FORM 8-K

Current report filing

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): April 5, 2021 (March 30, 2021)

1847 Holdings LLC

(Exact name of registrant as specified in its charter)

Delaware	**000-56128**	**38-3922937**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

590 Madison Avenue, 21st Floor, New York, NY	**10022**
(Address of principal executive offices)	(Zip Code)

(212) 417-9800

(Registrant's telephone number, including area code)

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Emerging Growth Company ☐

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

Item 1.01 Entry into a Material Definitive Agreement.

Amendment to the Stock Purchase Agreement and Closing

As previously disclosed, on December 22, 2020, 1847 Wolo Inc. ("1847 Wolo"), a subsidiary of 1847 Holdings LLC (the "Company"), entered into a Stock Purchase Agreement (the "Purchase Agreement") among 1847 Wolo, the Company, Wolo Mfg. Corp., a New York corporation and Wolo Industrial Horn & Signal, Inc., a New York corporation (together, "Wolo"), and the sellers named therein (together, the "Sellers"), pursuant to which 1847 Wolo agreed to acquire all of the issued and outstanding capital stock of Wolo (the "Acquisition").

On March 30, 2021, 1847 Wolo, the Company, Wolo and the Sellers entered into Amendment No. 1 to the Purchase Agreement (the "Amendment") to amend certain terms of the Purchase Agreement. Following entry into the Amendment, closing of the Acquisition was completed on the same day.

Pursuant to the terms of the Purchase Agreement, as amended by the Amendment, 1847 Wolo agreed to acquire all of the issued and outstanding capital stock of Wolo for an aggregate purchase price of $7,400,000, subject to adjustment as described below. The purchase price consists of (i) $6,550,000 in cash, and (ii) the Buyer Note (as defined below) in the aggregate principal amount of $850,000.

The purchase price is subject to a post-closing working capital adjustment provision. Under this provision, the Sellers delivered to 1847 Wolo at the closing of the Acquisition an unaudited balance sheet of Wolo as of that date (the "Preliminary Balance Sheet"). On or before the 75th day following the closing of the Acquisition 1847 Wolo shall deliver to the Sellers an audited balance sheet as of the closing date (the "Final Balance Sheet"). If the net working capital reflected on the Final Balance Sheet (the "Final Working Capital") exceeds the net working capital reflected on the Preliminary Balance Sheet (the "Preliminary Working Capital"), 1847 Wolo shall, within seven days, pay to the Sellers an amount of cash that is equal to such excess. If the Preliminary Working Capital exceeds the Final Working Capital, the Sellers shall, within seven days, pay to 1847 Wolo an amount in cash equal to such excess.

In addition to the post-closing working capital adjustment described above, there is a target working capital adjustment. "Net Working Capital Target" is defined in the Purchase Agreement as $4,250,000. At the closing, if Preliminary Working Capital exceeds the Net Working Capital Target, then the purchase price will be increased at the closing by the amount of such difference. Similarly, if the Net Working Capital Target exceeds the Preliminary Working Capital, then the purchase price will be reduced at the closing by the amount of such difference. The purchase price will also be reduced by the amount of outstanding indebtedness of Wolo existing as of the closing date and the deducted amount will be used to pay off any such indebtedness.

1847 Wolo agreed to indemnify and hold harmless the Sellers for any amounts in respect of taxes payable by the Sellers in connection with the Acquisition that are in excess of the amounts of taxes that would have been payable by the Sellers in connection with the Acquisition if the closing had occurred on or prior to December 31, 2020.

The Purchase Agreement contains customary representations, warranties and covenants, including a covenant that the Sellers will not compete with the business of Wolo for a period of three (3) years following closing.

The Purchase Agreement also contains mutual indemnification for breaches of representations or warranties and failure to perform covenants or obligations contained in the Purchase Agreement. In the case of the indemnification provided by the Sellers with respect to breaches of certain non-fundamental representations and warranties, the Sellers will only become liable for indemnified losses if the amount exceeds an aggregate of $10,000, whereupon the Sellers will be liable for all losses that exceed the $100,000 threshold, provided that the liability of the Sellers for breaches of certain non-fundamental representations and warranties shall not exceed $1,825,000.

As noted above, a portion of the purchase price under the Purchase Agreement, as amended by the Amendment, was paid by the issuance of a secured promissory note (the "Buyer Note") in the principal amount of $850,000 by 1847 Wolo to the Sellers. Interest on the outstanding principal amount will be payable quarterly at the rate of six percent (6%) per annum. The Buyer Note matures on the 39-month anniversary following the closing of the Acquisition, at which time the outstanding principal amount of the Buyer Note, along with all accrued, but unpaid interest, shall be paid in one lump sum. 1847 Wolo has the right to redeem all or any portion of the Buyer Note at any time prior to the maturity date without premium or penalty of any kind. The Buyer Note contains customary events of default, including in the event of (i) non-payment, (ii) a default by 1847 Wolo of any of its covenants under the Purchase Agreement or any

other agreement entered into in connection with the Purchase Agreement, or a breach of any of representations or warranties under such documents, or (iii) the bankruptcy of 1847 Wolo.

The rights of the Sellers to receive payments under the Buyer Note are subordinate to the rights of Sterling (as defined below) under a separate Subordination and Standby Agreement, that the Sellers entered into with Sterling on March 30, 2021 in connection with the Acquisition (the "Sellers Subordination Agreement").

The foregoing summary of the terms and conditions of the Purchase Agreement, Amendment, the Buyer Note and the Sellers Subordination Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreements attached hereto as Exhibits 10.1-10.4, which are incorporated herein by reference.

Management Services Agreement

On March 30, 2021, 1847 Wolo entered into a Management Services Agreement (the "Offsetting MSA") with the Company's manager, 1847 Partners LLC (the "Manager"). The MSA is an Offsetting Management Services Agreement as defined in that certain Management Services Agreement, dated April 15, 2013, between the Company and the Manager (the "MSA").

Pursuant to the Offsetting MSA, 1847 Wolo appointed the Manager to provide certain services to it for a quarterly management fee equal to the greater of $75,000 or 2% of Adjusted Net Assets (as defined in the MSA) (the "Management Fee"); provided, however, that (i) pro-rated payments shall be made in the first quarter and the last quarter of the term, (ii) if the aggregate amount of management fees paid or to be paid by 1847 Wolo, together with all other management fees paid or to be paid by all other subsidiaries of the Company to the Manager, in each case, with respect to any fiscal year exceeds, or is expected to exceed, 9.5% of the Company's gross income with respect to such fiscal year, then the Management Fee to be paid by 1847 Wolo for any remaining fiscal quarters in such fiscal year shall be reduced, on a pro rata basis determined by reference to the management fees to be paid to the Manager by all of the subsidiaries of the Company, until the aggregate amount of the Management Fee paid or to be paid by 1847 Wolo, together with all other management fees paid or to be paid by all other subsidiaries of the Company to the Manager, in each case, with respect to such fiscal year, does not exceed 9.5% of the Company's gross income with respect to such fiscal year, and (iii) if the aggregate amount the Management Fee paid or to be paid by 1847 Wolo, together with all other management fees paid or to be paid by all other subsidiaries of the Company to the Manager, in each case, with respect to any fiscal quarter exceeds, or is expected to exceed, the aggregate amount of the management fee (before any adjustment thereto) calculated and payable under the MSA (the "Parent Management Fee") with respect to such fiscal quarter, then the Management Fee to be paid by 1847 Wolo for such fiscal quarter shall be reduced, on a pro rata basis, until the aggregate amount of the Management Fee paid or to be paid by 1847 Wolo, together with all other management fees paid or to be paid by all other subsidiaries of the Company to the Manager, in each case, with respect to such fiscal quarter, does not exceed the Parent Management Fee calculated and payable with respect to such fiscal quarter.

The rights of the Manager to receive payments under the Offsetting MSA are subordinate to the rights of Sterling (as defined below) under separate a Subordination Agreement that the Manager entered into with Sterling on March 30, 2021 in connection with the Acquisition (the "Management Fee Subordination Agreement").

1847 Wolo shall also reimburse the Manager for all costs and expenses of 1847 Wolo which are specifically approved by the board of directors of 1847 Wolo, including all out-of-pocket costs and expenses, that are actually incurred by the Manager or its affiliates on behalf of 1847 Wolo in connection with performing services under the Offsetting MSA.

The services provided by the Manager include: conducting general and administrative supervision and oversight of 1847 Wolo's day-to-day business and operations, including, but not limited to, recruiting and hiring of personnel, administration of personnel and personnel benefits, development of administrative policies and procedures, establishment and management of banking services, managing and arranging for the maintaining of liability insurance, arranging for equipment rental, maintenance of all necessary permits and licenses, acquisition of any additional licenses and permits that become necessary, participation in risk management policies and procedures; and overseeing and consulting with respect to 1847 Wolo's business and operational strategies, the implementation of such strategies and the evaluation of such strategies, including, but not limited to, strategies with respect to capital expenditure and expansion programs, acquisitions or dispositions and product or service lines.

The foregoing summary of the terms and conditions of the Offsetting MSA and the Management Fee Subordination Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreements attached hereto as Exhibits 10.5 and 10.6, respectively, which are incorporated herein by reference.

Credit Agreement and Notes

On March 30, 2021, 1847 Wolo and Wolo (collectively, "Borrower") entered into a Credit Agreement (the "Credit Agreement") with Sterling National Bank ("Sterling") for (i) revolving loans in an aggregate principal amount that will not exceed the lesser of (x) the Borrowing Base (as defined below) or (y) $1,000,000 (the "Revolving Loan") and (ii) a term loan in the principal amount of $3,550,000 (the "Term Loan"). The Revolving Loan is evidenced by a Revolving Credit Note dated March 30, 2021 and payable to Sterling (the "Revolving Note") and the Term Loan is evidenced by a $3,550,000 Term Note dated March 30, 2021 and payable to Sterling (the "Term Note"). The "Borrowing Base" means an amount equal to the sum of the following: (A) 80% of the Borrower's Eligible Accounts (as defined in the Credit Agreement) PLUS (B) the lesser of: (1) 50% percent of Eligible Inventory (as defined in the Credit Agreement) or (2) $400,000.00, MINUS (C) such reserves as Sterling may establish from time to time in its sole discretion. Sterling has the right from time to time, in its sole discretion, to amend, substitute or modify the percentages set forth in the definition of Borrowing Base and the definition(s) of Eligible Accounts and Eligible Inventory.

The Revolving Note matures on March 29, 2022 and bears interest at a per annum rate equal to the greater of (i) the Prime Rate (as defined in the Credit Agreement) or (ii) 3.75%. The Term Loan matures on April 1, 2024 and bears interest at a per annum rate equal to the greater of (x) the Prime Rate plus 3.00% or (y) 5.00%; provided that upon an Event of Default (as defined below) all loans, all past due interest and all fees shall bear interest at a per annum rate equal to the foregoing rate plus 5.00%. Interest accrued on the Revolving Note and the Term Note shall be payable on the first day of each month commencing on the first such day of the first month following the making of such Revolving Loan or Term Loan, as applicable.

With respect to the Term Loan, the Borrower must repay to Sterling on the first day of each month, (i) beginning on May 1, 2021 and ending on March 1, 2022, eleven (11) equal monthly principal payments of $43,750.00 each, (ii) beginning on April 1, 2022 and ending on March 1, 2024, twenty-four (24) equal monthly payments of $59,167.00 each and (iii) on April 1, 2024, a final principal payment in the amount of $1,648,742.00. In addition, beginning on June 1, 2022 and on each anniversary thereof thereafter until such time as the Term Loan is repaid in full, the Borrower shall pay to Sterling an additional principal payment equal to 50% of the Excess Cash Flow (as defined in the Credit Agreement), if any (any such payment will be applied to the most remote payment of principal due under the Credit Agreement).

The Borrower may at any time and from time to time voluntarily prepay the Revolving Note or the Term Note in whole or in part. If at any time the outstanding principal balance on the Revolving Note exceeds the lesser of (i) the Borrowing Base or (ii) the Maximum Facility Amount (as defined in the Credit Agreement)(such excess being hereinafter referred to as an "Overadvance"), either without Sterling's consent, including, as the result of Eligible Accounts or Eligible Inventory becoming ineligible (an "Unintentional Overadvance") or with Sterling's consent, as the result of Sterling making additional advances in its discretion that result in an Overadvance (a "Permitted Overadvance"), Borrower shall (x) in the case of an Unintentional Overadvance, on demand made by Sterling, pay Sterling such amount as will eliminate the Overadvance; and (y) in the case of a Permitted Overadvance, pay to Sterling such amount as will eliminate the Overadvance. At the end of any month in which any Overadvance has occurred Borrower shall be charged an Overadvance Fee in the amount of 1.50% of the highest Overadvance Amount during each month in which the Overadvance remains outstanding.

Under the Credit Agreement, the Borrower is required to pay a number of fees to Sterling, including the following:

- a closing fee in the amount of $56,875.00 in connection with the Revolving Loans and in the amount of $56,875.00 in connection with the Term Loan, both of which were paid at closing on March 30, 2021

- If Sterling has not received the full amount of any monthly payment on or before the date it is due (including as a result of funds not available to be automatically debited on the date on which any such payment is due), the Borrower shall pay a late fee to Sterling in an amount equal to six percent (6%) of such overdue payment.

The Credit Agreement contains customary events of default, including, among others (each, an "Event of Default"): (i) for failure to pay principal and interest on the Revolving Note or Term Note when due, or to pay any fees due under the Credit Agreement; (ii) if any

representation, warranty or certification in the Credit Agreement or any document delivered in connection therewith proves to have been false or misleading in any material respect when made; (iii) for failure to perform any covenant or agreement contained in the Credit Agreement or any document delivered in connection therewith; (iv) failure to maintain adequate collateral security value satisfactory to Sterling; (v) for any voluntary or involuntary bankruptcy, insolvency or dissolution; (vi) for the occurrence of one or more judgments, decrees or arbitration awards involving in the aggregate a liability of $50,000 or more; (vii) if any director, officer or owner of more than 10% of the equity any Borrower entity is indicted for any felony offense under any federal or state law; (viii) if a Change of Control (as defined in the Credit Agreement) occurs; (ix) if Sterling's security interest in any of the collateral fails to be a first priority security interest (subject only to permitted liens); (x) the occurrence of such a change in the condition, affairs (financial or otherwise) or operations of any Borrower entity, or the occurrence of any other event or circumstance, such that Sterling, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation to Sterling has been or may be materially impaired; (xi) if there is a loss, suspension or revocation of, or failure to renew, any permit if it could reasonably be expected to have a Material Adverse Effect; (xii) if Borrower engages in any act prohibited by any subordination agreement to which it is a party, or makes any payment on subordinated indebtedness that the applicable subordinated creditor was not contractually entitled to receive; and (xiii) for the occurrence of any default or event of default under the Seller Subordination Agreement (as defined in the Credit Agreement).

The Credit Agreement contains customary representations, warranties and affirmative and negative financial and other covenants for loans of this type. The closing of the loans was subject to customary closing conditions, including delivery of the security documents described below, and closing of the Acquisition.

Each of the Revolving Note and the Term Note is secured by a first priority security interest in all of the assets of the Borrower pursuant to a Security Agreement and a Patent and Trademark Security Agreement, each between the Borrower and Sterling and each dated as of March 30, 2021 (collectively, the "Security Agreements"). In connection with the security interests granted under the Security Agreements, 1847 Wolo entered into a Collateral Pledge Agreement with Sterling (the "Pledge Agreement"), pursuant to which 1847 Wolo pledged all the shares of each of the Wolo entities held by it to Sterling.

The foregoing summary of the terms and conditions of the Credit Agreement, the Revolving Note, the Term Note, the Security Agreements and the Pledge Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the agreements attached hereto as Exhibits 10.7-10.12, which are incorporated herein by reference.

Unit Offering

As previously disclosed on April 1, 2021, the Company entered into several securities purchase agreements, dated March 26, 2021 (the "Unit Purchase Agreements") with certain purchasers (the "Purchasers"), pursuant to which the Company sold an aggregate of 1,818,182 Units, at a price of $1.65 per Unit, to the Purchasers for an aggregate purchase price of $3,000,000 (the "Company Financing"). Each Unit consists of (i) one (1) Series A Senior Convertible Preferred Share of the Company with a stated value of $2.00 per share (the "Series A Shares"), and (ii) a three-year warrant to purchase one (1) Common Share of the Company at an exercise price of $2.50 per Common Share (subject to adjustment), which may be exercised on a cashless basis under certain circumstances (the "Warrants" and, together with the Series A Shares, "Units"). The sale by the Company of the Units was completed on March 26, 2021. The proceeds of the Company Financing were used to fund, in part, the Acquisition.

As previously disclosed on April 1, 2021, Company entered into a subscription agreement, dated March 26, 2021 (the "Subscription Agreement") with 1847 Wolo, pursuant to which 1847 Wolo issued to the Company 1,000 shares of 1847 Wolo's Series A Preferred Stock at a price of $3,000 per share (the "Wolo Preferred Shares"), in exchange for the Company's contribution to 1847 Wolo of the $3,000,000 raised in the Company Financing, so that 1847 Wolo would have the funds to acquire Wolo.

The foregoing summary of the terms and conditions of the Series A Shares, the Warrants, Units Purchase Agreement and the Subscription Agreement, does not purport to be complete and is qualified in its entirety by reference to the full text of the documents attached hereto as Exhibits 4.1, 4,.2, 10.13 and 10.14, respectively, which are incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information set forth under Item 1.01 is incorporated by reference into this Item 2.01.

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

The information set forth under Item 1.01 is incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

The information set forth under Item 1.01 regarding the issuance of the Wolo Preferred Shares, the Series A Shares and the Warrants is incorporated by reference into this Item 3.02. The issuance of these securities is being made in reliance upon an exemption from the registration requirements of Section 5 of the Securities Act.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The financial statements of Wolo will be filed by an amendment to this Form 8-K within 75 calendar days of the closing date of the Acquisition.

(b) Pro forma financial information

Pro forma financial information will also be filed by an amendment to this Form 8-K within 75 calendar days of the Closing Date.

(d) Exhibits

The following exhibits are filed herewith:

Exhibit No.	Description of Exhibit
4.1	Amended and Restated Certificate of Designation of Series A Senior Convertible Preferred Shares (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K filed on April 1, 2021)
4.2	Form of Warrant (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K filed on April 1, 2021)
10.1	Stock Purchase Agreement, dated December 22, 2020, by and among 1847 Wolo Inc., Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc. and Barbara Solow and Stanley Solow.
10.2	Amendment No. 1 to Stock Purchase Agreement, dated March 30, 2021, by and among 1847 Wolo Inc., Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc. and Barbara Solow and Stanley Solow
10.3	6% Secured Promissory Note, dated March 30, 2021, issued by 1847 Wolo Inc. to Barbara Solow and Stanley Solow.
10.4	Subordination and Standby Agreement., dated March 30, 2021, among Sterling National Bank, Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., and 1847 Wolo Inc.
10.5	Management Services Agreement, dated March 30, 2021, by and between 1847 Wolo Inc. and 1847 Partners LLC.
10.6	Management Fee Subordination Agreement, dated March 30, 2021, by 1847 Partners LLC and 1847 Wolo Inc. to and for the benefit of Sterling National Bank
10.7	Credit Agreement, dated March 30, 2021, among Sterling National Bank, Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc. and 1847 Wolo Inc.
10.8	Revolving Credit Note issued by Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., and 1847 Wolo Inc. to Sterling National Bank on March 30, 2021
10.9	Term Note issued by Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., and 1847 Wolo Inc. to Sterling National Bank on March 30, 2021
10.10	Security Agreement, dated March 30, 2021, by Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., and 1847 Wolo Inc. to Sterling National Bank
10.11	Patent and Trademark Security Agreement, dated March 30, 2021, by and between Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., 1847 Wolo Inc. and Sterling National Bank
10.12	Collateral Pledge Agreement, date March 30, 2021 by Wolo Mfg. Corp., Wolo Industrial Horn & Signal, Inc., and 1847 Wolo Inc. in favor of Sterling National Bank
10.13	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K filed on April 1, 2021)

10.14	Subscription Agreement, dated March 26, 2021, between 1847 Holdings LLC and 1847 Wolo Inc. (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed on April 1, 2021)

SIGNATURES

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

1847 HOLDINGS LLC

Date: April 5, 2021

/s/ Ellery W. Roberts

Name: Ellery W. Roberts
Title: Chief Executive Officer

Exhibit 10.1

STOCK PURCHASE AGREEMENT

dated as of December 22, 2020

among

1847 WOLO INC.,

WOLO MANUFACTURING CORP.,

WOLO INDUSTRIAL HORN & SIGNAL, INC.,

BARBARA SOLOW,

AND

STANLEY SOLOW

TABLE OF CONTENTS

Page

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of December 22, 2020 (the "**Agreement**"), among **1847 Wolo Inc.**, a Delaware corporation (the "**Buyer**"), **Wolo Manufacturing Corp.**, a New York corporation and **Wolo Industrial Horn & Signal, Inc.**, a New York corporation (each, a "**Company**" and together, the "**Companies**"), **Barbara Solow** and **Stanley Solow**, as the shareholders of the Companies (each, a "**Sellers**" and together, the "**Sellers**") and **Stanley Solow**, in his capacity as the "Seller Representative" (as defined in Section 10.15). The Buyer, the Companies, the Sellers and the Seller Representative may each be referred to herein individually as a "**Party**" or together as the "**Parties**".

BACKGROUND

The Sellers are collectively the record and beneficial owner of 100% of the issued and outstanding shares of capital stock of the Companies on a fully-diluted basis (the "**Shares**"). The Sellers desire to sell all of the Shares to the Buyer, and the Buyer desires to purchase all of the Shares from the Sellers, upon the terms and subject to the conditions set forth in this Agreement (such sale and purchase of the Shares, the "**Acquisition**").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and the respective representations and warranties, covenants and agreements contained herein, the Parties hereto agree as follows:

ARTICLE I
DEFINITIONS

1.1 Certain Definitions.

(a) When used in this Agreement, the following terms will have the meanings assigned to them in this Section 1.1(a):

"**Action**" means any claim, action, suit, inquiry, hearing, proceeding or other investigation.

"**Affiliate**" means, with respect to a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by or is under common Control with, such Person. For purposes of this definition, "**Control**" (including the terms "**Controlled by**" and "**under common Control with**") means possession of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of stock, as trustee or executor, by Contract or otherwise.

"**Benefit Plan**" means any "employee benefit plan" as defined in ERISA Section 3(3), including any (a) nonqualified deferred compensation or retirement plan or arrangement which is an Employee Pension Benefit Plan (as defined in ERISA Section 3(2)), (b) qualified defined contribution retirement plan or arrangement which is an Employee Pension Benefit Plan, (c) qualified defined benefit retirement plan or arrangement which is an Employee Pension Benefit Plan (including any Multiemployer Plan (as defined in ERISA Section 3(37)), (d) Employee Welfare Benefit Plan (as defined in ERISA Section 3(1)) or material fringe benefit plan or program, or (e) stock purchase, stock option, severance pay, employment, change-in-control, vacation pay, company award, salary continuation, sick leave, excess benefit, bonus or other incentive compensation, life insurance, or other employee benefit plan, contract, program, policy or other arrangement, whether or not subject to ERISA, under which any present or former employee of the Companies have any present or future right to benefits sponsored or maintained by the Companies or any ERISA Affiliate.

"**Business**" means the research and development, design, manufacture, assembly, production, marketing, distribution, sale, and repair of horns and horn accessories, including those for general purpose, automotive, marine, truck, motorcycle and industrial applications as replacement or specialty accessory purposes, on-board systems and accessories, back-up alarms, warning lights, emergency lights, light bars, hide away lights, sirens and public address systems, speakers, and other automobile accessories.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which banks located in New York, NY are authorized or required by Law to close.

"**Closing Working Capital**" means the Net Working Capital as reflected on the Closing Date Balance Sheet determined in accordance with OCBOA.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Contract**" means any written agreement, contract, commitment, arrangement or understanding.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" means any Person who is, or at any time was, a member of a "controlled group of corporations" together with either Company within the meaning of Section 414(b) or (c) of the Code and, for the purpose of Section 302 of ERISA and/or Section 412, 4971, 4977, 4980D, 4980E and/or each "applicable section" under Section 414(f)(2) of the Code, within the meaning of Section 412(n)(6) of the Code that includes, or at any time included, the Companies or any Affiliate thereof, or any predecessor of any of the foregoing.

"**Escrow Agreement**" means that certain escrow agreement, dated as of the Closing Date, among the Parties and the Escrow Agent, in a form to be agreed among the Parties and the Escrow Agent.

"**Escrow Agent**" means JPMorgan Chase Bank.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Governmental Entity**" means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to United States federal, state or local government or foreign, international, multinational or other government, including any department, commission, board, agency, bureau, official or other regulatory, administrative or judicial authority thereof.

"**Indebtedness"** means (a) any obligations relating to indebtedness for borrowed money, (b) any obligations evidenced by bonds, notes, debentures or similar instruments or (c) the principal or face amount of banker's acceptances, surety bonds, performance bonds or letters of credit (in each case whether or not drawn), (c) all obligations to pay the deferred purchase price of property or services, (d) all capital lease obligations, (e) all obligations or liabilities of others secured by a Lien on any asset, whether or not such obligation or liability is assumed, (f) all obligations or liabilities of others that are guaranteed, and (g) any other obligations or liabilities which are required by U.S. Generally Accepted Accounting Principles to be shown as debt on the balance sheet; provided, however, that the PPP Loan shall not be treated as Indebtedness hereunder in any respect.

"**Independent Accounting Firm**" means any nationally recognized independent registered public accounting firm which has not represented any of the Parties or any of their respective Affiliates for the past five years as will be agreed by the Seller Representative and the Buyer in writing.

"**Inventory Value**" means the amount attributed to the value of the Inventory by the mutual agreement of the Parties pursuant to Section 6.12 of this Agreement.

"**IRS**" means the Internal Revenue Service.

"**Knowledge of the Sellers**" or any similar phrase means the actual knowledge of the Seller Representative, in each case without obligation of inquiry.

"**Law**" means any statute, law, ordinance, rule, regulation of any Governmental Entity.

"**Liability**" means all indebtedness, obligations and other liabilities and contingencies of a Person, whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, hypothecation or other encumbrance in respect of such property or asset.

"**Material Adverse Effect**" means any material adverse effect on the assets, properties, condition (financial or otherwise), operations of the Companies and any of its Subsidiaries, taken as a whole; *provided, however*, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which the Company operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules (including GAAP) or the enforcement, implementation or interpretation thereof; (vii) the announcement, pendency or completion of the transactions contemplated by this Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with the Company; or (viii) any natural or man-made disaster or acts of God (including, without limitation, pandemic).

"**Minimum Cash Amount**" means $25,000.

"**Net Working Capital**" means (i) Accounts Receivable; plus (ii) Inventory; plus (iii) prepaid expenses and other current assets, including, but not limited to, the Minimum Cash Amount; less (iv) current accounts payable, accrued Liabilities and outstanding checks and other current Liabilities.

"**Net Working Capital Target**" is equal to $4,250,000.00.

"**OCBOA**" means Other Comprehensive Basis of Accounting. The Companies use tax-based accounting on an accrual basis.

"**Order**" means any award, injunction, judgment, decree, order, ruling, subpoena or verdict or other decision issued, promulgated or entered by or with any Governmental Entity of competent jurisdiction.

"**Permit**" means any authorization, approval, consent, certificate, license, permit or franchise of or from any Governmental Entity of competent jurisdiction or pursuant to any Law.

"**Permitted Liens**" means (a) Liens for current real or personal property Taxes that are not yet due and payable or that may hereafter be paid without material penalty or that are being contested in good faith, (b) statutory Liens of landlords and workers', carriers' and mechanics' or other like Liens incurred in the ordinary course of business or that are being contested in good faith, (c) Liens

and encroachments which do not materially interfere with the present or proposed use of the properties or assets they affect, (d) Liens that will be released prior to or as of the Closing, (e) Liens arising under this Agreement, (f) Liens created by or through the Buyer, and (g) Liens set forth on Section 3.3(a) of the Disclosure Schedule.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity or any agency, instrumentality or political subdivision of a Governmental Entity, or any other entity or body.

"**PPP Loan**" means that certain loan under the Paycheck Protection Program between JP Morgan Chase Bank and Wolo Manufacturing Corp., in the original principal amount of $172,350.

"**Preliminary Working Capital**" means the Net Working Capital as reflected on the Preliminary Balance Sheet, determined in accordance with OCBOA.

"**Pro Rata Share**" means with respect to Stanley Solow, 50% and with respect to Barbara Solow, 50%.

"**Representatives**" means, with respect to any Person, the respective directors, officers, employees, counsel, accountants and other representatives of such Person.

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person (either alone or through or together with any other Subsidiary), owns, directly or indirectly, more than 50% of the stock or other equity interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of a non-corporate Person.

"**Taxes**" means all federal, state, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, payroll, sales, transfer, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy and other taxes, tariffs, duties or assessments of any nature whatsoever.

"**Taxing Authority**" means any Governmental Entity having or purporting to exercise jurisdiction with respect to any Tax.

"**Tax Returns**" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"**Transaction Proposal**" means any unsolicited written bona fide proposal made by a third party relating to (i) any direct or indirect acquisition or purchase of all or substantially all assets of the Companies, (ii) any direct or indirect acquisition or purchase of a majority of the combined voting power of the Shares, (iii) any merger, consolidation, business combination, recapitalization, liquidation, dissolution or similar transaction involving the Companies in which the other party thereto or its stockholders will own 51% or more of the combined voting power of the parent entity resulting from any such transaction, or (iv) any other transaction that is inconsistent with the intent and purpose of this Agreement.

"**Transfer Taxes**" means sales, use, transfer, recording, documentary, stamp, registration and stock transfer Taxes and any similar Taxes.

"**$**" means United States dollars.

(b) For purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires: (i) the meaning assigned to each term defined herein will be equally applicable to both the singular and the plural forms of such

term and vice versa, and words denoting any gender will include all genders as the context requires; (ii) where a word or phrase is defined herein, each of its other grammatical forms will have a corresponding meaning; (iii) the terms "hereof", "herein", "hereunder", "hereby" and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; (iv) when a reference is made in this Agreement to an Article, Section, paragraph, Exhibit or Schedule without reference to a document, such reference is to an Article, Section, paragraph, Exhibit or Schedule to this Agreement; (v) a reference to a subsection without further reference to a Section is a reference to such subsection as contained in the same Section in which the reference appears, and this rule will also apply to paragraphs and other subdivisions; (vi) the word "include", "includes" or "including" when used in this Agreement will be deemed to include the words "without limitation", unless otherwise specified; (vii) a reference to any Party to this Agreement or any other agreement or document will include such Party's predecessors, successors and permitted assigns; (viii) a reference to any Law means such Law as amended, modified, codified, replaced or reenacted as of the date hereof, and all rules and regulations promulgated thereunder as of the date hereof; and (ix) all accounting terms used and not defined herein have the respective meanings given to them under OCBOA.

ARTICLE II
PURCHASE AND SALE OF THE SHARES

2.1 Purchase and Sale of the Shares. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing the Sellers will sell, transfer and deliver, and the Buyer will purchase from the Sellers, all of the Shares, for an aggregate purchase price, subject to adjustment as described in Section 2.2, of Seven Million Three Hundred Thousand Dollars ($7,300,000) in cash (the "**Purchase Price**").

(a) At the Closing, the Buyer will deliver to each of the Sellers, in immediately available funds to the account(s) designated by the Seller Representative prior to the Closing, an amount equal to their respective Pro Rata Share of (i) the Purchase Price, less (ii) the Escrow Amount (the "**Closing Payment**").

(b) At the Closing, the Buyer will deliver an amount equal to the outstanding balance of the PPP Loan as of the Closing Date (the "**Escrow Amount**"), which will be delivered to JPMorgan Chase Bank, N.A. (the "**Escrow Agent**") for deposit into an escrow account (the "**Escrow Account**") to be established pursuant to the terms of the Escrow Agreement.

(c) At the Closing, the Seller Representative will deliver to the Buyer a certificate or certificates representing the Shares, if certificated, duly endorsed or accompanied by stock powers duly endorsed in blank.

2.2 Adjustments to Purchase Price.

(a) Working Capital Adjustment**.**

(i) At the Closing, the Sellers shall deliver to the Buyer an unaudited balance sheet of the Companies (the "**Preliminary Balance Sheet**") as at the Closing together with a certificate of the Seller stating that the Preliminary Balance Sheet was prepared in accordance with OCBOA so as to present fairly in all material respects the financial condition of the Companies as of such date.

(ii) If the Net Working Capital Target exceeds the Net Working Capital as set forth on the Preliminary Balance Sheet, then the Closing Payment shall be reduced at the Closing by an amount equal to such difference. If the Net Working Capital as set forth on the Preliminary Balance Sheet exceeds the Net Working Capital Target at Closing, the Closing Payment shall be increased at the Closing by an amount equal to such difference.

(iii) As soon as practicable following the Closing Date (but not later than seventy-five (75) days after the Closing Date), the Buyer shall cause its auditor to prepare and deliver to the Seller Representative an audited balance sheet of the Companies (the "**Closing Date Balance Sheet**") as of the Closing Date. The Closing Date Balance Sheet shall be prepared in accordance with OCBOA in a manner consistent with the Preliminary Balance Sheet so as to present fairly in all material respects the financial condition of the Companies, it being understood that, in all circumstances, the same methodology, calculation and principles must be used to calculate each of the Net Working Capital Target, the Preliminary Working Capital and the Closing Working Capital; *provided, however*, that the Parties hereby acknowledge that the Inventory Value (adjusted for inventory sold and inventory received through the

closing date and priced at the price paid by the Company using the Company's historical inventory pricing methodology) shall be the value attributed to Inventory for all purposes, including without limitation, the Closing Date Balance Sheet and Closing Working Capital and that under no circumstances shall there be any reduction to the Inventory Value, the Preliminary Working Capital or the Closing Working Capital on account of any slow moving, obsolete or other inventory matters unless there is a corresponding dollar for dollar reduction to the Net Working Capital Target. Unless otherwise consented to by the Sellers, which consent shall not be unreasonably withheld, in the event that the Buyer fails to deliver to the Closing Date Balance Sheet to the Seller Representative prior to the end of such seventy-five (75) day period, the Net Working Capital as set forth on the Preliminary Balance Sheet shall be deemed final and conclusive and binding upon the Sellers and the Buyer as the Closing Working Capital.

(iv) If the Closing Working Capital exceeds the Preliminary Working Capital, then the Buyer (or, at the Buyer's direction, the Companies) shall pay promptly (and, in any event, within seven (7) days) to the Sellers an amount in cash that is equal to their respective Pro Rata Share of such excess. If the Preliminary Working Capital exceeds the Closing Working Capital, then the Sellers shall pay promptly (and, in any event, within seven (7) days) to the Buyer an amount in cash that is equal to their respective Pro Rata Share of such excess. Any such adjustment shall be treated as an adjustment to the Purchase Price.

(v) In the event the Seller Representative does not agree with the calculation of Closing Working Capital as reflected on the Closing Date Balance Sheet, the Seller Representative shall so inform the Buyer in writing within thirty (30) days of the Seller Representative's receipt thereof, such writing to set forth the objections of the Seller Representative in reasonable detail. If the Seller Representative and the Buyer cannot reach agreement as to any disputed matter relating to the Closing Working Capital within thirty (30) days after notification by the Seller Representative to the Buyer of a dispute, they shall forthwith refer the dispute to an Independent Accounting Firm mutually agreeable to the Seller Representative and the Buyer for resolution, with the understanding that such firm shall resolve all disputed items within thirty (30) days after such disputed items are referred to the Independent Accounting Firm. If the Buyer and the Seller Representative are unable to agree on the choice of an Independent Accounting Firm, they shall select an Independent Accounting Firm by lot (after excluding their respective regular outside accounting firms). The Sellers, on the one hand, and the Buyer, on the other hand, shall bear one-half of the costs of such accounting firm. The decision of the accounting firm with respect to all disputed matters relating to the Closing Working Capital shall be deemed final and conclusive and shall be binding upon the Sellers and the Buyer. In addition, if the Seller Representative does not object to the Closing Working Capital within the thirty (30) day period referred to above, the Closing Working Capital, as reflected on the Closing Date Balance Sheet as so prepared, shall be deemed final and conclusive and binding upon the Sellers and the Buyer.

(vi) The Seller Representative shall be entitled to have access to the books and records of the Companies and the Buyer's work papers prepared in connection with the Closing Date Balance Sheet and shall be entitled to discuss such books and records and work papers with the Buyer and those persons responsible for the preparation thereof.

(b) Adjustment for Outstanding Indebtedness. The Closing Payment shall be decreased by the amount of any outstanding Indebtedness of the Companies existing as of the Closing Date and the deducted amount shall be utilized to pay off such outstanding Indebtedness; provided, however, that any amounts outstanding as of the Closing Date in respect of the PPP Loan shall remain outstanding and no adjustment to the Closing Payment shall be made in connection therewith.

(c) Adjustment for Outstanding Cash. The Closing Payment shall be increased by an amount equal to (i) the aggregate amount of outstanding cash and cash equivalents of the Companies existing as of the Closing Date, less (ii) the Minimum Cash Amount.

2.3 Closing. The consummation of the Acquisition (the "**Closing**") will take place by the reciprocal delivery of closing documents by electronic mail, regular mail, fax or any other means mutually agreed upon by the Parties hereto on a date that is no later than two (2) Business Days immediately following the day on which the last of the conditions to closing contained in Article VII (other than any conditions that by their nature are to be satisfied at the Closing) is satisfied or waived in accordance with this Agreement or at such other location or on such other date as the Buyer and the Seller Representative may mutually determine (the date on which the Closing actually occurs is referred to as the "**Closing Date**"). Notwithstanding the foregoing, it is the intent of the Parties that the Closing shall occur on or prior to December 31, 2020. In the event that the Closing occurs following December 31, 2020, Buyer shall indemnify and hold harmless Sellers for any amounts in respect of Taxes payable by Sellers in connection with the transactions contemplated by this Agreement that are in excess of the amounts in respect of Taxes that would have been payable by Sellers in connection with the transactions contemplated by this Agreement if the Closing had occurred on or prior to December 31, 2020.

2.4 Transactions to be Effected at the Closing.

(a) At the Closing, the Buyer will (i) pay to each Seller, their respective Closing Payment, adjusted in accordance with subsection 2.2(a)(ii), subsection 2.2(b) and subsection 2.2(c) above, by paying such sum to the Sellers by transfer of immediately available funds in accordance with instructions provided by the Seller Representative and (ii) deliver to the Sellers all other documents, instruments or certificates required to be delivered by the Buyer at or prior to the Closing pursuant to Section 7.2 of this Agreement.

(b) At the Closing, the Buyer will deliver the Escrow Amount to the Escrow Agent for deposit into the Escrow Account.

(c) At the Closing, each Seller will deliver to the Buyer (i) a certificate or certificates representing his or her Shares duly endorsed or accompanied by stock powers duly endorsed in blank and (ii) all other documents, instruments or certificates required to be delivered by the Sellers at or prior to the Closing pursuant to Section 7.1 of this Agreement.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Each of the Sellers represents and warrants to the Buyer that each statement contained in this Article III is true and correct as of the date hereof, except as set forth in the disclosure schedule to be delivered to the Buyer in accordance with Section 6.11 hereof (the "**Disclosure Schedule**"). The Disclosure Schedule has been arranged for purposes of convenience only, in sections corresponding to the Sections of this Article III and Article IV. Each section of the Disclosure Schedule will be deemed to incorporate by reference all information disclosed in any other section of the Disclosure Schedule.

3.1 Authority and Enforceability. Each Seller has the requisite legal capacity to execute and deliver this Agreement, to perform such Seller's obligations hereunder and to consummate the Acquisition and the other transactions contemplated hereby. This Agreement has been duly executed and delivered by such Seller and, assuming the due authorization, execution and delivery by each other Party hereto, constitutes a legal, valid and binding obligation of such Seller, enforceable against each Seller in accordance with its terms, except as limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and (b) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law.

3.2 Noncontravention.

(a) Neither the execution and the delivery of this Agreement nor the consummation of the Acquisition or the other transactions contemplated by this Agreement will, with or without the giving of notice or the lapse of time or both, (i) to the Knowledge of the Sellers and assuming compliance with the filing and notice requirements set forth in Section 3.2(b)(i), violate any Law applicable to such Seller or (ii) violate any Contract to which such Seller is a party, except to the extent that any such violation would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The execution and delivery of this Agreement by each Seller does not, and the performance of this Agreement by such Seller will not, require any consent, approval, authorization or Permit of, or filing with or notification to, any Governmental Entity, except for (i) the filings set forth in Section 3.2(b) of the Disclosure Schedule or (ii) where the failure to take such action would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

3.3 The Shares.

(a) The Sellers holds of record and owns beneficially all of the Shares constituting all of the issued and outstanding shares of capital stock of the Companies, free and clear of all Liens, other than Permitted Liens.

(b) Except as set forth in this Agreement, no Seller is a party to any Contract obligating a Seller to vote or dispose of any shares of the capital stock of, or other equity or voting interests in, the Companies.

3.4 Brokers' Fees. Except as set forth in Section 3.4 of the Disclosure Schedule, the Sellers do not have any Liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement, the Acquisition or the transactions contemplated by this Agreement.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANIES

The Seller Representative represents and warrants to the Buyer that each statement contained in this Article IV is true and correct as of the date hereof, except as set forth in the Disclosure Schedule.

4.1 Organization, Qualification and Corporate Power; Authority and Enforceability.

(a) Each Company is a corporation duly organized, validly existing and in good standing under the Laws of New York, and has all requisite corporate power and authority, directly or indirectly, to own, lease and operate its properties and assets and to carry on its business as it is now being conducted. Each Company is duly qualified or licensed as a foreign corporation to do business, and is in good standing, in each jurisdiction where the character of its properties or assets owned, leased or operated by it or the nature of its activities makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Each Company has the requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Companies of this Agreement and the consummation by the Companies of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Companies, and no other action is necessary on the part of the Companies to authorize this Agreement or to consummate the Acquisition or the other transactions contemplated hereby. This Agreement has been duly executed and delivered by each of the Companies and, assuming the due authorization, execution and delivery by each other Party hereto, constitutes a legal, valid and binding obligation of the Companies, enforceable against each of the Companies in accordance with its terms, except as limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and (b) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law.

4.2 Subsidiaries. The Companies do not have any Subsidiaries.

4.3 Capitalization.

(a) The authorized and outstanding capital stock of the Companies is as set forth in Section 4.3(a) of the Disclosure Schedule. No other capital stock of the Companies are authorized, issued or outstanding.

(b) There are no outstanding options, warrants or other securities or subscription, preemptive or other rights convertible into or exchangeable or exercisable for any shares of capital stock or other equity or voting interests of the Companies and there are no "phantom stock" rights, stock appreciation rights or other similar rights with respect to the Companies. There are no Contracts of any kind to which the Companies are a party or by which the Companies are bound, obligating the Companies to issue, deliver, grant or sell, or cause to be issued, delivered, granted or sold, additional shares of capital stock of, or other equity or voting interests in, or options, warrants or other securities or subscription, preemptive or other rights convertible into, or exchangeable or exercisable for, shares of capital stock of, or other equity or voting interests in, the Companies, or any "phantom stock" right, stock appreciation right or other similar right with respect to the Companies, or obligating the Companies to enter into any such Contract.

(c) There are no securities or other instruments or obligations of the Companies, the value of which is in any way based upon or derived from any capital or voting stock of the Companies or having the right to vote (or convertible into, or exchangeable or exercisable for, securities having the right to vote) on any matters on which the Companies' stockholders may vote.

(d) There are no Contracts, contingent or otherwise, obligating the Companies to repurchase, redeem or otherwise acquire any shares of capital stock of, or other equity or voting interests in, the Companies. There are no voting trusts, registration rights agreements or stockholder agreements to which either of the Companies is a party with respect to the voting of the capital stock of the Companies or with respect to the granting of registration rights for any of the capital stock of the Companies. There are no rights plans affecting the Companies.

(e) Except as set forth in Section 4.3(e) of the Disclosure Schedule, there is no Indebtedness of the Companies.

4.4 Noncontravention.

(a) Neither the execution and delivery of this Agreement nor the consummation of the Acquisition and the other transactions contemplated by this Agreement will, with or without the giving of notice or the lapse of time or both, (i) violate any provision of the articles of incorporation or bylaws (or comparable organization documents, as applicable) of the Companies, (ii) to the Knowledge of the Sellers and assuming compliance with the filing and notice requirements set forth in Section 4.4(b)(i), violate any Law applicable to the Companies on the date hereof or (iii) except as set forth in Section 4.4(a) of the Disclosure Schedule, violate any Contract to which the Companies are a party, except in the case of clauses (ii) and (iii) to the extent that any such violation would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The execution and delivery of this Agreement by the Companies does not, and the performance of this Agreement by the Companies will not, require any consent, approval, authorization or Permit of, or filing with or notification to, any Governmental Entity, except for (i) the filings set forth in Section 4.4(b) of the Disclosure Schedule or (ii) where the failure to take such action would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.5 Financial Statements.

