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

Form 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **December 31, 2022**

or

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to _______

Commission File Number **333-255266**

UPEXI, INC.

(Exact name of registrant as specified in its charter)

Nevada	**83-3378978**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
17129 US Hwy 19 N. Clearwater, FL	**33760**
(Address of principal executive offices)	(Zip Code)

(701) 353-5425
(Registrant's telephone number, including area code)

____
(Former name, former address, and former fiscal year, if changed since last report)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, par value $0.001	UPXI	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☐ Yes ☒ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) ☐ YES ☒ NO

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of February 13, 2023, the registrant had 17,960,748 shares of common stock, par value $0.001 per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This quarterly report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry’s actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

We operate in a rapidly changing environment and new risks emerge from time to time. As a result, it is not possible for our management to predict all risks, such as the COVID-19 outbreak and associated business disruptions including delayed clinical trials and laboratory resources, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. Considering these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. The forward-looking statements included in this report speak only as of the date hereof, and except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason after the date of this report to conform these statements to actual results or to changes in our expectations.

Our unaudited condensed consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles. The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes that appear elsewhere in this quarterly report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this quarterly report.

In this quarterly report, unless otherwise specified, all dollar amounts are expressed in United States dollars and all references to “common shares” refer to shares of our common stock.

As used in this quarterly report, the terms “we”, “us”, “our” and “our company” mean Upexi, Inc., unless otherwise indicated.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

UPEXI, INC.

Interim Unaudited Condensed Consolidated Financial Statements
For the Three and Six Month Periods Ended December 31, 2022 and 2021

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UPEXI, INC.
CONDENSED CONSOLDIATED BALANCE SHEETS (UNAUDITED)

	December 31, 2022	June 30, 2022
ASSETS		
Current assets		
Cash	$ 4,508,161	$ 7,149,806
Accounts receivable	8,869,297	1,137,637
Inventory	6,779,997	4,725,685
Deferred tax asset, current	-	462,070
Prepaid expenses and other receivables	1,967,088	840,193
Assets of discontinued operations, net	-	6,449,210
Total current assets	22,124,543	20,764,601
Property and equipment, net	7,231,404	7,343,783
Intangible assets, net	18,712,409	10,641,382
Goodwill	15,342,089	5,887,393
Deferred tax asset	2,479,918	2,002,759
Investments - Bloomios	10,081,255	-
Other assets	56,703	100,372
Right-of-use asset	608,488	926,570
Total other assets	54,512,266	26,902,259
Total assets	$ 76,636,809	$ 47,666,860
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 4,162,121	$ 2,018,541
Accrued compensation	718,764	531,259
Deferred revenue	31,724	105,848
Accrued liabilities	3,898,318	955,327
Acquisition payable	3,978,523	-
Current portion of notes payable	2,117,683	5,424,752
Current portion of operating lease payable	187,777	267,029
Total current liabilities	15,094,910	9,302,756
Operating lease payable, net of current portion	375,552	700,411
Notes payable, net of current portion	24,420,152	8,876,949
Total long-term liabilities	24,795,704	9,577,360
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, $0.001 par value, 100,000,000 shares authorized, and 500,000 and 500,000 shares issued and outstanding, respectively	500	500
Common stock, $0.001 par value, 100,000,000 shares authorized, and 17,960,748 and 16,713,345 shares issued and outstanding, respectively	17,960	16,713
Additional paid in capital	43,105,223	34,985,597
Accumulated deficit	(6,198,722)	(6,270,886)
Total stockholders' equity attributable to Upexi, Inc.	36,924,961	28,731,924
Non-controlling interest in subsidiary	(178,766)	54,820
Total stockholders' equity	36,746,195	28,786,744
Total liabilities and stockholders' equity	$ 76,636,809	$ 47,666,860

