedy such action within the Cure Period; and

(D) Employee resigns within ten (10) days of the expiration of the Cure Period. Good Reason shall also include the replacement or the diminution in the responsibilities or authority as the same exist on the date of this Agreement of Barak Bar-Cohen as the Chief Executive Officer of the Company. Good Reason shall not include any insubstantial action that (1) is not taken in bad faith, and (2) is remedied by the Company within the Cure Period. The Parties acknowledge and agree that no Cure Period can apply in the case of Good Reason resignation by virtue of a Change of Control and the requirements set forth in subsections (B), (C) and (D) above shall not be applicable in such an instance.

(vi) Employee's resignation with Good Reason; or

(vii) "**Without Cause**". "**Without Cause**" shall mean any termination of employment by the Company which is not defined in subsections (i) through (vi) above.

(b) Company's Post-Termination Obligations

(i) If this Agreement terminates for any of the reasons set forth in Sections 2.2(a)(i) through 2.2(a)(v) above, then the Company will pay Employee all accrued but unpaid wages, based on Employee's then current Salary, through the termination date.

(ii) If this Agreement terminates for any of the reasons set forth in Sections 2.2(a)(vi) or 2(a)(vii) above, then the Company will pay Employee: (A) all accrued but unpaid wages through the termination date, based on Employee's then current Salary, (B) separation pay equal to six (6) months of Employee's then current Salary, divided and paid in separate equal monthly installments over a period of six (6) months. Each installment of the Separation Payment shall be paid on the first business day of each month for the applicable number of months specified above, beginning with the first such date that is at least thirty (30) days after the date of Employee's termination, provided Employee has complied with the conditions set forth in subsections (X) and (Y) below. The Company's obligation to provide the payments and benefits set forth in this subsection shall be conditioned upon the following:

(X) Employee's execution and non-revocation of a separation and release agreement in a form provided by and acceptable to the Company that becomes irrevocable within 30 days after the date of Employee's termination; and

(Y) Employee's compliance with the post-termination obligations provided in the Agreement.

2.3 Survival. Upon termination, all rights and duties of the parties toward each other cease except that:

(a) Within 30 days of the effective date of termination, Company will pay all amounts owing to Contractor for Services or Contractor will return to Company any amount paid to Contractor as a retainer that is not owed against Services; and

(b) Sections 2, 3, 4, 5, 6, 7, 8, and 10 survive termination of this Agreement.

2.4 Return of Materials. Upon the termination of this Agreement, or upon Company's earlier request, Contractor will deliver to Company all of Company's property and Confidential Information (as defined in Section 3.1) that is in Contractor's possession or control.

3. CONFIDENTIALITY

3.1 Definition. "**Confidential Information**" means any non-public information that relates to the actual or anticipated business, research, or development of Company and any proprietary information, trade secrets, and know-how of Company that is disclosed to Contractor by Company, directly or indirectly, in writing, orally, or by inspection or observation of tangible items. Confidential Information includes, but is not limited to, research, product plans, products, services, customer lists, development plans, inventions, processes, formulas, technology, designs, drawings, marketing, finances, and other business information. Confidential Information is the sole property of Company.

3.2 Exceptions. Confidential Information does not include any information that: (a) was publicly known and made generally available in the public domain prior to the time Company disclosed the information to Contractor, (b) became publicly known and made generally available, after disclosure to Contractor by Company, through no wrongful action or inaction of Contractor or others who were under confidentiality obligations, or (c) was in Contractor's possession, without confidentiality restrictions, at the time of disclosure by Company, as shown by Contractor's files and records.

3.3 Nondisclosure and Nonuse. Contractor will not, during and after the term of this Agreement, disclose the Confidential Information to any third party or use the Confidential Information for any purpose other than the performance of the Services on behalf of Company. Contractor will take all reasonable precautions to prevent any unauthorized disclosure of the Confidential Information including, but not limited to, having each employee of Contractor, if any, with access to any Confidential Information, execute a nondisclosure agreement containing terms that are substantially similar to the terms contained in this Agreement.

3.4 Former Client Confidential Information. Contractor will not improperly use or disclose any proprietary information or trade secrets of any former or concurrent client of Contractor or other person or entity. Furthermore, Contractor will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any client, person, or entity unless consented to in writing by the client, person, or entity.

3.5 Third Party Confidential Information. Company has received, and in the future will receive, from third parties confidential or proprietary information subject to a duty on Company's part to maintain the confidentiality of the information and to use it only for certain limited purposes. Contractor owes Company and these third parties, during and after the term of this Agreement, a duty to hold this confidential and proprietary information in the strictest confidence and not to disclose it to any person or entity, or to use it except as necessary in carrying out the Services for Company consistent with Company's agreements with these third parties.

4. OWNERSHIP

4.1 Assignment. All works of authorship, designs, inventions, improvements, technology, developments, discoveries, and trade secrets conceived, made, or discovered by Contractor during the period of this Agreement, solely or in collaboration with others, that relate in any manner to the business of Company (collectively, "**Inventions**") will be the sole property of Company. In addition, Inventions that constitute copyrightable subject matter will be considered "works made for hire" as that term is defined in the United States Copyright Act. To the extent that ownership of the Inventions does not by operation of law vest in Company, Contractor will assign (or cause to be assigned) and does hereby assign fully to Company all right, title, and interest in and to the Inventions, including all related intellectual property rights.

4.2 Further Assurances. Contractor will assist Company and its designees in every proper way to secure Company's rights in the Inventions and related intellectual property rights in all countries. Contractor will disclose to Company all pertinent information and data with respect to Inventions and related intellectual property rights. Contractor will execute all applications, specifications, oaths, assignments, and other instruments that Company deems necessary in order to apply for and obtain these rights and in order to assign and convey to Company, its successors, assigns, and nominees the sole and exclusive right, title, and interest in and to these Inventions, and any related intellectual property rights. Contractor's obligation to provide assistance will continue after the termination or expiration of this Agreement.