(a) Section 4.5(a) of the Disclosure Schedule contains true and complete copies of (i) the unaudited balance sheet of the Companies as of December 31, 2019 and December 31, 2018 and the related unaudited statements of income and cash flows for the two years ended December 31, 2019 and December 31, 2018 (the "**Annual Financial Statements**") and (ii) the unaudited balance sheet of the Companies as of September 30, 2020 and the related statements of income and cash flows for the nine-month period ended September 30, 2020 (the "**Interim Financial Statements**" and, together with the Annual Financial Statements, the "**Financial Statements**").

(b) Except for the accruals that are referred to in Section 4.5(b) of the Disclosure Schedule, the Financial Statements: (a) are prepared from and consistent with such financial statements as have been prepared and used by the Companies in the ordinary course of managing the Business and measuring and reporting their operating results; (b) are prepared in accordance with OCBOA (except that (i) purchases and inventories are stated at weighted average cost and (ii) neither Company has made any adjustments pursuant to Section 263A of the Code) applied on a consistent basis; and (c) fairly present the assets, liabilities, financial position, results of operations, and cash flows of the Companies as of the dates and for the periods indicated, *provided* that the Interim Financial Statements do not have statements of cash flow or footnote disclosures.

4.6 Taxes.

(a) All material Tax Returns required to have been filed by the Companies have been filed, and each such Tax Return reflects the liability for Taxes in all material respects. All Taxes shown on such Tax Returns as due have been paid or accrued.

(b) To the Knowledge of the Sellers, there is no audit pending against the Companies in respect of any Taxes. There are no Liens on any of the assets of the Companies that arose in connection with any failure (or alleged failure) to pay any Tax, other than Liens for Taxes not yet due and payable.

(c) The Companies have withheld and paid or accrued for all material Taxes required to have been withheld and paid or accrued for in connection with amounts paid or owing to any third party.

(d) The Companies have not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(e) The Companies are not a party to any Tax allocation or sharing agreement.

4.7 Compliance with Laws and Orders; Permits.

(a) The Companies are in compliance with all Laws and Orders to which the business of the Companies are subject, except where such failure to comply would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The Companies owns, holds, possesses or lawfully uses in the operation of its business all Permits that are necessary for it to conduct its business as now conducted, except where such failure to own, hold, possess or lawfully use such Permit would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.8 No Undisclosed Liabilities. The Companies do not have any Liability, except for (i) Liabilities set forth on the Interim Financial Statements and (ii) Liabilities which have arisen since the date of the Interim Financial Statements in the ordinary course of business (none of which results from, arises out of, relates to, is in the nature of, or was caused by any breach of contract, breach of warranty, tort, infringement, or violation of law).

4.9 Tangible Personal Assets.

(a) The Companies have good title to, or a valid interest in, all of its tangible personal assets, free and clear of all Liens, other than (i) Permitted Liens or (ii) Liens that, individually or in the aggregate, do not materially interfere with the ability of the Companies thereof to conduct its business as currently conducted and do not adversely affect the value of, or the ability to sell, such personal properties and assets.

(b) The Companies' tangible personal assets are in good operating condition, working order and repair, subject to ordinary wear and tear, free from defects (other than defects that do not interfere with the continued use thereof in the conduct of normal operations) and are suitable for the purposes for which they are currently being used.

4.10 Real Property. No Company owns any real property. Section 4.10 of the Disclosure Schedule contains a list of all leases and subleases (collectively, the "**Real Property Leases**") under which the Companies are either lessor or lessee (the "**Real Property**"). The Sellers have heretofore made available to the Buyer true and complete copies of each Real Property Lease. To the Knowledge of the Sellers, (i) all Real Property Leases are valid and binding Contracts of the Companies and are in full force and effect (except for those that have terminated or will terminate by their own terms), and (ii) neither the Companies or any other party thereto, is in violation or breach of or default (or with notice or lapse of time, or both, would be in violation or breach of or default) under the terms of any such Contract, in each case, except where such default would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.11 Intellectual Property.

(a) "**Intellectual Property**" means (i) trade secrets, inventions, confidential and proprietary information, know-how, formulae and processes, (ii) patents (including all provisionals, reissues, divisions, continuations and extensions thereof) and patent applications, (iii) trademarks, trade names, trade dress, brand names, domain names, trademark registrations, trademark applications,

service marks, service mark registrations and service mark applications (whether registered, unregistered or existing at common law, including all goodwill attaching thereto), (iv) copyrights, including copyright registrations, copyright applications and unregistered common law copyrights; (v) and all licenses for the Intellectual Property listed in items (i) – (iv) above.

(b) Section 4.11(b) of the Disclosure Schedule sets forth a list that includes all material Intellectual Property owned by the Companies (the "**Companies-Owned Intellectual Property**") that is registered or subject to an application for registration (including the jurisdictions where such Companies-Owned Intellectual Property is registered or where applications have been filed, and all registration or application numbers, as appropriate).

(c) All necessary registration, maintenance and renewal fees have been paid and all necessary documents have been filed with the United States Patent and Trademark Office or foreign patent and trademark office in the relevant foreign jurisdiction for the purposes of maintaining the registered Companies-Owned Intellectual Property.

(d) Except as set forth on Section 4.11(d) of the Disclosure Schedule, (i) the Companies are the exclusive owner of the Companies-Owned Intellectual Property free and clear of all Liens (other than Permitted Liens); (ii) to the Knowledge of the Sellers no proceedings have been instituted, are pending or are threatened that challenge the rights of the Companies in or the validity or enforceability of the Companies-Owned Intellectual Property; (iii) to the Knowledge of the Sellers, neither the use of the Companies-Owned Intellectual Property as currently used by the Companies in the conduct of the Companies' business, nor the conduct of the business as presently conducted by the Companies infringes, dilutes, misappropriates or otherwise violates in any material respect the Intellectual Property rights of any Person; and (iv) as of the date of this Agreement, the Companies have made no claim of a violation, infringement, misuse or misappropriation by any Person, of their rights to, or in connection with, the Companies-Owned Intellectual Property.

(e) Except as set forth in Section 4.11(e) of the Disclosure Schedule, the Companies have not permitted or licensed any Person to use any Companies-Owned Intellectual Property.

(f) Section 4.11(f) of the Disclosure Schedule sets forth a complete and accurate list of all licenses, other than "off the shelf" commercially available software programs, pursuant to which the Companies licenses from any Person Intellectual Property that is material to and used in the conduct of the business by the Companies.

(g) To the Knowledge of the Sellers, the Companies are not in default in the performance, observance or fulfillment of any obligation, covenant or condition contained in any Contract pursuant to which any third party is authorized to use any Companies-Owned Intellectual Property or pursuant to which the Companies are licensed to use Intellectual Property owned by a third party, except where such default would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.12 Absence of Certain Changes or Events. Since the date of the Interim Financial Statements, no event has occurred that has had, individually or in the aggregate, a Material Adverse Effect. Without limiting the generality of the foregoing, except as set forth on Section 4.12 of the Disclosure Schedule, since the date of the Interim Financial Statements:

(a) the Companies have not sold, leased, transferred, or assigned any of its material assets, tangible or intangible, other than for a fair consideration in the ordinary course of business;

(b) the Companies have not entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) either involving more than $50,000 or outside the ordinary course of business;

(c) no party (including the Companies) has accelerated, terminated, modified, or cancelled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than $50,000 to which the Companies are a party or by which any of them is bound;

(d) the Companies have not imposed any Liens upon any of its assets, tangible or intangible;

(e) the Companies have not made any capital expenditure (or series of related capital expenditures) either involving more than $50,000 or outside the ordinary course of business;

(f) the Companies have not made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person (or series of related capital investments, loans, and acquisitions) either involving more than $50,000 or outside the ordinary course of business;

(g) the Companies have not transferred, assigned, or granted any license or sublicense of any rights under or with respect to any material Intellectual Property;

(h) there has been no change made or authorized in the certificate of incorporation or bylaws of the Companies;

(i) the Companies have not issued, sold, or otherwise disposed of any of its capital stock, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its capital stock;

(j) the Companies have not made any loan to, or entered into any other transaction with, any of its directors, officers, and employees outside the ordinary course of business;

(k) the Companies have not entered into any employment contract or modified the terms of any existing such contract or agreement;

(l) the Companies have not granted any increase in the base compensation of any of its directors, officers, and employees outside the ordinary course of business;

(m) the Companies have not committed to any of the foregoing.

4.13 Contracts.

(a) Except as set forth in Section 4.13(a) of the Disclosure Schedule, as of the date hereof, the Companies are not a party to or bound by any: (i) Contract not contemplated by this Agreement that materially limits the ability of the Companies to engage or compete in any manner of the business presently conducted by the Companies; (ii) Contract that creates a partnership or joint venture or similar arrangement with respect to any material business of the Companies; (iii) indenture, credit agreement, loan agreement, security agreement, guarantee, note, mortgage or other evidence of indebtedness or agreement providing for indebtedness in excess of $50,000; (iv) Contract that relates to the acquisition or disposition of any material business (whether by merger, sale of stock, sale of assets or otherwise) other than this Agreement; and (v) Contract that involves performance of services or delivery of goods or materials by or to the Companies in an amount or with a value in excess of $50,000 in any 12-month period (which period may extend past the Closing).

(b) The Sellers have heretofore made available to the Buyer true and complete copies of each of the Contracts set forth in Section 4.13(a) of the Disclosure Schedule. To the Knowledge of the Sellers, (i) all such Contracts are valid and binding, (ii) all such Contracts are in full force and effect (except for those that have terminated or will terminate by their own terms), and (iii) neither any Company nor any other party thereto, is in violation or breach of or default under (or with notice or lapse of time, or both, would be in violation or breach of or default under) the terms of any such Contract, in each case, except where such default would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.14 Litigation. Except as set forth in Section 4.14 of the Disclosure Schedule, there is no Action pending or, to the Knowledge of the Sellers, threatened against the Companies that (a) challenges or seeks to enjoin, alter or materially delay the Acquisition or (b) would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.15 Employee Benefits.

(a) Section 4.15(a) of the Disclosure Schedule includes a list of all Benefit Plans maintained or contributed to by the Companies (the "**Companies Benefit Plans**"). The Sellers have delivered or made available to the Buyer copies of (i) each Companies Benefit Plan, (ii) the most recent summary plan description for each Companies Benefit Plan for which such a summary plan description is required and (iii) the most recent favorable determination letters from the IRS with respect to each Companies Benefit Plan intended to qualify under Section 401(a) of the Code.

(b) Except as set forth in Section 4.15(b) of the Disclosure Schedule, (i) none of the Companies Benefit Plans is subject to Title IV of ERISA; (ii) each Companies Benefit Plan that is intended to be qualified under Section 401(a) of the Code is subject to a favorable determination letter from the IRS and, to the Knowledge of the Sellers, no event has occurred and no condition exists that is reasonably likely to result in the revocation of any such determination; and (iii) each Companies Benefit Plan is in compliance with all applicable provisions of ERISA and the Code, except for instances of noncompliance that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.16 Labor and Employment Matters. Section 4.16 of the Disclosure Schedule sets forth a list of all written employment agreements that obligate the Companies to pay an annual salary of $50,000 or more and to which the Companies are a party. To the Knowledge of the Sellers, there are no pending labor disputes, work stoppages, requests for representation, pickets, work slow-downs due to labor disagreements or any actions or arbitrations that involve the labor or employment relations of the Companies. The Companies are not party to any collective bargaining agreement.

4.17 Environmental. Except (i) as set forth in Section 4.17 of the Disclosure Schedule or (ii) for any matter that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, (a) the Companies are in compliance with all applicable Laws relating to protection of the environment ("**Environmental Laws**"), (b) the Companies possesses and is in compliance with all Permits required under any Environmental Law for the conduct of its operations and (c) there are no Actions pending against the Companies alleging a violation of any Environmental Law. No property currently or formerly owned or operated by the Companies or has been contaminated with any Hazardous Substance in a manner that could reasonably be expected to require remediation or other action pursuant to any Environmental Law. Neither the Sellers, nor the Companies have received any written notice, demand, letter, claim or request for information alleging that the Companies or the Sellers are in violation of or liable under any Environmental Law. For purposes of this Agreement, "Hazardous Substance" means any substance that is: (i) listed, classified, regulated or defined pursuant to any Environmental Law or (ii) any petroleum product or by-product, asbestos-containing material, polychlorinated biphenyls or radioactive material.

4.18 Insurance. Section 4.18 of the Disclosure Schedule sets forth a list of each insurance policy that covers the Companies or its businesses, properties, assets, directors, officers or employees (the "**Policies**"). Such Policies are in full force and effect in all material respects and the Companies are not in violation or breach of or default under any of its obligations under any such Policy, except where such default would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.19 Inventory. The inventory of the Companies consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods (collectively, "**Inventory**"). Section 4.19 of the Disclosure Schedule sets forth each item and amount of Inventory owned by the Companies as of the Closing Date. For the avoidance of doubt, neither Sellers nor the Companies makes any representation or warranty (a) with respect to the price or obsolescence of any of the Inventory owned by the Companies as of the Closing Date or (b) with respect to whether any amount of Inventory item owned by the Companies as of the Closing Date is excessive. The Parties agree that the aggregate value of the Inventory shall be equal to the Inventory Value.

4.20 Notes and Accounts Receivable. All notes and accounts receivable of the Company are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible, and will be collected in accordance with past practice, subject only to the reserve for bad debts set forth on the face of the balance sheet included in the Interim Financial Statements (rather than in any notes thereto) as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Company.

4.21 Powers of Attorney. There are no outstanding powers of attorney executed on behalf of any of the Companies.

4.22 Product Warranty. Section 4.22 of the Disclosure Schedule contains a true, correct, and complete copy of each Company's standard written warranty or warranties for sales of its products, and except as expressly set forth therein, there are no warranties,

deviations from standard warranties, or commitments or material obligations with respect to the return, repair, replacement, or re-performance of products under which any Company has any liability. Section 4.22 of the Disclosure Schedule also contains a description of all pending warranty claims involving any Company or the Business as of the Closing Date. Other than in the ordinary course of business, none of the Companies' products has been the subject of any replacement, field fix, retrofit, modification, or recall campaign. All of the Companies' products have been designed, manufactured, labeled, and performed so as to meet and comply with all industry standards and specifications and all applicable Laws and Orders currently in effect, and have received all governmental approvals necessary to allow their sale and use.

4.23 Brokers' Fees. Except as set forth in Section 4.23 of the Disclosure Schedule, which such fees shall be paid prior to or at Closing with the Companies' cash, the Companies have no Liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement, the Acquisition or the transactions contemplated by this Agreement.

4.24 Certain Business Relationships with the Companies. Except as set forth in Section 4.24 of the Disclosure Schedule, no Seller, nor any Affiliate of a Seller, has been involved in any business arrangement or relationship with the Companies within the past 12 months, and neither the Sellers, nor any Affiliate of the Sellers, owns any asset, tangible or intangible, which is used in the Business.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Sellers that each statement contained in this Article V is true and correct as of the date hereof.

5.1 Organization. The Buyer is a corporation, duly organized, validly existing and in good standing under the laws of the state of Delaware.

5.2 Authorization. The Buyer has the requisite power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by the Buyer of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action, and no other action on the part of the Buyer is necessary to authorize this Agreement or to consummate the transactions contemplated hereby (other than compliance with the filing and notice requirements set forth in Section 5.3(b)(i)). This Agreement has been duly executed and delivered by the Buyer and, assuming the due authorization, execution and delivery by each of the other Parties hereto, constitutes a legal, valid and binding obligation of the Buyer enforceable against the Buyer in accordance with its terms, except as limited by (a) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar Laws relating to creditors' rights generally and (b) general principles of equity, whether such enforceability is considered in a proceeding in equity or at Law.

5.3 Noncontravention.

(a) Neither the execution and the delivery of this Agreement, nor the consummation of the Acquisition and the other transactions contemplated by this Agreement, will, with or without the giving of notice or the lapse of time or both, (i) violate any provision of the certificate of incorporation or bylaws (or comparable organization documents, as applicable) of the Buyer, (ii) violate any Law applicable to the Buyer on the date hereof or (iii) violate any Contract to which the Buyer is a party, except in the case of clauses (ii) and (iii) to the extent that any such violation would not reasonably be expected to prevent or materially delay the consummation of the Acquisition and the other transactions contemplated by this Agreement.

(b) The execution and delivery of this Agreement by the Buyer does not, and the performance of this Agreement by the Buyer will not, require any consent, approval, authorization or Permit of, or filing with or notification to, any Governmental Entity, except for (i) the filings set forth in Section 5.3(b)(i) or (ii) where the failure to take such action would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Brokers' Fees. The Buyer has no Liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement, the Acquisition or the transactions contemplated by this Agreement that could result in any Liability being imposed on the Sellers or the Companies.

ARTICLE VI
COVENANTS

6.1 Consents. The Companies will use its commercially reasonable efforts to obtain any required third-party consents to the Acquisition and the other transactions contemplated by this Agreement in writing from each Person.

6.2 Operation of the Companies' Business. During the period commencing on the date hereof and ending at the earlier of the Closing and the termination of this Agreement in accordance with Article VIII, each Company, except (i) as otherwise contemplated by this Agreement, (ii) as required by applicable Law or (iii) with the prior written consent of the Buyer (which consent will not be unreasonably withheld or delayed), will use commercially reasonable efforts to carry on its business in a manner consistent with past practice and not take any action or enter into any transaction that would result in the following:

(a) any change in the articles of incorporation, as amended or bylaws, as amended, of the Companies or any amendment of any material term of any outstanding security of the Companies;

(b) any issuance or sale of any additional shares of, or rights of any kind to acquire any shares of, any capital stock of any class of the Companies (whether through the issuance or granting of options or otherwise);

(c) any incurrence, guarantee or assumption by the Companies of any indebtedness for borrowed money other than in the ordinary course of business in amounts and on terms consistent with past practice;

(d) any change in any method of accounting, accounting principle or accounting practice by the Companies which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(e) except in the ordinary course of business (i) any adoption or material amendment of any Companies Benefit Plan, (ii) any entry into any collective bargaining agreement with any labor organization or union, (iii) any entry into an employment agreement or (iv) any increase in the rate of compensation to any employee in an amount that exceeds 10% of such employee's current compensation; provided, that the Companies may (A) take any such action for employees in the ordinary course of business or pursuant to any existing Contracts or Companies Benefit Plans and (B) adopt or amend any Companies Benefit Plan if the cost to such Person of providing benefits thereunder is not materially increased;

(f) except in the ordinary course of business, any cancellation, modification, termination or grant of waiver of any material Permits or Contracts to which the Companies are a party, which cancellation, modification, termination or grant of waiver would, individually or in the aggregate, have a Material Adverse Effect;

(g) any change in the Tax elections made by the Companies or in any accounting method used by the Companies for Tax purposes, where such Tax election or change in accounting method may have a material effect upon the Tax Liability of the Companies for any period or set of periods, or the settlement or compromise of any material income Tax Liability of the Companies;

(h) except in the ordinary course of business, any acquisition or disposition of any business or any material property or asset of any Person (whether by merger, consolidation or otherwise) by a Company;

(i) any grant of a Lien on any properties and assets of a Company that would have, individually or in the aggregate, a Material Adverse Effect;

(j) any entry into any agreement or commitment to do any of the foregoing.

6.3 Access. The Companies will permit the Buyer and its Representatives to have reasonable access at all reasonable times, and in a manner so as not to interfere with the normal business operations of the Companies, to the premises, properties, books, records (including Tax records), Contracts and documents of or pertaining to the Companies.

6.4 Transfer of Cash and Cash Equivalents. On or prior to the Closing, the Companies and Sellers may transfer, or cause to be distributed all cash and cash equivalents of the Companies to, among other things, pay any fees owed by Companies to brokers or advisors (including termination fees under any advisory agreement) and any indebtedness for borrowed money; provided, however, that the Companies shall have an amount in cash in its corporate bank account and on hand at its store locations at the Closing that is equal to the Minimum Cash Amount.

6.5 Notice of Developments. The Sellers and the Companies will give prompt written notice to the Buyer of any event that would reasonably be expected to give rise to, individually or in the aggregate, a Material Adverse Effect or would reasonably be expected to cause a material breach of any of its respective representations, warranties, covenants or other agreements contained herein. The Buyer will give prompt written notice to the Sellers and the Companies of any event that could reasonably be expected to cause a material breach of any of its representations, warranties, covenants or other agreements contained herein or could reasonably be expected to, individually or in the aggregate, prevent or materially delay the consummation of the Acquisition and the other transactions contemplated by this Agreement. The delivery of any notice pursuant to this Section 6.5 will not limit, expand or otherwise affect the remedies available hereunder (if any) to the party receiving such notice.

6.6 No Solicitation.

(a) Each of the Sellers and the Companies will, and will cause each of their Representatives to, cease immediately any existing discussions regarding a Transaction Proposal.

(b) From and after the date of this Agreement, without the prior consent of the Buyer, none of the Sellers nor the Companies will, nor will they authorize or permit any of their respective Representatives to, directly or indirectly through another Person to, (i) solicit, initiate or encourage (including by way of furnishing information), or take any other action designed to facilitate any inquiries, proposals or offers from any Person that constitute, or would reasonably be expected to constitute, a Transaction Proposal, (ii) participate in any discussions or negotiations (including by way of furnishing information) regarding any Transaction Proposal or (iii) otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing.

(c) In addition, the Sellers shall immediately communicate to the Buyer the terms of any Transaction Proposal received by any of the Sellers or the Companies, or any of their Representatives.

6.7 Taking of Necessary Action; Further Action; Taxes. Subject to the terms and conditions of this Agreement, each of the Sellers, the Companies and the Buyer will take all such reasonable and lawful action as may be necessary or appropriate in order to effectuate the Acquisition in accordance with this Agreement as promptly as practicable. Without limiting the generality of the foregoing, in the event that any Tax refunds are issued to the Companies that relate to the period prior to the Closing, including without limitation in connection with the drawbacks described on Section 6.7 of the Disclosure Schedules, the Buyer shall cause the Companies to pay over such Tax refunds to the Sellers within five (5) days following the receipt by the Companies of the applicable funds.

6.8 Covenant not to Compete. For a period of three years from and after the Closing (the "**Noncompetition Period**"), each Seller , jointly and severally, shall not engage directly or indirectly in any business that is competitive with the Business within an area of one hundred miles of any geographic area in which the Business is conducted or which the Buyer plans to conduct the Business as of the Closing Date; provided, however, that no owner of less than 5% of the outstanding stock of any publicly-traded corporation shall be deemed to engage solely by reason thereof in any of its businesses. During the Noncompetition Period, the Sellers shall not induce or attempt to induce any customer, or supplier of the Business to terminate its relationship with the Buyer or any Affiliate of the Buyer or to enter into any business relationship to provide or purchase the same or substantially the same services as are provided to or purchased from the Business which might harm the Buyer or any Affiliate of the Buyer. During the Noncompetition Period, the Sellers shall not, on behalf of any entity other than the Buyer or an Affiliate of the Buyer, hire or retain, or attempt to hire or retain, in any capacity any Person who is, or was at any time during the preceding twelve (12) months, an employee or officer of the Business. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 6.8 is invalid or unenforceable, the Parties agree that

the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

6.9 Financial Information. The Sellers shall use reasonable efforts to cooperate with the Buyer and the Buyer's independent certified public accounting firm in order to enable the Buyer to create audited financial statements for the two full fiscal years preceding the Closing Date, by making available the Sellers' records as they are maintained in the ordinary course of business and answering reasonable questions.

6.10 Post-Closing Access to Books and Records. After the Closing, each Party will afford any other Party, its respective counsel, accountants and other representatives, during normal business hours, reasonable access to the books, records and other data in such Party's possession relating directly or indirectly to the Business with respect to periods prior to the Closing, and the right to make copies and extracts therefrom at its expense, to the extent such access is reasonably required by the requesting Party for any proper business purpose, including without limitation, the creation of audited financial statements, the preparation of Tax Returns and litigations. Without limitation, after the Closing, each Party will make available to any other Party, as reasonably requested, and to any Taxing authority that is legally permitted to receive the following pursuant to its subpoena power or its equivalent, all books, records and other data relating to Taxes relating to the Business for all periods prior to or including the Closing and will preserve all such books, records and other data until the expiration of any applicable statute of limitations for assessment or refund of Taxes or extensions thereof.

6.11 Disclosure Schedule. The Sellers have prepared the schedules attached to this Agreement (individually, a "**Schedule**" and collectively, the "**Disclosure Schedule**") and delivered them to Buyer on the date hereof. Disclosure of any matter, fact or circumstance in a Schedule to this Agreement shall be deemed to be disclosure thereof for purposes of (a) such Schedule, and (b) any other Schedule hereto solely to the extent it is reasonably apparent on the face of such disclosure (notwithstanding the absence of a specific cross reference) that such disclosure is applicable to such other Schedule. and warranties, such language will be disregarded and be of no force or effect.

6.12 Accounts Receivable. The Buyers agree to use commercially reasonable efforts in the ordinary course of business to cause the Companies to collect all accounts receivable outstanding as of the Closing Date during the period following the Closing Date in accordance with past practice. In the event that any such accounts receivable are not collected by the conclusion of such period (the "**Uncollected Accounts**"), (a) subject to the indemnification provisions of Article IX hereof, the Sellers shall make payment to the Companies in the amount of such Uncollected Accounts and (b) the Buyers shall cause the Companies to assign such Uncollected Accounts for the benefits of the Sellers and the Sellers shall have the right to collect such Uncollected Accounts in their sole discretion and for their sole benefit; provided, that in the event Buyer receives payment in respect of any Uncollected Accounts for which the Sellers have made payment pursuant to clause (a) above, the Buyer shall within five (5) days of receipt of such monies, pay over such amounts to the Sellers.

6.13 Inventory. Prior to the Closing, the Parties shall cooperate to conduct a physical count and valuation of the Inventory (the "**Inventory Count**"). In order to facilitate the Inventory Count, the Parties shall engage such professionals and advisors as they mutually agree and all costs associated with the engagement of such professionals and advisors shall be borne by the Party incurring such costs. Upon the conclusion of the Inventory Count, the Parties shall agree on the Inventory Value as determined by the Inventory Count by the mutual execution of Section 6.13 of the Disclosure Schedules.

6.14 PPP Loan. Prior to the Closing, the Parties shall cooperate to cause the Companies to apply for forgiveness of the PPP Loan in accordance with U.S. Small Business Administration Procedural Notice # 5000-20057. At the Closing, the Parties are delivering the Escrow Amount to Escrow Agent to be held by Escrow Agent in accordance with the terms of this Section 6.14 and the Escrow Agreement. Within five (5) days following the Closing Date, the Parties shall cooperate to cause the Companies to furnish the following information to Escrow Agent and the U.S. Small Business Administration: (i) the identity of Buyer; (ii) the ownership percentage(s) of

Buyer; (iii) the Tax ID/ EIN for any owner holding 20% or more of the Companies; and (iv) a copy or summary of terms of the Escrow Agreement. The Escrow Agent shall deliver from the Escrow Amount to the Sellers any outstanding balance under the PPP Loan that is forgiven by the SBA, and any remaining PPP Loan amounts that are not forgiven by the SBA shall be paid to the SBA in reduction of the PPP Loan.

ARTICLE VII
CONDITIONS TO OBLIGATIONS TO CLOSE

7.1 Conditions to Obligation of the Buyer. The obligation of the Buyer to consummate the Acquisition is subject to the satisfaction or waiver by the Buyer of the following conditions:

(a) The representations and warranties of the Sellers set forth in this Agreement will be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties speak as of another date, in which case such representations and warranties will be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth therein) does not have, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Buyer will have received a certificate signed by the Sellers to such effect.

(b) Each of the Sellers and each of the Companies will have performed all of the covenants required to be performed by it under this Agreement at or prior to the Closing, except where the failure to perform does not have, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or materially adversely affect the ability of each of the Sellers and the Companies to consummate the Acquisition or perform its other obligations hereunder. The Buyer will have received a certificate signed by the Sellers to such effect.

(c) There shall not have been any occurrence, event, incident, action, failure to act, or transaction since the date of the execution of this Agreement which has had or is reasonably likely to cause a Material Adverse Effect.

(d) All applicable waiting periods (and any extensions thereof) will have expired or otherwise been terminated, and the Parties hereto will have received all other authorizations, consents and approvals of all Governmental Entities in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(e) No temporary, preliminary or permanent restraining Order preventing the consummation of the Acquisition will be in effect.

(f) Each Party, as appropriate, shall have obtained any required consents, permits, licenses, approvals or notifications of any lenders, lessors, suppliers, customers or other third parties for which the Buyer will assume responsibility for properly completing any and all necessary forms required when applying for and securing any necessary transfers.

(g) The Sellers shall have obtained releases of any Liens against any of the assets of the Companies (other than Permitted Liens), at the Sellers' expense.

(h) The Buyer shall have received such pay-off letters and releases relating to the indebtedness as it shall have requested, and such pay-off letters shall be in form and substance satisfactory to it.

(i) The Companies shall have delivered evidence reasonably satisfactory to the Buyer of the Companies' corporate organization and proceedings and its existence in the jurisdiction in which it is incorporated, including evidence of such existence as of the Closing.

(j) The Buyer shall have obtained on terms and conditions satisfactory to it all of the financing it needs in order to consummate the transactions contemplated hereby and fund the working capital requirements of the Companies after the Closing.

(k) The Buyer shall have entered into an employment agreement with the Seller Representative on terms and subject to conditions to be mutually agreed upon.

(l) All actions to be taken by the Sellers in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to the Buyer.

(m) The Parties shall have completed the Inventory Count and agreed on the Inventory Value in accordance with Section 6.13 of this Agreement.

7.2 Conditions to Obligation of the Sellers. The obligation of the Sellers to consummate the Acquisition is subject to the satisfaction or waiver by the Sellers of the following conditions:

(a) The representations and warranties of the Buyer set forth in this Agreement will be true and correct in all respects as of the date of this Agreement and as of the Closing Date (except to the extent such representations and warranties speak as of another date, in which case such representations and warranties will be true and correct as of such other date), except where the failure of such representations and warranties to be so true and correct does not adversely affect the ability of the Buyer to consummate the Acquisition and the other transactions contemplated by this Agreement. The Sellers will have received a certificate signed on behalf of the Buyer by a duly authorized officer of the Buyer to such effect.

(b) The Buyer will have performed in all material respects all of the covenants required to be performed by it under this Agreement at or prior to the Closing except such failures to perform as do not materially adversely affect the ability of the Buyer to consummate the Acquisition and the other transactions contemplated by this Agreement. The Sellers will have received a certificate signed on behalf of the Buyer by a duly authorized officer of the Buyer to such effect.

(c) All applicable waiting periods (and any extensions thereof) will have expired or otherwise been terminated and the Parties hereto will have received all other authorizations, consents and approvals of all Governmental Entities in connection with the execution, delivery and performance of this Agreement and the transactions contemplated hereby.

(d) No temporary, preliminary or permanent restraining Order preventing the consummation of the Acquisition will be in effect.

(e) Each Party, as appropriate, shall have obtained any required consents, permits, licenses, approvals or notifications of any Governmental Entities, lenders, lessors, suppliers, customers or other third parties for which the Buyer will assume responsibility for properly completing any and all necessary forms required when applying for and securing any necessary transfers.

(f) The Seller Representative shall have entered into an employment agreement with the Buyer on terms and subject to conditions to be mutually agreed upon.

(g) All actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, instruments, and other documents required to effect the transactions contemplated hereby will be satisfactory in form and substance to the Sellers.

(h) The Parties shall have completed the Inventory Count and agreed on the Inventory Value in accordance with Section 6.13 of this Agreement.

ARTICLE VIII
TERMINATION; AMENDMENT; WAIVER

8.1 Termination of Agreement. This Agreement may be terminated as follows:

(a) by mutual written consent of the Buyer and the Sellers at any time prior to the Closing;

(b) by either the Buyer or the Sellers if any Governmental Entity will have issued an Order or taken any other action permanently enjoining, restraining or otherwise prohibiting the transactions contemplated by this Agreement;

(c) by either the Buyer or the Sellers if the Closing does not occur on or before December 31, 2020; provided that the right to terminate this Agreement under this Section 8.1(c) will not be available to any Party whose breach of any provision of this Agreement results in the failure of the Closing to occur by such time;

(d) by the Buyer if the Sellers or the Companies have breached their respective representations and warranties or any covenant or other agreement to be performed by it in a manner such that the Closing conditions set forth in Section 7.1(a) or 7.1(b) would not be satisfied; or

(e) by the Sellers if the Buyer has breached its representations and warranties or any covenant or other agreement to be performed by it in a manner such that the Closing conditions set forth in Section 7.2(a) or 7.2(b) would not be satisfied.

8.2 Effect of Termination. In the event of termination of this Agreement by either the Sellers or the Buyer as provided in Section 8.1, this Agreement will forthwith become void and have no effect, without any Liability (other than with respect to any suit for breach of this Agreement) on the part of the Buyer, the Companies or the Sellers (or any stockholder, agent, consultant or Representative of any such Party); provided, that the provisions of Sections 10.1, 10.6, 10.7, 10.8, 10.11, 10.13, 10.15 and this Section 8.2 will survive any termination hereof pursuant to Section 8.1.

8.3 Amendments. This Agreement may not be amended except by an instrument in writing signed on behalf of the Buyer, the Companies and the Sellers.

8.4 Waiver. At any time prior to the Closing, the Buyer may (a) extend the time for the performance of any of the covenants, obligations or other acts of the Sellers and the Companies or (b) waive any inaccuracy of any representations or warranties or compliance with any of the agreements, covenants or conditions of the Sellers or any conditions to its own obligations. Any agreement on the part of the Buyer to any such extension or waiver will be valid only if such waiver is set forth in an instrument in writing signed on its behalf by its duly authorized officer. At any time prior to the Closing, the Sellers and the Companies, may (a) extend the time for the performance of any of the covenants, obligations or other acts of the Buyer or (b) waive any inaccuracy of any representations or warranties or compliance with any of the agreements, covenants or conditions of the Buyer or any conditions to their own obligations. Any agreement on the part of the Sellers and the Companies to any such extension or waiver will be valid only if such waiver is set forth in an instrument in writing signed by the Sellers and the Companies. The failure of any Party to this Agreement to assert any of its rights under this Agreement or otherwise will not constitute a waiver of such rights. The waiver of any such right with respect to particular facts and other circumstances will not be deemed a waiver with respect to any other facts and circumstances, and each such right will be deemed an ongoing right that may be asserted at any time and from time to time.

ARTICLE IX
INDEMNIFICATION

9.1 Survival. The representations and warranties made herein and in any certificate delivered in connection herewith shall survive for a period fifteen (15) months following the Closing Date, at which time they shall expire; provided, however, that (i) the representations and warranties set forth in Sections 3.1 (Authority and Enforceability), 3.3 (The Shares), 3.4 (Broker's Fees), 4.1 (Organization, Qualification and Corporate Power; Authority and Enforceability), 4.3 (Capitalization), and 4.17 (Environmental) of this Agreement (the "**Fundamental Representations**") shall survive indefinitely and (ii) the representations and warranties in Section 4.6 (Taxes) of this Agreement shall survive until the expiration of the applicable statute of limitations. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties, then notwithstanding any statement herein to the contrary, the relevant representations and warranties shall survive as to such claim, until such claim is finally resolved. Unless a specified period is set forth in this Agreement (in which event such specified period will control), all agreements and covenants contained in this Agreement will survive the Closing and remain in effect indefinitely.

9.2 Indemnification by Sellers. From and after the Closing, the Sellers shall indemnify, defend and save Buyer and its Affiliates, stockholders, officers, directors, employees, agents and representatives (each, a "**Buyer Indemnified Party**" and collectively, the "**Buyer Indemnified Parties**") harmless from and against any and all liabilities, deficiencies, demands, claims, Actions, assessments, losses, costs, expenses, interest, fines, penalties and damages (including fees and expenses of attorneys and accountants and costs of investigation) (individually and collectively, the "**Losses**") suffered, sustained or incurred by any Buyer Indemnified Party arising out of or otherwise by virtue of: (a) any breach of any of the representations or warranties of the Sellers or the Companies contained in Article III or IV of this Agreement or (b) the failure of the Sellers to perform any of his or her covenants or obligations contained in this Agreement.

9.3 Indemnification by Buyer. From and after the Closing, the Buyer agrees to indemnify, defend and save the Sellers and to the extent applicable, the Sellers' Affiliates, employees, agents and representatives (each, a "**Sellers Indemnified Party**" and collectively the "**Sellers Indemnified Parties**") harmless from and against any and all Losses sustained or incurred by any Sellers Indemnified Party arising out of or otherwise by virtue of: (a) any breach of any of the representations and warranties of Buyer contained in Article V of this Agreement or (b) the failure of Buyer to perform any of its covenants or obligations contained in this Agreement.

9.4 Indemnification Procedure.

(a) If a Buyer Indemnified Party or a Sellers Indemnified Party seeks indemnification under this Article IX, such party (the "**Indemnified Party**") shall give written notice to the other party (the "**Indemnifying Party**") of the facts and circumstances giving rise to the claim. In that regard, if any Action, Liability or obligation shall be brought or asserted by any third party which, if adversely determined, would entitle the Indemnified Party to indemnity pursuant to this Article IX (a "**Third-Party Claim**"), the Indemnified Party shall promptly notify the Indemnifying Party of such Third-Party Claim in writing, specifying the basis of such claim and the facts pertaining thereto, and the Indemnifying Party, if the Indemnifying Party so elects, shall assume and control the defense thereof (and shall consult with the Indemnified Party with respect thereto), including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all necessary expenses. If the Indemnifying Party elects to assume control of the defense of a Third-Party Claim, the Indemnified Party shall have the right to employ counsel separate from counsel employed by the Indemnifying Party in any such action and to participate in the defense thereof, but the fees and expenses of such counsel employed by the Indemnified Party shall be at the expense of the Indemnified Party unless (i) the Indemnifying Party has been advised by the Indemnifying Party's counsel that a reasonable likelihood exists of a conflict of interest between the Indemnifying Party and the Indemnified Party, or (ii) the Indemnifying Party has failed to assume the defense and employ counsel; in which case the fees and expenses of the Indemnified Party's counsel shall be paid by the Indemnifying Party. All claims other than Third-Party Claims (a "**Direct Claim**") may be asserted by the Indemnified Party giving notice to the Indemnifying Party. Absent an emergency or other extenuating circumstance, the Indemnified Party shall give written notice to the Indemnifying Party of such Direct Claim prior to taking any material actions to remedy such Direct Claim.

(b) In no event shall the Indemnified Party pay or enter into any settlement of any claim or consent to any judgment with respect to any Third-Party Claim without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld, conditioned or delayed) if such settlement or judgment would require the Indemnifying Party to pay any amount. The Indemnifying Party may enter into a settlement or consent to any judgment without the consent of the Indemnified Party so long as (i) such settlement or judgment involves monetary damages only and (ii) a term of the settlement or judgment is that the Person or Persons asserting such Third-Party Claim unconditionally release all Indemnified Parties from all liability with respect to such claim; otherwise the consent of the Indemnified Party shall be required in order to enter into any settlement of, or consent to the entry of a judgment with respect to, any Third-Party Claim, which consent shall not be unreasonably withheld, conditioned or delayed.

9.5 Failure to Give Timely Notice. A failure by an Indemnified Party to provide notice as provided in Section 9.4 will not affect the rights or obligations of any Person except and only to the extent that, as a result of such failure, any Person entitled to receive such notice was damaged as a result of such failure to give timely notice. Nothing contained in this Section 9.5 shall be deemed to extend the period for which Sellers' representations and warranties will survive Closing as set forth in Section 9.1 above.

9.6 Limitation on Indemnification Obligation. Notwithstanding anything in this Agreement to the contrary, the liability of the Sellers to the Buyer Indemnified Parties with respect to claims for indemnification pursuant to Section 9.2(a) (but not with respect to the Fundamental Representations for which recovery shall not be so limited) is subject to the following limitations:

(a) The Sellers shall not, in the aggregate, be liable to the Buyer Indemnified Parties for Losses arising under Section 9.2(a) (other than with respect to acts of fraud or the Fundamental Representations for which recovery shall not be so limited) to the extent that the amounts otherwise indemnifiable for such breaches exceeds $1,825,000.

(b) The Sellers shall not be liable to the Buyer Indemnified Parties for Losses arising under Section 9.2(a) (other than with respect to acts of fraud or Fundamental Representations for which recovery shall not be so limited) until and unless the aggregate amounts indemnifiable for such breaches exceeds $100,000. In the event the Buyer Indemnified Parties' claim for Losses, in the aggregate, exceed $100,000, the Buyer Indemnified Parties shall be entitled to the amount of such Losses that exceeds the $100,000 threshold.

(c) The Sellers shall not be liable to the Buyer Indemnified Parties for Losses arising under Section 9.2 unless the claim therefor is asserted in writing on or prior to the expiration of the applicable representations and warranties.

(d) Losses otherwise subject to indemnity hereunder will be calculated after application of any received insurance proceeds actually received by the Indemnitee (net of costs of recovery).

(e) In no event shall any Indemnifying Party be liable to any Indemnified Party for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple.

9.7 Exclusive Remedies. The Parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Article IX. In furtherance of the foregoing, each Party hereby waives, to the fullest extent permitted under Law, any and all rights, claims and causes of action for any breach of any representation, warranty, covenant, agreement or obligation set forth herein or otherwise relating to the subject matter of this Agreement it may have against the other Parties hereto and their Affiliates and each of their respective Representatives arising under or based upon any Law, except pursuant to the indemnification provisions set forth in this Article IX. Nothing in this Section 9.7 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled pursuant to Section 10.13.

9.8 Payments. Payments of all amounts owing by an Indemnifying Party under this Article IX shall be made promptly upon the determination in accordance with this Article IX that an indemnification obligation is owing by the Indemnifying Party to the Indemnified Party.

ARTICLE X
MISCELLANEOUS

10.1 Press Releases and Public Announcement. Neither the Buyer on the one hand, nor the Sellers or the Companies on the other, will issue any press release or make any public announcement relating to this Agreement, the Acquisition or the other transactions contemplated by this Agreement without the prior written approval of the other Party; provided, however, that the Buyer may make regulatory filings referring to this Agreement or attaching a copy hereof as may be required by applicable law.

10.2 No Third-Party Beneficiaries. This Agreement will not confer any rights or remedies upon any Person other than the Parties hereto and their respective successors and permitted assigns.

10.3 Entire Agreement. This Agreement (including the Exhibits and the Schedules hereto) constitutes the entire agreement among the Parties hereto and supersedes any prior understandings, agreements or representations by or among the Parties hereto, written or oral, to the extent they related in any way to the subject matter hereof.

10.4 Succession and Assignment. This Agreement will be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party hereto may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval, in the case of assignment by the Buyer, by the Sellers, and, in the case of assignment by the Sellers or the Companies, the Buyer.

10.5 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement, and, in the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

10.6 Notices. All notices and other communications that are required or permitted to be given to the Parties under this Agreement shall be sufficient in all respects if given in writing and delivered in person, by electronic mail, by telecopy, by overnight courier, or by certified mail, postage prepaid, return receipt requested, to the receiving Party at the address specified below or to such other address as such Party may have given to the other by notice pursuant to this Section. Notice shall be deemed given on the date of delivery, in the case of personal delivery, electronic mail, or telecopy, or on the delivery or refusal date, as specified on the return receipt in the case of certified mail or on the tracking report in the case of overnight courier.

If to the Buyer: 1847 Wolo Inc.
c/o 1847 Holdings LLC
590 Madison Avenue, 21st Floor
New York, NY 10022
Attn: Ellery W. Roberts
Email: eroberts@1847holdings.com

with a copy to: Bevilacqua PLLC
1050 Connecticut Avenue, NW
Suite 500
Washington, DC 20036
Attn: Louis A. Bevilacqua
Email: lou@bevilacquapllc.com
Facsimile: 202-869-0889

If to the Companies: Wolo Manufacturing Corp.
1 Saxwood Street
Deer Park, NY, 11729
Attn: Stanley Solow
Email: stan1952@optonline.net

with a copy to: Meltzer, Lippe, Goldstein & Breitstone, LLP
Attn: Ira Halperin , Esq.
190 Willis Ave
Mineola, NY 11501
Facsimile (516) 747-0653
Email ihalperin@meltzerlippe.com

If to the Sellers or
Seller Representative: Stanley Solow
1 Saxwood Street
Deer Park, NY, 11729
Attn: Stanley Solow
Email: stan1952@optonline.net

with a copy to: Meltzer, Lippe, Goldstein & Breitstone, LLP

Attn: Ira Halperin , Esq.
190 Willis Ave
Mineola, NY 11501
Facsimile (516) 747-0653
Email ihalperin@meltzerlippe.com

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Parties notice in the manner set forth herein.

10.7 Governing Law. This Agreement will be governed by, and construed in accordance with, the Laws of the State of New York without giving effect to any choice of Law or conflict of Law provision or rule that would cause the application of the Laws of any jurisdiction other than the State of New York.