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UPEXI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Month's Ended December 31,		Six Month's Ended December 31,	
	2022	2021	2022	2021
Revenue				
Revenue	$ 27,086,672	$ 4,983,557	$ 38,643,683	$ 8,853,667
Cost of Revenue	16,773,493	711,246	22,289,773	1,982,975
Gross profit	10,313,179	4,272,311	16,353,910	6,870,692
Operating expenses				
Sales and marketing	3,707,925	1,735,194	5,733,385	2,735,258
Distribution costs	3,575,545	821,630	6,063,379	933,463
General and administrative expenses	2,910,655	3,003,919	5,409,524	4,586,351
Share-based compensation	1,052,847	852,455	1,980,173	1,479,293
Amortization of acquired intangible assets	962,077	236,001	1,842,973	304,835
Depreciation	242,551	159,073	437,048	246,579
	12,451,600	6,808,272	21,466,482	10,285,779
Loss from operations	(2,138,421)	(2,535,960)	(5,112,572)	(3,415,086)
Other income (expense), net				
Interest (expense) income, net	(1,790,144)	(48,541)	(2,225,973)	(41,994)
Change in derivative liability	(3,540)	-	(1,770)	-
Gain on sale of Infusionz and select assets	7,564,363	-	7,564,363	-
Gain on SBA PPP loan extinguishment	-	-	-	300,995
Other income (expense), net	5,770,679	(48,541)	5,336,620	259,001
Income (loss) on operations before income tax	3,632,258	(2,584,501)	224,048	(3,156,085)
Income tax expense	(755,253)	(493,936)	(47,052)	(235,033)
Net income (loss) from continuing operations	2,877,005	(3,078,437)	176,996	(3,391,118)
(Loss) income from discontinued operations	(292,907)	2,820,190	(338,418)	3,967,662
Net loss attributable to non-controlling interest	(85,581)	-	(233,586)	-
Net income (loss) attributable to Upexi, Inc.	$ 2,669,679	$ (258,247)	$ 72,164	$ 576,544
Basic income (loss) per share:				
Income (loss) per share from continuing operations	$ 0.16	$ (0.32)	$ 0.01	$ (0.22)
(Loss) income per share from discontinued operations	$ (0.02)	$ 0.29	$ (0.02)	$ 0.26
Total income (loss) per share	$ 0.16	$ (0.32)	$ 0.01	$ (0.22)
Diluted income (loss) per share:				
Income (loss) per share from continuing operations	$ 0.15	$ (0.32)	$ 0.01	$ (0.20)
(Loss) income per share from discontinued operations	$ (0.02)	$ 0.29	$ (0.02)	$ 0.23
Total income (loss) per share	$ 0.15	$ (0.32)	$ 0.01	$ (0.20)
Basic weighted average shares outstanding	17,540,427	9,755,663	17,126,886	15,452,453
Fully diluted weighted average shares outstanding	19,030,705	9,755,663	18,617,164	17,220,564

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UPEXI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Preferred Stock Shares	Preferred Stock Par	Common Stock Shares	Common Stock Par	Additional Paid In Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Equity
2021								
Balance, June 30, 2021	500,000	$ 500	15,262,394	$ 15,262	$ 25,372,247	$ (4,170,036)	$ -	$ 21,217,973
Issuance of common stock for acquisition of Infusionz	-	-	306,945	307	1,764,569	-	-	1,764,876
Issuance of common stock for acquisition of VitaMedica	-	-	100,000	100	481,900	-	-	482,000
Issuance of common stock for acquisition costs	-	-	7,000	7	33,733	-	-	33,740
Stock based compensation	-	-	-	-	593,098	-	-	593,098
Issuance of common stock for services	-	-	35,000	35	174,965	-	-	175,000
Net income for the three months ended September 30, 2021	-	-	-	-	-	511,711	-	511,711
Balance, September 30, 2021	500,000	$ 500	15,711,339	$ 15,711	$ 28,420,512	$ (3,658,325)	$ -	$ 24,778,398
Stock based compensation	-	-	-	-	677,455	-	-	677,455
Issuance of common stock for acquisition of Interactive Offers	-	-	666,667	667	3,999,333	-	-	4,000,000
Net income for the three months ended December 31, 2021	-	-	-	-	-	64,833	-	64,833
Balance, December 31, 2021	500,000	$ 500	16,378,006	$ 16,378	$ 33,097,300	$ (3,593,492)	$ -	$ 29,520,686
2022								
Balance, June 30, 2022	500,000	$ 500	16,713,345	$ 16,713	$ 34,985,597	$ (6,270,886)	$ 54,820	$ 28,786,744
Amortization of common stock issuance for services	-	-	-	-	70,350	-	-	70,350
Stock based compensation	-	-	-	-	927,326	-	-	927,326
Net loss for the three months ended September 30, 2022	-	-	-	-	-	(2,597,515)	(148,005)	(2,745,520)
Balance, September 30, 2022	500,000	$ 500	16,713,345	$ 16,713	$ 35,983,273	$ (8,868,401)	$ (93,185)	$ 27,038,900
Amortization of common stock issuance for services	-	-	-	-	70,350	-	-	70,350
Stock based compensation	-	-	-	-	1,052,847	-	-	1,052,847
Issuance of common stock for acquisition of E-Core	-	-	1,247,403	1,247	5,998,753	-	-	6,000,000
Net income (loss) for the three months ended December 31, 2022	-	-	-	-	-	2,669,679	(85,581)	2,584,098
Balance, December 31, 2022	500,000	$ 500	17,960,748	$ 17,960	$ 43,105,223	$ (6,198,722)	$ (178,766)	$ 36,746,195