4.3 Pre-Existing Materials. If in the course of performing the Services, Contractor incorporates into any Invention any other work of authorship, invention, improvement, or proprietary information, or other materials owned by Contractor or in which Contractor has an interest, Contractor will grant and does now grant to Company a nonexclusive, royalty-free, perpetual, irrevocable, worldwide license to reproduce, manufacture, modify, distribute, use, import, and otherwise exploit the material as part of or in connection with the Invention.

4.4 Attorney-in-Fact. If Contractor's unavailability or any other factor prevents Company from pursuing or applying for any application for any United States or foreign registrations or applications covering the Inventions and related intellectual property rights assigned to Company, then Contractor irrevocably designates and appoints Company as Contractor's agent and attorney in fact. Accordingly, Company may act for and in Contractor's behalf and stead to execute and file any applications and to do all other lawfully permitted acts to further the prosecution and issuance of the registrations and applications with the same legal force and effect as if executed by Contractor.

5. CONTRACTOR'S WARRANTIES

As an inducement to Company entering into and consummating this Agreement, Contractor represents, warrants, and covenants as follows:

5.1 Organization Representations; Enforceability. If Contractor is a company, (a) Contractor is duly organized, validly existing, and in good standing in the jurisdiction stated in the preamble to this Agreement, (b) the execution and delivery of this Agreement by Contractor and the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of Contractor, and (c) this Agreement constitutes a valid and binding obligation of Contractor that is enforceable in accordance with its terms.

5.2 Compliance with Company Policies. Contractor will perform the Services in accordance with all policies and procedures provided by Company, including any third party policies and procedures that Company is required to comply with.

5.3 No Conflict. The entering into and performance of this Agreement by Contractor does not and will not: (a) violate, conflict with, or result in a material default under any other contract, agreement, indenture, decree, judgment, undertaking, conveyance, lien, or encumbrance to which Contractor is a party or by which it or any of Contractor's property is or may become subject or bound, or (b) violate any applicable law or government regulation. Contractor will not grant any rights under any future agreement, nor will it permit or suffer any lien, obligation, or encumbrances that will conflict with the full enjoyment by Company of its rights under this Agreement.

5.4 Right to Make Full Grant. Contractor has and will have all requisite ownership, rights, and licenses to fully perform its obligations under this Agreement and to grant to Company all rights with respect to the Inventions and related intellectual property rights to be granted under this Agreement, free and clear of any and all agreements, liens, adverse claims, encumbrances, and interests of any person or entity, including, without limitation, Contractor's employees, agents, artists, and contractors and their contractors' employees, agents, and artists, who have provided, are providing, or will provide services with respect to the development of the Inventions.

5.5 Pre-existing Works and Third Party Materials. Contractor will not, without Company's prior written consent, incorporate any pre-existing works or third party materials into the Inventions. Additionally, Contractor has the right to assign and transfer rights to pre-existing works and third party materials as specified in this Agreement.

5.6 Noninfringement. Nothing contained in the Inventions or required in order for Contractor to create and deliver the Inventions under this Agreement does or will infringe, violate, or misappropriate any intellectual property rights of any third party. Further, no characteristic of any Invention does or will cause manufacturing, using, maintaining, or selling the Invention to infringe, violate, or misappropriate the intellectual property rights of any third party.

5.7 No Pending or Current Litigation. Contractor is not involved in litigation, arbitration, or any other claim and knows of no pending litigation, arbitration, other claim, or fact that may be the basis of any claim regarding any of the materials Contractor has used or will use to develop or has incorporated or will incorporate into the Inventions to be delivered under this Agreement.

5.8 No Harmful Content. The Inventions as delivered by Contractor to Company will not contain matter that is injurious to end-users or their property, or that is scandalous, libelous, obscene, an invasion of privacy, or otherwise unlawful or tortious.

5.9 Inspection and Testing of Inventions. Prior to delivery to Company, Contractor will inspect and test each Invention and the media upon which it is to be delivered, if applicable, to ensure that the Invention and media contain no computer viruses, booby traps, time bombs, or other programming designed to interfere with the normal functioning of the Invention or Company's or an end-user's equipment, programs, or data.

5.10 Services. The Services will be performed in a timely, competent, professional, and workmanlike manner by qualified personnel.

6. INDEMNIFICATION

6.1 Indemnification. Contractor will indemnify, defend, and hold harmless Company and its directors, officers, and employees from and against all taxes, losses, damages, liabilities, costs, and expenses, including attorneys' fees and other legal expenses, arising directly or indirectly from or in connection with: (a) any negligent, reckless, or intentionally wrongful act of Contractor or Contractor's assistants, employees, or agents, (b) any breach by Contractor or Contractor's assistants, employees, or agents of any of the covenants, warranties, or representations contained in this Agreement, (c) any failure of Contractor to perform the Services in accordance with all applicable laws, rules, and regulations, or (d) any violation or claimed violation of a third party's rights resulting in whole or in part from Company's use of the work product of Contractor under this Agreement.

6.2 Intellectual Property Infringement. In the event of any claim concerning the intellectual property rights of a third party that would prevent or limit Company's use of the Inventions, Contractor will, in addition to its obligations under Section 6.1, take one of the following actions at its sole expense:

(a) procure for Company the right to continue use of the Invention or infringing part thereof; or

(b) modify or amend the Invention or infringing part thereof, or replace the Invention or infringing part thereof with another Invention having substantially the same or better capabilities.