10.8 Consent to Jurisdiction and Service of Process. EACH OF THE PARTIES HERETO CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN OR HAVING JURISDICTION OVER THE STATE OF NEW YORK, COUNTIES OF NASSAU AND SUFFOLK AND IRREVOCABLY AGREES THAT ALL ACTIONS OR PROCEEDINGS RELATING TO THIS AGREEMENT, THE ACQUISITION OR THE OTHER TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT MAY BE LITIGATED IN SUCH COURTS. EACH OF THE PARTIES HERETO ACCEPTS FOR ITSELF AND IN CONNECTION WITH ITS RESPECTIVE PROPERTIES, GENERALLY AND UNCONDITIONALLY, THE EXCLUSIVE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS, AND IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL AND NONAPPEALABLE JUDGMENT RENDERED THEREBY IN CONNECTION WITH THIS AGREEMENT, THE ACQUISITION OR THE OTHER TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH OF THE PARTIES HERETO FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY AT THE ADDRESS SPECIFIED IN THIS AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE 15 CALENDAR DAYS AFTER SUCH MAILING. NOTHING HEREIN WILL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY PARTY HERETO TO SERVE ANY SUCH LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW OR TO OBTAIN JURISDICTION OVER OR TO BRING ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OTHER PARTY HERETO IN SUCH OTHER JURISDICTIONS, AND IN SUCH MANNER, AS MAY BE PERMITTED BY ANY APPLICABLE LAW.

10.9 Headings. The descriptive headings contained in this Agreement are included for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement.

10.10 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms of such illegal, invalid or unenforceable provision as may be possible.

10.11 Expenses. Except as otherwise provided in this Agreement, whether or not the Acquisition is consummated, all expenses incurred in connection with this Agreement and the transactions contemplated hereby will be paid by the Party incurring such expenses. As used in this Agreement, “expenses” means the out-of-pocket fees and expenses of the financial advisor, counsel and accountants incurred in connection with this Agreement and the transactions contemplated hereby.

10.12 Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

10.13 Specific Performance. The Parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with the terms hereof and that the Parties will be entitled to specific performance of the terms hereof in addition to any other remedy at Law or equity.

10.14 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

10.15 Seller Representative. The Sellers hereby appoint and constitute Stanley Solow as the "**Seller Representative**" hereunder, to exercise the powers on behalf of the Sellers set forth in this Agreement, and Stanley Solow hereby accepts such appointment. The Sellers, by execution of this Agreement, each hereby constitute and appoint the Seller Representative his or her true and lawful attorney in fact, with full power in his or her name and on his or her behalf, in the absolute discretion of Seller Representative: (i) to act on behalf of the Sellers according to the terms of this Agreement; (ii) to give and receive notices on behalf of the Sellers; (iii) to act on behalf of the Sellers in connection with any matter as to which Sellers are an "Indemnified Party" or "Indemnifying Party" under Article IX; and (iv) in general, to do all things and to perform all acts, including executing and delivering all agreements, certificates, receipts, instructions, and other instruments contemplated by or deemed advisable in connection with this Agreement. This power of attorney, and all authority hereby conferred, is granted subject to the interests of Buyer hereunder and in consideration of the mutual covenants and agreements made herein and will be irrevocable and will not be terminated by any act of the Sellers or by operation of Law or by the occurrence of any other event. All action taken by Seller Representative hereunder will be final and binding upon the Sellers. The Sellers agree to hold the Seller Representative free and harmless from any and all loss, damage, or liability that they, or any one of them, may sustain as a result of any action taken in good faith by Seller Representative hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed as of the date first above written.

BUYER:

1847 WOLO INC.

By: _____
Name:
Title:

COMPANIES:

WOLO MANUFACTURING CORP.

By: _____
Name: Stanley Solow
Title: President and CEO

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name: Stanley Solow
Title: President and CEO

SELLERS:

By: _____
Name: Stanley Solow

By: _____
Name: Barbara Solow

SELLER REPRESENTATIVE:

By: _____

Name: Stanley Solow

Exhibit 10.2

AMENDMENT NO. 1
TO THE
STOCK PURCHASE AGREEMENT

AMENDMENT NO. 1 TO THE STOCK PURCHASE AGREEMENT, dated March __, 2021 (the "**Amendment**"), among 1847 Wolo Inc., a Delaware corporation (the "**Buyer**"), Wolo Manufacturing Corp., a New York corporation, and Wolo Industrial Horn & Signal, Inc., a New York corporation (each, a "**Company**" and together, the "**Companies**"), **Barbara Solow** and **Stanley Solow**, as the shareholders of the Companies (each, a "**Seller**" and together, the "**Sellers**"), nd **Stanley Solow**, in his capacity as the Seller Representative, and 1847 Holdings LLC, a Delaware limited liability company ("**Buyer Parent**"). Each of the Buyer, the Companies, the Sellers and the Seller Representative are sometimes referred to in this Amendment individually as a "**Party**" and, collectively, as the "**Parties**."

RECITALS

A. The Parties have previously entered into that certain Stock Purchase Agreement, dated as of December 22, 2020 (the "**Stock Purchase Agreement**").

B. The Parties desire to amend the Stock Purchase Agreement as set forth herein.

C. Pursuant to Section 8.3 of the Stock Purchase Agreement, the Stock Purchase Agreement may be amended by the Parties only by an instrument in writing signed on behalf of the Buyer, the Companies and the Sellers.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree to the following:

1. Definitions. All capitalized terms used herein without definition shall have the meanings ascribed to them in the Stock Purchase Agreement, as applicable.

2. Amendments.

A. Section 1.1 as set forth in the Stock Purchase Agreement shall be amended as follows:

a. The definition of "**Escrow Agreement**" is hereby be deleted in its entirety;

b. The definition of "**Escrow Agent**" is hereby deleted in its entirety; and

c. The definition of "**Inventory Value**" as set forth in the Stock Purchase Agreement shall be amended and restated in its entirety to read as follows:

""**Inventory Value**" means the value of the Inventory as of the Closing Date, as reflected on the books and records of the Companies and agreed to by the Parties at or prior to the Closing."

B. Section 2.1 as set forth in the Stock Purchase Agreement shall be amended and restated in its entirety to read as follows:

"2.1 Purchase and Sale of the Shares. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing the Sellers will sell, transfer and deliver, and the Buyer will purchase from the Sellers, all of the Shares for an aggregate purchase price of Seven Million Four Hundred Thousand Dollars ($7,400,000) (the "**Purchase Price**"), subject to adjustment as described in Section 2.2, consisting of: (i) Six Million Five Hundred Fifty Thousand Dollars ($6,550,000) in cash (the "**Cash**

Portion"), and (ii) The Buyer Note (as defined below), in the aggregate principal amount of Eight Hundred Fifty Thousand Dollars ($850,000).

(a) At the Closing, the Buyer will deliver to each of the Sellers, in immediately available funds to the account(s) designated by the Seller Representative prior to the Closing, an amount equal to their respective Pro Rata Share of the Cash Portion (the "**Closing Payment**").

(b) At the Closing, the Buyer will deliver to the Sellers a promissory note in the aggregate principal amount of Eight Hundred Fifty Thousand Dollars ($850,000) in the form set forth on Exhibit A of this Amendment (the "**Buyer Note**").

(c) At the Closing, the Seller Representative will deliver to the Buyer, or other party designated by the Buyer, a certificate or certificates representing the Shares, in original form, duly endorsed or accompanied by stock powers duly endorsed in blank."

C. Section 2.3 as set forth in the Stock Purchase Agreement shall be amended and restated in its entirety to read as follows:

"The consummation of the Acquisition (the "Closing") will take place by the reciprocal delivery of closing documents by electronic mail, regular mail, fax or any other means mutually agreed upon by the Parties hereto on a date that is no later than two (2) Business Days immediately following the day on which the last of the conditions to closing contained in Article VII (other than any conditions that by their nature are to be satisfied at the Closing) is satisfied or waived in accordance with this Agreement or at such other location or on such other date as the Buyer and the Seller Representative may mutually determine (the date on which the Closing actually occurs is referred to as the "Closing Date"). Notwithstanding the foregoing, it is the intent of the Parties that the Closing shall occur on or prior to December 31, 2020. In the event that the Closing occurs following December 31, 2020, Buyer shall indemnify and hold harmless Sellers for any amounts in respect of Taxes payable by Sellers in connection with the transactions contemplated by this Agreement that are in excess of the amounts in respect of Taxes that would have been payable by Sellers in connection with the transactions contemplated by this Agreement if the Closing had occurred and the entire Purchase Price had been paid to Sellers in cash on or prior to December 31, 2020."

D. Section 2.4(a) as set forth in the Stock Purchase Agreement shall be amended and restated in its entirety to read as follows:

"(a) At the Closing, the Buyer will (i) pay to each Seller, their respective Closing Payment, adjusted in accordance with subsection 2.2(a)(ii), subsection 2.2(b) and subsection 2.2(c) above, by paying such sum to the Sellers by transfer of immediately available funds in accordance with instructions provided by the Seller Representative, (ii) issue to the Seller the Buyer Note, and (iii) deliver to the Sellers all other documents, instruments or certificates required to be delivered by the Buyer at or prior to the Closing pursuant to Section 7.2 of this Agreement."

E. Section 2.4(b) of the Stock Purchase Agreement is hereby deleted in its entirety.

F. Section 2.4(c) as set forth in the Stock Purchase Agreement shall be amended and restated in its entirety to read as follows:

"(c) At the Closing, each Seller will deliver to the Buyer (i) a certificate or certificates representing his or her Shares duly endorsed or accompanied by stock powers duly endorsed in blank in accordance with Section 2.1(c), and (ii) all other documents, instruments or certificates required to be delivered by the Sellers at or prior to the Closing pursuant to Section 7.1 of this Agreement."

G. Section 6.13 of the Stock Purchase Agreement is hereby deleted in its entirety.

E. Section 6.14 of the Stock Purchase Agreement is hereby deleted in its entirety.

F. Section 7.1(m) of the Stock Purchase Agreement is hereby deleted in its entirety.

G. Section 7.2(h) of the Stock Purchase Agreement is hereby deleted in its entirety.

3. Effect of Amendment. Except as amended as set forth above, the Stock Purchase Agreement shall continue in full force and effect.

4. Counterparts. This Amendment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5. Governing Law. This Amendment will be governed by, and construed in accordance with, the Laws of the State of New York, without giving effect to any choice of Law or conflict of Law provision or rule that would cause the application of the Laws of any jurisdiction other than the State of New York.

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly executed as of the date first above written.

BUYER:

1847 WOLO INC.

By: _____
Name:
Title:

COMPANIES:

WOLO MANUFACTURING CORP.

By: _____
Name:Stanley Solow
Title: President and CEO

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:Stanley Solow
Title: President and CEO

SELLERS:

By: _____
Name:Stanley Solow

By: _____
Name:Barbara Solow

EXHIBIT A

Form of 6% Promissory Note
(See attached)

Exhibit 10.3

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL, IN A FORM ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT.

1847 WOLO INC.

6% SECURED PROMISSORY NOTE

US $850,000 ____, 2021

FOR VALUE RECEIVED, 1847 Wolo Inc., a Delaware corporation, Wolo Manufacturing Corp. and Wolo Industrial Horn & Signal, Inc. (jointly and severally, the "**Company**"), promise to pay to Barbara Solow and Stanley Solow (collectively, the "**Holder**"), the principal sum of Eight Hundred Fifty Thousand Dollars ($850,000) (the "**Principal**") in lawful money of the United States of America, with interest payable on the outstanding Principal amount at the simple rate of six percent (6%) per annum. The unpaid Principal and all accrued but unpaid interest thereon shall be paid in full to the Holder on the thirty-ninth (39^{th}) month following the date of this Note (the "**Maturity Date**").

Capitalized terms used herein but not defined herein shall have the meaning ascribed to them in that certain Stock Purchase Agreement, dated December 22, 2020, as amended by the Amendment No. 1 to the Stock Purchase Agreement, dated _____, 2021 (as so amended, the "**Purchase Agreement**"), among the Holder and the Company, pursuant to which the Company is acquiring the Shares from the Holder.

The following is a statement of the rights of the Holder of this Note and the terms and conditions to which this Note is subject, and to which the Holder, by acceptance of this Note, agrees:

1. Principal Repayment. . The Principal along with any accrued, but unpaid interest shall be paid in one lump sum on the Maturity Date.

2. Interest. Interest (the "**Interest**") shall be paid quarterly on the Principal from the date hereof until such Principal is repaid in full at the simple interest rate of six percent (6%) per annum, which payments are due on the last business day of March, June, September and December for each year that the Note is outstanding. Any accrued, but unpaid, Interest is payable at Maturity. All computations of the Interest rate hereunder shall be made on the basis of a 360-day year of twelve 30-day months. In the event that any Interest rate provided for herein shall be determined to be unlawful, such Interest rate shall be computed at the highest rate permitted by applicable law. Any payment by the Company of any Interest amount in excess of that permitted by law shall be considered a mistake, with the excess being applied to the Principal of this Note without prepayment premium or penalty.

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3. Redemption. The Company will have the right to redeem all or any portion of the Note at any time prior to the Maturity Date without premium or penalty of any kind. The redemption price will be payable in cash and is equal to the then outstanding principal amount of this Note plus accrued but unpaid interest thereon.

4. Security for Note.

(a) To secure the payment of the indebtedness evidenced by this Note, all of the obligations and liabilities of the Company to Holder hereunder (individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising), together with payment of all costs and expenses incurred by Holder in the collection of this Note and the enforcement of its rights hereunder (collectively, the "**Obligations**"), Each Company (excluding 1847 Wolo Inc.)

hereby grants to Holder a security interest in and a lien on all of such Company's right, title and interest in and to all of the assets of such Company now owned or hereafter acquired by Company, including all of the proceeds and products thereof (the "**Collateral**").

(b) Subject to the Subordination Agreement (as hereinafter defined), so long as any Obligations are outstanding, Company covenants and agrees that it will not pledge, sell, lease, assign, transfer, or otherwise dispose of the Collateral or any portion thereof (whether in one transaction or in a series of transactions) to any other individual, corporation, partnership, joint venture, limited liability company, association, joint-stock company, trust, unincorporated organization, or government (or any agency or political subdivision), except for liens in favor of Sterling National Bank (the "**Bank**"), sales in the ordinary course of business, and shall defend its title to the Collateral and the security interest of Holder therein against the claims of any person (other than the Bank) claiming rights in the Collateral against or through Company and maintain and preserve Holder's security interest in the Collateral and its priority thereto.

(c) Company (excluding 1847 Wolo Inc.) irrevocably authorizes Holder at any time and from time to time to file and maintain in the State of New York and in any other filing office in any jurisdiction, initial financing statements and amendments thereto that reflect the security interest that is granted pursuant to this Note. Holder shall have all rights of a secured party under the Uniform Commercial Code as in effect from time to time in the State of New York (the "**UCC**").

(d) Company (excluding 1847 Wolo Inc.) hereby irrevocably constitutes and appoints Holder and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact (which appointment is coupled with an interest) with full irrevocable power and authority in the place and stead of Company or in Holder's own name, with the right but not the duty to perform any and all acts and things which Holder in its sole and absolute discretion may deem necessary or appropriate from time to time to create, prepare, complete, execute, deliver, perfect, endorse or file in the name and on behalf of Company any and all instruments, documents, assignments, security agreements, financing statements, applications for insurance and other agreements and writings required to be obtained, executed, delivered or endorsed by Company under this Section 4(b).

(e) The powers conferred on Holder pursuant to this Note are solely to perfect the security interest in the Collateral and shall not impose any duty upon Holder to exercise any such powers. Holder shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither Holder nor any of its affiliates, designees, employees or agents shall be responsible to Company for any act or failure to act.

(f) Company hereby acknowledges that Holder is entitled to equitable and injunctive relief to enforce any of its rights and remedies hereunder or under the UCC and Company hereby waives any defense to such equitable or injunctive relief based upon any allegation of the absence of irreparable harm to Holder.

5. Events of Default. In the event that any of the following (each, an "**Event of Default**") shall occur:

(a) Non-Payment. The Company shall default in the payment of the unpaid Principal of, or accrued Interest on the unpaid Principal of, this Note as and when the same shall become due and payable, whether by acceleration or otherwise; or

(b) Default in Covenants. The Company shall default in any material manner in the observance or performance of any covenants or agreements set forth in the Purchase Agreement, this Note, or any other agreement entered into in connection with the transactions contemplated by the Purchase Agreement (collectively, the "**Transaction Documents**"); or

(c) Breach of Representations and Warranties. The Company materially breaches any representation or warranty contained in the Transaction Documents;

(d) Bankruptcy. The Company shall: (i) admit in writing its inability to pay its debts as they become due; (ii) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Company or any of its property, or make a general assignment for the benefit of creditors; (iii) in the absence of such application, consent or acquiesce in, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Company or for any part of its property; or (iv) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Company, and, if such case or proceeding is not commenced by the Company or converted to a voluntary case, such case or proceeding shall be consented to or acquiesced in by the Company or shall result in the entry of an order for relief;

(e) Sale of Collateral. The Company shall sell, transfer or assign any of the Collateral, to a person other than the Bank, outside of the ordinary course of business; or

(f) Sale of the Company. The Company shall sell, transfer or assign all or a substantial portion of its assets or equity securities to a person other than the Bank.

then, and so long as such Event of Default is continuing for a period of two (2) business days in the case of non-payment under Section 4(a), or for a period of ten (10) calendar days in the case of events under Sections 4(b) and 4(c) (and the event which would constitute such Event of Default, if curable, has not been cured), by written notice to the Company from the Holder of the Note then outstanding (or from any collateral agent acting on behalf of such Holder), all obligations of the Company under this Note shall be immediately due and payable without presentment, demand, protest or any other action nor obligation of the Holder of any kind, all of which are hereby expressly waived, and Holder may exercise any other remedies the Holder may have at law or in equity, including any rights Holder may have as a secured party under the UCC. If an Event of Default specified in Section 4(d) above occurs, the principal of, and accrued interest on, the Note, less any prepaid amounts under Section 1, shall automatically, and without any declaration or other action on the part of any Holder, become immediately due and payable.

6. Subordination. The payment of this Note, both principal and interest, and all other indebtedness evidenced hereby, is subject to the prior rights of the Bank under that certain credit agreement with Company, of even date herewith, in accordance with the terms and conditions set forth in that certain subordination agreement, dated as of the date hereof (the "**Subordination Agreement**"), by and among the Bank, the Company, as "Company" and the Holder, as "Creditor". Any holder of this Note acknowledges and agrees that this Note and the rights of Holder hereunder are subject to the Subordination Agreement.

7. Mutilated, Destroyed, Lost or Stolen Note. If this Note shall become mutilated or defaced, or be destroyed, lost or stolen, the Company shall execute and deliver a new note of like principal amount in exchange and substitution for the mutilated or defaced Note, or in lieu of and in substitution for the destroyed, lost or stolen Note. In the case of a mutilated or defaced Note, the Holder shall surrender such Note to the Company. In the case of any destroyed, lost or stolen Note, the Holder shall furnish to the Company: (i) evidence to its satisfaction of the destruction, loss or theft of such Note and (ii) such security or indemnity (which shall not include the posting of any bond) as may be reasonably required by the Company to hold the Company harmless.

8. Holder Not Deemed a Stockholder. No Holder, as such, of this Note shall be entitled to vote or receive dividends or be deemed the holder of shares of the Company for any purpose, nor shall anything contained in this Note be construed to confer upon the Holder hereof, as such, any of the rights at law of a stockholder of the Company.

9. Mutilated, Destroyed, Lost or Stolen Note. If this Note shall become mutilated or defaced, or be destroyed, lost or stolen, the Company shall execute and deliver a new note of like principal amount in exchange and substitution for the mutilated or defaced Note, or in lieu of and in substitution for the destroyed, lost or stolen Note certificate. In the case of a mutilated or defaced Note certificate, the Holder shall surrender such Note certificate to the Company. In the case of any destroyed, lost or stolen Note certificate, the Holder shall furnish to the Company: (i) evidence to its satisfaction of the destruction, loss or theft of such Note certificate and (ii) such security or indemnity (which shall not include the posting of any bond) as may be reasonably required by the Company to hold the Company harmless.

10. Waiver of Demand, Presentment, etc. The Company hereby expressly waives demand and presentment for payment, notice of nonpayment, protest, notice of protest, notice of dishonor, notice of acceleration or intent to accelerate, bringing of suit and diligence in taking any action to collect amounts called for hereunder and shall be directly and primarily liable for the payment of all sums owing and to be owing hereunder, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder. The Company agrees that, in the event of an Event of Default, to reimburse the Holder for all reasonable

costs and expenses (including reasonable legal fees of one counsel) incurred in connection with the enforcement and collection of this Note.

11. Payment. All payments with respect to this Note shall be made in lawful money of the United States of America, at the address of the Holder as of the date hereof or as designated in writing by the Holder from time to time. The receipt by the Holder of immediately available funds shall constitute a payment of principal and interest hereunder and shall satisfy and discharge the liability for principal and interest on this Note to the extent of the sum represented by such payment. Payment shall be credited first to the accrued interest then due and payable and the remainder applied to principal.

12. Assignment. The rights and obligations of the Company and the Holder of this Note shall be binding upon, and inure to the benefit of, the successors and permitted assigns of the parties hereto. To complete an assignment or transfer this Note, the Holder shall deliver a completed and executed Form of Assignment attached hereto as Exhibit A and surrender and deliver this Note, duly endorsed, to the Company's office or such other address which the Company shall designate, upon receipt of which a new Note, in substantially the form of this Note (any such new Note, a "**New Note**"), evidencing the portion of this Note so transferred shall be issued to the transferee and a New Note evidencing the remaining portion of this Note not so transferred, if any, shall be issued to the transferring Holder. The acceptance of the New Note by the transferee thereof shall be deemed the acceptance by such transferee of all of the rights and obligations in respect of the New Note that the Holder has in respect of this Note. Interest and principal are payable only to the registered Holder of this Note set forth on the books and records of the Company.

13. Waiver and Amendment. Any provision of this Note, including, without limitation, the due date hereof, and the observance of any term hereof, may be amended, waived or modified (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and the Holder.

14. Notices. Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given if given in accordance with the provisions of the Purchase Agreement.

15. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Note shall be governed by and construed and enforced solely and exclusively in accordance with the laws of the State of New York without regard to any statutory or common-law provision pertaining to conflicts of laws. The Parties agree that state and federal courts of competent jurisdiction in the State of New York shall have concurrent jurisdiction for purposes of entering temporary, preliminary and permanent injunctive relief with regard to any action arising out of any breach or alleged breach of the Note. The Parties agree to submit to the personal jurisdiction of such courts and any other applicable court within the State of New York. The Parties waive any claim that that any of the foregoing courts is an inconvenient forum.

16. Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provisions shall be excluded from this Note, and the balance of this Note shall be interpreted as if such provisions were so excluded and shall be enforceable in accordance with its terms.

17. Headings. Section headings in this Note are for convenience only, and shall not be used in the construction of this Note.

18. Fees and Costs. The Company, in case of suit on this Note, agrees to pay to Holder the reasonable attorney's fees and the costs of collection.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Note to be issued as of the date first above written.

1847 WOLO INC.

By: _____
Name:
Title:

WOLO MANUFACTURING CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

Exhibit A

FORM OF ASSIGNMENT

TO: 1847 Wolo Inc., Wolo Manufacturing Corp. and Wolo Industrial Horn & Signal, Inc.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ *(name)*, _____ *(address)*, US$_____ of 6% Promissory Note ("Note") of 1847 Wolo Inc., Wolo Manufacturing Corp. and Wolo Industrial Horn & Signal, Inc. (jointly and severally the "Company"), including any and all accrued and unpaid interest owing thereon, registered in the name of the undersigned on the records of the Company represented by the within certificate, and irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

DATED this _____ day of, _____, 20 ____.

_____
(Signature of Registered Note Holder)

_____
(Print name of Registered Note Holder)

Instructions:

1. Signature of Holder must be the signature of the person appearing on the face of the Note.

2. If the transfer of Note is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Company.

Exhibit 10.4

SUBORDINATION AND STANDBY AGREEMENT

THIS SUBORDINATION AND STANDBY AGREEMENT (this **"Agreement"**), dated as of March 30, 2021, between **STERLING NATIONAL BANK**, a national banking association, having an office at 400 Rella Boulevard, Montebello, New York 10901 (the **"Lender"**), **1847 WOLO INC,** a corporation with an address at c/o 1847 Holdings LLC, 590 Madison Avenue, 21st Floor, New York, New York 10022, **WOLO MFG CORP. AND WOLO INDUSTRIAL HORN & SIGNAL, INC.**, each a corporation with an address at 1 Saxwood Street, Deer Park, New York 11729 (collectively, the "**Borrower**"), and **BARBARA SOLOW AND STANLEY SOLOW**, each with an address at 65 Shelter Hill Road, Plainview, New York 11803 (collectively, the **"Standby Creditor"**).

PRELIMINARY STATEMENT. The Lender has agreed to make loans and extensions of credit (collectively, the **"Loan"**) to the Borrower in the principal amount of up to the Lender's Credit Limit (defined below) evidenced by notes of the Borrower for such amounts, (collectively, the **"Note"**) pursuant to a credit agreement between the Lender and the Borrower (the "**Credit Agreement**") and secured by, among other things, the Security Documents defined in the Credit Agreement (collectively, the **"Security Document"**) encumbering, inter alia, all personal property of each Borrower. Capitalized terms not otherwise defined herein shall have the meanings set forth in in the Credit Agreement.

In order to induce the Lender to make the Loan available to the Borrower, the Lender requires that the Borrower and Standby Creditor shall have executed and delivered this Agreement.

The Borrower has agreed to be indebted to the Standby Creditor in the principal sum of the Standby Creditor's Credit Limit (the **"Subordinated Debt"**), pursuant to a certain promissory note issued by the Borrower to the Standby Creditor dated as of March 30, 2021, a copy of which is annexed hereto as Exhibit A (the **"Subordinated Note"**).

NOW, THEREFORE, in consideration of the Obligations defined below and the Collateral securing same, and in order to induce the Lender to make each Loan available to the Borrower, the Standby Creditor, the Lender and the Borrower hereby agree as follows:

SECTION 1. Definitions.

"**Claim**" means (i) any demand, maturity or acceleration of the Obligations or the Subordinated Debt, (ii) any enforcement of any rights or remedies following a default under the Obligations or the Subordinated Debt, (iii) any imposition of default interest, late fees or penalties with respect to the foregoing or (iv) any demand, claim, proceeding, litigation, judgment, award, order or other disposition with respect to the foregoing.

"**Collateral**" shall have the meaning set forth in the Credit Agreement, and includes, inter alia, the personal property of each Borrower.

"**Credit Limit**" means (i) with respect to Lender, a revolving credit facility in the principal amount of up to $1,000,000 at any time outstanding (which amount may be borrowed, repaid and reborrowed), and a term loan in the principal amount of $3,550,000 (which amount may not be reborrowed, and which principal amount shall be reduced by each principal payment by Borrower to Lender); and (ii) with respect to Standby Creditor, a $850,000 term loan (which amount may not be reborrowed and which principal amount shall be reduced by each principal payment made to Standby Creditor by Borrower).

"**Lender's Cure Rights**" means, if Borrower defaults under the Subordinated Note, and such default continues without cure beyond any notice requirement or cure period provided to Borrower under the Subordinated Note, Standby Creditor shall provide written notice to Lender and a 30 day period to cure such Borrower default.

"**Lien**" shall have the meaning set forth in the Credit Agreement.

"**Loan Documents**" shall have the meaning set forth in the Credit Agreement.

"**Permitted Payment**" means a regularly scheduled payment of interest-only in arrears pursuant to the Subordinated Note at a fixed rate per annum not to exceed six (6.0%) percent, provided that if a Default or Event of Default exists under the Credit Agreement, no payments from any Borrower or person acting on behalf of Borrower may be paid to or received by Standby Creditor. Except as otherwise expressly provided in Section 27 hereof, payments to Standby Creditor of principal, default interest, balloon loan payments, protective advances, late fees, penalties, expenses, accelerated payments of interest or principal, and any similar payments are prohibited without Lender's express prior written consent.

"**Obligations**" means each Loan together with all liabilities and obligations of each Borrower to the Lender, now or hereafter existing under the Credit Agreement, the Notes and the Loan Documents, as same may be amended, modified or renewed from time to time, provided that, the principal amount of the Obligations shall not exceed the Lender Credit Limit.

"**Operating Borrower**" means the Borrower excluding 1847 Wolo Inc.

"**Standby Default**" means Borrower's default under the Subordinated Note, which default continues without cure beyond (i) any notice requirement or cure period afforded to Borrower under the Subordinated Note, and (ii) the expiration of Lender's Cure Rights.

"**Standby Period**" means a period of 90 days, commencing on the date that a Standby Default exists.

"**Standby Violation**" means a breach by Standby Creditor of the provisions of this Agreement.

"**Standby Violation Date**" means five (5) days after written notice of Standby Violation from Lender to Standby Creditor.

SECTION 2. Representations and Warranties. The Borrower and each Standby Creditor each represents and warrants:

(a) That as of the date hereof, the total principal amount of the Subordinated Debt does not exceed the Standby Creditor Credit Limit;

(b) That no part of the Subordinated Debt (and any support or security therefor) is evidenced by any document, instrument, security or other writing other than the Subordinated Note and a related UCC-1 filing against each Operating Borrower, filed after the filing date of the financing statements in favor of Lender;

(c) That the Standby Creditor is the lawful holder of the Subordinated Debt and holder of the Subordinated Note and no part hereof is subject to any defense, offset or counterclaim;

(d) That the Standby Creditor has not previously assigned or transferred any of the Subordinated Debt, the Subordinated Note or any interest therein;

(e) That the Standby Creditor has not previously given any subordination in respect of any portion of the Subordinated Debt;

(f) That the Subordinated Note matures 39 months from the date of the Subordinated Note;

(g) That the Subordinated Debt is not supported by any guarantee from any person or party; and

(h) That the Subordinated Debt is unsecured except for a lien upon the personal property of Operating Borrowers, which liens and encumbrances in favor of Standby Creditor are at all times subject and subordinate to Liens in favor of Lender and secure a principal sum not to exceed the Standby Creditor's Credit Limit plus interest accrued thereon.

SECTION 3. Principal Payment and Set Off. Subject to Section 27 of this Agreement, no portion of the principal sum of the Subordinated Debt may be paid by or on behalf of the Borrower in whole or in part while any of the Obligations shall be outstanding, without the prior written consent of the Lender. With respect to any set-off rights against the Subordinated Debt, the Borrower and each

Standby Creditor acknowledge and agree that they shall not exercise any right of set off during the occurrence of any Default or Event of Default under the Credit Agreement.

SECTION 4. Acceleration of Subordinated Note. In the event that the Subordinated Note is declared due and payable pursuant to a Claim or otherwise (whether as a result of acceleration, required payment or otherwise), then, subject to Section 27 of this Agreement, the Lender shall be entitled to receive payment in full of the Obligations before the Standby Creditor shall be entitled to receive any payment, directly or indirectly, on account of principal, interest, fees, expenses or premiums due thereon.

SECTION 5. Permitted Payments under Subordinated Note. Provided no Default or Event of Default (as defined in the Credit Agreement) exists, the Borrower shall be permitted to make Permitted Payments. Notwithstanding the foregoing, if any Default or Event of Default exists under the Credit Agreement, neither the Borrower nor any person acting on its behalf shall pay, and the Standby Creditor shall not take, accept or receive from the Borrower or any person acting on its behalf, directly or indirectly, any payments (whether in cash or other property, by way of set-off or in any other manner, including without limitation, from or by way of any Collateral) for or on account of any amount due and payable on account of the Subordinated Note, whether for principal, interest, fees, premiums, expenses or otherwise.

SECTION 6. Security Interests; Standstill. The security interests of the Standby Creditor in the personal property of any Borrower shall, at all times, be subject and subordinate to the security interests and Liens of the Lender upon all Collateral. Any financing statements upon any property of any Borrower in favor of Standby Creditor shall be filed after the financing statements in favor of Lender have been filed. The subordination and priorities specified in this Agreement are applicable irrespective of the time or order of attachment or perfection of the Liens, security interests or other interests referred to herein, the time or order of filing of financing statements, the acquisition of purchase money or other security interests or the time of giving or failure to give notice of the acquisition or expected acquisition of purchase money or other security interests or the perfection or non-perfection of any Lien, security interest or other interest referred to herein, or the avoidability or non-avoidability of any Lien, security interest or other interest referred to herein. As to Lender, Standby Creditor will not claim to hold a purchase money lien in respect of any Collateral. Subject to Section 27 of this Agreement, Standby Creditor shall not enforce any rights or remedies it has or may claim to have against Borrower or any Collateral until Lender has been paid in full on all Obligations. Lender shall have the right but not the obligation to make any payment in connection with Borrower default under the Subordinated Debt, and notwithstanding anything to the contrary contained in the loan documents evidencing such Subordinated Note, such payment by Lender shall be deemed to have cured the default in connection with such payment. Notwithstanding the provisions of Section 27 of this Agreement, any judgment or other Claim obtained by Standby Creditor against any Borrower shall be subject and subordinate at all times to the Liens, security interests and Claims of the Lender.

SECTION 7. Rights Upon Insolvency. In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, dissolution or other similar proceedings in connection therewith, relative to any Borrower or to its creditors, as such, or its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Borrower, whether or not involving insolvency or bankruptcy, and in the event of any execution sale, then the Lender shall be entitled to receive payment in full of all of the Obligations before the Standby Creditor shall be entitled to receive any payment on account of principal, interest, compensation, expense, fee or premium due under the Subordinated Note and to that end the Lender shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities or by way of set-off, which may be payable or deliverable in any such proceedings in respect of the Subordinated Note.

SECTION 8. Standby Creditor as Trustee. Should any payment or distribution or security or proceeds therefor be taken, accepted or received directly or indirectly by the Standby Creditor in contravention of this Agreement, the Standby Creditor shall forthwith deliver the same to the Lender in precisely the form received (except for the endorsement or assignment by the Standby Creditor where necessary) for application against the Obligations and, until so delivered, the same shall be held in trust by the Standby Creditor for the sole benefit of the Lender. In the event of the failure of the Standby Creditor to make such endorsement or assignment the Lender is hereby irrevocably authorized to make the same.

SECTION 9. Lender's Duties. The rights granted to the Lender in this Agreement are solely for its protection and nothing herein contained imposes on the Lender any duties with respect to any property of the Borrower or Standby Creditor heretofore or hereafter received by the Lender beyond the reasonable care in the custody and preservation of such property while in the Lender's possession.

SECTION 10. No Commencement of Any Claim. Except as otherwise set forth in Section 27 of this Agreement, the Standby Creditor agrees that so long as the Borrower shall be prohibited from making and the Standby Creditor shall be prohibited from taking, accepting or receiving any payments or distributions of any kind and from whatever source on account of the Subordinated Note, the Standby Creditor will not take, sue for, ask or demand from the Borrower payment of all or any of the Subordinated Note. In addition, subject to Section 27 of this Agreement, Standby Creditor shall not commence or join with any creditor other than the Lender in commencing, directly or indirectly, any Claim.

SECTION 11. Agreements in Respect of Subordinated Debt. (a) During the term of this Agreement, the Standby Creditor shall not, without the prior written consent of the Lender:

(i) Cancel or otherwise discharge any of the Subordinated Debt or subordinate any of the Subordinated Debt to any indebtedness of the Borrower other than the Obligations; or

(ii) Sell, assign, pledge, encumber or otherwise dispose of any of the Subordinated Debt unless such sale, assignment, pledge, encumbrance or disposition (A) is to a person or entity other than the Borrower or any of its owners, principals, subsidiaries or affiliates and (B) is made expressly subject to this Agreement; or

(iii) Permit the terms of any of the Subordinated Debt to be increased beyond Standby Creditor's Credit Limit, modified, amended or supplemented.

(b) The Standby Creditor shall promptly notify the Lender in writing of the occurrence of any default or event of default under the Subordinated Note.

SECTION 12. Subordination Absolute. The Lender's right to enforce each and every provision hereunder, and the obligations of the Borrower and Standby Creditor arising under this Agreement are absolute and shall not be affected by any subsequent modification, extension, amendment or release of any of the Obligations or any discharge of any other party liable for the Obligations, or any release, exchange or substitution of any collateral securing the Obligations from time to time.

SECTION 13. Obligations Hereunder Not Impaired. All rights and interests of the Lender hereunder and all agreements and obligations of the Standby Creditor and the Borrower under this Agreement shall remain in full force and effect irrespective of:

(i) any lack of validity or enforceability of any of the Obligations, or any other agreement or instrument relating thereto; or

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to or departure therefrom including, without limitation, any increase in the Obligations (but not an increase to Lender's Credit Limit) resulting from the extension of additional credit to, or for the account or request of, the Borrower; or

(iii) any amendment or restatement of the Loan Documents (other than increasing the Lender's Credit Limit) including the taking of additional credit support, the pledge of additional Collateral or the extension of any payment or maturity date; or

(iv) any taking, exchange, release or non-perfection of any security interest in or Lien upon, any Collateral, or any release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Obligations; or

(v) any manner of application of Collateral, or proceeds thereof, to all or any of the Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Obligations or any other assets of the Borrower;

(vi) any change, restructuring or termination of the corporate structure or existence of the Borrower; or

(vii) any other circumstance which might otherwise constitute a defense available to, or a discharge of, any Borrower or a subordinated creditor.

SECTION 14. Lender Appointed Attorney-in-Fact. The Standby Creditor hereby irrevocably appoints the Lender as the Standby Creditor's attorney-in-fact, effective from the Standby Violation Date, with full authority in the place and stead of the Standby Creditor and in the name of the Standby Creditor or otherwise, from time to time in the Lender's discretion, to take any action and to execute any instrument which may be necessary or reasonably advisable to accomplish the purposes of this Agreement. Without limiting the generality of any of the foregoing, effective from the Standby Violation Date, the Lender may without notice to the Standby Creditor or any of its representatives, successors or assigns, perform any of the following acts, at the option of the Lender, at any meeting of creditors of the Borrower or in connection with any case or proceeding, whether voluntary or involuntary, for the distribution, division or application of the assets of the Borrower or the proceeds thereof, regardless of whether such case or proceeding is for the liquidation, dissolution, winding up of affairs, reorganization or arrangement of the Borrower, or for the composition of the creditors of the Borrower, in bankruptcy or in connection with a receivership, or under an assignment for the benefit of creditors of the Borrower or otherwise:

(a) To enforce claims comprising the Subordinated Debt, either in its own name or in the name of the Standby Creditor, by proof of debt, proof of claim, suit or otherwise;

(b) To collect any assets of any Borrower distributed, divided or applied by way of division or payment, or any securities issued, on account of the Subordinated Debt and to apply the same, or the proceeds of any realization upon the same that the Lender in its discretion elects to effect, to the amounts due under the Subordinated Note until all such amounts (including, without limitation, all interest accruing thereon after commencement of any bankruptcy action) have been paid in full, rendering any surplus to the Standby Creditor if and to the extent permitted by law;

(c) To vote claims comprising the Subordinated Debt to accept or reject any plan of partial or complete liquidation, reorganization, arrangement, composition or extension; and

(d) To take generally any action in connection with any such meeting, case or proceeding that the Standby Creditor would be authorized to take but for this Agreement.

In the event that Lender exercises its rights under this Section 14 after the Standby Violation Date, in no event shall the Lender be liable to the Standby Creditor for any failure to prove the Subordinated Debt, to exercise any right with respect thereto or to collect any sums payable.

SECTION 15. Subrogation Rights. Provided that the Obligations have been fully and finally paid and discharged, the Standby Creditor shall be subrogated to the rights of the Lender to receive payments or distributions of cash, property or securities payable or distributable on account of the Obligations, to the extent of all payments and distributions paid over to or for the benefit of the Lender pursuant to this Agreement.

SECTION 16. Subordination Legend; Further Assurances. The Borrower and Standby Creditor each agree to execute and deliver to the Lender such further instruments, documents and agreements and agree to take such further action as the Lender may at any time or times reasonably request in order to carry out the provisions and intent of this Agreement. The Standby Creditor and the Borrower will each mark its respective books of account in such a manner as shall be effective to give proper notice of the effect of this Agreement.

SECTION 17. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by the Borrower or Standby Creditor therefrom shall in any event be effective unless the same shall be in writing and signed by the Lender and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 18. No Waiver; Remedies. No failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any other remedies provided by law.

SECTION 19. Addresses for Notices. All notices and other communications provided for hereunder shall be in writing and mailed or delivered, if to the Borrower at its address set forth above, or if to the Standby Creditor, mailed or addressed to it at 65 Shelter Hill Road, Plainview, New York 11803, and if to the Lender, at its address at One Jericho Plaza, Suite 304, Jericho, New York 11753, Attention: Daniel Liberty, or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall be effective when deposited in the mails or delivered to a reputable overnight delivery service, addressed as aforesaid.

SECTION 20. Expenses. The Borrower agrees to pay the Lender on demand all costs and expenses of every kind, including attorney's fees, that the Lender may reasonably incur in enforcing any of its rights under this Agreement.

SECTION 21. Binding Agreement. This Agreement shall be binding upon, and inure to the benefit of the parties and their respective successors and assigns.

SECTION 22. Continuing Agreement. This is a continuing Agreement and shall remain in full force and effect and be binding upon the Borrower and Standby Creditor until payment in full of the Obligations.

SECTION 23. Governing Law; Jurisdiction and Venue. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. The parties hereto irrevocably submit to the nonexclusive jurisdiction of any Federal or State court sitting in Nassau County or Suffolk County over any suit, action or proceeding arising out of this Agreement.

SECTION 24. Waiver of Jury Trial and Notice of Acceptance. Each of the parties hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement or the Subordinated Debt. Standby Creditor hereby waives any and all notice of acceptance of this Agreement.

SECTION 25. Counterparts. This Agreement may be executed in any number of counterparts each of which will be an original with the same effect as if the signatures were on the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by telecopier or electronic image scan transmission (such as a "pdf" file) will be effective as delivery of a manually executed counterpart of the Agreement.

SECTION 26. Joint and Several. If this Agreement is executed by two or more persons, each such person shall be jointly and severally liable for the performance of the obligations hereunder.

SECTION 27. Standby Creditor Claims. Notwithstanding any provision of this Agreement to the contrary, upon the expiration of the Standby Period and provided the representations and warranties in Section 2 remain true and correct, Standby Creditor may make a Claim against Borrower and take all other actions of a subordinate secured creditor with respect to Borrower's default under the Subordinated Note provided Lender is promptly served with notice of same. If, at any time during the pendency of Standby Creditor's Claim, Lender has a Claim against any Borrower with respect to the Obligations, Standby Creditor's Claim (and any other actions taken by Standby Creditor) shall be deemed to be subject and subordinate to Lender's Claim in all respects. In addition, the subordination of Standby Creditor's security interests and Claims to those of Lender pursuant to Section 6 above shall remain in full force and effect at all times. If Lender has made a Claim against any Borrower, Standby Creditor shall not accept, and Borrower (or any party on behalf of Borrower) shall not pay any portion of the principal sum or any other amount owed to Standby Creditor under the Subordinated Note (including Permitted Payments) until the Obligations have been indefeasibly paid in full.

[NOTHING FURTHER ON THIS PAGE]

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

LENDER:

STERLING NATIONAL BANK

By: _____
Name:
Title:

BORROWER:
WOLO MFG. CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN
& SIGNAL, INC.

By: _____
Name:
Title:

1847 WOLO INC.

By: _____
Name:
Title:

STANDBY CREDITORS:

_____
STANLEY SOLOW

_____
BARBARA SOLOW

EXHIBIT A

Copy of Subordinated Note

Exhibit 10.5

MANAGEMENT SERVICES AGREEMENT

BY AND BETWEEN

1847 WOLO INC.

AND

1847 PARTNERS LLC

Dated as of March __, 2021

MANAGEMENT SERVICES AGREEMENT

MANAGEMENT SERVICES AGREEMENT (as amended, revised, supplemented or otherwise modified from time to time, this "***Agreement***"), dated as of March __, 2021, by and between 1847 WOLO INC., a Delaware corporation (the "***Company***"), and 1847 PARTNERS LLC, a Delaware limited liability company (the "***Manager***"). Each party hereto shall be referred to as, individually, a "***Party***" and, collectively, the "***Parties***."

BACKGROUND

The Board of Directors of the Company has determined that it would be in the best interests of the Company to appoint the Manager to perform the Services (as such term is defined herein) and, therefore, the Company has agreed to appoint the Manager to

perform the Services on the terms and subject to the conditions set forth herein. The Manager has agreed to act as Manager and to perform the Services on the terms and subject to the conditions set forth herein.

The Manager also acts as an external manager for 1847 Holdings LLC (the "***Parent***"), the Company's parent entity, pursuant to the Management Services Agreement by and between the Manager and the Parent, dated as of April 15, 2013, as amended (the "***Parent MSA***"). This Agreement is an Offsetting Management Services Agreement as defined and referenced in the Parent MSA.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular; any reference to an "Article," "Section" or an "Exhibit" refers to an Article, Section or an Exhibit, as the case may be, of this Agreement; and the words "herein," "hereinafter," "hereof," "hereto" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision:

"***Affiliate***" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person or (ii) any officer, director, general member, member or trustee of such Person. For purposes of this definition, the terms "controlling," "controlled by" or "under common control with" shall mean, with respect to any Persons, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, or the power to elect at least 50% of the directors, managers, general members, or Persons exercising similar authority with respect to such Person.

"***Agreement***" has the meaning set forth in the preamble of this Agreement.

"***Board of Directors***" means the Board of Directors of the Company or any committee thereof that has been duly authorized by the Board of Directors to make a decision on the matter in question or bind the Company as to the matter in question.