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UPEXI, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Six Month's Ended December 31,	
	2022	2021
Cash flows from operating activities		
Net income (loss) attributable to Upexi, Inc.	72,164	576,544
Adjustments to reconcile net income from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	2,280,021	304,835
Non-cash consideration for sale of Infusionz and select assets, net	(7,094,296)	-
Inventory write-offs	34,328	140,000
Bad debt expense	-	1,000
Amortization of senior security original issue discount	(192,690)	-
Noncontrolling interest	(233,586)	-
Change in deferred tax asset	(15,089)	177,674
Shares issued for services	-	175,000
Shares issued for finder fee	1,770	33,740
Stock based compensation	1,980,173	1,270,553
Changes in assets and liabilities, net of acquired amounts		
Accounts receivable	(1,031,715)	113,826
Inventory	6,043,078	(779,808)
Prepaid expenses and other assets	(1,007,505)	(258,054)
Operating lease payable	(86,029)	(49,468)
Accounts payable and accrued liabilities	2,916,158	(699,488)
Deferred revenue	(74,124)	209,833
Net cash provided by operating activities - Continuing Operations	3,592,658	1,216,187
Net cash used in operating activities - Discontinued Operations	-	(826,188)
Net cash provided by operating activities	3,592,658	389,999
Cash flows from investing activities		
Acquisition of Lucky Tail	(2,500,000)	-
Acquisition of VitaMedica, Inc., net of cash acquired	(500,000)	(2,074,589)
Acquisition of New England Technology, Inc.	914,611	-
Acquisition of Interative Offers, net of cash acquired	-	(1,854,193)
Proceeds from the sale of Infusionz and selected assets	5,500,000	-
Acquisition of property and equipment	(183,969)	(4,282,430)
Net cash provided by (used in) investing activities - Continuing Operations	3,230,642	(8,211,212)
Net cash (used in) provided by investing activities - Discontinued Operations	-	-
Net cash provided by (used in) investing activities	3,230,642	(8,211,212)
Cash flows from financing activities		
Repayment of notes payable	(311,938)	-
Repayment of the senior convertible notes payable	(6,382,989)	(151,004)
Payment on line of credit	(7,201,079)	-
Proceeds from note payable	-	33,967
Proceeds on note payable on building	3,000,000	-
Repayment on note payable on building	(38,939)	-
Proceeds on note payable, related party	1,470,000	-
Net cash used in financing activities - Continuing Operations	(9,464,945)	(117,037)
Net cash (used in) provided by financing activities - Discontinued Operations	-	-
Net cash used in financing activities	(9,464,945)	(117,037)
Net decrease in cash - Continuing Operations	(2,641,645)	(7,112,062)
Net decrease in cash - Discontinued Operations	-	(826,188)
Cash, beginning of period	7,149,806	14,534,211
Cash, end of period	$ 4,508,161	$ 6,595,961
Supplemental cash flow disclosures		
Interest paid	$ -	$ -
Income tax paid	$ -	$ -
Non-cash financing activities		
Issuance of common stock for acquisition of Infusionz	$ -	$ 1,764,876
Issuance of common stock for acquisition of VitaMedica	$ -	$ 482,000
Issuance of debt for acquisition of VitaMedica	$ -	$ 1,000,000
Liabilities assumed from acquisition of E-Core	$ (7,712,168)	$ -
Non-cash consideration received from Bloomios for the sale of Infusionz	$ 18,000,000	$ -
Assets available for sale	$ 6,446,210	$ 6,786,289
Liabilities assumed from acquisition of VitaMedica	$ -	$ (309,574)
Issuance of stock for acquisition of Interactive	$ -	$ 4,000,000
Liabilities assumed from acquisition of Interactive	$ -	$ (1,099,993)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