7. NON-COMPETITION

7.1 Non-Competition. During the term of this Agreement and for one year after the termination of this Agreement, Contractor will not directly or indirectly, for itself or any third party other than Company, perform any of the following actions:

(a) perform services for a business within the Geographic Area in connection with the development, manufacture, marketing, or sale of a Competing Product;

(b) solicit sales of any Competing Product from any of Company's customers;

(c) entice or otherwise engage in any activity that would cause any vendor, Contractor, collaborator, agent, or contractor of Company to cease its business relationship with Company; or

(d) solicit or encourage any employee or contractor of Company or its affiliates to terminate employment with, or cease providing services to, Company or its affiliates.

7.2 Geographic Area. "**Geographic Area**" means anywhere in the world where Company or any subsidiary of Company conducts business.

7.3 Company Product. "**Company Product**" means any product or service of Company that Contractor had access to Confidential Information related to the product or service, or a product or service that Contractor worked on.

7.4 Competing Product. "**Competing Product**" means any product or service that competes or competed with any Company Product sold, provided, or intended to be sold or provided by Company at any time during the term of this Agreement and for one year after its termination.

7.5 Severability. The covenants contained in this Section 7 will be construed as a series of separate covenants, one for each country, city, state, or any similar subdivision in any Geographic Area. If, in any judicial proceeding, a court refuses to enforce any of these separate covenants (or any part of a covenant), then the unenforceable covenant (or part) will be eliminated from this Agreement to the extent necessary to permit the remaining separate covenants (or portions) to be enforced. If the provisions of this section are deemed to exceed the time, geographic, or scope limitations permitted by law, then the provisions will be reformed to the maximum time, geographic, or scope limitations permitted by law.

7.6 Reasonableness. The nature of Company's business is such that if Contractor were to become employed by, or substantially involved in the business of, a competitor to Company soon after the termination of this Agreement, it would be difficult for Contractor not to rely on or use Company's trade secrets and Confidential Information. Therefore, Contractor enters into this Agreement to reduce the likelihood of disclosure of Company's trade secrets and Confidential Information. Contractor acknowledges that the limitations of time, geography, and scope of activity agreed to above are reasonable because, among other things, (a) Company is engaged in a highly competitive industry, (b) Contractor will have access to the trade secrets and know-how of Company, including without limitation the plans and strategy (and in particular, the competitive strategy) of Company, and (c) these limitations are necessary to protect the trade secrets, Confidential Information, and goodwill of Company.

8. ARBITRATION AND EQUITABLE RELIEF

8.1 Arbitration. Except as provided in Section 8.3 below, any dispute or controversy arising out of, relating to, or concerning any interpretation, construction, performance, or breach of this Agreement, will be settled by arbitration before a single arbitrator to be held in New York County, New York, in accordance with the JAMS Streamlined Arbitration Rules then in effect. The arbitrator may grant injunctions or other relief in the dispute or controversy. The decision of the arbitrator will be final, conclusive, and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. Company and Contractor will each pay one-half of the costs and expenses of the arbitration, and each will separately pay their own counsel fees and expenses.

8.2 Waiver or Right to Jury Trial. This arbitration clause **constitutes a waiver of Contractor's right to a jury trial** for all disputes relating to all aspects of the independent contractor relationship (except as provided in Section 8.3 below), including, but not limited to, the following claims:

(a) claims, both express and implied, for breach of contract, breach of the covenant of good faith and fair dealing, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, and defamation; and

(b) any and all claims for violation of any federal, state, or municipal statute.

8.3 Equitable Remedies. The parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this Agreement and without abridgement of the powers of the arbitrator.

8.4 Consideration. Each party's promise to resolve claims by arbitration in accordance with the provisions of this Agreement, rather than through the courts, is consideration for the other party's like promise.

9. INDEPENDENT CONTRACTOR; BENEFITS

9.1 Independent Contractor. It is the express intention of the parties that Contractor perform the Services as an independent contractor. Nothing in this Agreement will in any way be construed to constitute Contractor as an agent, employee, or representative of Company. Without limiting the generality of the foregoing, Contractor is not authorized to bind Company to any liability or obligation or to represent that Contractor has any authority. Contractor must furnish (or reimburse Company for) all tools and materials necessary to accomplish this contract, and will incur all expenses associated with performance, except as expressly provided for in **Exhibit A**. Contractor is obligated to report as income all compensation received by Contractor under this Agreement, and to pay all self-employment and other taxes thereon. Contractor will indemnify and hold Company harmless to the extent of any obligation imposed on Company (a) to pay in withholding taxes or similar items or (b) resulting from a determination that Contractor is not an independent contractor.

9.2 Benefits. Contractor acknowledges that Contractor's employees will not receive benefits from Company either as a Contractor or employee, including without limitation paid vacation, sick leave, medical insurance, and 401(k) participation. If a Contractor employee is reclassified by a state or federal agency or court as an employee of Company, Contractor's employee will become a reclassified employee and will receive no benefits except those mandated by state or federal law, even if by the terms of Company's benefit plans in effect at the time of the reclassification Contractor's employee would otherwise be eligible for benefits.

10. MISCELLANEOUS

10.1 Services and Information Prior to Effective Date. All services performed by Contractor and all information and other materials disclosed between the parties prior to the Effective Date will be governed by the terms of this Agreement, except where the services are covered by a separate agreement between Contractor and Company.

10.2 Nonassignment and No Subcontractors. Neither this Agreement nor any rights under this Agreement may be assigned or otherwise transferred by Contractor, in whole or in part, whether voluntarily or by operation of law, without the prior written consent of Company. Contractor may not utilize a subcontractor or other third party to perform its duties under this Agreement without the prior written consent of Company. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective successors and assigns. Any assignment in violation of the foregoing will be null and void.