"***Business Day***" means any day other than a Saturday, a Sunday or a day on which banks in the City of New York are required, permitted or authorized, by applicable law or executive order, to be closed for regular banking business.

"***Commencement Date***" means the date of this Agreement.

"***Company***" has the meaning set forth in the preamble of this Agreement.

"***Company Information***" means any information concerning the Company or any of the Subsidiaries of the Company and their respective financial condition, business or operations that (i) relates to earnings, (ii) is competitively sensitive, (iii) relates to trade secrets, (iv) is proprietary or (v) is similar to any of the foregoing information.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended.

"***Federal Securities Laws***" means, collectively, the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder.

"***Fiscal Quarter***" means each fiscal quarter of the Company for purposes of the Parent's reporting obligations under the Exchange Act.

"***Fiscal Year***" means each fiscal year of the Company for purposes of the Parent's reporting obligations under the Exchange Act.

"***GAAP***" means generally accepted accounting principles in effect in the United States, consistently applied.

"***Gross Income***" has the meaning set forth in Section 61(a) of the Internal Revenue Code of 1986, as amended.

"***Incur***" means, with respect to any Indebtedness or other obligation of a Person, to create, issue, acquire (by conversion, exchange or otherwise), assume, suffer, guarantee or otherwise become liable in respect of such Indebtedness or other obligation.

"***Indebtedness***" means, with respect to any Person, (i) any liability for borrowed money, or under any reimbursement obligation relating to a letter of credit, (ii) all indebtedness (including bond, note, debenture, purchase money obligation or similar instrument) for the acquisition of any businesses, properties or assets of any kind (other than property, including inventory, and services purchased, trade payables, other expenses accruals and deferred compensation items arising in the Ordinary Course of Business), (iii) all obligations under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (iv) any liabilities of others described in the preceding clauses (i) to (iii) (inclusive) that such Person has guaranteed or for which such Person is otherwise legally obligated, and (without duplication) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clauses (i) through (iv) above.

"***Indemnified Parties***" has the meaning set forth in Article IX hereof.

"***Losses***" has the meaning set forth in Article IX hereof.

"***Management Fee***" has the meaning set forth in Section 7.1(a) hereof.

"***Management Fee Payment Date***" means the first Business Day of each Fiscal Quarter or, in the case of the Fiscal Quarter in which this Agreement is terminated, the Termination Date.

"***Manager***" has the meaning set forth in the preamble of this Agreement.

"***Non-Critical Services***" means any Services other than the Services for which the Manager was engaged by the Company in light of the experience and expertise of the employees of the Manager.

"***Ordinary Course of Business***" means, with respect to any Person, an action taken by such Person if such action is (i) consistent with the past practices of such Person and is taken in the normal day-to-day business or operations of such Person and (ii) which is not required to be specifically authorized or approved by the board of directors of such Person.

"***Parent***" has the meaning set forth in the recitals to this Agreement.

"***Parent Management Fee***" has the meaning set forth in Section 7.1(a) hereof.

"***Parent MSA***" has the meaning set forth in the recitals to this Agreement.

"***Party***" and "***Parties***" have the meaning set forth in the preamble of this Agreement.

"***Person***" means any individual, company (whether general or limited), limited liability company, corporation, trust, estate, association, nominee or other entity.

"***Securities Act***" means the Securities Act of 1933, as amended.

"***Services***" has the meaning set forth in Section 3.1(b) hereof.

"***Subsidiary***" means, with respect to any Person, any corporation, company, joint venture, limited liability company, association or other entity in which such Person owns, directly or indirectly, more than 50% of the outstanding voting equity securities or interests, the holders of which are generally entitled to vote for the election of the board of directors or other governing body of such entity.

"***Termination Date***" means the date upon which this Agreement is terminated pursuant Article VIII hereof.

ARTICLE II

APPOINTMENT OF THE MANAGER

Section 2.1 Appointment

The Company hereby agrees to, and hereby does, appoint the Manager to perform the Services as set forth in Section 3.1 herein and in accordance with the terms and conditions of this Agreement.

Section 2.2 Term

The Manager shall provide Services to the Company from the Commencement Date until the termination of this Agreement in accordance with Article VIII hereof.

ARTICLE III

OBLIGATIONS OF THE PARTIES

Section 3.1 Obligations of the Manager

(a) Subject always to the oversight and supervision of the Board of Directors and the terms and conditions of this Agreement, the Manager shall during the term of this Agreement perform the Services as set forth in Section 3.1(b) below and comply with the operational objectives and business plans of the Company in existence from time to time. The Company shall promptly provide the Manager with all stated operational objectives and business plans of the Company approved by the Board of Directors and any other available information reasonably requested by the Manager.

(b) The Manager agrees and covenants that it shall perform, or cause to be performed, the following services hereunder (as may be modified from time to time pursuant to Section 3.3 hereof, the "***Services***"):

(i) conduct general and administrative supervision and oversight of the Company's day-to-day business and operations, including, but not limited to, recruiting and hiring of personnel, administration of personnel and personnel benefits, development of administrative policies and procedures, establishment and management of banking services, managing and arranging for the maintaining of liability insurance, arranging for equipment rental, maintenance of all necessary permits and licenses, acquisition of any additional licenses and permits that become necessary, participation in risk management policies and procedures; and

(ii) oversee and consult with respect to the Company's business and operational strategies, the implementation of such strategies and the evaluation of such strategies, including, but not limited to, strategies with respect to capital expenditure and expansion programs, acquisitions or dispositions and product or service lines.

(c) In connection with the performance of the Services under this Agreement, the Manager shall have all necessary power and authority to perform, or cause to be performed, such Services on behalf of the Company.

(d) In connection with the performance of its obligations under this Agreement, the Manager is not permitted to engage in any activities that would cause it to become an "investment adviser" as defined in Section 202(a)(11) of the Investment Advisers Act of 1940, as amended, or any successor provision thereto.

(e) While the Manager is providing the Services under this Agreement, the Manager shall also be permitted to provide services, including services similar to the Services covered hereby, to other Persons, including Affiliates of the Manager. This Agreement and the Manager's obligation to provide the Services under this Agreement shall not create an exclusive relationship between the Manager and its Affiliates, on the one hand, and the Company and its Subsidiaries, on the other.

Section 3.2 Obligations of the Company

(a) The Company shall, and the Company shall cause its Subsidiaries to, do all things reasonably necessary on their part as requested by the Manager consistent with the terms of this Agreement to enable the Company to fulfill its obligations under this Agreement.

(b) The Company shall, and the Company shall cause its Subsidiaries to, take reasonable steps to ensure that:

(i) the officers and employees of the Company and its Subsidiaries, as the case may be, act in accordance with the terms of this Agreement and the reasonable directions of the Manager in fulfilling the Manager's obligations hereunder and allowing the Manager to exercise its powers and rights hereunder; and

(ii) the Company and its Subsidiaries provide to the Manager alt reports (including monthly management reports and all other relevant reports) that the Manager may reasonably require and on such dates as the Manager may reasonably require.

Section 3.3 Change of Services

(a) The Company and the Manager shall have the right at any time during the term of this Agreement to change the Services provided by the Manager and such changes shall in no way otherwise affect the rights or obligations of any Party hereunder.

(b) Any change in the Services shall be authorized in writing and evidenced by an amendment to this Agreement, as provided in Section 12.9 hereof. Unless otherwise agreed in writing, the provisions of this Agreement shall apply to all changes in the Services.

ARTICLE IV

POWERS OF THE MANAGER

Section 4.1 Powers of the Manager

(a) The Manager shall have no power to enter into any contract for or on behalf of the Company or otherwise subject it to any obligation, such power to be the sole right and obligation of the Company, acting through its Board of Directors and/or the Company's officers.

(b) Subject to Section 4.2 and for purposes other than to delegate its duties and powers to perform the Services hereunder, the Manager shall have the power to engage any agents (including real estate agents and managing agents), valuers, contractors and advisors (including operational, accounting, financial, tax and legal advisors) that it deems necessary or desirable in connection with the performance of its obligations hereunder, which costs therefor shall be subject to reimbursement in accordance with Section 7.2 hereto.

Section 4.2 Delegation

The Manager may delegate or appoint:

(a) Any of its Affiliates as its agent, at its own cost and expense, to perform any or all of the Services hereunder; or

(b) Any Person, whether or not an Affiliate of the Manager, as its agent, at its own cost and expense, to perform those Services hereunder which, in the sole discretion of the Manager, are NonCritical Services; provided, however, that, in each case, the Manager shall not be relieved of any of its obligations or duties owed to the Company hereunder as a result of such delegation. The Manager shall be permitted to share Company Infom1ation with its appointed agents subject to appropriate, reasonable and customary confidentiality arrangements. For the avoidance of doubt, any reference to Manager herein shall include its delegates or appointees pursuant to this Section 4.2.

Section 4.3 Manager's Obligations, Duties and Powers Exclusive

The Company agrees that during the term of this Agreement, the obligations, duties and powers imposed on and granted to the Manager under Article III and this Article IV are to be performed or held exclusively by the Manager, subject to Section 4.2 hereof, and the Company shall not, either directly or indirectly, through its employees, Board of Directors or any other Person, as the case may be, perfo1m any of the Services except in circumstances where it is necessary to do so to comply with applicable law or as otherwise agreed by the Manager.

ARTICLE V

INSPECTION OF RECORDS

Section 5.1 Books and Records of the Company

At all reasonable times and on reasonable notice, the Manager and any Person authorized by the Manager shall have access to, and the right to inspect, for any reasonable purpose, during the term of this Agreement and for a period of five (5) years after termination hereof, the books, records and data stored in computers and all documentation of the Company pertaining to all Services performed, or to be performed, by the Manager or the Management Fee paid, or to be paid, by the Company to the Manager, in each case, hereunder. There shall be no cost or expense charged by any Party to another Party pursuant to the exercise of any right under this Section 5.1.

Section 5.2 Books and Records of the Manager

At all reasonable times and on reasonable notice, the Company and any Person authorized by the Company shall have access to, and the right to inspect the books, records and data stored in computers and all documentation of the Manager pertaining to all Services performed, or to be performed, by the Manager or the Management Fee paid, or to be paid, by the Company to the Manager, in each case, hereunder. There shall be no cost or expense charged by any Party to another Party pursuant to the exercise of any right under this Section 5.2.

ARTICLE VI

AUTHORITY OF THE COMPANY AND THE MANAGER

Each Party represents and warrants to the other that it is duly authorized with full power and authority to execute, deliver and perform its obligations and duties under this Agreement. The Company represents and warrants that the engagement of the Manager has been duly authorized by the Board of Directors and is in accordance with all governing documents of the Company.

ARTICLE VII

MANAGEMENT FEE; EXPENSES

Section 7.1 Management Fee

(a) Subject to the terms and conditions set forth in this Section 7.1, for the term of this Agreement, as payment to the Manager for performing Services hereunder during any Fiscal Quarter or any part thereof, the Company shall pay a quarterly management fee (the "***Management Fee***") to the Manager on each Management Fee Payment Date for such Fiscal Quarter equal to the greater of $75,000 or 2% of Adjusted Net Assets (as defined in the Parent MSA) of the Company; provided, however, that (i) with respect to the Fiscal Quarter in which the Commencement Date occurs, the Management Fee with respect to such Fiscal Quarter or part thereof shall be equal to the *product* of (x) the Management Fee, *multiplied by* (y) a fraction, the numerator of which is the number of days from and including the Commencement Date to and including the last day of such Fiscal Quarter and the denominator of which is the number of days in such Fiscal Quarter, (ii) with respect to the Fiscal Quarter in which this Agreement is terminated, the Management Fee with respect to such Fiscal Quarter or part thereof shall be equal to the *product* of (x) the Management Fee, *multiplied by* (y) a fraction, the numerator of which is the number of days from and including the first day of such Fiscal Quarter to but excluding the date upon which this Agreement is terminated and the denominator of which is the number of days in such Fiscal Quarter, (iii) if the aggregate amount of Management Fees paid or to be paid by the Company, together with all other management fees paid or to be paid by all other Subsidiaries of the Parent to the Manager, in each case, with respect to any Fiscal Year exceeds, or is expected to exceed, 9.5% of the Parent's Gross Income with respect to such Fiscal Year, then the Manager agrees that the Management Fee to be paid by the Company for any remaining Fiscal Quarters in such Fiscal Year shall be reduced, on a *pro rata* basis determined by reference to the management fees to be paid to the Manager by all of the Subsidiaries of the Parent, until the aggregate amount of the Management Fee paid or to be paid by the Company, together with all other management fees paid or to be paid by all other Subsidiaries of the Parent to the Manager, in each case, with respect to such Fiscal Year, does not exceed 9.5% of the Parent's Gross Income with respect to such Fiscal Year, and (iv) if the aggregate amount the Management Fee paid or to be paid by the Company, together with all other management fees paid or to be paid by all other Subsidiaries of the Parent to the Manager, in each case, with respect to any Fiscal Quarter exceeds, or is expected to exceed, the aggregate amount of the management fee (before any adjustment thereto) calculated and payable under the Parent MSA (the "***Parent Management Fee***") with respect to such Fiscal Quarter, then the Manager agrees that the Management Fee to be paid by the Company for such Fiscal Quarter shall be reduced, on a *pro rata* basis, until the aggregate amount of the Management Fee paid or to be paid by the Company, together with all other management fees paid or to be paid by all other Subsidiaries of the Parent to the Manager, in each case, with respect to such Fiscal Quarter, does not exceed the Parent Management Fee calculated and payable with respect to such Fiscal Quarter. The Management Fee shall be paid in U.S. dollars by wire transfer in immediately available funds to an account or accounts designated by the Manager from time to time.

(b) If the Company does not have sufficient liquid assets to timely pay the entire amount of the Management Fee due on any Management Fee Payment Date, the Company shall liquidate assets or Incur Indebtedness in order to pay such Management Fee in full on such Management Fee Payment Date; provided, however, that if the Management Fee due on any Management Fee Payment Date cannot be paid by the Company as the result of subordination provisions or other restrictions contained in financing or other agreements between the Company and its senior lenders or the senior lenders of any of its affiliates, then the Management Fee shall accrue and be paid as soon as the Company is able to pay the Management Fee without violation such subordination provision or other restrictions.

Section 7.2 Reimbursement of Expenses

(a) Subject to Section 7.2(b), the Company shall reimburse the Manager for all costs and expenses of the Company, including all out-of-pocket costs and expenses, that are actually Incurred by the Manager or its Affiliates on behalf of the Company in connection with performing Services hereunder, and all costs and expenses the reimbursement of which is specifically approved by the Board of Directors.

(b) Notwithstanding the foregoing or anything else to the contrary herein, neither the Company nor any Subsidiary of the Company shall be obligated or responsible for reimbursing or otherwise paying for any costs or expenses relating to the Manager's overhead or to the Manager's conduct or maintenance of its business and operations as a provider of management services.

(c) Any such reimbursement shall be made upon demand by the Manager in U.S. dollars by wire transfer in immediately available funds to an account or accounts designated by the Manager from time to time.

ARTICLE VIII

TERMINATION; RESIGNATION AND REMOVAL OF THE MANAGER

Section 8.1 Resignation by the Manager

The Manager may resign at any time upon sixty (60) days' prior written notice to the Company, which right shall not be contingent upon the finding of a replacement manager. However, if the Manager resigns, until the date on which the resignation becomes effective, the Manager shall, upon request of the Board of Directors, use reasonable efforts to assist the Board of Directors to find a replacement manager at no cost and expense to the Company.

Section 8.2 Removal of the Manager

The Manager may be removed by the Company at any time upon sixty (60) days' prior written notice to the Manager, which right shall not be contingent upon the finding of a replacement manager.

Section 8.3 Termination

Subject to Section 12.4, this Agreement shall terminate upon the effective date of the resignation or removal of the Manager in accordance with Section 8.1 or Section 8.2 hereof.

Section 8.4 Directions

After a written notice of termination has been given under this Article VIII, the Company may direct the Manager to undertake any actions necessary to transfer any aspect of the ownership or control of the assets of the Company to the Company or to any nominee of the Company and to do all other things necessary to bring the appointment of the Manager to an end, and the Manager shall comply with all such reasonable directions. 1n addition, the Manager shall, at the Company's expense, deliver to any new manager or the Company any books or records held by the Manager under this Agreement and shall execute and deliver such instruments and do such things as may reasonably be required to permit new management of the Company to effectively assume its responsibilities.

Section 8.5 Payments Upon Termination

Notwithstanding anything in this Agreement to the contrary, the fees, costs and expenses payable to the Manager pursuant to Article VII hereof shall be payable to the Manager upon, and with respect to, the termination of this Agreement pursuant to this Article VIII. All payments made pursuant to this Section 8.5 shall be made in accordance with Article VII hereof.

ARTICLE IX

INDEMNITY

The Company shall indemnify, reimburse, defend and hold harmless the Manager and its Affiliates and their respective successors and permitted assigns, together with their respective employees, officers, members, managers, directors, agents and representatives (collectively the "***Indemnified Parties***"), from and against all losses (including lost profits), costs, damages, injuries, taxes, penalties, interests, expenses, obligations, claims and liabilities joint or severable) of any kind or nature whatsoever (collectively "***Losses***") that are Incurred by such Indemnified Parties in connection with, relating to or arising out of (i) the breach of any term or condition of this Agreement, or (ii) the performance of any Services hereunder; provided, however, that the Company shall not be obligated to indemnify, reimburse, defend or hold harmless any Indemnified Party for any Losses Incurred, by such Indemnified Party in connection with, relating to or arising out of:

(a) a breach by such Indemnified Party of this Agreement;

(b) the gross negligence, willful misconduct, bad faith or reckless disregard of such Indemnified Party in the performance of any Services hereunder; or

(c) fraudulent or dishonest acts of such Indemnified Party with respect to the Company or any of its Subsidiaries.

The rights of any Indemnified Party referred to above shall be in addition to any rights that such Indemnified Party shall otherwise have at law or in equity.

Without the prior written consent of the Company, no Indemnified Party shall settle, compromise or consent to the entry of any judgment in, or otherwise seek to terminate any, claim, action, proceeding or investigation in respect of which indemnification could be sought hereunder unless (a) such Indemnified Party indemnifies the Company from any liabilities arising out of such claim, action, proceeding or investigation, (b) such settlement, compromise or consent includes an unconditional release of the Company and Indemnified Party from all liability arising out of such claim, action, proceeding or investigation and (c) the parties involved agree that the terms of such settlement, compromise or consent shall remain confidential.

ARTICLE X

LIMITATION OF LIABILITY OF THE MANAGER

Section 10.1 Limitation of Liability

The Manager shall not be liable for, and the Company shall not take, or permit to be taken, any action against the Manager to hold the Manager liable for, any error of judgment or mistake of law or for any loss suffered by the Company or its Subsidiaries (including, without limitation, by reason of the purchase, sale or retention of any security or assets) in connection with the performance of the Manager's duties under this Agreement, except for a loss resulting from gross negligence, willful misconduct, bad faith or reckless disregard on the part of the Manager in the performance of its duties and obligations under this Agreement, or its fraudulent or dishonest acts with respect to the Company or any of its Subsidiaries.

Section 10.2 Reliance of Manager

The Manager may take and may act and rely upon:

(a) the opinion or advice of legal counsel, which may be in-house counsel to the Company or the Manager, any U.S.-based law firm, or other legal counsel reasonably acceptable to the Board of Directors, in relation to the interpretation of this Agreement or any other document (whether statutory or otherwise) or generally in connection with the Company;

(b) advice, opinions, statements or information from bankers, accountants, auditors,

(c) valuation consultants and other Persons consulted by the Manager who are in each case believed by the Manager in good faith to be expert in relation to the matters upon which they are consulted; and

(d) any other document provided to the Manager in connection with the Company upon which it is reasonable for the Manager to rely.

The Manager shall not be liable for anything done, suffered or omitted by it in good faith in reliance upon such opinion, advice, statement, information or document.

ARTICLE XI

LEGAL ACTIONS

The Manager shall notify the Company promptly of any claim made by any third party in relation to the assets of the Company ai1d shall send to the Company any notice, claim, summons or writ served on the Manager concerning the Company.

The Manager shall not, without the prior written consent of the Board of Directors, purport to accept or admit any claims or liabilities of which it receives notification on behalf of the Company or make any settlement or compromise with any third party in respect of the Company.

ARTICLE XII

MISCELLANEOUS

Section 12.1 Obligation of Good Faith; No Fiduciary Duties

The Manager shall perform its duties under this Agreement in good faith and for the benefit of the Company. The relationship of the Manager to the Company is as an independent contractor and nothing in this Agreement shall be construed to impose on the Manager any express or implied fiduciary duties.

Section 12.2 Binding Effect

This Agreement shall be binding upon, shall inure to the benefit of and be enforceable by the Parties hereto and their respective successors and permitted assigns.

Section 12.3 Compliance

(a) The Manager shall (and must ensure that each of its officers, agents and employees) comply with any law, including the Federal Securities Laws and the securities laws of any applicable jurisdiction, in each case, as in effect from time to time, to the extent that it concerns the functions of the Manager under this Agreement.

(b) The Manager shall maintain management systems, policies and internal controls and procedures that reasonably ensure that the Manager and its employees comply with the terms and conditions of this Agreement, as well as comply with the internal policies, controls and procedures established by the Company from time to time, including, without limitation, those relating to trading policies, conflicts of interest and similar corporate governance measures.

Section 12.4 Effect of Termination; Survival

This Agreement shall be effective as of the date first above written and shall continue in full force and effect thereafter until termination hereof in accordance with Article VIII. The obligations of the Company set forth in Articles VII, VIII and IX and Sections 10.1, 12.5, 12.7, 12.8, 12.9, 12.17 and 12.20 hereof shall survive such termination of this Agreement, subject to applicable law.

Section 12.5 Notices

Any notice or other communication required or permitted under this Agreement shall be deemed to have been duly given (a) five (5) Business Days following deposit in the mails if sent by registered or certified mail, postage prepaid, (b) when sent, if sent by facsimile transmission, if receipt thereof is confirmed by telephone, (c) when delivered, if delivered personally to the intended recipient and (d) two Business Days following deposit with a nationally recognized overnight courier service, in each case addressed as follows:

If to the Company, to:

1847 Wolo Inc.
c/o 1847 Holdings LLC
590 Madison Avenue, 21st Floor
New York, NY 10022
Attn: Jay Amond
Facsimile: 917-793-5950

If to the Manager, to:

c/o The 1847 Companies LLC
590 Madison Avenue, 21st Floor
New York, NY 10022
Attn: Ellery W. Roberts
Facsimile: 917-793-5950

with a copy (which shall not constitute notice) to:

Bevilacqua PLLC
1050 Connecticut Ave., Suite 500
Washington, DC 20036
Attn: Louis A. Bevilacqua
Email: lou@bevilacquapllc.com
Facsimile: 202-869-0889

or to such other address or facsimile number as any such Party may, from time to time, designate in writing to all other Parties hereto, and any such communication shall be deemed to be given, made or served as of the date so delivered or, in the case of any communication delivered by mail, as of the date so received.

Section 12.6 Headings

The headings in this Agreement are included for convenience of reference only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or effect.

Section 12.7 Applicable Law

This Agreement, the legal relations between and among the Parties and the adjudication and the enforcement thereof shall be governed by and interpreted and construed in accordance with the laws of the State of New York, without regard to the conflicts of law provisions thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

Section 12.8 Submission to Jurisdiction; Waiver of Jury Trial

Subject to Section 12.20 hereof, each of the Parties hereby irrevocably acknowledges and agrees that any legal action or proceeding brought with respect to any of the obligations arising under or relating to this Agreement shall be brought only in the courts of the State of New York, County of New York or in the United States District Court for the Southern District of New York and each of the Parties hereby irrevocably submits to and accepts with regard to any such action or proceeding, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. Each Party hereby further irrevocably waives any claim that any such courts lack jurisdiction over such Party, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby brought in any of the aforesaid courts, that any such court lacks jurisdiction over such Party. Each Party irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party, at its address for notices set forth in Section 12.5 hereof, such service to become effective ten (10) days after such mailing. Each Party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other documents contemplated hereby that service of process was in any way invalid or ineffective. The foregoing shall not limit the rights of any Party to serve process in any other manner permitted by applicable law. The foregoing consents to jurisdiction shall not constitute general consents to service of process in the State of New York for any purpose except as provided above and shall not be deemed to confer rights on any Person other than the respective Parties.

Each of the Parties hereby waives any right it may have under the laws of any jurisdiction to commence by publication any legal action or proceeding with respect this Agreement. To the fullest extent permitted by applicable law, each of the Parties hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or

relating to this Agreement in any of the courts referred to in this Section 12.8 and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding.

The Parties agree that any judgment obtained by any Party or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such Party (or its successors or assigns), be enforced in any jurisdiction, to the extent permitted by applicable law.

The Parties agree that the remedy at law for any breach of this Agreement may be inadequate and that should any dispute arise concerning any matter hereunder, this Agreement shall be enforceable in a court of equity by an injunction or a decree of specific performance. Such remedies shall, however, be cumulative and nonexclusive, and shall be in addition to any other remedies which the Parties may have.

Each Party hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation as between the Parties directly or indirectly arising out of, under or in connection with this Agreement or the transactions contemplated hereby or disputes relating hereto. Each Party (a) certifies that no representative, agent or attorney of any other Party has represented, expressly or otherwise, that such other Party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other Parties have been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 12.8.

Section 12.9 Amendment; Waivers

No term or condition of this Agreement may be amended, modified or waived without the prior written consent of the Party against whom such amendment, modification or waiver will be enforced.

Any waiver granted hereunder shall be deemed a specific waiver relating only to the specific event giving rise to such waiver and not as a general waiver of any term or condition hereof.

Section 12.10 Remedies to Prevailing Party

If any action at law or equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled.

Section 12.11 Severability

Each provision of this Agreement is intended to be severable from the others so that if, any provision or term hereof is illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or unenforceability shall not affect or impair the validity of the remaining provisions and terms hereof; provided, however, that the provisions governing payment of the Management Fee described in Article VII hereof are not severable.

Section 12.12 Benefits Only to Parties

Nothing expressed by or mentioned in this Agreement is intended or shall be construed to give any Person, other than the Parties and their respective successors or permitted assigns and the Indemnified Parties, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained, terms Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the Parties and their respective successors and permitted assigns, and for the benefit of no other Person.

Section 12.13 Further Assurances

Each Party hereto shall take any and all such actions, and execute and deliver such further agreements, consents, instruments and any other documents as may be necessary from time to time to give effect to the provisions and purposes of this Agreement.

Section 12.14 No Strict Construction

The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

Section 12.15 Entire Agreement

This Agreement constitutes the sole and entire agreement of the Parties with regards to the subject matter of this Agreement. Any written or oral agreements, statements, promises, negotiations or representations not expressly set fo1ih in this Agreement are of no force and effect.

Section 12.16 Assignment

This Agreement shall not be assignable by either party except by the Manager to any Person with which the Manager may merge or consolidate or to which the Manager transfers substantially all of its assets, and then only in the event that such assignee assumes all of the obligations to the Company and the Subsidiaries of the Company hereunder.

Section 12.17 Confidentiality

(a) The Manager shall not, and the Manager shall cause its Affiliates and their respective agents and representatives not to, at any time from and after the date of this Agreement, directly or indirectly, disclose or use any confidential or proprietary information, including Company Information, involving or relating to (x) the Company, including any information contained in the books and records of the Company and (y) the Subsidiaries of the Company, including any information contained in the books and records of any such Subsidiaries; provided, however, that disclosure and use of any information shall be permitted (i) with the prior written consent of the Company, (ii) as, and to the extent, expressly permitted by this Agreement or any other agreement between the Manager and the Company or any of the Company's Subsidiaries (but only to the extent that such information relates to such Subsidiaries), (iii) as, and solely to the extent, necessary or required for the performance by the Manager, any of its Affiliates or its delegates, of any of their respective obligations under this Agreement, (iv) as, and to the extent, necessary or required in the operation of the Company's business or operations in the Ordinary Course of Business, (v) to the extent such information is generally available to, or known by, the public or otherwise has entered the public domain (other than as a result of disclosure in violation of this Section 12.17 by the Manager or any of its Affiliates), (vi) as, and to the extent, necessary or required by any governmental order, applicable law or any governmental authority, subject to Section 12.17(d), and (vii) as, and to the extent, necessary or required or reasonably appropriate in connection with the enforcement of any right or remedy relating to this Agreement or any other agreement between the Manager and the Company or any of the Company's Subsidiaries.

(b) The Manager shall produce and implement policies and procedures that are reasonably designed to ensure compliance by the Manager's directors, officers, employees, agents and representatives with the requirements of this Section 12.17.

(c) For the avoidance of doubt, confidential information includes business plans, financial information, operational information, strategic information, legal strategies or legal analysis, formulas, production processes, lists, names, research, marketing, sales information and any other information similar to any of the foregoing or serving a purpose similar to any of the foregoing with respect to the business or operations of the Company or any of its Subsidiaries. However, the Parties are not required to mark or otherwise designate information as "confidential or proprietary information," "confidential" or "proprietary" in order to receive the benefits of this Section 12.17.

(d) In the event that the Manager is required by governmental order, applicable law or any governmental authority to disclose any confidential information of the Company or any of its Subsidiaries that is subject to the restrictions of this Section 12.17, the Manager shall (i) notify the Company or any of its Subsidiaries in writing as soon as possible, unless it is otherwise affirmatively prohibited by such

governmental order, applicable law or such governmental authority from notifying the Company or any such Subsidiaries, as the case may be, (ii) cooperate with the Company or any such Subsidiaries to preserve the confidentiality of such confidential information consistent with the requirements of such governmental order, applicable law or such governmental authority and (iii) use its reasonable best efforts to limit any such disclosure to the minimum disclosure necessary or required to comply with such governmental order, applicable law or such governmental authority, in each case, at the cost and expense of the Company.

(e) Nothing in this Section 12.17 shall prohibit the Manager from keeping or maintaining any copies of any records, documents or other information that may contain information that is otherwise subject to the requirements of this Section 12.17, subject to its compliance with this Section 12.17.

(f) The Manager shall be responsible for any breach or violation of the requirements of this Section 12.17 by any of its agents or representatives.

Section 12.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Section 12.19 Designation

This Agreement is an "Offsetting Management Services Agreement" as such term is defined and used pursuant to the Parent MSA, and the Management Fee is an "Offsetting Management Fee" as such term is defined and used pursuant to the Parent MSA.

Section 12.20 Dispute Resolution

All disputes arising out of this Agreement or relating to the performance of either Party of its obligations hereunder, which disputes the Parties are unable to resolve directly between themselves, shall be settled by arbitration in New York, New York (unless the Company and the Manager agree upon another location) before three arbitrators in accordance with the rules then in effect of the American Arbitration Association.

* * *

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

1847 WOLO INC.

By: _____
Name: Jay Amond
Title: Chief Financial Officer

1847 PARTNERS LLC

By: _____
Name: Ellery W. Roberts
Title: Manager

[Signature Page to Management Services Agreement]

Exhibit 10.6

MANAGEMENT FEE SUBORDINATION AGREEMENT

This **MANAGEMENT FEE SUBORDINATION AGREEMENT** (the "**Agreement**") dated as of March 30, 2021 is made by **1847 PARTNERS LLC,** a Delaware limited liability company, having an office 590 Madison Avenue, 21st Floor, New York, New York 10022 (the "**Management Company**"), **1847 WOLO INC.**, a Delaware corporation, having an office c/o 1847 Holdings LLC, 590 Madison Avenue, 21st Floor, New York, New York 10022 (the "**Borrower**") to and for the benefit of **STERLING NATIONAL BANK**, a national banking association, having an address at 400 Rella Boulevard, Montebello, New York 10901 (the "**Bank**").

W I T N E S S E T H:

WHEREAS, the Borrower, together with Wolo Mfg. Corp. and Wolo Industrial Horn & Signal, Inc., has executed and delivered to the Bank a certain credit agreement dated as of March 30, 2021, as the same may be amended, supplemented, restated, replaced or otherwise modified from time to time (the "**Credit Agreement**"); and

WHEREAS, the Borrower and the Management Company entered into an arrangement for the Management Company to provide services to the Borrower pursuant to that certain Management Services Agreement dated March 30, 2021 (the "**Management Agreement**"). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Credit Agreement.

NOW, THEREFORE, the parties do hereby agree as follows:

1. The Borrower and Management Company do hereby agree that any and all present and future debts, liabilities and obligations of the Borrower to the Management Company arising under the Management Agreement (the "**Management Liabilities**"), shall at all times be subject and subordinate to any and all present and future debts, obligations and liabilities of the Borrower to the Bank, together with any and all present and future interest thereon (all hereinafter collectively referred to as the "**Obligations**").

2. So long as any Obligations shall remain outstanding, the Borrower and Management Company agree that:

(a) Borrower may tender, and Management Company may accept, the Management Fee (as defined in the Management Agreement), in accordance with the terms of the Management Agreement, provided that (i) no Default or Event of Default exists under the Credit Agreement, (ii) payment of the Management Fee would not cause a Default or Event of Default under the Credit Agreement, and (iii) the Management Fee does not exceed Seventy Five Thousand and 00/100 ($75,000.00) Dollars per fiscal quarter.

(b) Without the prior written consent of the Bank, no prepayments or other payments shall be made under the Management Agreement without the written consent of the Bank; and

(c) Without the prior written consent of the Bank, no security interest or Lien shall be tendered or granted by the Borrower or accepted or retained by Management Company to secure the Management Liabilities.

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3. The Borrower and Management Company agree that they will place proper notations or legends upon their books of account and any evidence of the Management Liabilities, disclosing that the Management Liabilities are subject to the terms of this Agreement.

4. This Agreement shall be a continuing agreement, and shall remain in full force and effect until the indefeasible payment and termination of all Obligations, as determined by the Bank in its sole discretion, and no release, surrender or manner of payment, compromise, or any other act or failure to act by the Bank, shall, in any way, impair the rights of the Bank hereunder and its priority over the Management Liabilities, and the Bank shall not be required to give any notice whatever to the Management Company of any transaction whatsoever between the Borrower and the Bank, all of which are hereby waived.

5. The Borrower and Management Company respectively waive the right to interpose any counterclaims (other than compulsory counterclaims) or setoffs of any nature and description, arising out of or relating to the Management Liabilities or this Agreement. No

waiver or modification shall be deemed to be made by the Bank of any of the terms herein, or any of its rights hereunder, unless same shall be in writing and signed by the Bank.

6. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives, and assigns, provided, however, that without the prior written consent of the Bank. Management Company will not assign any part of the Management Liabilities, or any security therefor, or grant any security interest therein, to any person, firm or corporation, other than the Bank.

7. At the request of the Bank, at any time, the Borrower and/or Management Company shall execute and deliver to the Bank any documents, assignments, or other papers which the Bank shall reasonably deem necessary or desirable to effectuate the purposes of this Agreement.

8. This Agreement shall be construed in accordance with the laws of the State of New York.

9. This Agreement may be executed in counterpart copies, each of which shall be deemed an original and all of which shall constitute but a single instrument.

[NO FURTHER TEXT ON THIS PAGE]

SIGNATURE PAGE
Management Fee Subordination Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Management Fee Subordination Agreement to be executed as of the day and year first above written.

MANAGEMENT COMPANY:

1847 PARTNERS LLC

By: _____
Name:
Title:

BORROWER:

1847 WOLO INC.

By: _____
Name:
Title:

Exhibit 10.7

CREDIT AGREEMENT

BY AND BETWEEN

STERLING NATIONAL BANK

AND

WOLO MFG. CORP.
WOLO INDUSTRIAL HORN & SIGNAL, INC.
1847 WOLO INC.

DATED: AS OF MARCH 30, 2021

TABLE OF CONTENTS

CREDIT AGREEMENT

This CREDIT AGREEMENT (this "Agreement") is entered into as of March 30, 2021, by and among **WOLO MFG. CORP.**, a New York corporation, having an office at 1 Saxwood Street, Deer Park, New York 11729 ("Borrower 1"), **WOLO INDUSTRIAL HORN & SIGNAL, INC.**, a New York corporation, having an address at 1 Saxwood Street, Deer Park, New York 11729 ("Borrower 2") and **1847 WOLO INC.,** a Delaware corporation**,** having an address at c/o 1847 Holdings LLC, 590 Madison Avenue, 21st Floor, New York, New York 10022 ("Borrower 3"; together with Borrower 1 and Borrower 2, collectively and jointly and severally, the "Borrower(s)") and **STERLING NATIONAL BANK**, a national banking association, with an address of 400 Rella Boulevard, Montebello, New York 10901 (the "Bank").

FOR VALUE RECEIVED, and in consideration of the granting by the Bank of financial accommodations to or for the benefit of the Borrower, including without limitation respecting the Obligations, each Entity Loan Party represents and agrees with the Bank, as of the date hereof and as of the date of each Credit Extension, credit and/or other financial accommodation, as follows:

1. DEFINITIONS

1.1 Defined Terms. As used in this Agreement, terms defined elsewhere in this Agreement have the meanings therein indicated, and the following terms have the following meanings:

"Account Debtor" is used as defined in the Code.

"Account(s) Receivable or Account" shall mean all the applicable Entity Loan Party's accounts, accounts receivable, instruments, documents, chattel paper, payment intangibles and all other debts, obligations and liabilities in whatever form owing to such Entity Loan Party from any Person for goods sold by it or for services rendered by it, or however otherwise established or created, all supporting obligations with respect thereto, all right, title and interest of such Entity Loan Party in the goods or services which gave rise thereto, including rights to reclamation and stoppage in transit and all rights of any unpaid seller of goods or services; whether any of the foregoing be now existing or hereafter arising, now or hereafter received by or owing or belonging to such Entity Loan Party.

"Affiliate" shall mean with respect to any Person, (a) any Person which, directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person, or (b) any Person who is a director or officer (i) of such Person, (ii) of any subsidiary of such Person, or (iii) any Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the power, direct or indirect, (x) to vote 10% or more of the Stock or other form of ownership interest having ordinary voting power for the election of directors (or the comparable equivalent) of such Person, or (y) to director or cause the direction of the management and policies of such Person whether by contract or otherwise. Control may be by ownership, contract or otherwise.

"Agricultural Lien Statute" shall mean, collectively, each statute, law or regulation (or other mandatory provision of state or local law) that could either (a) create or give rise to an agricultural lien in or against any portion of the products purchased, stored or otherwise handled by any Person from whom any Entity Loan Party purchases inventory (or by any other Person from whom such first Person purchases or otherwise receives goods in the ordinary course of business), or (b) create a Lien against, or impose a trust upon, some portion of any Entity Loan Party's inventory (and/or the accounts derived therefrom) for the benefit of unpaid agricultural producers, any broker acting on behalf of an agricultural producer, any cooperative whose members consist of agricultural producers or any other Person that purchases goods from an agricultural producer in the ordinary course of business.

"Authorized Signatory" means, as to (i) any Person which is a corporation, the chief executive officer, the president, any vice president, the chief financial officer or any other officer (designated in writing by the Borrower and acceptable to the Bank) of such Person and (ii) any Person which is not a corporation, the general partner or other Managing Person thereof or a duly authorized representative of such Managing Person (designated in writing by the Borrower and acceptable to the Bank).

"Bank Affiliate" shall mean any Affiliate of the Bank or the Bank, including, without limitation, or any of its banking or lending affiliates, or any bank acting as a participant under any loan arrangement between the Bank and any Loan Party, or any third party acting on the Bank's behalf.

"Borrowing Base" shall mean an amount equal to the sum of the following: (a) eighty (80%) percent of the Borrower's Eligible Accounts, PLUS (b) the lesser of: (i) fifty (50%) percent of Eligible Inventory or (ii) $400,000.00, MINUS (c) such reserves as the Bank may establish from time to time in its sole discretion. The Bank shall have the right from time to time, in its sole discretion, to amend, substitute or modify the percentages set forth in the definition of Borrowing Base and the definition(s) of Eligible Accounts and Eligible Inventory and the form of Borrowing Base Certificate.

"Borrowing Base Certificate" shall mean the Borrowing Base Certificate in the form attached hereto as Exhibit A, delivered in accordance with the terms and conditions of this Agreement.

"Business Day" shall mean any day of the year that is not a Saturday, Sunday or a day on which banks are required or authorized by law to close in New York.

"Capital Lease Obligations" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) Property, which obligations are Capital Leases, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Lease" shall mean, as applied to any Person, any lease of any property (whether real, personal or mixed) by that Person as lessee that is or should be, under GAAP, accounted for as a capital lease on the balance sheet of that Person.

"Change in Control" shall mean any sale, conveyance, assignment or other transfer, directly or indirectly, of any ownership interest in any Entity Loan Party or the sale of more than ten percent (10%) of the assets of any Entity Loan Party.

"Closing Date" shall mean the date on which all of the conditions precedent to the making of the initial Credit Extension shall have been satisfied (or waived by the Bank).

"Code" shall mean the Uniform Commercial Code as in effect in the State of New York, as amended from time to time; provided that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy under the Loan Documents is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "Uniform Commercial Code" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

"Collateral" shall have the meaning given such term under Section 3.1.

"Contractual Obligation" shall mean, with respect to any Person, any provision of any security issued by such Person or of any document or undertaking (other than a Loan Document) to which such Person is a party or by which it or any of its property is bound or to which any of its property is subject.

"Copyrights" shall mean all of the following now owned or hereafter acquired by any Loan Party: (i) all copyright rights in any work subject to the copyright laws of the United States or any other country, whether as author, assignee, transferee or otherwise, and (ii) all registrations and applications for registration of any such copyright in the United States or any other country, including registrations, recordings, supplemental registrations and pending applications for registration in the United States Copyright Office.

"Credit Extension" shall mean providing any financial accommodation under this Agreement or the Loan Documents, including the making of a Loan or the issuance of a letter of credit or bankers' acceptance.

"Default" shall mean any Event of Default and any event that, with the passing of time or the giving of notice or both, would become an Event of Default.

"Designated Stock Purchase Agreement" shall mean that certain Stock Purchase Agreement dated as of December 22, 2020, as amended, between Borrower 3, as purchaser, and Seller for the purchase of Seller's ownership in Operating Borrowers.

"Dilution" shall mean, as of any date of determination, a percentage, based upon the prior twelve (12) months, which is the result of dividing (a) actual bad debt write-downs, discounts, advertising allowances, credits, and any other items with respect to the accounts determined to be dilutive by the Bank in its sole discretion during this period, by (b) the Borrower's net sales during such period (excluding extraordinary items) plus the amount of clause (a).

"Document" means a document of title, as defined in Section 1-201 of the Code.

"Dollars" and the sign "$" each mean the lawful money of the United States of America.

"Domestic Subsidiary" shall mean any Subsidiary that is not a "controlled foreign corporation" within the meaning of Section 957 of the Tax Code.

"EBITDA" shall mean earnings before interest expense, taxes, depreciation and amortization.

"ECF Payment Date" shall mean June 1, 2022, and each anniversary thereof thereafter.

"Eligible Account(s)" shall mean an Account owing to the Operating Borrowers which is acceptable to the Bank in its sole discretion for lending purposes. Without limiting the Bank's discretion, the Bank shall, in general, consider an Account to be an Eligible Account if it meets, and so long as it continues to meet, the following requirements:

(a) it is genuine and in all respects is what it purports to be;

(b) it is owned by the Operating Borrowers, the Operating Borrowers have the right to subject it to a security interest in favor of the Bank or assign it to the Bank and it is subject to an exclusive first priority perfected security interest in favor of the Bank and to no other claim, lien, security interest or encumbrance whatsoever, other than Permitted Liens;

(c) it arises from (i) the performance of services by the Operating Borrowers in the ordinary course of its business, and such services have been fully performed and acknowledged and accepted by the Account Debtor thereunder; or (ii) the sale or lease of goods by the Operating Borrowers in the ordinary course of its business, and (x) such goods have been completed in accordance with the Account Debtor's specifications (if any) and delivered to the Account Debtor, (y) such Account Debtor has not refused to accept, returned or offered to return, any of the goods which are the subject of such Account, and (z) has possession of, or the Operating Borrowers have delivered to the Bank (at the Bank's request) shipping and delivery receipts evidencing delivery of such goods;

(d) it is evidenced by an invoice rendered to the Account Debtor thereunder, is due and payable within ninety (90) days of the date of the invoice and does not remain unpaid past the due date thereof for more than ninety (90) days; provided, however, that if more than 50% of the aggregate dollar amount of invoices owing by a particular Account Debtor remain unpaid more than the earlier of (A) ninety (90) days past the invoice date thereof, or (B) ninety (90) days after the respective invoice dates thereof, then all Accounts owing by that Account Debtor shall be deemed ineligible;

(e) it is valid, legally enforceable and unconditional obligation of the Account Debtor thereunder, and is not subject to setoff, counterclaim, credit, allowance or adjustment by such Account Debtor, or to any claim by such Account Debtor denying liability thereunder in whole or in part;

(f) it does not arise out of a contract or order which falls in any material respect to comply with the requirements of applicable law;

(g) the Account Debtor thereunder is not a director, officer, employee or agent of a Loan Party, or a Subsidiary or Affiliate of a Loan Party;

(h) it is not an Account with respect to which the Account Debtor is the United States of America or any state or local government, or any department, agency or instrumentality thereof, unless the Operating Borrowers assign their right to payment of such Account to the Bank pursuant to, and in full compliance with, the Assignment of Claims Act of 1940, as amended, or any comparable state or local law, as applicable;

(i) it is not an Account with respect to which the Account Debtor is located in a state which requires the Operating Borrowers, as a precondition to commencing or maintaining an action in the courts of that state, either to (i) receive a certificate of authority to do business and be in good standing in such state; or (ii) file a notice of business activities report or similar report with such state's taxing authority, unless (x) the Operating Borrowers have taken one of the actions described in clauses (i) or (ii); (y) the failure to take one of the actions described in either clause (i) or (ii) may be cured retroactively by the Operating Borrowers at their election; or (z) the Operating Borrowers have proven, to the Bank's satisfaction, that it is exempt from any such requirements under any such state's laws;

(j) the Account Debtor is located within the United States of America or in Bank's discretion, (i) Canada, if (A) the Account is (I) subject to credit insurance payable to Bank issued by an insurer and on terms and in an amount acceptable to Bank or (II) backed by a letter of credit issued or confirmed by a U.S. Bank satisfactory to the Bank naming the Bank as beneficiary or assigned to the Bank and in the Bank's possession or under its control and with respect to which a control agreement covering the letter of credit (in form satisfactory to Bank) is in effect, and (ii) so long as such Account is denominated in Dollars, or (ii) another country (other than Canada) if (A) the Account is backed by a letter of credit issued or confirmed by a U.S. Bank satisfactory to the Bank naming the Bank as beneficiary or assigned to the Bank and in the Bank's possession or under its control and with respect to which a control agreement covering the letter of credit (in form satisfactory to Bank) is in effect, and (B) so long as such Account is denominated in Dollars and (iii) the aggregate of all accounts due from Account Debtors located in Canada that are not backed by a letter of credit issued or confirmed by a U.S. Bank satisfactory to the Bank naming the Bank as beneficiary or assigned to the Bank and in the Bank's possession or under its control and with respect to which a control agreement covering the letter of credit (in form satisfactory to the Bank) is in effect, shall not at any time exceed 5% of the aggregate of all outstanding Accounts of the Borrower;

(k) it is not an Account with respect to which the Account Debtor's obligation to pay is subject to any repurchase obligation or return right, as with sales made on a bill-and-hold, guaranteed sale, sale on approval, sale or return or consignment basis;

(l) it is not an Account (i) with respect to which any representation or warranty contained in this Agreement is untrue; or (ii) which violates any of the covenants of the Borrower contained in this Agreement;

(m) it is not an Account which, when added to a particular Account Debtor's other indebtedness to the Operating Borrowers, exceeds 50% of all Accounts of the Operating Borrowers; and

(n) it is not an Account with respect to which the prospect of payment or performance by the Account Debtor is or will be impaired, as determined by the Bank in its sole discretion.

"Eligible In-Transit Inventory" shall mean inventory of the Operating Borrowers which is acceptable to the Bank in its sole discretion, for lending purposes. Without limiting the Bank's discretion, the Bank shall, in general, consider Inventory to be Eligible In-Transit Inventory if it meets, and so long as it continues to meet, the following requirements:

(a) such Inventory would be Eligible Inventory if it were not subject to a Document and in transit from a foreign location to a location of the Operating Borrowers within the United States;

(b) it is subject to a negotiable Document showing the Bank (or, with the written consent of the Bank, the Operating Borrowers) as consignee, which Document is in the possession of the Bank or such other Person as the Bank shall approve:

(c) it is fully insured in a manner satisfactory to the Bank;

(d) it has been identified to the applicable sales contract and title has passed to the Operating Borrowers;

(e) it is not sold by a vendor that has a right to reclaim, divert shipment of, repossess, stop delivery, claim any reservation of title or otherwise assert lien rights against the inventory, or with respect to whom the Operating Borrowers is in default of any obligations;

(f) it is subject to purchase orders and other sale documentation satisfactory to Bank;

(g) it is shipped by a common carrier that is not affiliated with the vendor; and

(h) it is fully paid for or the Operating Borrowers have delivered to the vendor a commercial Letter of Credit issued or guaranteed by the Bank on behalf of the Operating Borrowers (in such form and on terms satisfactory to the Bank in its discretion) for the purpose of purchasing the same.

"Eligible Inventory" shall mean inventory of the Operating Borrowers which is acceptable to the Bank in its sole discretion for lending purposes. Without limiting the Bank's discretion, the Bank shall, in general, consider Inventory to be Eligible Inventory if it meets, and so long as it continues to meet, the following requirements:

(a) it is owned by the Operating Borrowers, the Operating Borrowers have the right to subject it to a security interest in favor of the Bank and it is subject to an exclusive first priority perfected security interest in favor of the Bank and to no other claim, lien, security interest or encumbrance whatsoever, other than Permitted Liens;

(b) it is located on one of the premises listed on Schedule 4.5 (or other locations of which the Bank has been advised in writing pursuant to subsection 5.1 hereof), such locations are within the United States and is not in transit unless it is Eligible In-Transit Inventory.

(c) if held for sale or lease or furnishing under contracts of service, it is (except as the Bank may otherwise consent in writing) new and unused and free from defects which would, in the Bank's sole determination, affect its market value;

(d) it is not stored with a bailee, consignee, warehouseman, processor or similar party unless the Bank has given its prior written approval and the Operating Borrowers have caused any such bailee, consignee, warehouseman, processor or similar party to issue and deliver to the Bank, in form and substance acceptable to the Bank, such Uniform Commercial Code financing statements, warehouse receipts, landlord waivers and other documents as the Bank shall require;

(e) the Bank has determined, in accordance with the Bank's customary business practices, that it is not unacceptable due to age, type, category or quantity;

(f) it is not inventory (i) with respect to which any of the representations and warranties contained in this Agreement are untrue; or (ii) which violates any of the covenants of the Operating Borrowers contained in this Agreement;

(g) it consists only of finished goods or raw materials; and

(h) it specifically does not consist of or include packaging materials, supplies, samples or marketing materials.

"Entity Guarantor(s)" shall mean any Guarantors which are corporations, limited liability companies or other entities.

"Entity Loan Party" or "Entity Loan Parties" shall mean Borrower and any Entity Guarantors.

"Environmental Laws" shall mean all Requirements of Law and Permits imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources, including CERCLA, the SWDA, the Hazardous Materials Transportation Act (49 U.S.C. §§ 5101 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.), the Toxic Substances Control Act (15 U.S.C. §§ 2601 et seq.), the Clean Air Act (42 U.S.C. §§ 7401 et seq.), the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.), the Safe Drinking Water Act (42 U.S.C. §§ 300(f) et seq.), all regulations promulgated under any of the foregoing, all analogous Requirements

of Law and Permits and any environmental transfer of ownership notification or approval statutes, including the Industrial Site Recovery Act (N.J. Stat. Ann. §§ 13:1K-6 et seq.).

"Environmental Liabilities" shall mean all liabilities (including costs of Remedial Actions, natural resource damages and costs, fines, penalties, indemnities and expenses of investigation and feasibility studies) that may be imposed on, incurred by or asserted against any Entity Loan Party as a result of, or related to, any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law or otherwise, arising under any Environmental Law or in connection with any environmental, health or safety condition or with any Release and resulting from the ownership, lease, sublease or other operation or occupation of property by any Loan Party, whether on, prior to or after the date hereof.

"ERISA" shall mean the United States Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean, collectively, any Entity Loan Party, and any Person under common control, or treated as a single employer, with any Entity Loan Party, within the meaning of Section 414(b), (c), (m) or (o) of the Tax Code.

"ERISA Event" shall mean any of the following: (a) a reportable event described in Section 4043(b) of ERISA (or, unless the 30-day notice requirement has been duly waived under the applicable regulations, Section 4043(c) of ERISA) with respect to a Title IV Plan, (b) the withdrawal of any ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA, (c) the complete or partial withdrawal of any ERISA Affiliate from any Multiemployer Plan, (d) with respect to any Multiemployer Plan, the filing of a notice of reorganization, insolvency or termination (or treatment of a plan amendment as termination) under Section 4041A of ERISA, (e) the filing of a notice of intent to terminate a Title IV Plan (or treatment of a plan amendment as termination) under Section 4041 of ERISA, (f) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC, (g) the failure to make any required contribution to any Title IV Plan or Multiemployer Plan when due, (h) the imposition of a lien under Section 412 of the Tax Code or Section 302 or 4068 of ERISA on any property (or rights to property, whether real or personal) of any ERISA Affiliate, (i) the failure of a Plan or any trust thereunder intended to qualify for tax exempt status under Section 401 or 501 of the Tax Code or other Requirements of Law to qualify thereunder and (j) any other event or condition that might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of any liability upon any ERISA Affiliate under Title IV of ERISA other than for PBGC premiums due but not delinquent.

"Event of Default" shall have the meaning set forth in Section 7 of this Agreement.

"Excess Cash Flow" shall mean EBITDA minus scheduled payments of principal and interest under the Term Loan, minus interest payments due under the Revolving Loans, minus Permitted Payments (as defined in the Seller Subordination Agreement), minus cash taxes and minus capital expenditures.

"Food Security Act" shall mean 7 U.S.C. Section 1631, and any successor statute thereto, together with each existing or future state statute or regulation establishing a "central filing system" (as defined in 7 U.S.C. Section 1631) that has been certified by the Secretary of the United States Department of Agriculture.

"GAAP" shall mean generally accepted accounting principles in the United States of America, as in effect from time to time, set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants, in the statements and pronouncements of the Financial Accounting Standards Board and in such other statements by such other entity as may be in general use by significant segments of the accounting profession that are applicable to the circumstances as of the date of determination.

"Governmental Authority" shall mean any nation, sovereign or government, any state or other political subdivision thereof, any agency, authority or instrumentality thereof and any entity or authority exercising executive, legislative, taxing, judicial, regulatory or administrative functions of or pertaining to government, including any central bank, stock exchange, regulatory body, arbitrator, public sector entity, supra-national entity (including the European Union and the European Central Bank) and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Guarantor(s)" shall mean, collectively, any current or future Subsidiary of Borrower, each Entity Guarantor and any other Person who has guaranteed the Obligations under the Loan Documents to Bank pursuant to a Guaranty.

"Guaranty" shall mean any guaranty executed by a Guarantor in favor of the Bank (if more than one, the "Guaranties").

"Guarantor Documents" shall mean, collectively, any Guaranty and any other Loan Document executed by a Guarantor.

"Hazardous Material" shall mean any substance, material or waste that is classified, regulated or otherwise characterized under any Environmental Law as hazardous, toxic, a contaminant or a pollutant or by other words of similar meaning or regulatory effect, including petroleum or any fraction thereof, asbestos, polychlorinated biphenyls and radioactive substances.

"Hedging Agreement" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement and other hedging agreements (including, without limitation, all "swap agreements" as defined in 11 U.S.C. § 101).

"Indebtedness" shall mean, without duplication, (A) all obligations for borrowed money or for the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), and all obligations under Capital Leases, in respect of which a Person is directly or contingently liable as borrower, guarantor, endorser or otherwise, or in respect of which a Person otherwise assures a creditor against loss; (B) all Indebtedness secured by (or for which the holder has an existing right, contingent or otherwise, to be secured by) any Lien upon property (including without limitation accounts receivable and contract rights) owned by a Person, whether or not such Person has assumed or become liable for the payment thereof; (C) obligations evidenced by bonds, debentures, notes or other similar instruments; (D) obligations and liabilities directly or indirectly guaranteed by such Person; (E) obligations or liabilities created or arising under any conditional sales contract or other title retention agreement with respect to property used and/or acquired by such Person; (F) all obligations of such Person in respect of bankers' acceptances; (G) all obligations, contingent or otherwise of such Person as an account party or applicant in respect of letters of credit and letters of guaranty; and (H) all other liabilities and obligations which would be classified in accordance with GAAP as indebtedness on a balance sheet or to which reference should be made in footnotes thereto. The amount of any guarantee shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such guarantee is made and (b) the maximum amount for which the Person giving such guarantee may be liable pursuant to the terms of the agreement embodying such guarantee unless such primary obligation and the maximum amount for which such Person may be liable are not stated or determinable, in which case the amount of such guarantee shall be such Person's maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Intellectual Property" shall mean property constituting a Patent, Copyright, Trademark (or any application in respect to the foregoing), service mark, copyright application, trade name, mark work, trade secrets, design right, assumed name or license to use any of the foregoing.

"IP Security Agreement" shall mean that certain security agreement made by a Loan Party to Bank pledging Intellectual Property as security for the Obligations.

"Lien" shall mean any lien (statutory or other), mortgage, pledge, hypothecation, assignment, security interest, encumbrance, charge, claim, restriction on transfer or similar restriction or other security arrangement of any kind or nature whatsoever, including, without limitation, any conditional sale or other title retention agreement and any capital or financing lease having substantially the same economic effect as any of the foregoing.

"Loan" or "Loans" shall mean the Revolving Loans and Term Loan.

"Loan Documents" shall mean, collectively, this Agreement, the Notes, each Guarantor Document, each Security Document, each Subordination Agreement and any and all other joinder agreements, documents, amendments or renewals executed and delivered in connection with any of the foregoing.

"Loan Party" or "Loan Parties" shall mean Borrower and all Guarantors.

"Loan Party Taxes" shall mean any and all current or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority, including, without limitation, income taxes, real and personal property taxes, assessments and charges and all franchise, income, unemployment, retirement benefits, withholding, sales, F.I.C.A. and other taxes.

"Managing Person" shall mean with respect to any Person that is (i) a corporation, its board of directors, (ii) a limited liability company, its board of control, managing member or members, (iii) a limited partnership, its general partner, (iv) a general partnership or a limited liability partnership, its managing partner or executive committee, (v) a trust, its trustees or (vi) any other Person, the managing body thereof or other Person analogous to the foregoing.

"Material Adverse Effect" shall mean any act, omission, event or undertaking which, singly or together with one or more other acts, omissions, events or undertakings, could reasonably be expected to have a materially adverse effect upon (1) the business, assets, properties, liabilities, condition (financial or otherwise), results of operations or business prospects of any Entity Loan Party or (2) the ability of any Loan Party to perform its obligations in a timely manner under this Agreement, the Loan Documents and the other agreements and instruments executed and delivered in connection herewith.

"Maximum Facility Amount" shall mean One Million and 00/100 ($1,000,000.00) Dollars, unless reduced in accordance with the provisions of this Agreement.

"Multiemployer Plan" shall mean any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Entity Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Note" shall mean, collectively, the Revolving Credit Note and the Term Note.

"Obligation(s)" shall mean, without limitation, all Credit Extensions, loans, advances, protective advances, indebtedness, bankers' acceptances, notes, obligations, covenants, liabilities, agreements and Hedging Agreements, whether liquidated or unliquidated, owing by any Loan Party to the Bank or any Bank Affiliate at any time, of each and every kind, nature and description, whether arising under this Agreement, any of the other Loan Documents or otherwise, and whether secured or unsecured, direct or indirect (that is, whether the same are due directly by any Loan Party to the Bank or any Bank Affiliate; or are due indirectly by any Loan Party to the Bank or any Bank Affiliate as endorser, guarantor or other surety, or as obligor of any obligations due third persons which have been endorsed or assigned to the Bank or any Bank Affiliate, or otherwise), absolute or contingent, due or to become due, now existing or hereafter arising or contracted, including, without limitation, payment and performance when due of all obligations, covenants, liabilities and agreements under or pursuant to any of the Loan Documents. Said term shall also include all interest and other charges chargeable to any Loan Party or due from any Loan Party to the Bank or any Bank Affiliate from time to time and all costs and expenses referred to in this Agreement or any of the other Loan Documents (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding).

"Operating Borrower(s)" shall mean, collectively, Borrower 1 and Borrower 2.

"Organizational Documents" shall mean as to any Person which is (i) a corporation, the certificate or articles of incorporation and by-laws of such Person, (ii) a limited liability company, the articles of organization or certificate of formation and limited liability company agreement or similar agreement of such Person, (iii) a partnership, the partnership agreement or similar agreement of such Person and, in the case of a limited partnership, the certificate of limited partnership, or (iv) any other form of entity or organization, the organizational documents analogous to the foregoing.

"Patents" shall mean all of the following now owned or hereafter acquired by any Loan Party: (i) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or any other country, including registrations, recordings and pending applications in the United States Patent and Trademark Office or any similar

offices in any other country and (ii) all reissues, continuations, divisions, continuations-in-part, renewals or extensions thereof, and the inventions disclosed or claimed therein, including the right to make, use or sell the inventions disclosed or claimed therein.

"PBGC" shall mean the United States Pension Benefit Guaranty Corporation and any successor thereto.

"Pension Plan" shall mean any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Loan Party or any ERISA Affiliate or to which any Loan Party or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permit" shall mean, with respect to any Person, any permit, approval, authorization, license, registration, certificate, concession, grant, franchise, variance or permission from, and any other Contractual Obligations with, any Governmental Authority, in each case whether or not having the force of law and applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Permitted Investments" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent that such obligations are backed by the full faith and credit of the United States of America), in each case measuring within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within 270 days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., or any successor thereto, or from Moody's Investors Service, Inc. or any successor thereto; and

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within 180 days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Bank or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000.00.

"Permitted Liens" shall mean (A) Liens securing the Obligations hereunder, (B) Liens for taxes not yet due and payable, that remain payable without penalty or that are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves or other appropriate provisions are maintained in accordance with GAAP, (C) Liens arising under Agricultural Lien Statutes and similar statutes, rules or regulations, (D) Liens of warehousemen and bailees for customary storage charges and fees, (E) purchase-money Liens covering solely equipment constituting capital assets owned or leased by any Loan Party and the proceeds thereof and securing not more than $100,000 in purchase money Indebtedness, (F) Liens of a collecting bank on items in the course of collection arising under Section 4-208 of the Code, (G) pledges or cash deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance or other types of social security benefits (other than any Lien imposed by ERISA), (ii) to secure the performance of bids, tenders, leases (other than Capital Leases) sales or other trade contracts (other than for the repayment of borrowed money) or (iii) made in lieu of, or to secure the performance of, surety, customs, reclamation or performance bonds (in each case not related to judgments or litigation), (H) judgment liens (other than for the payment of taxes, assessments or other governmental charges) securing judgments and other proceedings not constituting an Event of Default under Section 7.1(q) and pledges or cash deposits made in lieu of, or to secure the performance of, judgment or appeal bonds in respect of such judgments and proceedings, (I) unexercised statutory or common law bankers' and brokers' liens, (J) Liens encumbering certain personal property of the Operating Borrowers, provided that such Liens are authorized under the Seller Subordination Agreement and such Liens are at all times subject and subordinate to the Liens securing the Obligations, and (H) Liens of landlords and mortgagees of landlords (arising by statute on fixtures and movable tangible property) located on the real property leased or subleased from such landlord for amounts not yet due, that remain payable without penalty or that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves or other appropriate provisions are maintained in accordance with GAAP.

"Plan" shall mean any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by any Entity Loan Party or, with respect to any such plan that is subject to Section 412 of the Tax Code or Title IV of ERISA, any ERISA Affiliate.

"Pledge of Stock Agreement" shall mean that certain Collateral Pledge Agreement from Borrower 3 to Bank, together with any other Collateral Pledge Agreement executed hereafter.

"Person" means any individual, or any firm, partnership, limited liability company, joint venture, corporation, association, business enterprise, joint stock company, unincorporated association, trust, Governmental Authority or any other entity, whether acting in an individual, fiduciary, or other capacity.

"Prime Rate" means the rate of interest per annum established from time to time by the Bank as its prime lending rate for commercial loans. Each change in the Prime Rate shall result in a corresponding change in the Prime Rate on the effective date of such change in the Prime Rate. The Prime Rate is a reference rate that does not necessarily represent the lowest or best rate actually charged to any customer. The Bank may make commercial loans or other loans at rates of interest at, above or below such Prime Rate.

"Property" shall mean all types of real, personal, tangible, intangible or mixed property.

"Release" shall mean any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material into or through the environment.

"Remedial Action" shall mean all actions required by applicable Environmental Laws to (a) clean up, remove, treat or in any other way address any Hazardous Material in the indoor or outdoor environment, (b) prevent or minimize any Release so that a Hazardous Material does not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment or (c) perform pre-remedial studies and investigations and post-remedial monitoring and care with respect to any Hazardous Material.

"Requirements of Law" shall mean, with respect to any Person, collectively, the common law and all federal, state, local, foreign, multinational or international laws, statutes, codes, treaties, standards, rules and regulations, guidelines, ordinances, orders, judgments, writs, injunctions, decrees (including administrative or judicial precedents or authorities) and the interpretation or administration thereof by, and other determinations, directives, requirements or requests of, any Governmental Authority, in each case whether or not having the force of law and that are applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Restricted Payment" shall mean, as to any Person, any dividend or other distribution by such Person (whether in cash, securities or other property) with respect to any shares of any class of equity securities of such Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such shares or any option, warrant or other right to acquire any such shares.

"Revolving Credit Maturity Date" shall mean March 29, 2022, unless terminated earlier pursuant to the terms of this Agreement.

"Revolving Credit Note" shall have the meaning set forth in Section 2.1(a).

"Security Agreement" shall mean each security agreement or pledge agreement executed by a Loan Party and pledging personal property to the Bank as collateral security for the Obligations.

"Security Document" shall mean, collectively, (i) each Security Agreement executed and delivered by the Loan Parties, (ii) any Security Agreement executed hereafter, (iii) each Pledge of Stock Agreement, (iv) each IP Security Agreement, and (v) any other agreement by any Loan Party pledging collateral to secure the Obligations, and (vi) related UCC financing statements, control agreements, stock powers, assignments and other documents executed in connection with such foregoing documents, as such Security Documents may be further amended and restated.

"Seller" shall mean, collectively, Barbara Solow and Stanley Solow.

"Seller Note" shall mean the note executed by Borrower and payable to Seller which is subject to the Seller Subordination Agreement.

"Seller Subordination Agreement" shall mean that certain Subordination and Standby Agreement dated of even date herewith between Borrower, Seller and the Bank pursuant to which the Seller Note and any other obligations of Borrower to the Seller are subordinated to the Obligations.

"Solvent" shall mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that would reasonably be expected to become an actual or matured liability.

"Stock" shall mean all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting.

"Subordination Agreement" shall mean the Seller Subordination Agreement, together with any other subordination agreement satisfactory in form and substance to the Bank and executed by a subordinated creditor in favor of the Bank (if more than one, the "Subordination Agreements").

"Subsidiary" shall mean, with respect to any Person, any corporation, partnership, joint venture, limited liability company, association or other entity, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 50% of the outstanding Voting Stock is, at the time, owned or controlled directly or indirectly by, such Person or one or more Subsidiaries of such Person. Unless otherwise indicated, references to a "Subsidiary" mean a Subsidiary of an Entity Loan Party.

"Tax Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Term Loan Amount" shall mean Three Million Five Hundred Fifty Thousand and 00/100 ($3,550,000.00) Dollars.

"Term Loan Maturity Date" shall mean April 1, 2024, unless terminated earlier pursuant to the terms of this Agreement.

"Term Note" shall have the meaning set forth in Section 2.1(b).

"Third Party Agreement" shall mean any contract between any Entity Loan Party and one or more third parties.

"Title IV Plan" shall mean a Pension Plan or Plan.

"Trademarks" shall mean all of the following now owned or hereafter acquired by any Loan Party: (a) all trademarks, service marks, trade names, corporate names, company names, business names, fictitious business names, trade styles, trade dress, logos, other source or business identifiers, designs and general intangibles of like nature, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all registration and recording applications filed in connection therewith, including registrations and registration applications in the United States Patent and Trademark Office, any State of the United States or any similar offices in any other country or any political subdivision thereof, and all extensions or renewals thereof, (b) all goodwill associated therewith or symbolized thereby and (c) all other assets, rights and interests that uniquely reflect or embody such goodwill.

"Transactions" shall mean (a) the execution, delivery and performance by each Loan Party of each Loan Document to which it is a party, (b) the making of the Credit Extensions, (c) the use of the proceeds of the Credit Extensions in accordance with this Agreement, and (d) the performance of the transactions, the guaranteeing of the Obligations and the pledge of Collateral described in the Loan Documents.

"Voting Stock" shall mean Stock of any Person having ordinary power to vote in the Managing Persons or other controlling Persons, of such Person (irrespective of whether, at the time, Stock of any other class or classes of such entity shall have or might have voting power by reason of the occurrence of any contingency).

1.2 Accounting Terms and Principles and GAAP. All accounting determinations required to be made pursuant hereto shall, unless expressly otherwise provided herein, be made in accordance with GAAP. No change in the accounting principles used in the preparation of any financial statement hereafter adopted by the Borrower shall be given effect if such change would affect a calculation that measures compliance with any provision of this unless the Borrower and the Bank agree to modify such provisions to reflect such changes in GAAP and, unless such provisions are modified, all financial statements, agreements, certificates and similar documents provided hereunder shall be provided together with a reconciliation between the calculations and amounts set forth therein before and after giving effect to such change in GAAP.

1.3 Certain References. Unless otherwise expressly indicated, references (i) in this Agreement to an Exhibit, Annex, Schedule, Article, Section or clause refer to the appropriate Exhibit, Annex or Schedule to, or Article, Section or clause in, this Agreement and (ii) in any Loan Document, to (A) any agreement shall include, without limitation, all exhibits, schedules, appendixes and annexes to such agreement and, unless the prior consent of the Bank is not obtained, any modification to any term of such agreement, (B) any statute shall be to such statute as modified from time to time and to any successor legislation thereto, in each case as in effect at the time any such reference is operative and (C) any time of day shall be a reference to New York time. Titles of articles, sections, clauses, exhibits, schedules and annexes contained in any Loan Document are without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. Unless otherwise expressly indicated, the meaning of any term defined (including by reference) in any Loan Document shall be equally applicable to both the singular and plural forms of such term.

1.4 Code Terms. All terms defined in the UCC that are used in this Agreement have the meaning specified in the UCC.

1.5 Interpretation and Certain Terms. Except as set forth in any Loan Document, all accounting terms not specifically defined herein shall be construed in accordance with GAAP (except for the term "property," which shall be interpreted as broadly as possible, including, in any case, cash, securities, other assets, rights under Contractual Obligations and Permits and any right or interest in any property). The terms "herein," "hereof" and similar terms refer to this Agreement as a whole. In the computation of periods of time from a specified date to a later specified date in any Loan Document, the terms "from" means "from and including" and the words "to" and "until" each mean "to but excluding" and the word "through" means "to and including." In any other case, the term "including" when used in any Loan Document means "including without limitation." The term "documents" means all writings, however evidenced and whether in physical or electronic form, including all documents, instruments, agreements, notices, demands, certificates, forms, financial statements, opinions and reports. The term "incur" means incur, create, make, issue, assume or otherwise become directly or indirectly liable in respect of or responsible for, in each case whether directly or indirectly, and the terms "incurrence" and "incurred" and similar derivatives shall have correlative meanings.

2. THE LOANS

2.1 Loans.

(a) Revolving Loans.

(i) Subject to the terms and conditions of this Agreement and the other Loan Documents, during the term of this Agreement, the Bank may make, revolving loans to Borrower (collectively, the "Revolving Loans") in an amount not to exceed the lesser of the Borrowing Base or the Maximum Facility Amount. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, repay and reborrow Revolving Loans.

(ii) A request for a Revolving Loan shall be made or shall be deemed to be made, each in the following manner: the Borrower shall give the Bank same-day notice, no later than 3:00 P.M. (New York time) on any Business Day, of its request for a Revolving Loan, in which notice the Borrower shall specify the amount of the proposed Revolving Loan and the proposed borrowing date. Each check presented for payment against the Borrower's controlled disbursement account, if any, at Bank and any other charge or request for payment against such controlled disbursement account shall constitute a request for a Revolving Loan. As an accommodation to the Borrower, the Bank may permit telephone requests for Revolving Loans

and electronic transmittal of instructions, authorizations, agreements or reports to the Bank by the Borrower. Unless the Borrower specifically directs the Bank in writing not to accept or act upon telephonic or electronic communications from the Borrower, the Bank shall have no liability to the Borrower for any loss or damage suffered by the Borrower as result of the Bank's honoring of any requests, execution of any instructions, authorizations or agreements or reliance on any reports communicated to it telephonically or electronically and purporting to have been sent to the Bank by the Borrower and the Bank shall have no duty to verify the origin of any such communications or the authority of the Person sending it.

(iii) The Borrower hereby irrevocably authorizes the Bank to disburse the proceeds of each Revolving Loan requested by the Borrower as follows: the proceeds of each Revolving Loan requested under Section 2.1(a) above shall be disbursed by Bank in lawful money of the United States of America in immediately available funds, in the case of the initial borrowing, in accordance with the terms of the written disbursement letter from Borrower, and in the case of each subsequent borrowing, by credit to any account of Borrower at Bank or by wire transfer or Automated Clearing House (ACH) transfer to such bank accounts as may be agreed upon by the Borrower and the Bank from time to time, or elsewhere if pursuant to a written direction from the Borrower.

(iv) The Revolving Loans made by the Bank pursuant to this Section 2.1(a) hereof shall be evidenced by the note substantially in the form of Exhibit B hereto (the "Revolving Credit Note"), with blanks appropriately completed representing the obligation of the Borrower to pay the aggregate unpaid amount of all Revolving Loans made by the Bank plus interest accrued thereon. The Revolving Credit Note shall bear interest on the unpaid principal balance thereof from time to time outstanding at a fluctuating rate per annum in accordance with Section 2.3(a)(i) hereof. The Revolving Credit Note shall be dated the date of this Agreement, be payable to the order of the Bank and be stated to mature on the Revolving Credit Maturity Date. The Bank is hereby irrevocably authorized by the Borrower to enter on the schedule attached to the Revolving Credit Note the amount of each Revolving Loan made by it, each payment thereon, and the other information provided for on such schedule; provided, however, that the failure to make any such entry with respect to a Revolving Loan shall not limit or otherwise affect the obligation of the Borrower to repay the same and, in all events, the principal amount owing by the Borrower in respect to the Revolving Credit Note shall be the aggregate amount of all Revolving Loans made by the Bank less all payments of principal thereon made by the Borrower. The Bank may attach one or more continuations to such schedule as and when required. The aggregate unpaid principal balance of the Revolving Loans set forth on the schedule attached to its Revolving Credit Note shall be presumptive evidence of the principal amount owing and paid thereon absent manifest error.

(b) Term Loan.

(i) Subject to the terms and conditions of this Agreement and the other Loan Documents, on the date that the conditions to the initial Loans are satisfied, the Bank shall make a term loan to the Borrower in an amount equal to the Term Loan Amount. Amounts repaid with respect to the Term Loan may not be reborrowed.

(ii) The Borrower shall repay the Term Loan on the dates and in the amounts set forth in Section 2.3(b) below.

(iii) The Term Loan made by the Bank pursuant to this Section 2.1(b) hereof shall be evidenced by the note substantially in the form of Exhibit C hereto (the "Term Note"), with blanks appropriately completed representing the obligation of the Borrower to pay the aggregate unpaid amount of the Term Loan made by the Bank plus interest accrued thereon. The Term Note shall bear interest on the unpaid principal balance thereof from time to time outstanding at the rate per annum in accordance with Section 2.3(b)(i) hereof. The Term Note shall be dated the date of this Agreement, be payable to the order of the Bank and be stated to mature on the Term Loan Maturity Date.

2.2 Revolving Loan Account. An account of the Borrower shall be opened on the books of Bank in which account (the "Revolving Loan Account") a record will be kept of all Revolving Loans, and all payments thereon and other appropriate debits and credits as provided by this Agreement. No failure of the Bank to make, and no error by the Bank in making, any entry in such books will affect the Borrower's obligation to repay the full principal amount advanced by the Bank to or for the account of the Borrower or the Borrower's obligation to pay interest thereon at the agreed upon rate.

2.3 Interest/Payments/Prepayments.

(a) Revolving Loans.

(i) Rate. All Revolving Loans and the outstanding amount of all other Obligations under Section 2.1(a) shall bear interest on the unpaid principal amount thereof from the date such Revolving Loans are made and, in the case of such other Revolving Loan Obligations, from the date such other Revolving Loan Obligations are advanced until, in all cases, the date same are paid in full, except as otherwise provided in clause (c) below, at the fluctuating rate per annum equal to the greater of: (1) three and three-quarters (3.75%) percent per annum or (2) Prime Rate plus one (1.00%) percent.

(ii) Payments. Borrower shall make monthly payments of interest only at the rate set forth in Section 2.3(a)(i) above. Interest accrued shall be payable in arrears (i) if accrued on the principal amount of any Revolving Loan (A) on the Revolving Credit Maturity Date and (B) on the first day of each month commencing on the first such day following the making of such Revolving Loan and (ii) if accrued on any other Obligation, on demand from and after the time such Obligation is due and payable (whether by acceleration or otherwise).

(iii) Principal. Borrower shall repay the entire principal amount outstanding under the Revolving Credit Note on the Revolving Credit Maturity Date.

(iv) Prepayment. The Borrower may, at any time or from time to time, voluntarily prepay the Revolving Loans in whole or in part, without premium or penalty.

(b) Term Loan.

(i) Rate. The Term Loan shall bear interest on the unpaid principal amount thereof from the date advanced and, in the case of such other Obligations under Section 2.1(b), from the date such other Term Loan Obligations are due and payable until, in all cases, paid in full, except as otherwise provided in clause (c) below, at the fluctuating rate per annum equal to the greater of: (1) five (5.00%) percent per annum or (2) Prime Rate plus three (3.00%) percent.

(ii) Payments. Borrower shall repay the Term Loan as follows:

1. Principal. Borrower shall make payments of principal in accordance with the table set forth on Schedule 2.3(b) attached hereto and made a part hereof.

2. Excess Cash Flow Recapture. On the ECF Payment Date of each year (if applicable), Borrower shall make an additional principal payment equal to fifty (50%) percent of the Excess Cash Flow (this additional payment will be applied to the most remote payment of principal due under this Agreement). Each such payment shall be accompanied by a certificate signed by Borrower's chief financial officer certifying the manner in which Excess Cash Flow and the resulting payment, were calculated, which certificate shall be in form and substance acceptable to Bank.

3. Interest. Monthly payments of interest at the rate set forth in Section 2.3(b)(i) above. Interest accrued shall be payable in arrears (i) if accrued on the principal amount of the Term Loan (A) on the Term Loan Maturity Date, (B) upon the payment or prepayment of the principal amount on which such interest has accrued and (C) on the first day of each month commencing on the first such day following the making of such Loan and (ii) if accrued on any other Obligation, on demand from and after the time such Obligation is due and payable (whether by acceleration or otherwise).

(iii) Prepayment. The Borrower may, upon notice to the Bank, at any time or from time to time voluntarily prepay the Term Loan in whole or in part, without premium or penalty except payment of any prepayment premium provided for in No. 1 of the

Annex. Any prepayment of the Term Loan shall be applied first to the principal amount thereof payable on the Term Loan Maturity Date and then to installments of principal due thereon, in inverse order of maturity. All prepayments of the Term Loan shall be accompanied by all accrued interest on the amount prepaid and all accrued and unpaid fees.

(c) Default Interest. Notwithstanding the rates of interest specified above or elsewhere in any Loan Document, effective immediately and automatically upon (A) the occurrence of any Event of Default under Sections 7.1(k) or 7.1(l) or (B) the delivery of a notice by the Bank to the Borrower during the continuance of any other Event of Default and, in each case, for as long as such Event of Default shall be continuing, the principal balance of all Obligations (including any Obligation that bears interest by reference to the rate applicable to any other Obligation) then due and payable shall bear interest at a rate that is 5% per annum in excess of the interest rate otherwise applicable to such Obligations from time to time, payable on demand or, in the absence of demand, on the date that would otherwise be applicable.

(d) Savings Clause. Anything herein to the contrary notwithstanding, the obligations of the Borrower hereunder shall be subject to the limitation that payments of interest shall not be required, for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by the Bank would be contrary to the provisions of any law applicable to the Bank limiting the highest rate of interest which may be lawfully contracted for, charged or received by the Bank, and in such event the Borrower shall pay the Bank interest at the highest rate permitted by applicable law ("Maximum Lawful Rate"); provided, however, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, the Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by the Bank is equal to the total interest that would have been received had the interest payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement.

2.4 Repayment of the Loans; Maturity Date.

(a) Revolving Loans. The Borrower hereby unconditionally promises to pay to the Bank the then unpaid principal amount of all loans and advances made respecting the Revolving Loans, together with all accrued interest thereon and all other amounts due and payable hereunder in connection with the Revolving Loans, on the Revolving Credit Maturity Date. In addition, the Bank's agreement to advance funds respecting the Revolving Loans shall expire on the Revolving Credit Maturity Date and there shall be no further advances respecting the Revolving Loans.

(b) Term Loan. The Borrower hereby unconditionally promises to pay to the Bank the then unpaid principal amount of the Term Loan, together with all accrued interest thereon and all other amounts due and payable hereunder in connection with the Term Loan, on the Term Loan Maturity Date.

2.5 Mandatory Prepayments.

(a) Overadvances. If at any time the outstanding principal amount of the Revolving Loans exceeds the lesser of (i) the Borrowing Base or (ii) the Maximum Facility Amount (such excess being hereinafter referred to as an "Overadvance"), either without Bank's consent, including, as the result of Eligible Accounts or Eligible Inventory becoming ineligible (an "Unintentional Overadvance") or with Bank's consent, as the result of Bank's making additional advances in its discretion that result in an Overadvance (a "Permitted Overadvance"), Borrower shall (i) in the case of an Unintentional Overadvance, on demand made by Bank, forthwith pay to Bank such amount as will eliminate the Overadvance; and (ii) in the case of a Permitted Overadvance, pay to the Bank, on the date specified by the Bank, such amount as will eliminate the Overadvance. At the end of any month in which any Overadvance has occurred, Borrower shall be charged an Overadvance Fee in the amount set forth in No. 2(b) of the Annex. All Overadvances shall be secured by the Collateral. All checks or other items paid by the Bank which cause an overdraft in any deposit account maintained by the Borrower with the Bank shall, at the option of the Bank, constitute a Revolving Loan (or Overadvance, as the case may be) to the Borrower pursuant to this Agreement and shall be secured by all Collateral.

2.6 Monthly Statement and Automatic Charges; Application of Funds.

(a) At the option of the Bank, after the end of each month, the Bank may, but shall not be obligated to, render to the Borrower a statement of the Credit Extensions showing the Loan balance and all applicable credits and debits. Each statement shall be conclusive, binding and final for all purposes, absent manifest error and deemed to have been accepted by the Borrower and shall be binding upon the Borrower in respect of the Loan balance and all charges, debits and credits of whatsoever nature contained therein respecting the Credit Extensions, unless the Borrower notifies the Bank in writing of any discrepancy within twenty (20) days from the mailing by the Bank to the Borrower of any such monthly statement. At the option of the Bank, all payments in respect of any Obligation will automatically be debited from any of the Borrower's accounts, as elected by the Bank.

(b) So long as no Default or Event of Default shall have occurred and be continuing, if at any time insufficient funds are received by and available to the Bank to pay fully all amounts of principal of the Loans, interest and fees, if any, then due hereunder, such funds shall be applied first, to the payment of all fees and expenses due from the Borrower to the Bank, other than late fees; (ii) second, to the payment of accrued and unpaid interest**,** ratably in proportion to the interest accrued as to each Loan; (iii) third, to the payment of principal on the Loans then due hereunder, and (iv) fourth, to the payment of all late fees due from the Borrower to the Bank.

2.7 Fees. The Borrower shall pay to the Bank all of the fees set forth on No. 2 of the Annex.

2.8 Computations of Interest and Fees. All computations of interest and of fees (other than flat fees) shall be made by the Bank on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest and fees are payable. Each determination of an interest rate or the amount of a fee hereunder shall be made by the Bank and shall be conclusive, binding and final for all purposes, absent manifest error. All fees shall be (a) deemed to be an Obligation, (b) fully earned on the earlier of (i) the date specified such fee is earned or (ii) the date such fee is payable and (c) nonrefundable and shall not be subject to reduction, rebate or proration whatsoever. For purposes of calculating interest hereunder, all repayment items shall be credited to the Borrower's account three (3) Business Days after receipt thereof by the Bank, subject to reversal for any reason in the Bank's sole reasonable discretion including, but not limited to, dishonor or bankruptcy.

2.9 Yield Protections; Increased Costs; Capital Requirements.

(a) Intentionally Omitted.

(b) Increased Costs. If at any time the Bank determines that, after the date hereof, the adoption of, or any change in or in the interpretation, application or administration of, or compliance with, any law, statute, rule, regulation or other similar Requirements of Law of any Governmental Authority shall have the effect of (i) increasing the cost to the Bank of making, funding or maintaining any Credit Extension or to agree to do so or of participating, or agreeing to participate, in extensions of credit, or (ii) imposing any other cost to the Bank with respect to compliance with its obligations under any Loan Document, then, upon demand by the Bank, the Borrower shall pay to the Bank amounts sufficient to compensate the Bank for such increased cost.

(c) Increased Capital Requirements. If at any time the Bank determines that, after the date hereof, the adoption of, or any change in or in the interpretation, application or administration of, or compliance with, any Requirement of Law from any Governmental Authority regarding capital adequacy, reserves, special deposits, compulsory loans, insurance charges against property of, deposits with or for the account of, Obligations owing to, or other credit extended or participated in by, the Bank or any similar requirement shall have the effect of reducing the rate of return on the capital of the Bank's (or any Person controlling the Bank) as a consequence of its obligations under or with respect to any Loan Document to a level below that which, taking into account the capital adequacy policies of the Bank or Person, the Bank or Person could have achieved but for such adoption or change, then, upon demand from time to time by the Bank, the Borrower shall pay to the Bank amounts sufficient to compensate the Bank for such reduction.

(d) Compensation Certificate. Each demand for compensation under this Section 2.9 shall be accompanied by a certificate of the Bank claiming such compensation, setting forth in reasonable detail the computation of the amounts to be paid hereunder, which certificate shall be conclusive, binding and final for all purposes, absent manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

(e) Change in Law. Notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203 (signed into law July 21, 2010)) 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 regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a change in law, regardless of the date enacted, adopted or issued.

2.10 Taxes.

(a) Payments Free and Clear of Taxes. Except as otherwise provided in this Section 2.10, each payment by each Loan Party under any Loan Document shall be made free and clear of all present or future taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto (and without deduction for any of them) (collectively, the "Taxes") other than for taxes measured by net income (including branch profits taxes) and franchise taxes imposed in lieu of net income taxes, in each case imposed on the Bank as a result of a present or former connection between the Bank and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than such connection arising solely from the Bank having executed, delivered or performed its obligations or received a payment under, or enforced, any Loan Document).

(b) Gross-Up. If any Taxes shall be required by law to be deducted from or in respect of any amount payable under any Loan Document to the Bank (i) such amount shall be increased as necessary to ensure that, after all required deductions for Taxes are made (including deductions applicable to any increases to any amount under this Section 2.10), the Bank receives the amount it would have received had no such deductions been made, (ii) the Loan Party shall make such deductions and (iii) the Loan Party shall timely pay the full amount deducted to the relevant taxing authority or other authority in accordance with applicable Requirements of Law.

(c) Other Taxes. In addition, each Loan Party agrees to pay, and authorizes the Bank to pay in its name to the extent such Loan Party fails to do so on prior to the date when due, any stamp, documentary, excise or property tax, charges or similar levies imposed by any applicable Requirement of Law or Governmental Authority and all liabilities with respect thereto (including by reason of any delay in payment thereof), in each case arising from the execution, delivery or registration of, or otherwise with respect to, any Loan Document or any transaction contemplated therein (collectively, "Other Taxes"). Within thirty (30) days after the date of any payment of Taxes or Other Taxes by any Loan Party, the Borrower shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) Indemnification. The Loan Parties shall reimburse and indemnify, within thirty (30) days after receipt of demand therefor the Bank for all Taxes and Other Taxes (including any Taxes and Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.10) paid by the Bank and any liabilities arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. A certificate of the Bank claiming any compensation under this clause (d), setting forth in reasonable detail the computation of the amounts to be paid thereunder and delivered to the Borrower shall be conclusive, binding and final for all purposes, absent manifest error. In determining such amount, the Bank may use any reasonable averaging and attribution methods.

2.11 Conditions to Initial Credit Extension. The effectiveness of this Agreement, and the Bank's obligation to make the initial Credit Extension hereunder shall be subject to the fulfillment of the following conditions precedent prior to or simultaneously therewith:

(a) Agreement. The Bank shall have received from the Borrower and the other Loan Parties two counterparts of this Agreement signed on behalf of the Borrower and the other Loan Parties.

(b) Notes. The Bank shall have received each Note signed on behalf of the Borrower.

(c) Guarantor Documents. The Bank shall have received, to the extent applicable, the Guarantor Documents signed by each Guarantor.

(d) Collateral Matters. The Bank shall have received the following with respect to its security interests in the Collateral:

i. instruments constituting Collateral, if any, duly indorsed in blank, if necessary, by an Authorized Signatory of the applicable Entity Loan Party;

ii. all instruments and other documents, including, without limitation, Code financing statements, required by law or requested by the Bank to be filed, registered or recorded to create or perfect the Liens intended to be created under this Agreement, the Security Documents and the Loan Documents; and

iii. such other documents as the Bank may reasonably require in connection with the perfection of its security interests in the Collateral.