10.3 Notices. Any notice required or permitted under the terms of this Agreement or required by law must be in writing and must be: (a) delivered in person, (b) sent by first class registered mail, or air mail, as appropriate, or (c) sent by overnight air courier, in each case properly posted and fully prepaid to the appropriate address as set forth below. Either party may change its address for notices by notice to the other party given in accordance with this Section. Notices will be deemed given at the time of actual delivery in person, three business days after deposit in the mail as set forth above, or one day after delivery to an overnight air courier service.

10.4 Waiver. Any waiver of the provisions of this Agreement or of a party's rights or remedies under this Agreement must be in writing to be effective. Failure, neglect, or delay by a party to enforce the provisions of this Agreement or its rights or remedies at any time, will not be construed as a waiver of the party's rights under this Agreement and will not in any way affect the validity of the whole or any part of this Agreement or prejudice the party's right to take subsequent action. Exercise or enforcement by either party of any right or remedy under this Agreement will not preclude the enforcement by the party of any other right or remedy under this Agreement or that the party is entitled by law to enforce.

10.5 Severability. If any term, condition, or provision in this Agreement is found to be invalid, unlawful, or unenforceable to any extent, the parties will endeavor in good faith to agree to amendments that will preserve, as far as possible, the intentions expressed in this Agreement. If the parties fail to agree on an amendment, the invalid term, condition, or provision will be severed from the remaining terms, conditions, and provisions of this Agreement, which will continue to be valid and enforceable to the fullest extent permitted by law.

10.6 Confidentiality of Agreement. Contractor will not disclose any terms of this Agreement to any third party without the consent of Company, except as required by applicable laws.

10.7 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed to be an original and together will constitute one and the same agreement.

10.8 Governing Law. The internal laws of the state of New York, but not the choice of law rules, govern this Agreement.

10.9 Headings. Headings are used in this Agreement for reference only and will not be considered when interpreting this Agreement.

10.10 Integration. This Agreement and all exhibits contain the entire agreement of the parties with respect to the subject matter of this Agreement and supersede all previous communications, representations, understandings, and agreements, either oral or written, between the parties with respect to said subject matter. No terms, provisions, or conditions of any purchase order, acknowledgement, or other business form that either party may use in connection with the transactions contemplated by this Agreement will have any effect on the rights, duties, or obligations of the parties under, or otherwise modify, this Agreement, regardless of any failure of a receiving party to object to these terms, provisions, or conditions. This Agreement may not be amended, except by a writing signed by both parties.

“Company”

Mohawk Group, Inc.

Name: Yaniv Sarig
Title: CEO
Signature: /s/ Yaniv Sarig

Address for Notice: 37 East 18 street New York, NY 10003

“Contractor”

Fabrice Hamaide

Name: Fabrice Hamaide
Title: CFO
Signature: /s/ Fabrice Hamaide

Address for Notice:

EXHIBIT A

Services and Compensation

1. Contact. Contractor's principal contact with Company:

   Name: Fabrice Hamaide

   Title: Chief Financial Officer

2. Services. Services include, but are not limited to, the following: Chief Financial Officer

3. Compensation

   (a) Company will pay Contractor $25,000 per Month + 20% semi-annually paid performance bonus

   (b) Company will reimburse Contractor for all reasonable expenses incurred by Contractor in performing Services pursuant to this Agreement, if Contractor receives written consent from an authorized agent of Company prior to incurring the expenses and submits receipts for the expenses to Company in accordance with Company policy.

   (c) Company will recommend at the first meeting of Company's Board of Directors following the date of this Agreement that Company grant Contractor a nonqualified stock option to purchase 535,072 shares of Company's Common Stock at a price per share equal to the fair market value per share of the Common Stock on the date of grant, as determined by Company's Board of Directors. 25% of the Shares subject to the option will vest 12 months after the date your vesting begins and no shares will vest before the date and no rights to any vesting will be earned or accrued prior to the date and the remaining shares will vest monthly over the following 36 months in equal monthly amounts subject to your continuing eligibility. This option grant will be subject to the terms and conditions of Company's 2014 Equity Incentive Plan and Stock Option Agreement, including vesting requirements.

   (d) Every month, Contractor will submit to Company a written invoice for Services and expenses. The statement will be subject to approval of the contact person listed above or other designated agent of Company.

   (e) This agreement will automatically renew yearly unless Contractor becomes a full-time employee of Company

Mohawk Group, Inc.
37-40 E. 18th St, 7th Fl
New York, NY 10003

August 15, 2018

Peter Datos

Dear Peter,

Mohawk Group, Inc. (together with its affiliates, successors and assigns, "Company"), is super excited to offer you employment with the Company. We're always looking for 10x'ers and think you have what it takes to be a Mohawker.

Position, Salary and Bonus Target. I am pleased to offer you the position listed below. You will receive an annual salary listed below, which will be paid bi-monthly and subject to a periodic review. You are eligible to participate in the Company bonus program; your annual bonus target will be the below percentage of the median salary for your peers in your position at your level. If at any point in your employment, your position / level changes, your annual bonus target may change. Bonuses under the Company bonus program are discretionary. The actual bonus amount could be larger or smaller than this amount, based on your performance and the performance of the Company. Whether a bonus will be awarded in a particular bonus period, and in what amount, is within Mohawk's sole discretion. Please note that both your salary and bonus eligibility are subject to periodic review and may be modified in Mohawk's discretion.

Title: Chief Operating Officer

Annual Salary: $300,000USD

Annual Bonus Target: 20% of your annual salary

Bonus Pool: 6.5%

By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company. As a regular employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary that I have enclosed with this letter.