(e) Search Reports.

i. The Bank shall have received Code, tax, and judgment lien search reports with respect to each applicable public office where Liens are or may be filed disclosing that there are no Liens of record in such official's office covering any Collateral or showing the Borrower or any other Loan Party as debtor thereunder (other than Permitted Encumbrances or other Liens consented to by the Bank in writing) and a certificate of the Borrower signed by an Authorized Signatory thereof, dated the Effective Date, certifying that, upon the making of the Loans there will exist no Liens on the Collateral other than Permitted Encumbrances or such other Liens.

ii. The Bank shall have received searches of ownership of Intellectual Property in the appropriate governmental offices and such Patent/Trademark/Copyright filings as requested by the Bank with respect to the Intellectual Property.

(f) Subordination Agreements. The Loan Parties, the Bank and any creditor shall have (i) entered into one or more Subordination Agreements pursuant to which the payment by the Loan Party of Indebtedness to such creditor shall be made subject and subordinate to the prior payment of the Obligations, and to the liens securing the Obligations, to the extent and in the manner set forth in the Subordination Agreements, (ii) delivered to the Bank the subordinated notes, if required by the Bank, and other agreements or evidences of Indebtedness covered by the Subordination Agreements, and (iii) otherwise have duly complied with all of the terms and conditions of each Subordination Agreements.

(g) Certificates. The Bank shall have received a certificate from the secretary or executive officer of each Entity Loan Party (i) attaching a true and complete copy of the resolutions of its Managing Person and of all documents evidencing all necessary action (in form and substance satisfactory to the Bank) taken by it to authorize the Loan Documents to which it is a party and the transactions contemplated thereby, (ii) attaching a true and complete copy of its Organizational Documents, (iii) setting forth the incumbency of its officer(s) or other analogous counterpart who may sign the Loan Documents, including therein a signature specimen of such officer(s), and (iv) attaching a recently dated certificate of good standing (or the equivalent) issued by the secretary of state (or the equivalent Governmental Authority) of its jurisdiction of organization and each jurisdiction in which it is qualified to do business as a foreign corporation.

(h) Insurance. The Bank shall have received evidence satisfactory to it that the insurance required by Section 5.10 is in effect.

(i) Consents and Notices. All approvals and consents of all Persons required to be obtained in connection with the consummation of the transactions contemplated hereby shall have been obtained and shall be in full force and effect, and all required notices shall have been given and all required waiting periods shall have expired (or have been waived), and the Bank shall have received a certificate, in all respects satisfactory to the Bank, of an Authorized Signatory of the Borrower that all such approvals and consents required to have been obtained by the Borrower shall have been obtained and shall be in full force and effect and that all such notices required to be given by the Borrower shall have been given and all such waiting periods of which the Borrower has knowledge shall have expired (or have been waived).

(j) No Litigation. The Bank shall be reasonably satisfied that there shall be no litigation or administrative proceeding, or regulatory development, which could be expected to have a Material Adverse Effect.

(k) No Material Adverse Change. The Bank shall be reasonably satisfied that no Material Adverse Effect has occurred since the date set forth in Section 4.12.

(l) Borrowing Base Certificate. The Bank shall have received a Borrowing Base Certificate, duly completed and setting forth the calculations required thereby, as of the Closing Date.

(m) No Other Financings. The Bank shall have received evidence satisfactory to it that all existing credit facility agreements of the Borrower, if any, shall have been terminated with the proceeds of the Loans in accordance with Section 5.15 hereof and that all liens (other than Permitted Encumbrances), if any, covering the Collateral shall have been released or terminated and that all other obligations, if any, with respect thereto shall have been fully and finally extinguished, including, but not limited to, evidence that all financing statements filed against Borrower with the New York Secretary of State in favor of JP Morgan Chase Bank have been terminated.

(n) Fees and Expenses. The Bank shall have received all amounts due and payable by the Borrower on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by the Borrower hereunder.

(o) Customer Information. The Bank shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

(p) Stock Certificates. The Bank shall have received the original stock certificates pledged pursuant to any Security Document, together with original stock powers executed in blanks.

(q) Bank Accounts. The Bank shall have received evidence that (i) each Borrower has transferred its primary banking relationship to the Bank, including all operating accounts, employment accounts, the Revolving Loan Account, security accounts, payroll and reserve accounts and (ii) that the accounts at JP Morgan Chase Bank and any other accounts have been terminated.

(r) Landlord Waivers. The Bank shall have received fully executed landlord waivers, in form and content acceptable to the Bank, from the owners of the real property set forth on Schedule 4.15.

(s) Stock Purchase. All transactions under the Designated Stock Purchase Agreement shall have been completed.

(t) Other Documentation. The Bank shall have received such other approvals, opinions or documents, each in form and substance satisfactory to the Bank, as the Bank shall reasonably require in connection with the making of the Credit Extensions.

2.12 Conditions to Subsequent Credit Extensions. The Bank's obligation to make each Credit Extension shall be subject to the fulfillment by the Borrower of the following conditions precedent:

(a) Representations and Warranties True, Complete and Correct. Each representation and warranty of any Loan Party contained herein, in any Loan Document, and in any agreement or instrument furnished to the Bank shall be true, complete and correct as of the date of said Credit Extension (except for representations which by their terms relate to a different date, in which case said representations and warranties shall continue to have been true, complete and correct in all material respects as of said date); and

(b) No Material Adverse Change. There shall have been no Material Adverse Effect since the Closing Date; and

(c) No Default. There shall have occurred no Event of Default or Default; and

(d) Initial Conditions. The conditions to the initial Credit Extension set forth in Section 2.11 shall remain satisfied; and

(e) Additional Conditions. The conditions set forth in No. 5 of the Annex shall have been satisfied.

2.13 Co-Borrower Provisions.

a. Joint and Several Liability. The obligations of each Borrower hereunder and under the other Loan Documents shall be joint and several. Each Borrower, individually, expressly understands, agrees and acknowledges, that the Credit Extensions would not be made available on the terms herein in the absence of the collective credit of the Borrowers herein, the joint and several liability of all Borrowers, and the cross-collateralization of the Collateral of all such Borrowers. Accordingly, each Borrower named herein, individually acknowledges that the benefit to each such Borrower as a whole constitutes reasonably equivalent value, regardless of the amount of the Loans actually borrowed by, advanced to, or the amount of Collateral provided by, any single Borrower. In addition, each Borrower named herein hereby acknowledges and agrees that all of the representations, warranties, covenants, obligations, conditions, agreements and other terms contained herein and in the Loan Documents shall be applicable to and shall be binding upon and measured and enforceable individually against each Borrower named herein as well as all Borrowers taken together. Except as otherwise set forth in the Loan Documents, each Borrower subordinates all intercompany debt that it may have from or against any other Borrower, Affiliate or Subsidiary to the obligations owing to the Bank.

b. Waivers. Each Borrower unconditionally waives: (i) any requirement that the Bank first make demand upon, or seek to enforce or exhaust remedies against any (A) other Borrower; (B) the Collateral or other property of any Borrower; or (C) other Person, before demanding payment from or seeking to enforce the Obligations against such Borrower; (ii) any requirement of applicable law that might operate to limit any Borrower's liability under, or the enforcement of, the Obligations; (iii) diligence, presentment, protest, demand for performance, notice of acceptance, notice of nonperformance, notice of intent to accelerate, notice of acceleration, notice of protest, notice of dishonor, notice of extension, renewal, alteration or amendment, notice of acceptance of the Loan Documents, notice of default under any of the Loan Documents (except as provided in the Loan Documents), and all other notices whatsoever, except for notices specifically required pursuant to other provisions of the Loan Documents; (iv) any obligation of the Bank to provide any Borrower any information, including any information concerning any other Borrower or Collateral; and (v) any other claim or defense that otherwise would be available based on principles of suretyship or guarantee or otherwise governing secondary obligations.

c. Cross-Guaranty. Each Borrower guarantees to the Bank the payment in full of all of the Obligations owed by each other Borrower and further guarantees the due performance by each other Borrower of its respective duties and covenants made in favor of the Bank hereunder and in the other Loan Documents. Each Borrower agrees that neither this cross guaranty nor the joint and several liability of each Borrower provided herein nor the Bank's liens and rights in any of the Collateral shall be impaired or affected by any modification, supplement, extension or amendment of any contract or agreement to which the parties hereto may hereafter agree, nor by any modification, release or other alteration of any of the rights of the Bank with respect to any of the Collateral, nor by any delay, extension of time, renewal, compromise or other indulgence granted by the Bank with respect to any of the obligations, nor by any other agreements or arrangements whatever with any other Borrower or with any other Person, each Borrower hereby waiving all notice of any such delay, extension, release, substitution, renewal, compromise or other indulgence, and hereby consenting to be bound thereby as fully and effectively as if it had expressly agreed thereto in advance. Except as may be expressly stated herein to the contrary, the liability of each Borrower hereunder is direct and unconditional as to all of the obligations (except as may be expressly stated herein to the contrary), and may be enforced without requiring the Bank first to resort to any other right, remedy or security.

d. No Discharge. No obligation of any Borrower shall be affected, discharged or impaired by any of the following: (i) bankruptcy, disability, dissolution, incompetence, death, insolvency, liquidation, or reorganization of any other Borrower; (ii) any defense of any other Borrower to payment or performance of any or all of the obligations or enforcement of any or all rights of the Bank in the Collateral; (iii) discharge, modification of the terms of, reduction in the amount of, or stay of enforcement of any or all liens and encumbrances in the Collateral or any or all obligations in any bankruptcy, insolvency,

reorganization, or other legal proceeding or by application of any applicable laws; (iv) any claim or dispute by any other Borrower concerning the occurrence of an Event of Default, performance of any obligations, or any other matter; (v) any waiver or modification of any provision of the Loan Documents that affects any other Borrower, whether or not such waiver or modification affects all Borrower; (vi) the cessation of liability, release or discharge of any other Borrower or other obligor for any reason; (vii) the perfection or failure to perfect, release or discharge of any Collateral or other security; (viii) the exercise or failure to exercise any rights or remedies pursuant to the Loan Documents by the Bank or any election of remedies by the Bank; (ix) any invalidity, irregularity or unenforceability in whole or in part of any of the Loan Documents or any limitation of the liability of any Borrower under the Loan Documents, including any claim that the Loan Documents were not duly authorized, executed, or delivered on behalf of any Borrower; (x) any other acts or omissions by the Bank that result in or could result in the release or discharge of any other Borrower; or (xi) the occurrence of any other event or the existence of any other condition that by operation of law or otherwise could result in the release or discharge of a surety, guarantor, or other persons secondarily liable on an Obligation.

3. COLLATERAL MATTERS

3.1 Collateral. In consideration of the Bank's extending credit and other financial accommodations to or for the benefit of the Borrower, whether under this Agreement or otherwise and whether evidenced by notes or not, each Loan Party grants to the Bank a first priority security interest in, and a lien on and pledge and assignment of all right, title and interest of such Loan Party in and to any and all of the property pledged under the Security Documents (all such property will be referred to collectively as "Collateral"). The security interest granted by the Security Documents is given to and shall be held by the Bank as security for the payment and performance of all Obligations, including, without limitation, all amounts outstanding pursuant to the Loan Documents.

3.2 Records. Each Entity Loan Party shall hold its books and records relating to the Collateral segregated from all such Entity Loan Party's other books and records in a manner satisfactory to the Bank; and shall deliver to the Bank from time to time promptly at its request all invoices, original documents of title, contracts, chattel paper, instruments and any other writings relating thereto, and other evidence of performance of contracts, or evidence of shipment or delivery of the merchandise or of the rendering of services; and each Entity Loan Party will deliver to the Bank promptly at the Bank's request from time to time additional copies of any or all of such papers or writings, and such other information with respect to any of the Collateral and such schedules of inventory, schedules of accounts and such other writings as the Bank may in its sole discretion deem to be necessary or effectual to evidence any Loan hereunder or the Bank's security interest in the Collateral.

3.3 Legends. Each Entity Loan Party shall promptly make, stamp or record such entries or legends on such Entity Loan Party books and records or on any of the Collateral (including, without limitation, chattel paper) as Bank shall request from time to time, to indicate and disclose that Bank has a security interest in such Collateral.

3.4 Inspection. The Bank, or its representatives, at such times as are set forth in No. 3 of the Annex, shall have the right at the sole cost and expense of Borrower, and each Entity Loan Party will permit the Bank and/or its representatives: (a) to examine, check, make copies of or extracts from any of such Entity Loan Party's books, records and files (including, without limitation, orders and original correspondence); (b) to perform field exams or otherwise inspect and examine the Collateral and to check, test or appraise the same as to age, quality, quantity, value and condition; and (c) to verify the Collateral or any portion or portions thereof or any Entity Loan Party's compliance with the provisions of this Agreement. The costs of such field exams and inspections shall consist of a per-person auditor charge as are set forth in No. 3 of the Annex or the actual costs if such auditor is retained by the Bank. Each Entity Loan Party hereby irrevocably authorizes and directs all accountants and auditors employed or engaged by such Entity Loan Party at any time during the term of this Agreement and all data processing centers or other persons having information relevant to such Entity Loan Party's financial condition to deliver copies of all materials in their possession to the Bank upon the Bank's request therefor.

3.5 Purchase Money Security Interests. To the extent Borrower uses proceeds of any Loans to purchase Collateral, the repayment of such Loans shall be on a "first-in-first-out" basis so that the portion of the Loan used to purchase a particular item of Collateral shall be repaid in the order in which Borrower purchased such item of Collateral.

3.6 Search Reports and Credit Reports. Bank shall receive, prior to the date of this Agreement and from time to time thereafter as Bank may determine in its reasonable discretion, UCC search results under all names used by each Loan Party during the prior five (5) years, from each jurisdiction where any Collateral is located, from the State, if any, where each Loan Party is organized and registered, the

State where each Loan Party's chief executive office is located and all other locations deemed necessary by the Bank. The search results shall confirm that the Lien on the Collateral granted Bank hereunder is prior to all other Liens in favor of any other Person. The Bank is authorized to make all inquiries the Bank deems necessary to verify the accuracy of the information in respect of each Loan Party contained in the Loan Documents and to determine the credit worthiness of each Loan Party. Each Loan Party authorizes any Person or credit reporting agency to give to the Bank any information it may have on such Loan Party. Each Loan Party authorizes the Bank to answer questions about such Loan Party's credit experience with the Bank.

3.7 Further Assurances. Each Loan Party will, at the request of the Bank, from time to time, at its own cost and expense, execute and deliver to Bank such documents, and take or cause to be taken, all such other or further action, as Bank may request in order to effect and confirm or vest in Bank all rights contemplated by this Agreement and the other Loan Documents (including, without limitation, to correct clerical errors) or to vest more fully in or assure to the Bank the security interest in the Collateral granted to the Bank by this Agreement or to comply with applicable statute or law and to facilitate the collection of the Collateral (including, without limitation, the execution of stock transfer orders and stock powers, endorsement of promissory notes and instruments and notifications to obligors on the Collateral). To the extent permitted by applicable law, each Loan Party authorizes the Bank to file financing statements, continuation statements or amendments, and any such financing statements, continuation statements or amendments may be filed at any time in any jurisdiction. Bank may at any time and from time to time file financing statements, continuation statements and amendments thereto which contain any information required by the Code for the sufficiency or filing office acceptance of any financing statement, continuation statement or amendment, including the description of the Collateral as "all assets" or "all property", whether a Loan Party is an organization, the type of organization and any organization identification number issued to such Loan Party. Each Loan Party agrees to furnish any such information to Bank promptly upon request. In addition, such Loan Party shall at any time and from time to time take such steps as Bank may reasonably request for Bank (i) to obtain an acknowledgement, in form and substance satisfactory to Bank, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for Bank, (ii) to obtain control of any Collateral comprised of deposit accounts, electronic chattel paper, letter of credit rights or investment property, with any agreements establishing control to be in form and substance satisfactory to Bank, (iii) to obtain a mortgage or deed of trust on any real property owned by such Loan Party and to obtain all necessary surveys, title insurance and other requirements in connection with such mortgage or deed of trust, and (iv) otherwise to insure the continued perfection and priority of Bank's security interest in any of the Collateral and the preservation of its rights therein. Each Loan Party hereby constitutes Bank its attorney-in-fact to execute, if necessary, and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until this Agreement terminates in accordance with its terms, all Obligations are irrevocably paid in full and the Collateral is released.

4. REPRESENTATIONS AND WARRANTIES

In order to induce the Bank to enter into this Agreement and to extend the credit herein provided for, each Loan Party (as applicable), represents and warrants to the Bank that:

4.1 Organization and Qualification. Each Entity Loan Party and each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to own its property and to carry on its business as now conducted currently proposed to be conducted and, except where the failure to do so, individually or in the aggregate, could not be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. The name of each Entity Loan Party is as set forth on the signature page hereto and no Entity Loan Party shall change such name, conduct its business in any other name or take title to the Collateral in any other name while this Agreement remains in effect. No Entity Loan Party has ever had any name, or conducted business under any name in any jurisdiction, other than its name set forth on the signature page hereto, during the past five years except as set forth on Schedule 4.1 hereto. The Subsidiaries of each Loan Party are listed on Schedule 4.1. No Loan Party is party to any management agreement (unless subject to a Subordination Agreement) or shareholders' agreement.

4.2 Authorization; Enforceability. The Transactions are within the corporate, limited liability company, partnership, trust or other analogous powers of each Entity Loan Party to the extent it is a party thereto and have been duly authorized by all necessary corporate, limited liability company, partnership, trust or other analogous equityholder action, if required. Each Loan Document has been duly executed and delivered by each Entity Loan Party to the extent it is a party thereto and constitutes a legal, valid and binding obligation thereof, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally.

4.3 Subsidiaries. All of the Stock of the Borrower is owned beneficially and of record as set forth on Schedule 4.3. As of the Closing Date, neither the Borrower nor the Guarantor has any Subsidiaries except as set forth on Schedule 4.3.

4.4 Title to Properties; Absence of Liens and Claims. Except as set forth on Schedule 4.4,

(a) Each Loan Party and each Subsidiary has good title to, or valid leasehold interests in, all real and personal property material to its business.

(b) Each Loan Party and each Subsidiary owns, or is entitled to use, all Intellectual Property material to its business, and the use thereof by such Person does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not be expected to result in a Material Adverse Effect. There is no pending or, to any Loan Party's knowledge, there is no threatened claim or assertion (whether in writing, by suit or otherwise) that any Borrower's ownership, use, marketing, sale or distribution of Intellectual Property violates another person's Intellectual Property. As of the date hereof, no Borrower pays or owes any royalty or other compensation to any person with respect to any Intellectual Property.

(c) No Entity Loan Party owns any real property.

(d) No Collateral is in the possession of any Person asserting any claim thereto or security interest therein other than the Bank or its designee.

4.5 Places of Business. Borrower's chief executive office is accurately set forth in the preamble to this Agreement. Schedule 4.5 hereto lists the name of each Entity Loan Party owning any Collateral and each location existing on the date hereof where (i) each Entity Loan Party's books and records (including computer printouts and programs) are maintained and (ii) any tangible Collateral is stored or located.

4.6 Validity and Perfection of Security Interest. Each Security Document is effective to create in favor of the Bank a legal, valid and enforceable security interest in the Collateral pledged thereunder and when (i) financing statements in appropriate form, properly describing the Collateral and identifying the appropriate Loan Party as debtor and identifying the Bank as the secured party are filed in the office of the secretary of state of the jurisdiction of organization of each applicable Loan Party or such other office specified by the Code as necessary for perfection, (ii) the Bank obtains control of Collateral consisting of investment property and possession of Collateral consisting of instruments and (iii) appropriate documents with respect to Intellectual Property, if any, are filed in the United States Patent and Trademark Office or the United States Copyright Office, as the case may be, the security interest granted to the Bank shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral, in each case prior and superior in right to any other Person, other than with respect to Permitted Liens.

4.7 Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority, except (i) the filing of financing statements and other documents contemplated by Section 4.6 (and appropriate amendments and continuations of financing statements that may be required under the Code to maintain the perfection and priority of the Liens of the Bank on the Collateral) and (ii) such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the Organizational Documents of any Entity Loan Party or any order of any Governmental Authority applicable to any of them, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon any Loan Party or its assets, or give rise to a right thereunder to require any payment to be made by any Loan Party, and (d) will not result in the creation or imposition of any Lien on any asset of any Loan Party (other than Liens in favor of the Bank).

4.8 Permits. Each Loan Party possesses or has the right to use, and is in compliance with, all Permits and other rights that are material to the conduct of its business and knows of no conflict with the valid rights of others which could be expected to have a Material Adverse Effect. To the best knowledge of the Borrower, no event has occurred which permits or, after notice, lapse of time (or both) or any other condition, could reasonably be expected to permit, the revocation or termination of any such franchise, license or other right which revocation or termination could be expected to have a Material Adverse Effect.

4.9 Litigation and Environmental Matters. Except as set forth on Schedule 4.9:

(a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting any Loan Party (i) that, if adversely determined, could be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) that involve any Loan Document or the Transactions.

(b) No Loan Party (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any Permit or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

Since the date of this Agreement, there has been no change in the status of the matters disclosed on Schedule 4.9 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

4.10 Investment Company Status. No Entity Loan Party is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

4.11 Compliance with Law and Agreements. Each Loan Party is in compliance in all material respects with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property. No default under any such indenture, agreement or other instrument has occurred and is continuing or would result from the incurrence of the obligations of the Loan Parties under the Loan Documents or from the grant or perfection of the Liens granted to the Bank under this Agreement.

4.12 Financial Statements. Each Loan Party has heretofore furnished to the Bank the financial statements as required by the Bank. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Loan Parties and any other entities reflected therein as of such dates and for the indicated periods in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes in the case of quarterly statements) and are consistent with the books and records of the Borrower (which books and records are correct and complete). Since December 31, 2020, the Loan Parties have conducted their business only in the ordinary course and there has been no Material Adverse Effect.

4.13 Accounts and Contract Rights. With respect to each Account Receivable: (i) no transaction giving rise to such Account Receivable violated or will violate any applicable federal, state or local law, rule or ordinance, (ii) no Account Receivable is subject to terms prohibiting the assignment thereof or requiring notice or consent to such assignment, except for notices and consents that have been given or obtained, as the case may be, and (iii) each such Account Receivable represents a *bona fide* transaction which requires no further act on any Loan Party's part to make such Account Receivable payable by the account debtor with respect thereto, and, to each Loan Party's knowledge, such Account Receivable is not subject to any offsets or deductions other than credits and discounts to customers in the ordinary course of business and does not represent any consignment sales, guaranteed sale, conditional sale, installment sale, sale-or-return or other similar understanding or any obligation of any Affiliate of such Entity Loan Party. No contract right, Account Receivable, general intangible or chattel paper is or will be represented by an instrument, and no contract right, account or general intangible is, or will be represented by any conditional or installment sales obligation or other chattel paper.

4.14 Title to Collateral. Each Loan Party has good and valid rights in and title to the Collateral in which it purports to grant a security interest under the Security Documents and has full power and authority to grant to the Bank a Lien on such Collateral pursuant hereto and to execute, deliver and perform its obligations with respect to the Collateral in accordance with the terms of the Loan Documents, without the consent or approval of any other Person other than any consent or approval which has been obtained. The Collateral owned or held by or on behalf of any Loan Party is so owned or held by it free and clear of any Lien, except for Permitted Liens. The Lien of the Bank on the Collateral is and shall be prior to any other Lien on any of the Collateral, other than Permitted Liens which by operation of law have priority over such Lien.

4.15 Location of Collateral. Except as set forth on Schedule 4.15, no Collateral is in the possession of, or under the control of, any Person other than a Loan Party or the Bank. Except for inventory sold or in transit for sale in the ordinary course of business, each Loan Party will keep all inventory and equipment only at locations in the continental United States specified in this Agreement or specified to the Bank in writing.

4.16 Loan Party Taxes. Each Loan Party has timely filed or caused to be filed all tax returns and reports required to have been filed and has paid or caused to be paid by the relevant due date all Loan Party Taxes required to have been paid by it.

4.17 Federal Reserve Regulations. Neither any Loan Party nor any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock. None of the Collateral is used or was acquired primarily for personal, family or household purposes.

4.18 Labor Matters. As of the date hereof, there are no strikes, lockouts or slowdowns against any Loan Party or any Subsidiary pending or, to the knowledge of the Borrower, threatened. The hours worked by and payments made to employees of the Loan Parties and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters. All material payments due from any Loan Party or any Subsidiary, or for which any claim may be made against any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or, to the extent required by GAAP, accrued as a liability on the books of such Loan Party or such Subsidiary. The consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Loan Party or any Subsidiary is a party or by which it is bound.

4.19 Insurance. Schedule 4.19 sets forth a description of all insurance maintained by or on behalf of the Borrower and the Subsidiaries as of the date hereof. As of the date hereof, all premiums in respect of such insurance that are due and payable have been paid.

4.20 Solvency. After giving effect to the transactions contemplated by this Agreement, and before and after giving effect to the making of each Loan, each Loan Party is Solvent. No transfer of property has been or will be made by any Loan Party and no obligation has been or will be incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of any Loan Party.

4.21 Disclosure. The Borrower has disclosed to the Bank all agreements, instruments and corporate or other restrictions to which any Loan Party or any Subsidiary is subject, and all other matters known to it, that, individually, could be expected to result in a Material Adverse Effect. None of the reports, financial statements, certificates or other written information furnished by or on behalf of any Entity Loan Party or any Subsidiary to the Bank in connection with the negotiation of the Loan Documents or delivered thereunder (as modified or supplemented by other written information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, *provided that*, with respect to projected financial information, each Loan Party represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and there can be no assurance that actual results will comport with such projections.

4.22 ERISA. Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Tax Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Tax Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. The Loan Parties and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Tax Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Tax Code has been made with respect to any Plan. No Lien imposed under the Tax Code or ERISA exists or is likely to arise on account of any Plan. There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could be expected to result in a Material Adverse Effect. No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither any Entity Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA and other than periodic contribution requirements); (iv) neither any Entity Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither any Entity Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA, which in each case could be expected to have a Material Adverse Effect.

4.23 OFAC. None of the Borrower, any of the other Loan Parties or any other Affiliate of the Borrower: (i) is a person named on the list of Specially Designated Nationals or Blocked Persons maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") available at http://www.treas.gov/offices/eotffc/ofac/sdn/index.html, or as otherwise published from time to time; (ii) is (A) an agency of the government of a country, (B) an organization controlled by a country, or (C) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at http://www.treas.gov/offices/eotffc/ofac/sanctions/index.html, or as otherwise published from time to time, as such program may be applicable to such agency, organization or person; or (iii) derives any of its assets or operating income from investments in or transactions with any such country, agency, organization or person; and none of the proceeds from the Credit Extensions will be used to finance any operations, investments or activities in, or make any payments to, any such country, agency, organization, or person.

5. AFFIRMATIVE COVENANTS

Until the principal of and interest on each Loan and all fees and other amounts payable under the Loan Documents shall have been paid in full and all Obligations have been indefeasibly paid in full, and all obligations to extend credit have been terminated, each Loan Party (as applicable) agrees to comply with the covenants set forth in this Article 5.

5.1 Payments and Performance. Each Loan Party will duly and punctually pay all payment Obligations and will duly and punctually perform all other Obligations on its part to be performed under this Agreement and the Loan Documents.

5.2 Books and Records; Inspection. Each Entity Loan Party will, and will cause each of the Subsidiaries to, at all times keep proper books of account in which full, true and correct entries will be made of its transactions in accordance with generally accepted accounting principles, consistently applied and which are, in the opinion of an independent certified public accountant selected by the Entity Loan Parties and acceptable to Bank, adequate to determine fairly the financial condition and the results of operations of such Entity Loan Party. Each Entity Loan Party will, and will cause each of the Subsidiaries to, at all reasonable times make its books and records available in its offices for inspection, examination and duplication by the Bank and the Bank's representatives and will permit the Bank and the Bank's representatives to (i) inspect the Collateral and all of its properties, (ii) discuss its affairs, finances and condition with its officers and independent accountants and (iii) perform any field examination, Collateral analysis or other business analysis or audit relating to such Entity Loan Party or any Subsidiary at such reasonable times and as often as reasonably requested (and in any event not less frequently than specified in No.3 of the Annex); *provided that*, if no Default exists, the Borrower shall be responsible only for reasonable fees and expenses in connection with any such examination, Collateral analysis or other business analysis or audit as specified in No. 3 of the Annex. Each Entity Loan Party will from time to time furnish the Bank with such information and statements as the Bank may request in its sole discretion with respect to the Obligations or the Bank's security interest in the Collateral. Each Entity Loan Party shall, during the term of this Agreement, keep the Bank currently and accurately informed in writing of each location where such Entity Loan Party's records relating to its accounts and contract rights are kept and each of its places of business, and shall not remove such records to another location, change the location of its chief executive office or open or close, move or change any existing or new place of business without the prior written consent of the Bank, which consent shall not be unreasonably withheld.

5.3 Financial Statements and Reporting. Borrower will furnish to Bank the financial statements and reports set forth on No. 4 of the Annex.

5.4 Maintenance of Existence; Conduct of Business. Each Entity Loan Party will, and will cause each of the Subsidiaries to, maintain its existence in good standing and shall do or cause to be done all things necessary to preserve and keep in full force and effect its legal existence and all rights, Permits, privileges and franchises material to the conduct of its business.

5.5 Compliance with Law. Each Entity Loan Party will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property.

5.6 Notice to Account Debtors. Each Entity Loan Party (i) agrees, at the written request of the Bank, to notify in such manner as the Bank requests any or all of the Account Debtors in writing of the Bank's security interest in the Collateral and (ii) hereby authorizes the Bank

to notify any or all of the Account Debtors of the Bank's security interest in the Collateral, such notification to be given at the expense of such Entity Loan Party.

5.7 Solvency. Each Loan Party will remain Solvent during the term of this Agreement.

5.8 Operating and Deposit Accounts**.** Each Entity Loan Party shall maintain with the Bank the accounts set forth on No. 5 of the Annex.

5.9 Payment of Loan Party Taxes, Accounts Payable and Other Obligations. Each Entity Loan Party will, and will cause each of the Subsidiaries to, pay, before the same shall become delinquent or in default, its obligations, including Loan Party Taxes, except and only to the extent that (a) the validity or amount thereof is being contested in good faith by appropriate proceedings diligently conducted, (b) each Entity Loan Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest could not be expected to result in a Material Adverse Effect. The Bank may, at its option, from time to time, discharge any taxes, liens or encumbrances of any of the Collateral, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it.

5.10 Maintenance of Collateral. Each Entity Loan Party will keep the Collateral and all of its tangible Property in good repair, working order and condition (ordinary wear and tear excepted). Each Entity Loan Party will immediately notify the Bank of any loss or damage to, or any occurrence which could reasonably be expected to materially and adversely affect the value of, any Collateral. The Bank may, at its option, from time to time, take any action that the Bank may deem proper to repair, maintain or preserve any of the Collateral without affecting any of its rights or remedies provided herein or as a secured party under the Code, and the Borrower will pay to the Bank on demand or the Bank in its sole discretion may charge to the Borrower all amounts so paid or incurred by it, which amount shall be added to the amount of the indebtedness secured by the Collateral.

5.11 Insurance. Each Loan Party will maintain in full force and effect property insurance on all Collateral and any other property of each Loan Party, if any, and maintain insurance against such risks of liability (including business interruption insurance) as specified in No. 6 of the Annex. Such insurance policies shall name the Bank as an additional insured with respect to liability coverage and lender loss payee with respect to casualty and business interruption coverage, as applicable, and shall provide that, with respect to property claims affecting the Collateral, no loss shall be adjusted thereunder without the Bank's approval. In addition, all such policies shall provide that they may not be canceled without first giving at least thirty (30) days' written notice of cancellation to the Bank and shall contain a standard lender's loss payable endorsement acceptable to the Bank. Each Loan Party shall provide to the Bank, promptly upon Bank's request, evidence of such insurance and of the annual renewal of each such policy. In the event that such Loan Party fails to provide evidence of such insurance, the Bank may, at its option, obtain such insurance and charge the cost thereof to the Borrower, which amount shall be added to the amount of the indebtedness secured hereby, shall be payable on demand and shall be secured by the Collateral. At the option of the Bank, all insurance proceeds received from any loss or damage to any of the Collateral including, without limitation, inventory and Accounts Receivable shall be applied either to the replacement or repair thereof or as a payment on account of the Obligations. From and after the occurrence of an Event of Default, the Bank is authorized to cancel any insurance maintained hereunder and apply any returned or unearned premiums, all of which are hereby assigned to the Bank, as a payment on account of the Obligations.

5.12 Notification of Material Events. The Borrower will furnish to the Bank prompt written notice of the following:

(a) the occurrence of any Default or Event of Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Affiliate thereof (or any of their respective Property);

(c) the occurrence of any ERISA Event;

(d) the occurrence of any damage in an amount equal to or greater than $25,000 to any portion of any Collateral or the commencement of any action or proceeding for the taking of any Collateral having a value equal to or greater than $25,000 or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding;

(e) any suspension of business, assignment for the benefit of creditors, dissolution, petition in receivership or under any chapter of the United States Bankruptcy Code, as amended from time to time, by or against any Account Debtor, any Account

Debtor's becoming insolvent or unable to pay its debts as they mature or any other act of the same or different nature amounting to a business failure of which any Loan Party has knowledge;

(f) any other development that results in, or could be expected to result in, a Material Adverse Effect; and

(g) any dispute, allowance or settlement with any account debtor relating to an amount in excess of $25,000.

Each notice delivered under this Section shall be accompanied by a statement of the chief financial officer or other executive officer of the Borrower setting forth in reasonable detail a description of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

5.13 Lien Law. If any account or general intangible included in the Collateral represents money owing pursuant to any contract for the improvement of real property or for a public improvement for purposes of the Lien Law of the State of New York (the "Lien Law"), Borrower shall comply with the filing requirements of the Lien Law and (i) give Bank notice of such fact; (ii) receive and hold any money advanced by Bank with respect to such account or general intangible as a trust fund to be applied to the payment of trust claims as such term is defined in the Lien Law (Section 71 or otherwise); and (iii) until such trust claim is paid, not use or permit the use of any such money for any purpose other than the payment of such trust claims.

5.14 Environmental. Each Loan Party shall and shall cause each of the Subsidiaries to, use and operate all of its facilities and property in compliance with all Environmental Laws, keep all necessary Permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws. Each Loan Party agrees to indemnify and hold Bank and each Bank Affiliate harmless from all liability, loss, cost, damage and expense, including attorneys' fees and costs of litigation, arising from any violation by a Loan Party of any Environmental Law (including those arising from any lien by any Federal, state or local government arising from the presence of Hazardous Materials) or from the presence of Hazardous Materials located on or emanating from any of the premises owned or controlled by any Loan Party or a Subsidiary. The Borrower further agrees to reimburse Bank upon demand for any costs incurred by Bank in connection with the foregoing, which amount shall be added to the amount of the indebtedness secured by the Collateral. Each Loan Party agrees that its obligations hereunder shall be continuous and shall survive the repayment of all debts to Bank.

5.15 Third Parties. Each Loan Party acknowledges and agrees that the Bank shall have no duty to, and shall not be deemed to have assumed any liability or responsibility to, any Loan Party or any third Person for the correctness, validity or genuineness of any instruments or documents that may be released or endorsed to such Loan Party by the Bank (all of which shall be without recourse to the Bank) or for the existence, character, quantity, quality, condition, value or delivery of any goods purporting to be represented by any such documents; and the Bank, by accepting a Lien on the Collateral, or by releasing any Collateral to any Loan Party, shall have no duty to, and shall not be deemed to have assumed any obligation or liability to, any supplier, Account Debtor or any other third party, and each Loan Party agrees to indemnify and defend the Bank against and hold it harmless from any claim or proceeding arising out of the foregoing.

5.16 Use of Proceeds. The proceeds of the Credit Extensions shall be used to (i) in the case of the Term Loan, to partially fund the acquisition by Borrower 3 of the outstanding capital stock of Borrower 1 and Borrower 2 and (ii) in the case of the Revolving Loans, to finance the general corporate purposes of the Borrower in the ordinary course of business. No portion of any Loan shall be used for (x) the purpose of purchasing or carrying any "margin security" or "margin stock" as such terms are used in Regulations U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. 221 and 224 or (y) primarily personal, family or household purposes.

5.17 Additional Subsidiaries; Additional Collateral.

(a) With respect to any Subsidiary created or acquired after the Closing Date by any Loan Party, Borrower shall promptly cause such Subsidiary to execute the Guaranty Documents and Security Documents, securing the Obligations as described in the Guaranty Documents and Security Documents and covering the types of assets covered by the Guaranty Documents and Security Documents, take all required actions to perfect the security interests created by the Guaranty Documents and Security Documents in the assets of such Subsidiary and if requested by the Bank, deliver to the Bank legal opinions relating to the preceding matters, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Bank.

(b) If requested by the Bank, grant in favor of the Bank, Liens on any other assets other than real property (owned or leased) hereafter acquired by the Loan Parties or any Subsidiary and on previously encumbered assets which become unencumbered, to the extent such Liens are then permissible under applicable law and pursuant to any agreements to which the Borrower or its Subsidiaries are a party, pursuant to documentation in form and substance reasonably satisfactory to the Bank.

6. NEGATIVE COVENANTS

Until the principal of and interest on each Loan and all fees and other amounts payable under the Loan Documents shall have been paid in full, and all Obligations have been indefeasibly paid in full, and all obligations to extend credit have been terminated, each Loan Party (as applicable) agrees to comply with the covenants set forth in this Article 6.

6.1 Financial Covenants. The Borrower will not at any time or during any fiscal period (as applicable) fail to be in compliance with any of the financial covenants set forth in No. 7 of the Annex hereto.

6.2 Indebtedness. Each Loan Party will not, and will not permit any Subsidiary (if any) to, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.2, but not any extensions, renewals or replacements of any such Indebtedness;

(c) Indebtedness of any Loan Party or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof, provided that (A) such Indebtedness is incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement and (B) the aggregate principal amount of Indebtedness permitted by this clause (iii) shall not exceed $100,000 at any time outstanding; and

(d) Guaranties in favor of the Bank.

6.3 Liens. No Entity Loan Party will, and will permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except Permitted Liens.

6.4 Fundamental Changes. No Entity Loan Party will or will permit any Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets, or all or substantially all of the equity securities of any of the Subsidiaries (in each case, whether now owned or hereafter acquired), or liquidate or dissolve, except that, if at the time thereof and immediately after giving effect thereto, no Default shall have occurred:

(a) any Subsidiary may merge into the Borrower in a transaction in which the Borrower is the surviving entity; and

(b) any Subsidiary may merge into any other; and

(c) any Subsidiary may sell, transfer, lease or otherwise dispose of its assets to the Borrower.

6.5 Investments, Loans, Advances, Guarantees and Acquisitions. No Entity Loan Party will, and will permit any of the Subsidiaries to, purchase, hold or acquire (including pursuant to any merger, other than a merger permitted by Section 6.4) any Stock, evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other

Person, or purchase or otherwise acquire (in one transaction or a series of transactions (including pursuant to any merger)) any assets of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments existing on the date hereof and set forth in Schedule 6.5;

(c) Investments consisting of extensions of credit in the nature of accounts receivable arising from the grant of trade credit in the ordinary course of business;

(d) loans and advances to officers, directors and employees of each Entity Loan Party or any Subsidiary in the ordinary course of the business of the Loan Parties and their Subsidiaries as presently conducted in compliance with all applicable laws (including, to the extent applicable, the Sarbanes-Oxley Act of 2002, as amended) in an aggregate principal amount not to exceed $10,000 at any time outstanding;

(e) investments made by each Entity Loan Party in the equity securities of any Domestic Subsidiary and made by any Domestic Subsidiary in the equity securities of any other Domestic Subsidiary provided that (i) any such equity securities owned by any Entity Loan Party or any Domestic Subsidiary shall become Collateral pursuant to this Agreement; and

(f) transactions under the Designated Stock Purchase Agreement.

6.6 Asset Sales. No Entity Loan Party will, or will permit any of the Subsidiaries to, sell, transfer, lease or otherwise dispose (including pursuant to a merger, other than a merger permitted by Section 6.4) of any asset, including any equity securities, nor will any Entity Loan Party issue, or permit any of the Subsidiaries to issue, any additional shares of its equity securities, except:

(a) sales, transfers, leases and other dispositions of inventory, used or surplus equipment and Permitted Investments, in each case in the ordinary course of business and other assets having a value not in excess of $10,000 in any fiscal year;

(b) sales, transfers, leases and other dispositions made by the Borrower to any Subsidiary and made by any Subsidiary to the Borrower or any other Subsidiary; provided that no Loan Party shall make a sale, transfer, lease or other disposition to any Person other than another Loan Party;

(c) dispositions of fixed or capital assets to the extent that (i) such property is exchanged for credit against the purchase price of other replacement fixed or capital assets or (ii) the proceeds of such disposition are reasonably promptly applied to the purchase price of such fixed or capital assets;

(d) the settlement or write-off of Accounts Receivable or assignment of overdue Accounts Receivable for collection in the ordinary course of business consistent with past practice; and

(e) dispositions of assets having a value not in excess of $10,000 in any fiscal year that are worn out or no longer used or useful in the conduct of business.

6.7 Sale-and-Leaseback Transactions. No Loan Party will, or will permit any of the Subsidiaries to, enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any Property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such Property or other Property that it intends to use for substantially the same purpose or purposes as the Property being sold or transferred.

6.8 Restricted Payments. No Entity Loan Party will or will permit any of the Subsidiaries to, (i) declare or make, or agree to pay for or make, directly or indirectly, any Restricted Payment, or (ii) be or become liable in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of its equity securities or any option, warrant or other right to acquire any such shares of equity securities, except, provided no Default or Event of Default exists or would be caused thereby, for (i) Restricted Payments made from net income in an amount to pay the tax liabilities of equity holders incurred due to their ownership of

equity in such Loan Party; and (ii) Restricted Payments made from net income by Borrower 3 to its equity holders to the extent same may be permitted pursuant to the corresponding Subordination Agreement with the Bank.

6.9 Transactions with Affiliates. No Entity Loan Party will, or will permit any of the Subsidiaries to, sell, transfer, lease or otherwise dispose of (including pursuant to a merger, other than a merger permitted by Section 6.4) any property or assets to, or purchase, lease or otherwise acquire (including pursuant to a merger) any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except in the ordinary course of business at prices and on terms and conditions not less favorable to such Entity Loan Party or such Subsidiary than could be obtained on an arms-length basis from unrelated third parties.

6.10 Restrictive Agreements. No Entity Loan Party will, or will permit any of the Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of such Entity Loan Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its equity securities or to make or repay loans or advances to such Entity Loan Party or any other Subsidiary or to guarantee Indebtedness of such Entity Loan Party or any other Subsidiary, provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by the Loan Documents, and (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of this Section shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the Property securing such Indebtedness and (v) clause (a) of this Section shall not apply to customary provisions in leases restricting the assignment thereof.

6.11 Amendment of Material Documents. No Entity Loan Party will, or will permit any of the Subsidiaries to amend, modify or waive any of its rights under its Organizational Documents, other than immaterial amendments, modifications or waivers that would not reasonably be expected to adversely affect the Bank. In furtherance of the foregoing, no Entity Loan Party will change its name, its type of organization or jurisdiction of organization without (x) giving the Bank at least thirty (30) days prior written notice thereof and (y) taking all actions required to maintain the perfection and priority of the Lien of the Bank on all Collateral.

6.12 Lines of Business. No Entity Loan Party will, or will permit any of the Subsidiaries to, engage in any business other than the business in which it is engaged on the date hereof and any business reasonably similar, complimentary, ancillary or related thereto.

6.13 Accounting Changes. No Entity Loan Party will, or will permit any of the Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices except as required by GAAP or (ii) its fiscal year.

6.14 Hedging Agreements. No Entity Loan Party will, or will permit any of the Subsidiaries to, enter into any Hedging Agreement, other than Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which such Entity Loan Party or any Subsidiary is exposed in the conduct of its business or the management of its liabilities.

7. DEFAULT

7.1 Default. "Event of Default" shall mean the occurrence of one or more of any of the following events:

(a) default of any debt, liability, obligation, covenant or undertaking of any Loan Party to the Bank, whether hereunder or otherwise, including, without limitation, failure to (i) pay in full and when due (whether by acceleration or otherwise) any installment of principal or interest, or default of any Loan Party, under any other Loan Document, or any other agreement with the Bank or any Bank Affiliate; or

(b) failure of any Loan Party to maintain aggregate collateral security value reasonably satisfactory to the Bank; or

(c) default of any debt, liability, obligation, covenant or undertaking of any Loan Party to any Bank Affiliate or to any other Person; or

(d) if any statement, representation or warranty heretofore, now or hereafter made by any Loan Party in connection with the Loan Documents, or in any report, certificate or in any supporting financial statement of any Loan Party shall be determined by the Bank to have been false or misleading in any material respect when made or deemed made; or

(e) if any Loan Party is an entity, the liquidation, termination or dissolution of any such entity, or the merger or consolidation of such entity into another entity, or its suspension of or ceasing to carry on actively its present business, or the sale or attempted sale of all or substantially all of its assets or (ii) if any Loan Party is comprised of a trust, if the trust is revoked or otherwise terminated or all or a substantial part of the Loan Party's assets are distributed or otherwise disposed of; or

(f) the death or judicial declaration of incompetence of any Loan Party and, if any Loan Party is a partnership, limited liability company, 'S' corporation or corporation having a single shareholder who is an individual, the death or judicial declaration of incompetence of any partner, member or equity holder; or

(g) any Guarantor repudiates or purports to revoke or terminate any Guarantor Document, or fails to perform any obligation under any Guarantor Document; or

(h) an Overadvance arises as the result of any reduction in the Borrowing Base, or arises in any manner or on terms not otherwise approved of in advance by the Bank in writing; or

(i) an event of default or termination event (however defined) exists under (1) the Designated Stock Purchase Agreement, or (2) any derivative, foreign exchange, or similar transaction or arrangement entered into between any Loan Party and the Bank or any Bank Affiliate; or

(j) a Change in Control shall occur; or

(k) any Loan Party becomes insolvent or admits in a writing an inability to pay debts as they mature, or any Loan Party makes an assignment for the benefit of creditors; or any Loan Party applies for or consents to the appointment of any receiver, trustee, or similar officer for the benefit of any Loan Party, or for any of their properties; or any receiver, trustee or similar officer is appointed without the application or consent of such Loan Party; or any judgment, writ, attachment, execution or similar process is issued or levied against a substantial part of the property of any Loan Party; or

(l) any Loan Party files a petition under any chapter of the United States Bankruptcy Code or under the laws of any other jurisdiction naming such Loan Party as debtor; or any such petition is instituted against such Loan Party; or any Loan Party institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, debt arrangement, dissolution, liquidation or similar proceeding under the laws of any jurisdiction; or any such proceeding is instituted (by petition, application or otherwise) against such Loan Party; or

(m) any writ, levy, lien (including, without limitation, a mechanics lien), seizure, replevin, attachment, execution or similar process shall be issued or levied on any of the property of any Loan Party; or

(n) this Agreement or any other Loan Document, or any provision thereof, shall for any reason cease to be in full force and effect in accordance with its terms or any Loan Party shall so assert in writing; or

(o) Bank's security interest in any of the Collateral fails to be a first priority security interest (subject only to Permitted Liens); or

(p) any license, franchise, permit, right, approval or agreement of the Borrower is not renewed, or is suspended, revoked or terminated and the non-renewal, suspension, revocation or termination thereof could have a Material Adverse Effect; or

(q) an arbitration award, judgment, or decree or order for the payment of money in an amount in excess of $50,000 which is not insured or subject to indemnity, is entered against any Loan Party which is not promptly stayed or the stay of any such award, judgment, decree or order is lifted; or

(r) any Loan Party is in default with respect to any bond, debenture, note or other evidence of material indebtedness issued by such Loan Party that is held by any third Person other than the Bank, or under any instrument under which any such evidence of indebtedness has been issued or by which it is governed, or under any material lease or other contract, and the applicable grace period, if any, has expired, regardless of whether such default has been waived by the holder of such indebtedness; or

(s) any Loan Party engages in any act prohibited by any Subordination Agreement, or makes any payment on Subordinated Indebtedness (as defined in the Subordination Agreement) that the Subordinated Creditor was not contractually entitled to receive; or

(t) any director, officer or owner of at least 10% of the issued and outstanding Stock of any Entity Loan Party is indicted for a felony offense under state or federal law, or any Entity Loan Party hires an officer or appoints a director who has been convicted of any such felony offense, or a Person becomes an owner of at least 10% of the Stock of any Entity Loan Party who has been convicted of any such felony offense; or

(u) any ERISA Event, which the Bank in good faith believes to constitute sufficient grounds for termination of any Plan or for the appointment of a trustee to administer any Plan, has occurred and is continuing thirty (30) days after the Borrower gives the Bank a written notice of the ERISA Event; or a trustee is appointed by an appropriate court to administer any Plan; or the PBGC institutes proceedings to terminate or appoint a trustee to administer any Plan; or any Entity Loan Party or any ERISA Affiliate files for a distress termination of any Plan under Title IV of ERISA; or any Entity Loan Party or any ERISA Affiliate fails to make any quarterly Plan contribution required under Section 412 of the Tax Code, which the Bank in good faith believes may, either by itself or in combination with other failures, result in the imposition of a Lien on any Entity Loan Party's assets in favor of the Plan; or any withdrawal, partial withdrawal, reorganization or other event occurs with respect to a Multiemployer Plan which could reasonably be expected to result in a material liability by any Entity Loan Party to the Multiemployer Plan under Title IV of ERISA; or

(v) the occurrence of such a change in the condition, affairs (financial or otherwise) or operations of any Loan Party, or the occurrence of any other event or circumstance, such that the Bank, in its sole discretion, deems that it is insecure or that the prospects for timely or full payment or performance of any obligation of any Loan Party to the Bank has been or may be materially impaired; or

(w) Borrower shall fail to make a Permitted Payment (as defined in the Seller Subordination Agreement) or a default exists or a Claim by Seller shall be made under the Seller Subordination Agreement or the Seller Note, or any principal amount of the Seller Note shall become due and payable.

7.2 Acceleration; Remedies. (a) If an Event of Default shall exist, at the election of the Bank, but automatically in the case of an Event of Default under Sections (k) and (l) above, all commitments to extend credit (if any) shall terminate and all Obligations shall become immediately due and payable without notice or demand. The Bank is hereby authorized, at its election, after an Event of Default, without any further demand or notice except to such extent as notice may be required by applicable law, to terminate any commitment to extend credit hereunder (if applicable) and to take possession and/or sell or otherwise dispose of all or any of the Collateral at public or private sale; and the Bank may also exercise any and all other rights and remedies of a secured party under the Code or which are otherwise accorded to it in equity or at law, all as Bank may determine, and such exercise of rights in compliance with the requirements of law will not be considered adversely to affect the commercial reasonableness of any sale or other disposition of the Collateral. If notice of a sale or other action by the Bank is required by applicable law, unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, each Loan Party agrees that ten (10) days' written notice to such Loan Party, or the shortest period of written notice permitted by such law, whichever is smaller, shall be sufficient notice; and that to the extent permitted by law, the Bank, Bank Affiliates, its officers, attorneys and agents may bid and become purchasers at any such sale, if public, and may purchase at any private sale any of the Collateral that is of a type customarily sold on a recognized market or which is the subject of widely distributed standard price quotations. Any sale (public or private) shall be without warranty and free from any right of redemption,

which such Loan Party hereby waives and releases. No purchaser at any sale (public or private) shall be responsible for the application of the purchase money. Upon demand by the Bank, each Loan Party shall assemble the Collateral and make it available to the Bank at a place designated by the Bank which is reasonably convenient to the Bank and such Loan Party. Each Loan Party hereby acknowledges that the Bank has extended credit and other financial accommodations to the Borrower upon reliance of such Loan Party's granting the Bank the rights and remedies contained in this Agreement including without limitation the right to take immediate possession of the Collateral upon the occurrence of an Event of Default and such Loan Party hereby acknowledges that the Bank is entitled to equitable and injunctive relief to enforce any of its rights and remedies hereunder or under the Code and such Loan Party hereby waives any defense to such equitable or injunctive relief based upon any allegation of the absence of irreparable harm to the Bank. The Bank may for any reason apply for the appointment of a receiver of the Collateral (to which appointment each Loan Party hereby irrevocably consents) without the necessity of posting a bond or other form of security (which each Entity Loan Party hereby waives).

(b) Each Loan Party acknowledges that any exercise by the Bank of the Bank's rights upon an Event of Default may be subject to compliance by the Bank with any Requirement of Law of any Governmental Authority, and may impose, without limitation, any of the foregoing restricting the sale of securities. The Bank, in its sole discretion at any such sale, may restrict the prospective bidders or purchasers as to their number, nature of business and investment intentions, and may impose, without limitation, a requirement that the Persons making such purchases represent and agree, to the satisfaction of the Bank, that they are purchasing the Collateral for their own account, for investment, and not with a view to the distribution or resale thereof.

(c) Any funds received by the Bank from or on behalf of any of the Loan Parties and/or the Collateral held pursuant to this Agreement shall be applied towards the Obligations in such order and manner as the Bank determines in its sole discretion, any statute, custom or usage to the contrary notwithstanding. The Bank shall have the unrestricted right from time to time to change any application already made of the proceeds of any of the Collateral to any of the Obligations, as the Bank in its sole discretion may determine. Any balance of the net proceeds of sale remaining after paying all Obligations of the Borrower to the Bank shall be returned to Borrower or such other Person as may be legally entitled thereto; and if there is a deficiency, the Borrower shall be responsible for repayment of the same, with interest.

(d) The Bank shall not be required to marshal any present or future security for (including but not limited to this Agreement and the Collateral subject to the security interest created hereby), or Guaranties of, the Obligations or any of them, or to resort to such security or Guaranties in any particular order; and all of its rights hereunder and in respect of such securities and Guaranties shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may do so, each Loan Party hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of the Bank's rights under this Agreement or under any other instrument evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or guaranteed, and to the extent that it lawfully may do so, each Loan Party hereby irrevocably waives the benefits of all such laws. Except as required by applicable law, the Bank shall have no duty as to the collection or protection of the Collateral or any income thereon, nor as to the preservation of rights against prior parties, nor as to the preservation of any rights pertaining thereto beyond the safe custody thereof.

(e) To the extent that the Borrower makes a payment or payments to the Bank, or the Bank enforces its Liens or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Bank in its discretion) to be repaid to a trustee, receiver or any other party in connection with any proceeding under any federal, state or foreign bankruptcy, insolvency, reorganization, receivership or similar law now or hereafter in effect, or otherwise, then, to the extent of such recovery, the Obligations or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

7.3 Power of Attorney. Each Entity Loan Party hereby irrevocably constitutes and appoints the Bank as such Entity Loan Party's true and lawful attorney, with full power of substitution, at the sole cost and expense of the Entity Loan Parties but for the sole benefit of the Bank, upon the occurrence of an Event of Default, to convert the Collateral into cash, including, without limitation, completing the manufacture or processing of work in process, and the sale (either public or private) of all or any portion or portions of the inventory and other Collateral; to use pursuant to a royalty free license all of such Entity Loan Party's intellectual property; to enforce collection of the Collateral, either in its own name or in the name of such Entity Loan Party, including, without limitation, executing releases or waivers, compromising or settling with any Account Debtors and prosecuting, defending, compromising or releasing any action relating to the Collateral; to receive, open and dispose of all mail addressed to such Entity Loan Party and to take therefrom any remittances or

proceeds of Collateral in which the Bank has a security interest; to notify Post Office authorities to change the address for delivery of mail addressed to such Entity Loan Party to such address as the Bank shall designate; to endorse the name of such Entity Loan Party in favor of the Bank upon any and all checks, drafts, money orders, notes, acceptances or other instruments of the same or different nature; to sign and endorse the name of such Entity Loan Party on and to receive as secured party any of the Collateral, any invoices, freight or express receipts, or bills of lading, storage receipts, warehouse receipts, or other documents of title of the same or different nature relating to the Collateral; to sign the name of such Entity Loan Party on any notice of the Account Debtors or on verification of the Collateral; and to sign, if necessary, and file or record on behalf of such Entity Loan Party any financing or other statement in order to perfect or protect the Bank's security interest. The Bank shall not be obliged to do any of the acts or exercise any of the powers hereinabove authorized, but if the Bank elects to do any such act or exercise any such power, it shall not be accountable for more than it actually receives as a result of such exercise of power, and it shall not be responsible to such Entity Loan Party except for its own gross negligence or willful misconduct. All powers conferred upon the Bank by this Agreement, being coupled with an interest, shall be irrevocable so long as any Obligation of such Entity Loan Party or surety to the Bank shall remain unpaid or the Bank is obligated under this Agreement to extend any credit to the Borrower.

7.4 Nonexclusive Remedies. All of the Bank's rights and remedies not only under the provisions of this Agreement but also under the other Loan Documents or any other agreement or transaction shall be cumulative and not alternative or exclusive, and may be exercised by the Bank at such time or times and in such order of preference as the Bank in its sole discretion may determine.

7.5 Reassignment to Entity Loan Party. Whenever the Bank deems it desirable that any legal action be instituted with respect to any Collateral or that any other action be taken in any attempt to effectuate collection of any Collateral, the Bank may reassign the item in question to any Entity Loan Party (and if the Bank shall execute any such reassignment, it shall automatically be deemed to be without warranty or recourse to the Bank in any event) and require such Entity Loan Party to proceed with such legal or other action at such Entity Loan Party's sole liability, cost and expense, in which event all amounts collected by such Entity Loan Party on such item shall nevertheless be subject to the Bank's security interest.

8. MISCELLANEOUS

8.1 Waivers. Each Loan Party waives notice of intent to accelerate, notice of acceleration, notice of nonpayment, demand, presentment, protest or notice of protest of the Obligations, and all other notices, consents to any renewals or extensions of time of payment thereof, and generally waives any and all suretyship defenses and defenses in the nature thereof.

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

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

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

8.5 Costs and Expenses. The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in the preparation of this Agreement and in establishing, maintaining, monitoring, protecting or enforcing any of the Bank's rights or the Obligations (including its rights under this Section 8.5), including, without limitation, any and all such costs and expenses (including reasonable attorneys' fees and disbursements of any in-house counsel, whether or not on an out-of-pocket basis) incurred or paid by the Bank (a) in defending the Bank's security interest in, title or right to the Collateral or in collecting or attempting to collect or enforcing or attempting to enforce payment of the Obligations and (b) in any bankruptcy or other proceeding related to any Loan Party.

8.6 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be an original, but all of which, taken together, shall constitute but one agreement. Any party to a Loan Document may rely on signatures of the parties thereto or in any notice or communication delivered pursuant thereto which are transmitted by facsimile or other electronic means as fully as if manually signed.

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

8.8 Binding Effect of Agreement. This Agreement shall be binding upon and inure to the benefit of the respective heirs, executors, administrators, legal representatives, successors and assigns of the parties hereto, and shall remain in full force and effect (and the Bank shall be entitled to rely thereon) until released in writing by the Bank. No Loan Party may assign or transfer any of its rights or delegate any of its obligations under this Agreement. Except as expressly provided herein or in the other Loan Documents, nothing, expressed or implied, is intended to confer upon any party, other than the parties hereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

8.9 Amendments and Waivers. No amendment or waiver of this Agreement or any other Loan Document or any provision hereof or thereof, and no consent to any departure by any Loan Party therefrom, shall be effective unless the same shall be in writing and signed by the Bank and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No course of dealing and no delay or omission on the part of Bank in exercising any right hereunder shall operate as a waiver of such right or any other right and waiver on any one or more occasions shall not be construed as a bar to or waiver of any right or remedy of Bank on any future occasion. The rights, remedies, powers and privileges herein provided or provided in the other Loan Documents are cumulative and not exclusive of any rights, remedies powers and privileges provided by law. Without limiting the generality of the foregoing, to the extent permitted by law, the making of a Credit Extension shall not be construed as a waiver of any Event of Default, regardless of whether the Bank may have had notice or knowledge of such Event of Default at the time.

8.10 Assignments; Participations; Pledge.

(a) The Bank shall have the right at any time or from time to time to assign all or any portion of its rights and obligations hereunder to one or more banks or other financial institutions (each, an "Assignee"). Borrower agrees that, upon written request of the Bank, it shall execute or cause to be executed, such documents, including, without limitation, amendments to this Agreement and to any other documents, instruments and agreements executed in connection herewith as the Bank shall deem necessary to effect the foregoing. In addition, at the request of the Bank and any such Assignee, the Borrower shall issue one or more new promissory notes, as applicable, to any such Assignee and, if the Bank has retained any of its rights and obligations hereunder following such assignment, to the Bank, which new promissory notes shall be issued in replacement of, but not in discharge of, the liability evidenced by the promissory note held by the Bank prior to such assignment and shall reflect the amount of the respective loans held by such Assignee and the Bank after giving effect to such assignment. Upon the execution and delivery of appropriate assignment documentation, amendments and any other documentation required by the Bank in connection with such assignment, and the payment by the Assignee of the purchase price agreed to by the Bank, and such Assignee, such Assignee shall be a party to this Agreement and shall have all of the rights and obligations of the Bank hereunder (and under any and all other guaranties, documents, instruments and agreements executed in connection therewith) to the extent that such rights and obligations have been assigned by the Bank pursuant to the assignment documentation between the Bank and such Assignee, and the Bank shall be released from its obligations hereunder and thereunder to a corresponding extent. The Bank may furnish any information concerning

the Borrower in its possession from time to time to prospective Assignees, provided that the Bank shall require any such prospective Assignees to agree in writing to maintain the confidentiality of such information pursuant to a confidentiality agreement reasonably acceptable to the Borrower.

(b) The Bank shall have the unrestricted right at any time and from time to time, and without the consent of, or notice to, the Borrower, to grant to one or more banks or other financial institutions (each, a "Participant") participating interests in the Bank's obligation to lend hereunder and/or any or all of the Loans held by the Bank hereunder. In the event of any such grant by the Bank of a participating interest to a Participant, whether or not upon notice to the Borrower, the Bank shall remain responsible for the performance of its obligations hereunder and the Borrower shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations hereunder. The Bank may furnish any information concerning the Borrower in its possession from time to time to prospective Participants, provided that the Bank shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information pursuant to a confidentiality agreement reasonably acceptable to the Borrower.

(c) The Bank may at any time pledge all or any portion of its rights under the Loan Documents including any portion of the Note to any Federal Reserve Bank organized under section 4 of the Federal Reserve Act, 12 U.S.C. Section 341. No such pledge or enforcement thereof shall release the Bank from its obligations under any of the Loan Documents.

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

8.12 Notices. Except in the case of notices and other communications expressly permitted to be given by telephonic or electronic communications, all notices and other communications delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, sent by facsimile transmission or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered by facsimile transmission, on the date of transmission if transmitted on a Business Day before 4:00 p.m. (New York Time) or, if not, on the next succeeding Business Day (provided that, in either case, the sender shall have received from the recipient a confirmation of transmission (in addition to any electronic confirmation of receipt generated by the facsimile system); (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed and with shipping charges paid; or (d) if by United States mail, three business days after deposit in the United States mail, registered or certified mail, postage prepaid, return receipt requested, and properly addressed.

Notices shall be addressed as follows:

If to the Bank, to:
Sterling National Bank
One Jericho Plaza
Suite 304
Jericho, New York 11753
Attention: Daniel Liberty, Senior Vice President

With a copy to:

Sterling National Bank
21 Scarsdale Road
Yonkers, New York 10707
Attention: General Counsel

If to any Loan Party, to:

Wolo Mfg. Corp
1 Saxwood Street
Deer Park, New York 11729

Wolo Industrial Horn & Signal, Inc.
1 Saxwood Street
Deer Park, New York 11729

1847 Wolo Inc.
c/o 1847 Holdings LLC
590 Madison Avenue, 21st Floor
New York, New York 10022
Attention: Jay Amond, CFO
Email: jamond@1847holdings.com

With a copy to:

Bevilacqua PLLC
1050 Connecticut Avenue, NW, Suite 500
Washington DC 20036
Attention: Louis Bevilacqua, Esq.
Email: lou@bevilacquapllc.com

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section. Notwithstanding the foregoing, any notice, request or demand by any Loan Party to or upon the Bank to make a Credit Extension shall not be effective until received.

8.13 Governing Law. This Agreement has been executed or completed and/or is to be performed in New York, and it and all transactions thereunder or pursuant thereto shall be governed as to interpretation, validity, effect, rights, duties and remedies of the parties thereunder and in all other respects by the laws of New York, without giving effect to the conflicts of laws principles thereof, but including Sections 5-1401 and 5-1402 of the General Obligations Law.

8.14 Reproductions; Disclosures. This Agreement and all documents which have been or may be hereinafter furnished by any Loan Party to the Bank may be reproduced by the Bank by any photographic, photostatic, microfilm, xerographic or similar process, and any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business). The Bank may refer to any Entity Loan Party and this financing transaction in general terms in connection with any marketing material undertaken by the Bank. No Entity Loan Party shall issue any press releases or other disclosure regarding this financing transaction without the prior written consent of the Bank.

8.15 Completing and Correcting this Agreement. Each Loan Party authorizes the Bank to fill in any blank spaces and to otherwise complete this Agreement in accordance with the agreement of the parties and to correct any patent errors herein.

8.16 **ADDITIONAL WAIVERS. IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AGREEMENT, EACH LOAN PARTY WAIVES (i) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (ii) ANY OBJECTION BASED ON FORUM NON CONVENIENS OR VENUE AND (iii) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.**

8.17 Jurisdiction and Venue. Each Loan Party irrevocably submits to the nonexclusive jurisdiction of any Federal or state court sitting in New York County or Rockland County or Westchester County, over any suit, action or proceeding arising out of or relating to this

Agreement. Each Loan Party irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that the same has been brought in an inconvenient forum. Each Loan Party hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) as notified to the Bank in accordance with the terms of this Agreement or (ii) by serving the same upon such Loan Party in any other manner otherwise permitted by law, and agrees that in each case such service shall in every respect be deemed effective service on such Loan Party.

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

8.19 Joint and Several. All joint obligations of Loan Parties (or any group of Loan Parties) shall be joint and several (whether or not expressly stated herein), and such obligation and liability on the part of each Loan Party shall in no way be affected by any extensions, renewals and forbearance granted by Bank to any Loan Party, failure of Bank to give any Loan Party notice of borrowing or any other notice, any failure of Bank to pursue or preserve its rights against any Loan Party, the release by Bank of any Collateral now or thereafter acquired from any Loan Party, and such agreement by each Loan Party to pay upon any notice issued pursuant thereto is unconditional and unaffected by prior recourse by Bank to any other Loan Party or any Collateral for such Loan Party's Obligations or the lack thereof.

8.20 Construction. Each party to a Loan Document has been represented by counsel in connection with the Loan Documents and the transactions contemplated thereby and has participated jointly with the other parties in the negotiation and drafting of this Agreement and the other Loan Documents. In the event an ambiguity or question of intent or interpretation arises, this Agreement and the other Loan Documents 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.

8.21 USA Patriot Act Notice. The Bank hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow the Bank to identify each Loan Party in accordance with the Patriot Act. Each Loan Party is in compliance, in all material respects, with the Patriot Act. No part of the proceeds of the Credit Extensions will be used by any Borrower, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

8.22 Foreign Asset Control Regulations. Neither of the Credit Extensions nor the use of the proceeds of any thereof will violate the Trading With the Enemy Act (50 U.S.C. § 1 et seq., as amended) (the "Trading with the Enemy Act") or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) (the "Foreign Assets Control Regulations") or any enabling legislation or executive order relating thereto (including, without limitation (a) Executive Order 13224 of September 21, 2001 Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism (66 Fed. Reg. 49079 (2001)) (the "Executive Order") and (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56)). Furthermore, none of the Loan Parties and none of or their Affiliates (a) is or will become a "blocked person" as described in the Executive Order, the Trading With the Enemy Act or the Foreign Assets Control Regulations or (b) engages or will engage in any dealings or transactions, or be otherwise associated, with any such "blocked person" or in any manner violative of any such order.

8.23 Electronic Execution of Documents. The words "execution," "signed," "signature," and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to

the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

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SIGNATURE PAGE

Credit Agreement

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed on their respective behalf as of March 30, 2021.

Borrower:

WOLO MFG. CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

1847 WOLO INC.

By: _____
Name:
Title:

STERLING NATIONAL BANK

By: _____
Name:
Title:

Exhibit 10.8

REVOLVING CREDIT NOTE

$1,000,000.00

East Meadow, New York
As of March 30, 2021

WOLO MFG. CORP., a New York corporation, WOLO INDUSTRIAL HORN & SIGNAL, INC., a New York corporation and 1847 WOLO INC., a Delaware corporation (collectively, jointly and severally, the "**Borrower**"), for value received, hereby, jointly and severally promise to pay to the order of STERLING NATIONAL BANK (the "**Bank**") on the Revolving Credit Maturity Date as defined in the Agreement herewith referred to, at its office specified in the Credit Agreement dated as of March 30, 2021 between the Borrower and the Bank, as amended from time to time (as so amended the "**Agreement**"; terms defined in the Agreement shall have their defined meanings when used in this Note) in lawful money of the United States and in immediately available funds, the principal sum of ONE MILLION and 00/100 ($1,000,000.00) DOLLARS or, if less than such principal amount, the aggregate unpaid principal amount of all Revolving Loans made by the Bank to the Borrower pursuant to Section 2.1(a) of the Agreement. The Borrower further promises to pay interest at said office in like money on the unpaid principal balance of this Revolving Credit Note from time to time outstanding at an annual rate pursuant to the terms of Section 2.3(a) of the Agreement. Interest shall be computed on the basis of a 360-day year for actual days elapsed and shall be payable as provided in the Agreement. Borrower agrees to make the applicable payments set forth in Section 2 (inclusive) of the Agreement. All Revolving Loans made by the Bank pursuant to Section 2.1(a) of the Agreement and payments of the principal thereon may be endorsed by the holder of this Note on the schedule annexed hereto, to which the holder may add additional pages. The aggregate net unpaid amount of the Revolving Loans set forth in such schedule shall be presumed to be the principal balance hereof. After the stated or accelerated maturity hereof, this Note shall bear interest at a rate as set forth in the Agreement, payable on demand, but in no event in excess of the maximum rate of interest permitted under any applicable law.

This Revolving Credit Note is the Revolving Credit Note referred to in the Agreement and is entitled to the benefits and subject to the terms thereof and may be prepaid in whole or in part (subject to the indemnity provided in the Agreement) as provided therein. This Revolving Credit Note is secured by the collateral described in the Agreement and the Security Documents.

Upon the occurrence of any one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid under this Note may be declared immediately due and payable as provided in the Agreement.

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SIGNATURE PAGE
Revolving Credit Note

This Note shall be construed in accordance with and governed by the laws of the State of New York.

WOLO MFG. CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

1847 WOLO INC.

By: _____
Name:
Title:

SCHEDULE OF LOANS AND PAYMENT OF PRINCIPAL

TO REVOLVING CREDIT NOTE
DATED AS OF MARCH 30, 2021
WOLO MFG. CORP., WOLO INDUSTRIAL HORN & SIGNAL, INC. and 1847 WOLO INC.
TO
STERLING NATIONAL BANK

Date	Amount of Loan	Interest Rate	Last Day of Interest Period	Balance Principal Paid	Remaining Unpaid	Notation Made By

Exhibit 10.9

TERM NOTE

$3,550,000.00 **East Meadow, New York**
As of March 30, 2021

WOLO MFG. CORP., a New York corporation, WOLO INDUSTRIAL HORN & SIGNAL, INC., a New York corporation and 1847 WOLO INC., a Delaware corporation (collectively, jointly and severally, the "**Borrower**"), for value received, hereby, jointly and severally promise to pay to the order of STERLING NATIONAL BANK (the "**Bank**") on the Term Loan Maturity Date as defined in the Agreement herewith referred to, at its office specified in the Credit Agreement dated as of March 30, 2021 between the Borrower and the Bank, as amended from time to time (as so amended the "**Agreement**"; terms defined in the Agreement shall have their defined meanings when used in this Note) in lawful money of the United States and in immediately available funds, the principal sum of THREE MILLION FIVE HUNDRED FIFTY THOUSAND and 00/100 ($3,550,000.00) DOLLARS. The Borrower further promises to pay interest at said office in like money on the unpaid principal balance of this Term Note from time to time outstanding at an annual rate pursuant to the terms of Section 2.3(b) of the Agreement. Borrower agrees to make the applicable payments set forth in Section 2 (inclusive) of the Agreement. Interest shall be computed on the basis of a 360-day year for actual days elapsed and shall be payable as provided in the Agreement. After the stated or accelerated maturity hereof, this Note shall bear interest at a rate as set forth in the Agreement, payable on demand, but in no event in excess of the maximum rate of interest permitted under any applicable law.

This Term Note is the Term Note referred to in the Agreement and is entitled to the benefits and subject to the terms thereof and may be prepaid in whole or in part (subject to the indemnity provided in the Agreement) as provided therein. This Term Note is secured by the collateral described in the Agreement and the Security Documents.

Upon the occurrence of any one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid under this Note may be declared immediately due and payable as provided in the Agreement.

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SIGNATURE PAGE
Term Note

This Note shall be construed in accordance with and governed by the laws of the State of New York.

WOLO MFG. CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

1847 WOLO INC.

By: _____
Name:
Title:

Exhibit 10.10

SECURITY AGREEMENT
(All Personal Property of Grantor)

SECURITY AGREEMENT dated as of March 30, 2021 ("Security Agreement") made by **WOLO MFG. CORP**. ("Grantor 1"), **WOLO INDUSTRIAL HORN & SIGNAL, INC**. ("Grantor 2") and **1847 WOLO INC**. ("Grantor 3"; together with Grantor 1 and Grantor 2, collectively, "Grantor") to **STERLING NATIONAL BANK** ("Lender").

In consideration of Lender providing credit to Grantor, Grantor hereby agrees as follows:

Section 1. Definitions. As used in this Security Agreement, the following terms have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

"Applicable State" means the state of formation or organization of Grantor, which are New York for Grantor 1 and Grantor 2 and Delaware for Grantor 3.

"Collateral" has the meaning specified in "Grant of Security Interest" (Section 3).

"Contracts" means each contract, agreement, instrument and indenture to which Grantor is a party or under which Grantor has any right, title and interest or to which Grantor or its property is subject.

"Damages" has the meaning specified in "Indemnification" (Section 14).

"Grantor" has the meaning specified in the preamble.

"Lender" has the meaning specified in the preamble.

"Loan Agreement" means that certain credit agreement by and among each Grantor and Lender of even date herewith.

"Permitted Liens" means all security interests permitted under the Loan Agreement.

"Secured Obligations" means any and all present and future liabilities and Obligations of Grantor to Lender as defined in the Loan Agreement (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), including all liabilities and obligations under or pursuant to any interest rate hedging or management agreement entered into with Lender (or an affiliate thereof), such as a swap agreement, whether incurred by Grantor as principal or guarantor or otherwise, and whether due or to become due, secured or unsecured, absolute or contingent, joint or several, primary or secondary, direct or indirect, acquired outright, conditionally or as collateral security by Lender from another, liquidated or unliquidated, arising by operation of law or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), together with all fees and expenses incurred in collecting any or all of the items specified in this definition or enforcing any rights under any of the documents executed in connection with any such liabilities and obligations, including all fees and expenses of Lender's counsel and of any experts and agents which may be paid or incurred by Lender in collecting any such items or enforcing any such rights.

"Security Agreement" means this Security Agreement.

"UCC" means the Uniform Commercial Code of the State of New York.

"Vehicles" means all automobiles, trucks, truck tractors, trailers, semi-trailers or other motor vehicles.

All terms defined in the UCC that are used in this Security Agreement have the meaning specified in the UCC.

Section 2. Rules of Interpretation. When used in this Security Agreement: (1) "or" is not exclusive, (2) a reference to a law includes any amendment or modification to such law, and (3) a reference to an agreement, instrument or document includes any amendment or modification of such agreement, instrument or document.

Section 3. Grant of Security Interest. Grantor hereby grants to Lender a continuing security interest in and lien on all right, title and interest of Grantor in and to any and all assets and personal property of Grantor, including but not limited to each of the following items in which it has any right, title or interest, whether now owned or hereafter acquired, created or existing: (1) all Accounts, (2) all Chattel Paper (whether tangible or electronic), (3) all Deposit Accounts, (4) all Documents, (5) all General Intangibles (including Payment Intangibles and Software), (6) all Goods (including Inventory, Equipment, Fixtures and Accessions), (7) all Instruments (including promissory notes), (8) all Investment Property, (9) all Letter-of-Credit Rights, (10) all Letters of Credit, (11) all Money, (12) all Supporting Obligations, (13) all Vehicles, and (14) all Proceeds and products of the foregoing ("Collateral").

Section 4. Security for Secured Obligations. The Collateral secures the prompt and complete payment when due of all Secured Obligations.

Section 5. Filing of Financing Statement. Grantor hereby authorizes Lender, its counsel or its representative, at any time and from time to time, to file financing statements and amendments covering the Collateral in such jurisdictions, as Lender may deem necessary or desirable to perfect the security interests granted by Grantor under this Security Agreement. Such financing statements may describe the collateral covered by such financing statements as "all assets of Grantor", "all personal property of Grantor" or words of similar effect.

Section 6. Actions to Perfect Security Interest. Grantor agrees that from time to time, it will promptly execute and deliver all instruments and documents, and take all actions, including the noting of Lender's security interest on all certificates of title issued with respect to any of Grantor's Vehicles, that may be necessary or desirable, or that Lender may request, for the attachment, perfection and maintenance of the priority of, the security interest of Lender in any and all of the Collateral or to enable Lender to exercise and enforce any and all of its rights, powers and remedies under this Security Agreement with respect to any and all of the Collateral.

Section 7. Continued Perfection of Security Interest. Unless Grantor has provided Lender with thirty (30) days prior written notice of its intention to do any of the following and prior to taking such proposed action Grantor has executed and delivered all such additional documents and performed all additional acts as Lender may require, in its sole discretion, to continue or maintain the existence and priority of the security interest of Lender in the Collateral, Grantor shall not: (1) change its name, (2) if Grantor is a corporation, general partnership, limited partnership or limited liability company, change its identity or structure, (3) transfer any of the Collateral to any other party other than the sale of Collateral in the ordinary course of its business, (4) if Grantor is an individual change the location of his or her principal residence, or (5) change the location where the books and records related to the Collateral are maintained.

Section 8. Representations and Warranties. At the time of execution of this Security Agreement and each time Lender provides credit as noted above, Grantor represents and warrants to Lender as follows:

(1) Name of Grantor. The exact legal name of Grantor is the name specified in the preamble to this Security Agreement. The Grantor has not been known by any other name during the five (5) years prior to the date of this Security Agreement.

(2) Location of Grantor. If Grantor is an individual then the principal residence of Grantor is located in the Applicable State. If Grantor is a general partnership then the principal place of business of Grantor is in the Applicable State. If Grantor is a corporation, limited partnership or limited liability company then Grantor is organized or formed under the laws of the Applicable State. Each location used by Grantor to conduct its business is located in the Applicable State and all assets used in the conduct of such business and all records related to such business are located in the Applicable State. All of the assets used in the operation of its business are in the possession of, and under the control of, Grantor and none of the assets used by Grantor in the conduct of its business are held by any third party.

(3) Location for Filing of Financing Statement. With respect to any item of Collateral in which a security interest can be perfected by the filing of a UCC financing statement, the filing of such a statement with the Secretary of State of the Applicable State will perfect the security interest of Lender in such Collateral.

(4) Formation, Good Standing, Power and Due Qualification. If Grantor is a corporation, general partnership, limited partnership or limited liability company then Grantor (a) is a corporation, general partnership, limited partnership or limited liability company, as the case may be, duly incorporated or formed, as the case may be, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or formation, as the case may be, (b) has the corporate, general partnership, limited partnership, or limited liability

company power and authority, as the case may be, to own its assets and to transact the business in which it now engages or proposes to engage in, and (c) is duly qualified as a foreign corporation, general partnership, limited partnership, or limited liability company, as the case may be, and in good standing under the laws of each other jurisdiction in which such qualification is required.

(5) Authority. If Grantor is a corporation, general partnership, limited partnership or limited liability company then the execution, delivery and performance by Grantor of this Security Agreement are within its corporate, general partnership, limited partnership, or limited liability company powers, as the case may be, have been duly authorized by all necessary corporate, general partnership, limited partnership, or limited liability company action, as the case may be, and do not and will not (a) require any consent or approval of its stockholders, partners or members, as the case may be, which has not been obtained, or (b) contravene its charter or bylaws, partnership agreement, articles of formation or operating agreement, as the case may be.

(6) No Contravention. The execution, delivery and performance by Grantor of this Security Agreement do not and will not (a) violate any provision of any law, order, writ, judgment, injunction, decree, determination, or award presently in effect applicable to Grantor, (b) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease, or instrument to which Grantor is a party or by which Grantor's properties may be bound or affected, or (c) result in, or require, the creation or imposition of any lien upon or with respect to any of the properties now owned or hereafter acquired by Grantor.

(7) Governmental Authority. No authorization, approval or other action by, and no notice to or filing with, any governmental authority is required for the due execution, delivery and performance by Grantor of this Security Agreement.

(8) Legally Enforceable Security Agreement. This Security Agreement is the legal, valid and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, except to the extent that such enforcement may be limited by (a) applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally, or (b) general equitable principles, regardless of whether the issue of enforceability is considered in a proceeding in equity or at law.

(9) No Restrictions on Collateral. None of the Collateral is subject to a restriction that prohibits, restricts or limits the grant of a security interest in such Collateral pursuant to this Security Agreement, the perfection of the security interest granted by this Security Agreement (including the priority of such security interest) or the exercise by Lender of its rights, remedies and powers under this Security Agreement or otherwise.

(10) Security Interest and Claims. This Security Agreement creates a valid security interest in the Collateral and such security interest secures the payment of all Secured Obligations. The security interest of Lender in the Collateral is a first priority security interest. Grantor owns the Collateral free and clear of any security interest, except for (1) the security interest created by this Security Agreement and (2) Permitted Liens.

(11) Acquisition in Ordinary Course of Business. All of the Collateral, including all Equipment and all Inventory, was acquired in the ordinary course of business.

(12) Compliance with Law. All of the Collateral was acquired, used, produced and sold or disposed of in accordance with all applicable laws, including in the case of inventory, the Fair Labor Standards Act.

(13) Inventory. None of the Inventory is held on consignment or subject to a sale or return or sale on approval or similar arrangement.

(14) Equipment. All Equipment which is useful or necessary to the business of Grantor is in good repair, ordinary wear and tear excepted.

(15) Accounts. Grantor has originated all Accounts. None of the Accounts have either been sold to another party or otherwise transferred or delivered to any party for the purpose of collecting such Account. Grantor is duly qualified in all states where required to enable Grantor to enforce collection of its Accounts due from customers residing in that state.

(16) Contracts. All of the Contracts material to the operation of the business of Grantor are in full force and effect and Grantor has performed in all material respects its obligations under each such Contract, and to the knowledge of Grantor the other parties to each such Contract have performed in all material respects their respective obligations under each such Contract.

(17) Vehicles. The list of Vehicles provided by Grantor to Lender on or before the date of this Security Agreement is a complete list of all of Grantor's Vehicles as of the date of this Security Agreement.

Section 9. Covenants. Grantor agrees:

(1) Reporting Requirements. Grantor will immediately notify Lender if (a) any claim, including any attachment, levy, execution or other legal process, is made against any or all of the Collateral, (b) any representation and warranty included in this Security Agreement would no longer be true if made on such date, (c) there is any material loss or damage to, or material decline in the value of, or material change in the nature of, any of the Collateral, (d) there is a redemption or exchange of any or all of the Collateral, or (5) Grantor acquires another Vehicle. Grantor will furnish to Lender from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with such Collateral as Lender may request, all in reasonable detail.

(2) Records. Grantor will keep and maintain at its expense complete and accurate records related to the Collateral, including records of all payments made, all credits granted and all other documentation related to the Collateral.

(3) Inspection. Upon reasonable notice to Grantor and during normal business hours Grantor will allow Lender or its designees to visit its offices and each location where any Collateral is located to inspect its books and records, make copies thereof, and inspect the Collateral. For the further security of Lender, it is agreed that Lender has and is hereby granted a security interest in all books and records of Grantor pertaining to the Collateral.

(4) Restrictions on Collateral. Grantor will not enter into any agreement or undertaking that restricts or limits the right or ability of Grantor or Lender to sell, assign or transfer any of the Collateral.

(5) Defense of Collateral. Grantor will defend the Collateral against all claims and demands of all parties, other than Lender.

(6) No Security Interest or Claims. Grantor will not create, permit or suffer to exist, any security interest on any of the Collateral other than the security interest under this Security Agreement and Permitted Liens. If requested by Lender, Grantor will discharge or cause to be discharged all security interests and claims on any or all of the Collateral, except for the security interest under this Security Agreement and Permitted Liens. Grantor will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against the Collateral. At its option and upon prior notice to Grantor, Lender may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on Collateral. Grantor agrees to reimburse Lender, on demand, for any such payment made by Lender. Any amounts so paid shall be added to the Secured Obligations.

(7) Transfer and Other Security Interests. Grantor shall not sell, assign (by operation of law or otherwise), transfer or otherwise dispose of any of the Collateral except for sales, assignments and transfers of Collateral in the ordinary course of business.

(8) Compliance with Law. Grantor will comply in all material respects with all laws applicable to any or all of the Collateral, except to the extent the failure to comply will not have a material adverse effect on the rights of Lender under this Security Agreement, the priority of the security interest of Lender in the Collateral or the value of the Collateral.

(9) Insurance. Grantor shall bear all risk of loss with respect to the Collateral. The injury to or loss of Collateral, either partial or total, shall not release Grantor from payment or other performance under this Security Agreement. Grantor shall, at its own expense, maintain insurance with respect to all the Equipment and all the Inventory in such amounts, against such risks, in such form and with such insurers as are usually carried by companies engaged in the same or similar business as Grantor and such other insurance as reasonably required by Lender. Each policy for liability insurance shall (a) designate Lender as an additional insured and (b) provide for all losses to be paid on behalf of Lender and Grantor as their respective interests may appear. Reimbursement under any liability insurance maintained by Grantor may be paid directly to the party who shall have incurred liability covered by such insurance. Each policy for property damage insurance shall (a) designate Lender as the sole lender loss payee and (b) provide for all losses to be paid directly to Lender. Such

insurance is to be in form and amounts satisfactory to Lender and issued by reputable insurance carriers reasonably satisfactory to Lender with a Best Insurance Report Key Rating of at least "A-". If Grantor fails to obtain or maintain in force such insurance or fails to furnish evidence of such insurance, Lender is authorized, but not obligated, to purchase any or all insurance protecting such interest as Lender deems appropriate against such risks and for such coverage and for such amounts, including either the amount of the Secured Obligations or value of the Collateral, all at its discretion, and at Grantor's expense. In such event, Grantor agrees to reimburse Lender for the cost of such insurance and Lender may add such cost to the Secured Obligations.

In addition, each such policy shall (a) name Lender as an insured party under such policy (without any representation or warranty by or obligation upon Lender), (b) contain the agreement by the insurer that any loss under such policy shall be payable to Lender notwithstanding any action, inaction or breach of representation or warranty by Grantor, (c) provide that there shall be no recourse against Lender for payment of premiums or other amounts with respect to such policy and (d) provide that at least thirty (30) days prior written notice of amendment to, cancellation of or lapse shall be given to Lender by the insurer.

If requested by Lender, Grantor shall deliver to Lender (a) original or duplicate policies of such insurance policies, (b) a report of a reputable insurance broker with respect to such insurance, (c) duly executed instruments of assignment of such insurance policies to perfect Lender's security interest in such policy, including without limitation, acknowledgments of such assignments from the respective insurers, and (d) insurance certificates indicating that Lender is an "additional insured" under all of Grantor's liability insurance policies and a "lender loss payee" under all of Grantor's casualty insurance policies.

Grantor hereby assigns to Lender the proceeds of all property insurance covering the Collateral up to the amount of the Secured Obligations and directs any insurer to make payments directly to Lender. Grantor hereby appoints Lender its attorney-in-fact, which appointment shall be irrevocable and coupled with an interest for so long as Secured Obligations are unpaid, to file proof of loss and/or any other forms required to collect from any insurer any amount due from any damage or destruction of Collateral, to agree to and bind Grantor as to the amount of said recovery, to designate payee(s) of such recovery, to grant releases to insurer, to grant subrogation rights to any insurer, and to endorse any settlement check or draft. Grantor agrees not to exercise any of the foregoing powers granted to Lender without Lender's prior written consent. Lender agrees not to exercise the power of attorney provided for in this paragraph unless any or all of the Secured Obligations are not paid when due or demanded.

In case of any loss involving damage to Equipment or Inventory Lender will determine whether such insurance proceeds shall be used (a) to make or cause to be made the necessary repairs to or replacements of such Equipment or Inventory, or (b) to pay the Secured Obligations, and if there are any contingent Secured Obligations, to provide cash collateral to cover such Secured Obligations.

(10) Equipment. Grantor shall cause the Equipment necessary for the conduct of its business to be maintained and preserved in good working order, repair and condition, ordinary wear and tear excepted, and shall forthwith, or in the case of any loss or damage to any of its Equipment as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to so maintain and preserve such Equipment.

(11) Inventory. In accordance with reasonable business practice, Grantor will maintain all Inventory in good saleable or useable condition, Grantor will (a) not sell, assign, lease, mortgage, transfer or otherwise dispose of any interest in any Inventory other than sales of Inventory in the ordinary course of business, and (b) not use or permit any of the Inventory to be used for any unlawful purpose or in violation of any law, or for hire. If Grantor fails to pay any or all of the Secured Obligations when due or demanded, Grantor will, upon receipt of all checks, drafts, cash and other remittances, in payment of Collateral sold, deposit the same in a special Lender account maintained with Lender over which Lender also has the power of withdrawal. Grantor agrees to notify Lender promptly in the event that any inventory purchased by or delivered to Grantor is evidenced by a bill of lading, dock warrant, dock receipt, warehouse receipt or other document of title and to deliver such document to Lender upon request.