Stock Options. Subject to the approval of the Board of Directors of Mohawk Group Holdings, Inc. ("MGHI"), you will be granted an option to purchase **515,000 shares** of common stock of

MGHI. The option will be subject to the terms and conditions applicable to options granted under MGHI's 2018 Equity Incentive Plan, as described in that plan and the applicable stock option agreement, which you will be required to sign. You will vest in 33.3% of the option shares on the 12-month anniversary of your vesting commencement date and 1/24th of the total option shares will vest in monthly installments thereafter during continuous service, as described in the applicable stock option agreement. The exercise price per share will be equal to the fair market value per share on the date the option is granted, as determined by the MGHI's Board of Directors in good faith compliance with applicable guidance in order to avoid having the option be treated as deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax risks associated with accepting an option to purchase MGHI's common stock. Notwithstanding anything to contrary, in the event of a sale of the Company or a qualified IPO, your option shares shall be deemed vested and immediately exercisable in full, and subject to the terms and conditions of the 2018 Equity Incentive Plan.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Proprietary Information and Inventions Agreement.

Employment Relationship. Employment with the Company is for no specific period of time.
Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive
Officer.

Outside Activities. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity, including selling on Amazon, eBay, or other ecommerce platforms, without the written consent of the Company. In addition, while you render services to the Company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

No Conflicts. It is the policy of the Company that employees neither disclose nor use any confidential information from prior employment while employed by the Company. If you have entered into specific non-disclosure agreements, non-compete agreements, non-solicitation agreements, or any other agreements with any previous employer that might affect your eligibility to be employed by us, restrict your freedom to lawfully recruit others to join our team, or otherwise limit the manner in which you may be employed, please provide us with a copy so that we can ensure that both you and the Company will be able to abide by the terms thereof if you are employed by the Company. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. This offer is expressly contingent upon your providing us with these agreements prior to accepting this offer, or the Company waiving this contingency, in its sole discretion.

Withholding Taxes. All forms of compensation referred to in this letter are subject to applicable withholding and payroll taxes.

Entire Agreement. This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

If you wish to accept this offer, please sign and date both the enclosed duplicate original of this letter and the enclosed Proprietary Information and Inventions Agreement and return them to me. As required, by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States. We look forward to having you join the team!

Sincerely,

/s/ Yaniv Sarig
Yaniv Sarig, CEO

Mohawk Group, Inc.

AGREED AND ACCEPTED

/s/ Peter Datos
Peter Datos (signature)

8/15/2018 5:51:02 PM PDT
Date

Anticipated Start Date: September 10, 2018

Attachment A: Proprietary Information and Inventions Agreement

ATTACHMENT A

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

PROPRIETARY INFORMATION AND INVENTIONS AGREEMENT

In consideration of my employment or consulting (including independent contracting) relationship with **Mohawk Group, Inc.**, a Delaware corporation (the **"Company"**), the training, contacts and experience that I may receive in connection with such relationship, the compensation paid to me by the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, I agree as follows:

Section 1. Definitions

The following terms have the following specified meanings:

"Competing Business" means any business who has been or intends to execute as a core business strategy an artificial intelligence / machine learning-based e-commerce platform, including offering such technology platform as a SaaS business to other consumer-based companies.

"Confidential Information" means any information related to the business or other affairs of the Company or its affiliates that is not generally available to the public, and that: (a) is conceived, compiled, developed, or discovered by me whether solely or jointly with others, during the Term or (b) is or has been received or otherwise becomes known to me in connection with my employment or consulting relationship. Without limiting the generality of the foregoing, Confidential Information includes information, both written and oral, relating to Inventions and Works, trade secrets and other proprietary information, technical data, products, services, finances, business plans, marketing plans, legal affairs, suppliers, clients, potential clients, prospects, opportunities, contracts or assets of the Company or its affiliates. Confidential Information also includes any information that has been made available to the Company by its clients or other third parties and which the Company is obligated to keep confidential.

"Inventions and Works" means any composition, work of authorship, computer program, product, device, technique, know-how, algorithm, method, design, process, procedure, improvement, discovery or invention, whether or not patentable or copyrightable and whether or not reduced to practice, that is (a) within the scope of the Company's business, research or investigations, or results from or is suggested by any work performed by me for the Company, and (b) created, conceived, reduced to practice, developed, discovered, invented or made by me during the Term, whether solely or jointly with others, and whether or not while employed by, or in a consulting relationship with, the Company.

"Materials" means any product, prototype, sample, model, document, diskette, tape, picture, drawing, design, recording, report, proposal, paper, note, writing or other tangible item which in whole or in part contains, embodies or manifests, whether in printed, handwritten, coded, magnetic or other form, any Confidential Information or Inventions and Works.

“Person” means any corporation, limited liability company, partnership, trust, association, governmental authority, educational institution, individual or other entity.

“Proprietary Right” means any patent, copyright, trade secret, trademark, trade name, service mark or other protected intellectual property right in any Confidential Information, Inventions and Works, or Material.

“Restricted Period” means the period commencing at the beginning of the Term and ending one (1) year after expiration of the Term.

“Term” means the period from the beginning of my employment or consulting relationship with the Company, whether on a full-time, part-time or consulting basis, through the last day of such employment or consulting relationship.

Section 2. Confidential Information, Inventions and Works, and Materials

2.1 Ownership. As between the Company and me, the Company is and will be the sole owner of all Confidential Information, Inventions and Works, Materials and Proprietary Rights. To the extent eligible for such treatment, all Inventions and Works will constitute “works made for hire” under applicable copyright laws.