(12) Chattel Paper, Accounts and General Intangibles. Grantor will remain duly qualified in all states where required to enable Grantor to enforce collection of the Chattel Paper, Accounts and General Intangibles due from account debtors in that state. Except as otherwise provided in this Security Agreement, it shall continue to collect, at its own expense, all amounts due or to become due to Grantor under the Chattel Paper, Accounts and General Intangibles. In connection with such collections, Grantor may take (and, at Lender's discretion, shall take) such action, as Grantor or Lender may deem necessary or advisable to enforce collection of the Chattel Paper, Accounts and General Intangibles. Grantor warrants that Collateral consisting of Chattel Paper, Accounts, or General Intangibles is (1) genuine and enforceable in accordance with its terms; (2) not subject to any defense, set-off, claim or counterclaim of a material

nature against Grantor; and (3) not subject to any other circumstances that would impair the validity, enforceability, value, or amount of such Collateral. Grantor will not create any tangible Chattel Paper without placing a legend on such Chattel Paper acceptable to Lender indicating that Lender has a security interest in such Chattel Paper. Grantor will not create any electronic Chattel Paper without taking all steps deemed necessary by Lender to confer control of the electronic Chattel Paper upon Lender in accordance with the UCC. Grantor will cooperate with Lender in obtaining control with respect to Collateral consisting of electronic Chattel Paper. Grantor authorizes and directs all third parties to comply with the terms of this Security Agreement, to enter into a control agreement, to mark its records to show the security interest of and/or the transfer to Lender of the property pledged under this Security Agreement and to mail monthly statements to Lender, in addition to Grantor, to the address provided herein. Upon the request of Lender, Grantor will provide Lender with one or more letters or forms of letters that Lender can send to each obligor on Chattel Paper, Accounts and General Intangibles owing to Grantor, advising such obligor to make payment on such Chattel Paper, Accounts and General Intangibles directly to Lender.

(13) Account Information. From time to time, at Lender's reasonable request, Grantor shall provide Lender with schedules describing all accounts, including customers' addresses, created or acquired by Grantor and at Lender's request shall execute and deliver written assignments of contracts and other documents evidencing such accounts to Lender. Together with each schedule, Grantor shall, if requested by Lender, furnish Lender, to the extent available, with copies of Grantor's sales journals, invoices, customer purchase orders or the equivalent, and original shipping or delivery receipts for all goods sold, and Grantor warrants the genuineness thereof.

(14) Government Contracts. If any Collateral covered by this Security Agreement arises from obligations due to Grantor from any governmental unit or organization, Grantor shall promptly notify Lender in writing and, if requested by Lender, execute all documents and take all actions deemed reasonably necessary by Lender to ensure recognition by such governmental unit or organization of the rights of Lender in the Collateral.

(15) Instruments, Chattel Paper, Documents. Any Collateral that is, or is evidenced by, Instruments, Chattel Paper or Negotiable Documents will be properly assigned to and the originals of any such Collateral in tangible form deposited with and held by Lender, unless Lender shall hereafter otherwise direct or consent in writing. Lender may, without notice, before or after any or all of the Secured Obligations are due or demanded, exercise any or all rights of collection, conversion, or exchange and other similar rights, privileges and options pertaining to such Collateral, but shall have no duty to do so.

(16) Contracts. Grantor will perform all of its duties and obligations under each contract material to the operation of its business. It will require that all other parties to each such contract perform all of their respective duties and obligations.

(17) Landlord/Mortgagee Waivers. If requested by Lender, Grantor shall cause each mortgagee of real property owned by Grantor and each landlord of real property leased by Grantor to execute and deliver instruments satisfactory in form and substance to Lender by which such mortgagee or landlord subordinates its rights, if any, in the Collateral.

Section 10. Rights and Remedies. If Grantor fails to perform any agreement contained in this Security Agreement, Lender may itself perform, or cause performance of, such agreement.

Upon the existence of an Event of Default under the Loan Agreement, Lender may exercise in respect of any or all of the Collateral each of the following rights, remedies and powers and Grantor agrees that each of the following rights, remedies and powers is commercially reasonable:

(1) General Remedies. Lender may exercise in respect of any or all of the Collateral all rights, remedies and powers provided for in this Security Agreement, by law, in equity or otherwise available to it, including all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral).

(2) Right to Accelerate Obligations Owed to Grantor. To the extent that any obligation to make payment on any Collateral is not then due or a demand for payment has not been made and Grantor has the right, in accordance with the term of such Collateral, to require or make a demand for payment on such Collateral, Lender has the right to require and to make a demand for payment on such Collateral.

(3) Accounts, Contracts, and Other Collateral. Lender has the right to notify the account debtors or obligors under any Accounts, Contracts, and other Collateral of the security interest of Lender in such Account, Contract, or other Collateral and to direct such account debtors or obligors to make payment of all amounts due or to become due to Grantor thereunder directly to Lender or to an account

designated by Lender and, upon such notification, to enforce collection of any such Accounts, Contracts, and other Collateral, and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as Grantor might have done. After receipt by Grantor of such notice from Lender, (a) all amounts and proceeds (including wire transfers, checks and other instruments) received by Grantor in respect of any Accounts, Contracts, or other Collateral shall be received in trust for the benefit of Lender under this Security Agreement, shall be segregated from other funds of Grantor and shall be forthwith deposited to such account or paid over or delivered to Lender in the same form as so received (with any necessary endorsement or assignment) to be held as Collateral, or be applied as provided by this Section, as determined by Lender, and (b) Grantor shall not adjust, settle or compromise the amount or payment of any such Account, Contract, or other Collateral or release wholly or partly any account debtor or obligor thereof, or allow any discount thereon, other than any discount allowed for prompt payment.

(4) Assembly of Collateral. Lender may require Grantor to, and Grantor hereby agrees that it will at its expense and upon the request of Lender forthwith, assemble all or any part of the Collateral as directed by Lender and make it available to Lender at a place to be designated by Lender that is reasonably convenient to both Lender and Grantor.

(5) Entering Premises. Lender or its designated agents may enter, with or without judicial process, upon any premises of Grantor and take possession of all or any part of the Collateral, and remove such Collateral to a location specified by Lender.

(6) Use of Premises. Lender shall have the right to enter and remain upon each and every location of Grantor without cost or charge to Lender, and use the same together with materials, supplies, books and records of Grantor for the purpose of collecting and liquidating the Collateral, or for preparing for sale and conducting the sale of the Collateral, whether by foreclosure, auction or otherwise.

(7) Sale or Other Disposition of Collateral. Lender may, without notice, except as specified below, sell, lease, license or otherwise dispose of and grant options to purchase, lease, license or otherwise acquire, any or all of the Collateral in one or more parcels at public or private sale or other disposition, for cash, on credit, for future delivery or otherwise and upon such other terms, including price, as Lender may deem commercially reasonable.

(8) Notice of Sale or Other Disposition of Collateral. Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days notice to Grantor of the time and place of any public or private sale is to be made shall constitute reasonable notification. Lender shall not be obligated to make any sale of any or all of the Collateral after any notice of sale has been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed for such sale, and such sale may, without further notice, be made at the time and to the place to which it was so adjourned. Collateral that is subject to rapid declines in value and is customarily sold in recognized markets may be disposed of by Lender in a recognized market for such collateral without providing notice of sale.

(9) Commercially Reasonable Sale. Grantor agrees that it is not commercially unreasonable for Lender (a) to fail to incur expenses reasonably deemed significant by Lender to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, including disclaimers of warranties of title, possession, quiet enjoyment and the like, (k) to purchase insurance or credit enhancements to insure Lender against risk of loss, collection or disposition of Collateral or to provide to Lender a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Lender in the collection or disposition of any of the Collateral. Grantor agrees that the purpose of this Section is to provide non-exhaustive indications of what actions or omissions by Lender would fulfill the duties of Lender under the UCC of the State or any other relevant jurisdiction in the exercise by Lender of remedies against the Collateral and that other actions

or omissions by Lender shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section. Without limitation upon the foregoing, nothing contained in this Section shall be construed to grant any rights to Grantor or to impose any duties on Lender that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section.

(10) Proceeds. If any of the Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Collateral. In no event shall Grantor be credited with any part of the proceeds of sale of any Collateral until and to the extent cash payment in respect thereof has actually been received by Lender. To the extent any of the Secured Obligations are contingent, cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of Lender, be held by Lender as collateral for such contingent Secured Obligations. Any cash held by Lender as Collateral and all cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of Lender, be applied, first, to pay all costs and expenses incurred by Lender in connection with or incident to the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any and all of the Collateral, second, to pay all reasonable attorney's fees and legal expenses incurred by Lender in connection with or incident to the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any and all of the Collateral, third, to pay all matured and unpaid Secured Obligations, in whole or in part by Lender against, all or any part of the Secured Obligations in such order as Lender shall elect, fourth, if and to the extent any of the Secured Obligations are unmatured or contingent, to provide cash collateral for all such Secured Obligations, and fifth, in accordance with applicable law. If the proceeds of the sale of the Collateral are insufficient to pay all of the Secured Obligations, Grantor agrees to pay upon demand any deficiency to Lender.

Lender shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Security Agreement. A waiver by Lender of any right or remedy under this Security Agreement on any one occasion, shall not be construed as a bar to or waiver of any such right or remedy which Lender would have had on any future occasion nor shall Lender be liable for exercising or failing to exercise any such right or remedy.

Section 11. Appointment of Lender Attorney-in-Fact. Grantor hereby irrevocably appoints Lender attorney-in-fact, with full authority in the place and stead of Grantor and in the name of Grantor, Lender or otherwise (1) to take any and all action and exercise all rights and remedies granted to Lender under this Security Agreement, and (2) to execute any instrument which Lender may deem necessary or advisable to accomplish the purpose of this Security Agreement. Neither Lender nor anyone acting on its behalf shall be liable for acts, omissions, errors in judgment, or mistakes in fact in such capacity as attorney-in-fact other than those that are the result of gross negligence or willful misconduct.

Grantor hereby ratifies and approves all acts of Lender as its attorney in-fact pursuant to this Section, and Lender, as its attorney in-fact, will not be liable for any acts of commission or omission, nor for any error of judgment or mistake of fact or law, other than those which result from Lender's gross negligence or willful misconduct. This power, being coupled with an interest, is irrevocable so long as this Security Agreement remains in effect.

Section 12. Grantor Remains Liable. In all events, including the exercise by Lender of any of the rights under this Security Agreement, Grantor remains liable to perform all of its duties and obligations under the contracts and agreements included in the Collateral to which it is a party to the same extent as if this Security Agreement had not been executed. Lender shall not have any obligation or liability under any such contracts and agreements by reason of this Security Agreement, nor shall Lender be obligated to perform any of the obligations or duties of Grantor under, or to take any action to collect or enforce any claim or rights under, any such contract or agreement.

The powers conferred on Lender under this Security Agreement are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it under this Security Agreement, Lender shall not have any duty as to any such Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any such Collateral.

Section 13. Indemnity and Expenses. Grantor agrees to indemnify Lender and each of its directors, officers, employees, agents and affiliates from and against any and all claims, losses and liabilities growing out of or resulting from this Security Agreement or the transactions contemplated by this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from the gross negligence or willful misconduct of the person to be indemnified.

Grantor will upon demand pay to Lender the amount of any and all expenses, including the reasonable fees and out of pocket disbursements of its counsel and of any experts and agents, which Lender may incur in connection with (1) any amendment to this Security Agreement, (2) the administration of this Security Agreement, (3) filing or recording fees incurred with respect to or in connection with this Security Agreement, (4) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (5) the exercise or enforcement of any of the rights of Lender under this Security Agreement, or (6) the failure by Grantor to perform or observe any of the provisions of this Security Agreement.

Section 14. Amendments. No amendment or waiver of any provision of this Security Agreement nor consent to any departure by Grantor from this Security Agreement shall in any event be effective unless the same shall be in writing and signed by Lender and Grantor, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 15. Addresses for Notices. All notices and other communications provided for under this Security Agreement shall be in writing and, mailed or delivered by messenger or overnight delivery service, addressed, in the case of Grantor to the address specified below its signature, and in the case of Lender to the address specified below; or as to any such party at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section.

Sterling National Bank
One Jericho Plaza
Suite 304
Jericho, New York 11753
Attention: Daniel Liberty
Senior Managing Director

with a copy to:

Sterling National Bank
21 Scarsdale Road
Yonkers, New York 10707
Attention: General Counsel

All such notices and other communications shall, when mailed or delivered by messenger or overnight delivery service, respectively, be effective one (1) day after being placed in the mails or delivered to the messenger or overnight delivery service, respectively, addressed as specified above.

Section 16. Continuing Security Interest, Transfer of Secured Obligations. Notwithstanding the fact that there may be no Secured Obligations outstanding from time to time, this Security Agreement shall create a continuing security interest in all of the Collateral. This Security Agreement shall be binding upon Grantor and inure to Lender and its successors, transferees and assigns. Grantor may not transfer or assign its obligations under this Security Agreement. Lender may assign or otherwise transfer all or a portion of its rights or obligations with respect to the Secured Obligations to any other party, and such other party shall then become vested with all the benefits in respect of such transferred Secured Obligations and the security interest granted to Lender pursuant to this Security Agreement or otherwise. Grantor agrees that Lender can provide information regarding Grantor to any prospective or actual successor, transferee or assign.

Section 17. Submission to Jurisdiction. Grantor hereby irrevocably submits to the jurisdiction of any federal or state court sitting in Rockland, New York or Westchester County in the State of New York over any action or proceeding arising out of or related to this Security Agreement and agrees with Lender that personal jurisdiction over Grantor rests with such courts for purposes of any action on or related to this Security Agreement. Grantor hereby consents to any and all process which may be served in any such suit, action or proceeding, (i) as notified to the Lender in accordance with the terms of this Agreement or (ii) by serving the same upon Grantor in any other manner otherwise permitted by law, and agrees that in each case such service shall in every respect be deemed effective service on Grantor. Grantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any manner provided by law. Grantor further waives any objection to venue in any such action

or proceeding on the basis of inconvenient forum. Grantor agrees that any action on or proceeding brought against Lender shall only be brought in such courts.

Section 18. Setoff. Grantor agrees that, in addition to, and without limiting, any right of setoff, banker's lien or counterclaim Lender may otherwise have, Lender shall be entitled, at its option, to offset balances (general or special, time or demand, provisional or final) held by it for the account of Grantor, at any of the offices of Lender, in Dollars or any other currency, against any amount payable by Grantor to Lender under this Security Agreement which is not paid when demanded (regardless of whether such balances are then due to Grantor), in which case Lender shall promptly notify Grantor; provided that Lender's failure to give such notice shall not affect the validity of such offset.

Section 19. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to its principles of conflicts of law, except to the extent that the validity or perfection of the security interest under this Security Agreement, or remedies under this Security Agreement, in respect of any particular Collateral are governed by the laws of a jurisdiction other than the State of New York.

Section 20. Miscellaneous. This Security Agreement is in addition to and not in limitation of any other rights and remedies Lender may have by virtue of any other instrument or agreement heretofore, contemporaneously herewith or hereafter executed by Grantor or by law or otherwise. If any provision of this Security Agreement is contrary to applicable law, such provision shall be deemed ineffective without invalidating the remaining provisions of this Security Agreement. If and to the extent that applicable law confers any rights in addition to any of the provisions of this Security Agreement, the affected provision shall be considered amended to conform to such law. The headings in this Security Agreement are for convenience of reference only, and shall not affect the interpretation or construction of this Security Agreement.

Section 21. WAIVER OF JURY TRIAL. GRANTOR EXPRESSLY WAIVES ANY AND EVERY RIGHT TO A TRIAL BY JURY IN ANY ACTION ON OR RELATED TO THIS SECURITY AGREEMENT.

[NO FURTHER TEXT ON THIS PAGE]
[*Signature Page Follow*]

SIGNATURE PAGE
Security Agreement

IN WITNESS WHEREOF, Grantor has duly executed and delivered this Security Agreement as of the date of this Security Agreement.

WOLO MFG. CORP.

By: _____
Name:
Title:

Address for Notices:

1 Saxwood Street
Deer Park, New York 11729

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

Address for Notices:

1 Saxwood Street
Deer Park, New York 11729

1847 WOLO INC.

By: _____
Name:
Title:

Address for Notices:

c/o 1847 Holdings LLC
590 Madison Avenue, 21st Floor
New York, New York 10022

Exhibit 10.11

PATENT, TRADEMARK AND COPYRIGHT SECURITY AGREEMENT

THIS AGREEMENT is made on the 30th day of March, 2021, by and between **WOLO MFG. CORP.**, a New York corporation having a mailing address at 1 Saxwood Street, Deer Park, New York 11729 and **WOLO INDUSTRIAL HORN & SIGNAL, INC.**, a New York corporation having a mailing address at 1 Saxwood Street, Deer Park, New York 11729 (collectively, the "**Obligor**") and **STERLING NATIONAL BANK** having a mailing address at 400 Rella Boulevard, Montebello, New York 10901 (the "**Lender**").

BACKGROUND

Obligor, together with 1847 Wolo Inc. (collectively, the "**Borrowers**"), and the Lender have entered into that Credit Agreement of even date herewith (as amended, restated and supplemented from time to time, the "**Credit Agreement**"), which provides for various extensions of credit from Lender to Borrowers.

In order to induce Lender to (i) execute and deliver the Credit Agreement and (ii) extend credit to the Borrowers, Obligor has agreed to execute and deliver to Lender this Agreement (as amended or supplemented from time to time, "**Security Agreement**"). This Agreement, covering Patents, Trademarks and Copyrights (each as hereinafter defined), is being executed contemporaneously with, inter alia, the Credit Agreement and the other Loan Documents (as defined in the Credit Agreement), and with the Security Agreement by the Borrowers under which Lender is granted a lien on and security interest in all personal property of the Borrowers (as amended, restated, or supplemented, from time to time, the "**General Security Agreement**").

NOW, THEREFORE, in consideration of the foregoing, Obligor and Lender hereby agree as follows:

1. Defined Terms. The following terms shall have the meaning set forth below. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

"Code" shall mean the Uniform Commercial Code as the same may time to time be in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Copyrights" shall have the meaning assigned to it in the Credit Agreement.

"Event of Default" shall have the meaning assigned to it in the Credit Agreement.

"Obligations" shall have the meaning assigned to it in the Credit Agreement.

"Patents" shall have the meaning assigned to it in the Credit Agreement.

"Permitted Liens" shall have the meaning assigned to it in the Credit Agreement.

"Proprietary Rights" shall mean collectively, all Trademarks and all Patents.

"Security Agreement" shall mean this Security Agreement, as the same may from time to time be amended or supplemented.

"Trademarks" shall have the meaning assigned to it in the Credit Agreement.

2. Grant of Security Interest. As collateral security for the prompt payment of the Obligations, Obligor hereby grants and conveys to Lender a security interest in and to the entire right, title and interest of Obligor in and to following, whether now existing or hereafter created or acquired: (i) the Patents, the inventions and improvements described and claims therein listed in Schedule A hereto (as same may be amended pursuant hereto from time to time), any continuation, division, renewal, extension, substitute or reissue thereof

or any legal equivalent in a foreign country for the full term or terms for which the same may be granted, all rights to income, royalties, profits, awards, damages or other rights relating to said patents, applications or inventions including the right to sue for past, present or future infringement, and any other rights and benefits relating to said patents, applications or inventions; (ii) the Trademarks, including the registrations and applications appurtenant thereto, listed in Schedule B hereto (as the same may be amended pursuant hereto from time to time), and in and to any and all trademarks, together with the registrations and applications appurtenant thereto, hereafter acquired or filed by Obligor, including without limitation all renewals thereof, all proceeds of infringement suits and all rights corresponding thereto in the United States and the goodwill of the business to which each of the Trademarks relates; (iii) the Copyrights, including the registrations and applications appurtenant thereto, listed in Schedule C hereto (as the same may be amended pursuant hereto from time to time), and in and to any and all copyrights, together with the registrations and applications appurtenant thereto, hereafter acquired or filed by Obligor, including without limitation all renewals thereof, all proceeds of infringement suits and all rights corresponding thereto in the United States and the goodwill of the business to which each of the Copyrights relates; and (iv) all records, products and proceeds of the foregoing (all of the foregoing hereinafter, collectively, the "**Collateral**").

3. Representations and Warranties. Obligor covenants and warrants that as of the date of this Security Agreement:

(a) The Proprietary Rights are subsisting and have not been adjudged invalid or unenforceable;

(b) Each of the Proprietary Rights is valid and enforceable;

(c) The Obligor has not received any written notice of any claim that the use of any of the Proprietary Rights violates the rights of any third person;

(d) Obligor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Proprietary Rights, free and clear of any liens, charges and encumbrances, (including without limitation pledges, assignments, licenses, registered user agreements and covenants by Obligor not to sue third persons) other than Permitted Liens;

(e) Obligor has the right to enter into this Security Agreement and perform its terms;

(f) Obligor has used, and will continue to use for the duration of this Security Agreement, proper statutory notice, where appropriate, in connection with its use of the Proprietary Rights;

(g) Obligor has used, and will continue to use for the duration of this Security Agreement, consistent standards of quality in its manufacture of products sold under the Proprietary Rights; and

(h) Obligor has no Copyrights.

4. Right of Inspection. Obligor hereby grants to Lender and its employees and agents the right to visit Obligor's plants and facilities which manufacture, inspect or store products sold under any of the Proprietary Rights, and to inspect the products and quality control relating thereto at reasonable times during regular business hours, all subject to the provisions of the Credit Agreement. Obligor shall use its best efforts to do any and all acts reasonably required by Lender to ensure Obligor's compliance with paragraph 3(g) above.

5. New Patents and/or Trademarks and/or Copyrights. (a) If, before the Obligations shall have been indefeasibly paid in full and the Credit Agreement has been terminated, Obligor shall obtain rights to any new patents or patentable inventions or trademarks or copyrights, the provisions of paragraph 2 shall automatically apply thereto and Obligor shall give Lender prompt written notice thereof.

(b) Obligor grants Lender a power-of-attorney, irrevocable so long as the Credit Agreement is in existence and/or the Obligations are outstanding, to modify this Security Agreement by amending (i) Schedule A to include any future patents or patentable inventions (including patents registrations or applications appurtenant thereto) or (ii) Schedule B to include any future trademarks (including registrations or applications appurtenant thereto) or (iii) Schedule C to include any future copyrights (including registrations or applications appurtenant thereto), in each case covered by this Security Agreement.

6. Covenants. Obligor covenants and agrees with Lender that from and after the date of this Security Agreement and until the Obligations are fully satisfied and any commitment from Lender under the Obligations has terminated:

(a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of Lender, Obligor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Lender may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statement under the Code with respect to the liens and security interests granted hereby. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be promptly pledged to Lender hereunder, duly endorsed in a manner satisfactory to Lender.

(b) Maintenance of Proprietary Rights. Obligor will not do any act, or omit to do any act, whereby any Proprietary Rights material to the business of Obligor or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify Lender immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Obligor shall take appropriate action at its expense to halt the infringement of the Proprietary Rights.

(c) Indemnification. Obligor assumes all responsibility and liability arising from the use of the Proprietary Rights, and Obligor hereby indemnifies and holds Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Obligor's operations of its business from the use of the Proprietary Rights.

(d) Limitation of Liens on Collateral. Obligor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove any lien, security interest, encumbrance, claim or right, in or to the Collateral other than Permitted Liens.

(e) Notices. Obligor will advise Lender promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Collateral or on the security interests created hereunder.

(f) Limitation on Further Uses of Proprietary Rights. Obligor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license, or otherwise dispose of any of the Collateral, without prior written consent of Lender.

7. Lender's Appointment as Attorney-in-Fact.

(a) Obligor hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Obligor and in the name of Obligor or in its own name, from time to time in Lender's discretion, for the purposes of carrying out the terms of this Security Agreement, to, at any time following the occurrence and continuance of an Event of Default, take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives Lender the power and right, on behalf of Obligor, to do the following:

(i) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral (other than Permitted Liens), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(ii) To take the following actions: (A) receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (B) commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any

other right in respect of any Collateral; (C) defend any suit, action or proceeding brought against Obligor with respect to any Collateral; (D) settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Lender may deem appropriate; and (E) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for all purposes, and to do, at Lender's option all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as Obligor might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, Obligor further agrees to execute any additional documents which Lender may require in order to confirm this power of attorney, or which Lender may deem necessary to enforce any of its rights contained in this Security Agreement.

(b) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Obligor for any act or failure to act, except for liability directly or exclusively caused by Lender's own gross negligence or willful misconduct.

(c) Obligor also authorizes Lender to execute, in connection with the sale provided for in paragraph 10(b) of this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

8. Execution of Power of Attorney. Concurrently with the execution and delivery hereof, Obligor is executing and delivering to Lender, in the form of Schedule I hereto, ten (10) originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Patents, Trademarks and Copyrights pursuant to paragraph 7 hereof.

9. Performance by Lender of Obligor's Obligations. If Obligor fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Lender incurred in connection with such performance or compliance shall be payable by Obligor to Lender promptly following demand and shall constitute Obligations secured hereby.

10. Remedies, Rights Upon Event of Default.

(a) Upon the occurrence and during the continuance of an Event of Default:

(i) All payments received by Obligor under or in connection with any of the Collateral shall be held by Obligor in trust for Lender, shall be segregated from other funds of Obligor and shall forthwith upon receipt by Obligor, be turned over to Lender, in the same form as received by Obligor (duly indorsed by Obligor to Lender, if required); and

(ii) Any and all such payments so received by Lender (whether from Obligor or otherwise) may, in the sole discretion of Lender, be held by Lender as collateral security for, and/or then or at any time thereafter applied in whole or in part by Lender against all or any part of the Obligations in such order as Lender shall elect. Any balance of such payments held by Lender and remaining after payment in full of all the Obligations shall be paid over to Obligor or to whomsoever may be lawfully entitled to receive the same.

(b) Upon the occurrence and during the continuance of an Event of Default, Lender may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Obligations, all rights and remedies of a secured party under the Uniform Commercial Code. Obligor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Lender is entitled. Obligor shall also be liable for the reasonable fees of any attorneys employed by Lender to collect any such deficiency and also as to any reasonable attorneys' fees incurred by Lender with respect to the collection of any of the Obligations and the enforcement of any of Lender's respective rights hereunder.

11. Termination. At such time as Obligor shall completely pay in full all of the Obligations and the Credit Agreement is terminated, this Security Agreement shall terminate and Lender shall execute and deliver to Obligor all such releases, deeds, assignments

and other instruments as may be necessary or proper to revest in Obligor full title to the Proprietary Rights, subject to any disposition thereof which may have been made by Lender pursuant hereto.

12. Notices. Wherever this Agreement provides for notice to either party (except as expressly provided to the contrary), it shall be in writing and given in the manner specified in Section 8.12 of the Credit Agreement.

13. No Waiver. No course of dealing between Obligor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Credit Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. Cumulative Remedies. All of Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Credit Agreement, or by the Loan Documents or any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

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

16. No Modification Except in Writing. This Security Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraphs 5 and 7.

17. Successors and Assigns. The benefits and burdens of this Security Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

18. Governing Law. The validity and interpretation of this Security Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New York.

[NO FURTHER TEXT ON THIS PAGE]

SIGNATURE PAGE
Patent, Trademark and Copyright Security Agreement

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

Obligor:

WITNESS:

WOLO MGF. CORP.

_____

By: _____
Name:
Title:

WITNESS:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

_____

By: _____

Name:
Title:

Lender:

WITNESS:

STERLING NATIONAL BANK

By: _____
Name:
Title:

State of New York, County of _____, ss:

On the ____ day of _____, in the year 2021, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

State of New York, County of _____, ss:

On the _____ day of _____ in the year 2021, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

SCHEDULE A
PATENTS

SCHEDULE B
TRADEMARKS

SCHEDULE C
COPYRIGHTS

SCHEDULE I

SPECIAL POWER OF ATTORNEY

STATE OF ILLINOIS)
:ss:
COUNTY OF DUPAGE)

KNOW ALL MEN BY THESE PRESENTS, that **WOLO MFG. CORP.**, a corporation formed under the laws of New York, with its principal office at 1 Saxwood Street, Deer Park, New York 11729, and **WOLO INDUSTRIAL HORN & SIGNAL, INC.**, a corporation formed under the laws of New York, with its principal office at 1 Saxwood Street, Deer Park, New York 11729 (hereinafter, collectively, called "**Obligor**"), pursuant to a Trademark Security Agreement, dated the date hereof (the "**Security Agreement**"), hereby appoints and constitutes **STERLING NATIONAL BANK**, a national banking association, with offices at 400 Rella Boulevard, Montebello, New York 10901 (hereinafter called the "**Lender**"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of Obligor:

1. Assigning, selling or otherwise disposing of all right, title and interest of Obligor in and to the Patents listed on Schedule A, Trademarks listed on Schedule B or Copyrights listed on Schedule C of the Security Agreement, and including those trademarks which are added to the same subsequent hereto, and all registrations and recordings thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose.

2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as Lender may in its sole discretion determine.

This power of attorney is made pursuant to the Security Agreement, dated the date hereof, between Obligor and Lender and may not be revoked until the payment in full of all Obligations as defined in such Security Agreement.

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SIGNATURE PAGE
Power of Attorney

WOLO MFG. CORP.

By: _____
Name:
Title:

WOLO INDUSTRIAL HORN & SIGNAL, INC.

By: _____
Name:
Title:

State of New York, County of Nassau, ss:

On the __ day of _____, in the year 2021, before me the undersigned, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her capacity, and that by his/her signature on the instrument, the individual or the person upon behalf of which the individual acted, executed the instrument.

_____
Notary Public

Exhibit 10.12

COLLATERAL PLEDGE AGREEMENT

This Collateral Pledge Agreement ("**Agreement**"), dated as of March 30, 2021, is made by **1847 WOLO INC.,** a Delaware corporation, having an address at c/o 1847 Holdings LLC, 590 Madison Avenue, 21st Floor, New York, New York 10022 ("**Pledgor**"), in favor of **STERLING NATIONAL BANK**, a national banking association with an office at 400 Rella Boulevard, Montebello, New York 10901 ("**Secured Party**").

Background

A. This Agreement is executed in connection with that certain Credit Agreement between Pledgor, WOLO MFG. CORP., and WOLO INDUSTRIAL HORN & SIGNAL, INC. (collectively, the "**Borrower**") and Secured Party dated as of the date hereof (as same may be further amended, supplemented, restated, replaced or otherwise modified from time to time, the "**Loan Agreement**"). All capitalized terms used herein and not otherwise defined shall have the same meanings assigned to such terms in the Loan Agreement.

B. This Agreement is intended to provide additional security for the Obligations (as defined in the Loan Agreement) owing by Borrower to Secured Party.

NOW THEREFORE, for other good and sufficient consideration, the receipt of which is hereby acknowledged, Pledgor, intending to be legally bound hereby, covenants and agrees as follows:

1. As security for the Obligations, Pledgor does hereby grant to Secured Party a security interest in, and does hereby assign, pledge, hypothecate, deliver and set over to Secured Party, its successors and assigns, all of Pledgor's now owned or hereafter acquired or arising investment property, including without limitation all of the following property, together with any additions, exchanges, replacements and substitutions therefor, dividends and distributions with respect thereto, and the proceeds thereof (collectively, the "**Pledged Collateral**"): all of Pledgor's shares of capital stock, partnership interests and membership interests in those corporations, partnerships and limited liability companies listed on Schedule I attached hereto, whether now owned or hereafter acquired by Pledgor or in which Pledgor now or hereafter has any rights, options or warrants, together with all certificates representing such interests, if any, and all rights (but none of the obligations) under or arising out of the applicable organizational documents of such companies. If the Pledged Collateral is in certificated form, Pledgor shall, contemporaneously with the execution and delivery of this Agreement, cause the Pledged Collateral to be delivered to Secured Party, duly endorsed in blank without restrictions and, at the request of the Secured Party, with all signatures guaranteed with medallion signature guaranty acceptable to Secured Party and with all necessary transfer tax stamps affixed, if applicable.

2. The pledge and security interest described herein shall continue in effect to secure all Obligations from time to time outstanding unless and until all Obligations have been indefeasibly paid and satisfied in full and Secured Party's commitment to make Loans is terminated.

---

3. Pledgor hereby represents and warrants that:

a. Except as pledged herein, Pledgor has not sold, assigned, transferred, pledged or granted any option or security interest in or otherwise hypothecated the Pledged Collateral in any manner whatsoever and the Pledged Collateral is pledged herewith free and clear of any and all liens, security interests, encumbrances, claims, pledges, restrictions, legends, and options;

b. Pledgor has the full power and authority to execute, deliver, and perform under this Agreement and to pledge the Pledged Collateral hereunder;

c. This Agreement constitutes the valid and binding obligation of Pledgor, enforceable in accordance with its terms, and the pledge of the Pledged Collateral referred to herein is not in violation of and shall not create any default under organizational document of any issuer listed on Schedule I attached hereto, or any other material agreement, undertaking or obligation of Pledgor;

d. The Pledged Collateral has been duly and validly authorized and issued by the issuer thereof and such Pledged Collateral is fully paid for and non-assessable;

e. Pledgor is pledging hereunder all of the Pledgor's interest and ownership in all entities listed on Schedule I attached hereto;

f. The Pledged Collateral is represented by certificates and each certificate or other document evidencing such portion of the Pledged Collateral is genuine, has been duly authorized and validly issued by each of the respective issuers, is in all respects what it purports to be and is enforceable in accordance with its terms; and

g. Contemporaneously with the execution hereof, Pledgor is delivering to Secured Party a copy of each by-law, partnership or operating agreement (as applicable) governing, as of the date hereof, each issuer listed on Schedule I attached hereto.

4. If an Event of Default occurs and is continuing under the Loan Agreement, then Secured Party may, at its sole option, exercise from time to time with respect to the Pledged Collateral, any and/or all rights and remedies available to it hereunder, under the Uniform Commercial Code, as in effect from time to time, in the State of New York ("**UCC**"), or otherwise available to it, at law or in equity, including, without limitation, the right to dispose of the Pledged Collateral at public or private sale(s) or other proceedings, and Pledgor agrees that, if permitted by law, Secured Party or its nominee may become the purchaser at any such sale(s).

5. a. In addition to all other rights granted to Secured Party herein, or otherwise available at law or in equity, Secured Party shall have the following rights, each of which may be exercised at Secured Party's sole discretion (but without any obligation to do so), at any time during the continuation of any Event of Default under the Loan Agreement, without further consent of Pledgor: (i) transfer the whole or any part of the Pledged Collateral into the name of itself or its nominee or to conduct a sale of the Pledged Collateral pursuant to the UCC or pursuant to any other applicable law; (ii) vote the Pledged Collateral; (iii) notify the persons obligated on any of the Pledged Collateral to make payment to Secured Party, of any amounts due or to become due thereon; and (iv) release, surrender or exchange any of the Pledged Collateral at any time, or to compromise any dispute with respect to the same. Secured Party may proceed against the Pledged Collateral, or any other collateral securing the Obligations, in any order, and against Pledgor and any other obligor, jointly and/or severally, in any order to satisfy the Obligations. Pledgor waives and releases any right to require Secured Party to first collect any of the Obligations secured hereby from any other collateral of Pledgor or any other party securing the Obligations under any theory of marshalling of assets, or otherwise. All rights and remedies of Secured Party are cumulative, not alternative.

b. Pledgor hereby irrevocably appoints Secured Party its attorney-in-fact, subject to the terms hereof, during the continuation of such Event of Default under the Loan Agreement, at Secured Party's option, (i) to effectuate the transfer of the Pledged Collateral on the books of the issuer thereof to the name of Secured Party or to the name of Secured Party's nominee, designee or assignee; (ii) to endorse and collect checks payable to Pledgor representing distributions or other payments on the Pledged Collateral; and (iii) to carry out the terms and provisions hereof.

c. Secured Party is hereby authorized to file financing statements naming Pledgor as debtor (without Pledgor's signature), in accordance with the UCC. Pledgor hereby authorizes Secured Party to file all financing statements and amendments to financing statements describing the Pledged Collateral in any filing office as Secured Party, in its sole discretion may determine.

6. The proceeds of any sale or other disposition of or realization upon the Pledged Collateral by Secured Party may be applied to or on account of the Obligations and in such order as Secured Party may elect including to the Expenses. Expenses shall mean all costs and expenses incurred by the Secured Party in enforcing the Obligations and/or the Loan Documents, including attorneys fees and disbursements.

7. Pledgor recognizes that Secured Party may be unable to effect, or may effect only after such delay which would adversely affect the value that might be realized from the Pledged Collateral, a public sale of all or part of the Pledged Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended ("**Securities Act**") and may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire such securities for their own account, for investment and not with a view to the distribution or resale thereof. Pledgor agrees that any such private sale may be at prices and on terms less favorable to Secured Party or the seller than if sold at public sales, and therefore recognizes and confirms that such private sales shall not be deemed to have been made in a commercially unreasonable manner solely because they were made

privately. Pledgor agrees that Secured Party has no obligation to delay the sale of any such securities for the period of time necessary to permit the issuer of such securities to register such securities for public sale under the Securities Act.

8. In the event that any change is made or declared in the capital structure of any issuer listed on Schedule I attached hereto, or Pledgor acquires or in any other manner receives additional capital stock, partnership or membership interests (as applicable) in any such entity, or any option included within the Pledged Collateral is exercised, any and all new, substituted or additional certificates representing or evidencing such ownership interests which have been issued by reason of any such change or exercise, shall be delivered to and held by Secured Party under the terms hereof in the same manner as the Pledged Collateral originally pledged hereunder. Notwithstanding any provision herein to the contrary, unless an Event of Default has occurred and is continuing under the Loan Agreement, Pledgor may retain all Distributions on the Pledged Collateral.

9. So long as no Event of Default has occurred and is continuing under the Loan Agreement, and until Secured Party notifies Pledgor in writing of the exercise of its rights hereunder, Pledgor shall retain the sole right to vote the Pledged Collateral and exercise all rights of ownership with respect to all corporate questions for all purposes not inconsistent with the terms hereof.

10. Secured Party shall have no obligation to take any steps to preserve, protect or defend the rights of Pledgor or Secured Party in the Pledged Collateral against other parties. Secured Party shall have no obligation to sell or otherwise deal with the Pledged Collateral at any time for any reason, whether or not upon request of Pledgor, and whether or not the value of the Pledged Collateral, in the opinion of Secured Party or Pledgor, is more or less than the aggregate amount of the Obligations secured hereby, and any such refusal or inaction by Secured Party shall not be deemed a breach of any duty which Secured Party may have under law to preserve the Pledged Collateral. Except as provided by applicable law, no duty, obligation or responsibility of any kind is intended to be delegated to or assumed by Secured Party at any time with respect to the Pledged Collateral.

11. To the extent Secured Party is required by law to give Pledgor prior notice of any public or private sale, or other disposition of the Pledged Collateral, Pledgor agrees that seven (7) Business Days prior written notice to Pledgor shall be a commercially reasonable and sufficient notice of such sale or other intended disposition. Pledgor further recognizes and agrees that if the Pledged Collateral, or a portion thereof, threatens to decline speedily in value or is of a type customarily sold on a recognized market, Pledgor shall not be entitled to any prior notice of sale or other intended disposition.

12. Pledgor shall indemnify, defend and hold harmless Secured Party from and against any and all claims, losses and liabilities resulting from any breach by Pledgor of Pledgor's representations and covenants under this Agreement and any actions that Secured Party must take for the preservation or enforcement of its rights hereunder.

13. Pledgor hereby waives notice of (a) acceptance of this Agreement, (b) the existence and incurrence from time to time of any Obligations under the Loan Agreement, and (c) demand and default hereunder.

14. Pledgor hereby consents and agrees that Secured Party may at any time or from time to time pursuant to the Loan Agreement (a) extend or change the time of payment and/or the manner, place or terms of payment of any and all Obligations, (b) supplement, amend, restate, supersede, or replace the Loan Agreement or any other Loan Documents, (c) renew, extend, modify, increase or decrease loans and extensions of credit under the Loan Agreement, (d) modify the terms and conditions under which loans and extensions of credit may be made under the Loan Agreement, (e) settle, compromise or grant releases for any Obligations and/or any person or persons liable for payment of any Obligations, (f) exchange, release, surrender, sell, subordinate or compromise any collateral of any party now or hereafter securing any of the Obligations and (g) apply any and all payments received from any source by Secured Party at any time against the Obligations in any order as Secured Party may determine; all of the foregoing in such manner and upon such terms as Secured Party may determine and without notice to or further consent from Pledgor and without impairing or modifying the terms and conditions of this Agreement which shall remain in full force and effect.

15. This Agreement shall remain in full force and effect and shall not be limited, impaired or otherwise affected in any way by reason of (a) any delay in making demand on Pledgor for or delay in enforcing or failure to enforce, performance or payment of the Obligations, (b) any failure, neglect or omission on Secured Party's part to perfect any lien upon, protect, exercise rights against, or realize on, any property of Pledgor or any other party securing the Obligations, (c) any failure to obtain, retain or preserve, or the lack of prior enforcement of, any rights against any person or persons or in any property, (d) the invalidity or unenforceability of any Obligations or rights in any Collateral under the Loan Agreement, (e) the existence or nonexistence of any defenses which may be available to the Pledgor with respect to the Obligations or (f) the commencement of any bankruptcy, reorganization, liquidation, dissolution or receivership proceeding or case filed by or against Pledgor.

16. Pledgor covenants and agrees that Pledgor shall not, without the prior written consent of Secured Party, sell, encumber or grant any lien, security interest or option on or with respect to any of the Pledged Collateral.

17. Pledgor hereby authorizes and instructs each issuer of the Pledged Collateral to comply with any instruction received by it from Secured Party in writing that (a) states that an Event of Default exists and (b) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from Pledgor, and Pledgor agrees that each such issuer shall be fully protected in so complying.

18. No omission or delay by Secured Party in exercising any right or power under this Agreement or any related agreements and documents will impair such right or power or be construed to be a waiver of any Default, or Event of Default or an acquiescence therein, and any single or partial exercise of any such right or power will not preclude other or further exercise thereof or the exercise of any other right, and as to Pledgor no waiver will be valid unless in writing and signed by Secured Party and then only to the extent specified.

19. This Agreement and all related documents delivered hereunder shall be construed as integrated and complementary of each other, and as augmenting and not restricting Secured Party's rights and remedies. No modification hereof or any agreement referred to herein shall be binding or enforceable unless in writing and signed by Pledgor and Secured Party.

20. THIS AGREEMENT, AND ALL MATERS ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND ALL RELATED AGREEMENTS AND DOCUMENTS, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE SUBSTANTIVE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF THIS AGREEMENT AND ALL OTHER AGREEMENTS AND DOCUMENTS REFERRED TO HEREIN ARE TO BE DEEMED SEVERABLE, AND THE INVALIDITY OR UNENFORCEABILITY OF ANY PROVISION SHALL NOT AFFECT OR IMPAIR THE REMAINING PROVISIONS WHICH SHALL CONTINUE IN FULL FORCE AND EFFECT.

21. Pledgor hereby irrevocably consents to the non-exclusive jurisdiction of the Courts of the State of New York or the United States District Court for the Eastern District of New York in any and all actions and proceedings whether arising hereunder or under any other agreement or undertaking. Pledgor waives any objection which Pledgor may have based upon lack of personal jurisdiction, improper venue or forum non conveniens. Pledgor irrevocably agrees to service of process by certified mail, return receipt requested to the address of the appropriate party set forth on the signature page hereto.

22. All communications which Secured Party may provide to Pledgor herein shall be sent to Pledgor at the respective address set forth in the Loan Agreement in writing, and may be delivered in person, with receipt acknowledged, or sent by telex, telecopy, nationally reorganized overnight courier service or by United States mail, registered or certified, return receipt requested, postage prepaid in accordance with the Notice provisions in the Loan Agreement.

23. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties. Pledgor may not transfer, assign or delegate any of its duties or obligations hereunder.

24. PLEDGOR (AND SECURED PARTY BY ITS ACCEPTANCE HEREOF) HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO A JURY TRIAL IN CONNECTION WITH ANY LITIGATION, PROCEEDING OR COUNTERCLAIM ARISING WITH RESPECT TO RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO OR UNDER THE LOAN DOCUMENTS OR WITH RESPECT TO ANY CLAIMS ARISING OUT OF ANY DISCUSSIONS, NEGOTIATIONS OR COMMUNICATIONS INVOLVING OR RELATED TO ANY PROPOSED RENEWAL, EXTENSION, AMENDMENT, MODIFICATION, RESTRUCTURE,

FORBEARANCE, WORKOUT, OR ENFORCEMENT OF THE TRANSACTIONS CONTEMPLATED HEREUNDER OR UNDER THE LOAN DOCUMENTS.

[SIGNATURES TO FOLLOW ON SEPARATE PAGE]

SIGNATURE PAGE
Collateral Pledge Agreement

IN WITNESS WHEREOF, this Collateral Pledge Agreement has been executed and delivered as of the date first set forth above.

1847 WOLO INC.

Attest: _____

By: _____
Name:
Title:

Address: c/o 1847 Holdings LLC
590 Madison Avenue, 21st Floor
New York, New York 10022

SCHEDULE I
Pledged Collateral

The following Collateral is hereby pledged by Pledgor to Secured Party pursuant to the Collateral Pledge Agreement to which this Schedule is attached:

A. Pledged Capital Stock

Name of Corporation	State of Inc.	Class of Stock	Certificate No.	Number of Shares	Owner of Stock
Wolo Mfg. Corp.	New York	Common		100%	1847 Wolo Inc.
Wolo Industrial Horn & Signal, Inc.	New York	Common		100%	1847 Wolo Inc.