2.2 Assignment. I hereby irrevocably assign and transfer to the Company all right, title and interest that I may now or hereafter have in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, subject to the limitations set forth in the notice below. This assignment and transfer is independent of any obligation or commitment made to me by the Company. Further, I hereby waive any moral rights that I may have in or to any Confidential Information, Inventions and Works, Materials and Proprietary Rights. I will take such action (including, but not limited to, the execution, acknowledgment, delivery and assistance in preparation of documents or the giving of testimony) as may be requested by the Company to evidence, transfer, vest or confirm the Company’s right, title and interest in the Confidential Information, Inventions and Works, Materials and Proprietary Rights, and the license rights described in Section 2.6 below. I agree to keep and maintain adequate and current written records of all Inventions and Proprietary Rights during the Term. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times. I will not contest the validity of any Proprietary Rights or aid or encourage any third party to contest the validity of any Proprietary Right of the Company. If I have any question as to whether any information, an invention, a work, a material or a right qualifies, respectively, as Confidential Information, an Invention, a Work, a Material or a Proprietary Right, I will inform the Company of the nature of such information, invention, work, material or right for the Company’s determination as to whether such information, invention, work, material or right is, respectively, Confidential Information, an Invention, a Work, a Material or a Proprietary Right.

NOTICE: Notwithstanding any other provision of this Agreement to the contrary, this Agreement does not obligate me to assign or offer to assign to the Company any of my rights in an invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on my own time, unless (a) the invention relates (i) directly to the business of the Company or (ii) to the Company’s actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by me for the Company. This satisfies the written notice and other

requirements of California Labor Code Section 2870 or any other similar state statute that may be applicable in my case.

2.3 Company Authority. If the Company is unable for any reason to secure my signature to fulfill the intent of the foregoing paragraph or to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions and Works assigned to the Company above, then I irrevocably appoint the Company and its authorized agents as my agent and attorney in fact, to transfer, vest or confirm the Company's rights and to execute and file any such applications and to do all other lawful acts to further the prosecution and issuance of letters patent or copyright registrations with the same legal force as if done by me.

2.4 Use Restrictions. Except as required for performance of my work for the Company or as authorized in writing by the Company, I will not (a) use, disclose, publish or distribute any Confidential Information, Inventions and Works or Materials or (b) remove any Materials from the Company's premises. I will hold all Materials in trust for the Company and I will deliver them to the Company upon request and in any event at the end of the Term. I will take all action necessary to protect the confidentiality of the Confidential Information, Inventions and Works or Materials including, without limitation, implementing and enforcing operating procedures to minimize the possibility of unauthorized use or copying thereof.

2.5 Disclosure Obligations. I will promptly disclose to the Company all Confidential Information, Inventions and Works, and Materials, as well as any business opportunity that comes to my attention during the Term and which relates to the business of the Company or which arises as a result of my employment or consulting relationship with the Company. I will not take advantage of or divert any such opportunity for the benefit of myself or anyone else either during or after the Term without the prior written consent of the Company. I agree that at the end of the Term I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all Inventions and Works, Materials and other property belonging to the Company, its successors or assigns.

2.6 Prior Inventions. I have attached as **Exhibit A** a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to the Term (collectively referred to as **"Prior Inventions"**), which belong to me or in which I have an interest, which relate to the Company's current or proposed business, products or research and development, and which are not assigned to the Company. I represent and warrant that this list is complete and accurate. If no such Prior Inventions exist, then I have written "none" on Exhibit A or left it blank. If Exhibit A is left blank or reads "none," then I represent that there are no Prior Inventions. Notwithstanding the notice in Section 2.2, if, during the Term, I use any Prior Inventions with or incorporate any Prior Invention in any Confidential Information, Inventions and Works or Materials into a Company product, process or machine, I hereby irrevocably grant to the Company, to the full extent of my rights in and to the same, a fully paid-up, perpetual, worldwide right and license to sublicense, disclose, offer, copy, distribute, import, make, have made, make derivative works of, use and otherwise exploit any trade secrets, copyrights, patents or other proprietary rights to the Prior Inventions belonging to me or a third party with such Confidential Information, Inventions and Works, or Materials.

Section 3. Non-solicitation, Non-competition, Etc.

3.1 No Solicitation. During the Restricted Period, I will not induce, or attempt to induce, any employee or consultant of the Company to leave such employment or relationship to engage in, be

employed by, perform services for, participate in or otherwise be connected with, either directly or indirectly, me or any enterprise with which I am in any way associated.

3.2 No Breaches. My execution, delivery and performance of this Agreement and the performance of my other obligations and duties to the Company will not cause any breach, default or violation of any other employment, non-disclosure, confidentiality, consulting or other agreement to which I am a party or by which I may be bound. Attached as Exhibit B is a list of all prior agreements now in effect under which I have agreed to keep information confidential or not to compete or solicit employees of any Person. I will not use in performance of my work for the Company or disclose to the Company any trade secret, confidential or proprietary information of any prior employer or other person or entity if and to the extent that such use or disclosure may cause any breach, default or violation of any obligation or duty that I owe to such other person or entity (e.g., under any agreement or applicable law). My compliance with this Section 3.2 will not prohibit, restrict or impair the performance of my work, obligations and duties to the Company.

3.3 Non-disparagement. During the Restricted Period, I will not (a) make any false, misleading or disparaging representations or statements with regard to the Company or the products or services of the Company to any third party or (b) make any statement to any third party that may impair or otherwise adversely affect the goodwill or reputation of the Company.

3.4 Noncompetition. During the Restricted Period, I will not engage in, be employed by, perform services for, participate in the non-passive ownership, management, control or operation of, or otherwise be connected with or participate in any Competing Business; provided, however, in the event I am involuntarily terminated or demoted by the Company or any successor without cause, this restriction shall not apply. I agree that this restriction is reasonable for my employment with the Company, but further agree that should a court exercising jurisdiction with respect to this Agreement find any such restriction invalid or unenforceable due to unreasonableness, either in period of time, geographical area, or otherwise, then in that event, such restriction is to be interpreted and enforced to the maximum extent which such court deems reasonable. The Company, in its sole discretion, may determine to waive the non-competition provisions of this Section 3.4. Any such waiver shall not constitute a waiver of any non-competition or forfeiture provisions of any other agreement between the Company and me.

3.5 Diversion of Company Business. During the Restricted Period, I will not divert or attempt to divert from the Company any business the Company enjoyed or solicited from its customers during the twelve (12) months prior to the end of the Term, nor will I solicit or attempt to induce any customer, supplier, partner or other person or entity with whom the Company has, or is attempting to establish, a commercial relationship to cease or refrain from doing business with the Company or to alter its relationship with the Company in any way adverse to the Company.

Section 4. Termination of Relationship

4.1 Return of Company Property. I hereby authorize and specifically agree to allow the Company to deduct from my wages or other payments due me, the value of any property (including equipment, goods, or other items provided to me by the Company during my employment or consulting relationship) which I fail to return when requested to do so by the Company, provided that such deduction (a) does not exceed the cost of the item, (b) does not reduce my wages below minimum wage or overtime compensation below time and a half, (c) is not made for normal wear and tear on or non-willful loss or breakage of the provided item(s), and (d) is accompanied with a list of all items for which deductions are being made. I agree that at the end of the Term I will

deliver to the Company (and will not keep in my possession, re-create or deliver to anyone else) any and all Materials and other property belonging to the Company, its successors or assigns. I agree to sign and deliver a certificate to the Company as to my compliance with this paragraph.

4.2 New Employer Information. At the end of the Term or at any time within six (6) months thereafter, if requested by the Company, I agree to provide the name of my new employer, if any, and I consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

Section 5. General Provisions

5.1 At-Will Employment. This Agreement is not a contract of employment and no rights of employment are hereby created. Unless otherwise set forth in a written agreement signed by me and the Company, my employment with the Company (if I am an employee) is "at will" and may be terminated at any time, with or without cause, by me or the Company.

5.2 Survival. The following provisions will survive the termination or expiration of this Agreement: Sections 1, 2, 3.1, 3.3, 3.4, 3.5 and 5.

5.3 Specific Performance. In the event of any breach of or default under this Agreement by me, the Company may suffer irreparable harm and damages may not be an adequate remedy. In the event of any such breach or default, or any threat of such breach or default, the Company will be entitled to injunctive relief and specific performance. Further, in any legal action or other proceeding in connection with this Agreement (e.g., to recover damages or other relief), the prevailing party will be entitled to recover, in addition to any other relief to which it may be entitled, its reasonable attorneys' fees and other costs incurred in that action or proceeding. The rights and remedies of the Company under this Section 5.3 are in addition to, and not in lieu of, any other right or remedy afforded to the Company under any other provision of this Agreement, by law or otherwise.

5.4 Severability. This Agreement will be enforced to the fullest extent permitted by applicable law. If for any reason any provision of this Agreement is held to be invalid or unenforceable to any extent, then (a) such provision will be interpreted, construed or reformed to the extent reasonably required to render the same valid, enforceable and consistent with the original intent underlying such provision and (b) such invalidity or unenforceability will not affect any other provision of this Agreement or any other agreement between the Company and me. If the invalidity or unenforceability is due to the unreasonableness of the scope or duration of the provision, the provision will remain effective for such scope and duration as may be determined to be reasonable.

5.5 No Waiver. The failure of the Company to insist upon or enforce strict performance of any other provisions of this Agreement or to exercise any of its rights or remedies under this Agreement will not be construed as a waiver or a relinquishment to any extent of the Company's rights to assert or rely on any such provision, right or remedy in that or any instance; rather, the same will be and remain in full force and effect.

5.6 Entire Agreement. This Agreement shall be effective as of the date I execute the Agreement and shall be binding upon me, my heirs, executors, assigns and administrators. This Agreement sets forth the entire Agreement, and supersedes any and all prior agreements, between me and the Company with regard to the Confidential Information, Inventions and Works, Materials and Proprietary Rights of the Company. This Agreement is independent of any other written

agreements between me and the Company regarding other aspects of my employment. This Agreement may not be amended, except in a writing signed by me and an authorized representative of the Company.

5.7 Governing Law and Venue. This Agreement will be governed by the laws of the State of New York without regard to its choice of law principles to the contrary. I irrevocably consent to the jurisdiction and venue of the state and federal courts located in New York County, New York, in connection with any action relating to this Agreement. Further, I will not bring any action relating to this Agreement in any other court.

5.8 Acknowledgement. I have carefully read all of the provisions of this Agreement and agree that (a) the same are necessary for the reasonable and proper protection of the Company's business, (b) the Company has been induced to enter into and continue its relationship with me in reliance upon my compliance with the provisions of this Agreement, (c) every provision of this Agreement is reasonable with respect to its scope and duration and (d) I have received a copy of this Agreement.

This Agreement shall be effective as of August 6, 2018.

ACCEPTED:

MOHAWK GROUP, INC.

PETER DATOS

Signature of Employee /s/ Peter Datos

/s/ Yaniv Sarig
Yaniv Sarig, CEO

EXHIBIT A: **PRIOR INVENTIONS**

Title	Date	Identifying or Brief Description	Number

☐ No inventions or improvements

☐ Additional Sheets Attached

Signature of Employee: /s/ Peter Datos
Print Name of Employee: Peter Datos
Date: 8/15/2018 5:51:02 PM PDT

EXHIBIT B

The following is a list of all prior agreements with former employers or others to which I am a party in which I agreed to maintain the confidentiality of the information of, or not to compete with or solicit the employees or customers of a third party.

☐ No Agreements

☐ See below

☐ Additional sheets attached

Signature of Employee: /s/ Peter Datos
Print Name of Employee: Peter Datos
Date: 8/15/2018 5:51:02 PM PDT

Mohawk Group, Inc.
37-40 E. 18th St, 7th Fl
New York, NY 10003

April 1, 2015
Yaniv Sarig

Dear Yaniv,

Mohawk Group, Inc (the "Company"), is super excited to offer you employment with the Company. We're always looking for 10x'ers and think you have what it takes to be a Mohawker.

Position, Salary and Bonus Target. I am pleased to offer you the position listed below. You will receive an annual salary listed below, which will be paid biweekly and subject to a periodic review. You are eligible to participate in the Company bonus program; your annual bonus target will be the below percentage of the median salary for your peers in your position at your level. If at any point in your employment, your position / level changes, your annual bonus target may change. Bonuses under the Company bonus program are discretionary. The actual bonus amount could be larger or smaller than this amount, based on your performance and the performance of the Company. Whether a bonus will be awarded in a particular bonus period, and in what amount, is within Mohawk's sole discretion. Please note that both your salary and bonus eligibility are subject to periodic review and may be modified in Mohawk's discretion.

Title: Chief Executive Officer

Salary: $120,000
Annual Bonus Target: 20%

By signing this letter, you confirm with the Company that you are under no contractual or other legal obligations that would prohibit you from performing your duties with the Company. As a regular employee of the Company you will be eligible to participate in a number of Company-sponsored benefits, which are described in the employee benefit summary that I have enclosed with this letter.

Stock Options. Subject to the approval of the Company's Board of Directors, you will be granted an option to purchase **0** shares of the Company's common stock. The option will be subject to the terms and conditions applicable to options granted under the Company's 2015 Equity Incentive Plan, as described in that plan and the applicable stock option agreement, which you will be required to sign. You will vest in 25% of the option shares on the 12-month anniversary of your vesting commencement date and 1/48th of the total option shares will vest in monthly installments thereafter during continuous service, as described in the applicable stock

option agreement. The exercise price per share will be equal to the fair market value per share on the date the option is granted, as determined by the Company's Board of Directors in good faith compliance with applicable guidance in order to avoid having the option be treated as deferred compensation under Section 409A of the Internal Revenue Code of 1986, as amended. There is no guarantee that the Internal Revenue Service will agree with this value. You should consult with your own tax advisor concerning the tax risks associated with accepting an option to purchase the Company's common stock.

Proprietary Information and Inventions Agreement. Like all Company employees, you will be required, as a condition of your employment with the Company, to sign the Company's enclosed standard Proprietary Information and Inventions Agreement.

Employment Relationship. Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause. Any contrary representations which may have been made to you are superseded by this offer. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's Chief Executive Officer.

Outside Activities. While you render services to the Company, you agree that you will not engage in any other employment, consulting or other business activity, including selling on Amazon, eBay, or other ecommerce platforms, without the written consent of the Company. In addition, while you render services to the company, you will not assist any person or entity in competing with the Company, in preparing to compete with the Company or in hiring any employees or consultants of the Company.

No Conflicts. It is the policy of the Company that employees neither disclose nor use any confidential information from prior employment while employed by the Company. If you have entered into specific non-disclosure agreements, non-compete agreements, non-solicitation agreements, or any other agreements with any previous employer that might affect your eligibility to be employed by us, restrict your freedom to lawfully recruit others to join our team, or otherwise limit the manner in which you may be employed, please provide us with a copy so that we can ensure that both you and the Company will be able to abide by the terms thereof if you are employed by the Company. It is the Company's understanding that any such agreements will not prevent you from performing the duties of your position and you represent that such is the case. This offer is expressly contingent upon your providing us with these agreements prior to accepting this offer, or the Company waiving this contingency, in its sole discretion.

Withholding Taxes. All forms of compensation referred to in this letter are subject to applicable withholding and payroll taxes.

Entire Agreement. This letter supersedes and replaces any prior understandings or agreements, whether oral, written or implied, between you and the Company regarding the matters described in this letter.

[Signature Page Follows]

If you wish to accept this offer, please sign and date both the enclosed duplicate original of this letter and the enclosed Proprietary Information and Inventions Agreement and return them to me. As required, by law, your employment with the Company is also contingent upon your providing legal proof of your identity and authorization to work in the United States. We look forward to having you join the team!

Sincerely,

/s/ Asher Delug
Asher Delug
Mohawk Group, Inc.

ACCEPTED AND AGREED:

/s/ Yaniv Sarig
Yaniv Sarig

4/1/2015
Date

4/1/2015
Anticipated Start Date: April 1, 2015

Exhibit 21.1

Name of Subsidiary	Jurisdiction
Mohawk Group, Inc.	Delaware
Xtava LLC	Delaware
Sunlabz LLC	Delaware
RIF6 LLC	Delaware
Vremi LLC	Delaware
hOmelabs LLC	Delaware
Vidazen LLC	Delaware
Urban Source LLC	Delaware
Zephyr Beauty LLC	Delaware
Discocart LLC	Delaware
Vueti LLC	Delaware
Punched LLC	Delaware
SweetHomeDealz LLC	Delaware
KitchenVox LLC	Delaware
Exorider LLC	Delaware
Kinetic Wave LLC	Delaware
3GirlsFromNY LLC	Delaware
ChicAlley LLC	Delaware
BoxWhale LLC	Delaware
Mohawk Innovations Limited Irish Private Limited Co.	Ireland
Shenzhen Mohawk Technology Ltd. Co.	China
Mohawk Innovations Canada Inc.	Canada