UPEXI, INC.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Description of the Business

Upexi is a multi-faceted brand owner with established brands in health, wellness, pet, beauty and other growing markets. We operate in emerging industries with high growth trends and look to drive organic growth of our current brands. We focus on direct to consumer and Amazon brands that are scalable and have anticipated, high industry growth trends. Our goal is to continue to accumulate consumer data and build out a significant customer database across all industries we sell into. The growth of our current customer database has been key to the year-over-year gains in sales and profits. To drive additional growth, we have and will continue to acquire profitable Amazon and eCommerce businesses that can scale quickly and reduce costs through corporate synergies. We utilize our in-house SaaS programmatic ad technology to help achieve a lower cost per acquisition and accumulate consumer data for increased cross-selling between our growing portfolio of brands.

The Company primarily conducts its business operations through the following subsidiaries:

- HAVZ, LLC, d/b/a/ Steam Wholesale, a California limited liability company
  - SWCH, LLC, a Delaware limited liability company
  - Cresco Management, LLC, a California limited liability company
- Trunano Labs, Inc., a Nevada corporation
- MW Products, Inc., a Nevada corporation
- Upexi Holding, LLC, a Delaware limited liability company
  - Upexi Pet Products, LLC, a Delaware limited liability company
- VitaMedica, Inc, a Nevada corporation
- Upexi Enterprise, LLC, a Delaware limited liability company
  - Upexi Property & Assets, LLC, a Delaware limited liability company
    - Upexi 17129 Florida, LLC, a Delaware limited liability company
  - E-Core Technology, Inc.
- Interactive Offers, LLC (“Interactive”), a Delaware limited liability company
- Cygnet Online, LLC (“Cygnet”), a Delaware limited liability company, 55% owned

We operate throughout our locations in the USA with operations in Florida, California, Nevada, and Colorado through our various Brands and entities.

Upexi operates from our corporate location in Clearwater, Florida where direct to consumer and Amazon sales are driven by on-site and remote teams for all brands. The location also supports all the other locations with accounting, corporate oversight, day to day finances and all business growth and management operating from this location.

VitaMedica operates mainly from our California location with product development, fulfillment, and day-to-day operations from that location, primarily focused on our health and beauty products.

Interactive Offers operates from its Florida office with day-to-day operations supported by various off site remote positions, with the majority of the development team operating out of Portugal.

Cygnet Online operates from our South Florida location with a full on-site GMP warehouse and distribution center, day to day operations of our Amazon liquidation business team from this location with support of remote team members.

LuckyTail operates from our Clearwater, Florida location with sales and marketing driven by on-site and remote teams that operate Amazon and direct to consumer sales strategy and daily business operations for our pet products.

E-Core Technology, Inc. operates from offices in Massachusetts, New York, New Jersey, and Florida and uses third-party logistic providers to receive, store and distribute its products. E-Core Technology, Inc. focuses on name brand consumer electronics and offers several innovative distribution models based on retailer requirements and programs. In addition, E-Core operates Tytan Tiles a children's toy brand for popular magnetic tiles and building blocks.

HAVZ, LLC, d/b/a/ Steam Wholesale operates manufacturing and/or distribution centers in Henderson, Nevada supporting our health and wellness products, including those products manufactured with hemp ingredients and our overall distribution operations. We have continued to manage these operations with corporate focus on larger opportunities that have warranted management focus and investments for the future.

Business Acquisitions

On August 1, 2021, the Company completed an asset purchase agreement with Grove Acquisition Subsidiary, Inc., a Nevada corporation and wholly owned subsidiary of the Company and the members of VitaMedica Corporation, a California corporation to purchase all the assets and assume certain liabilities of VitaMedica. VitaMedica is a leading online seller of supplements for surgery, recovery, skin, beauty, health, and wellness.

On October 1, 2021, the Company completed an equity interest purchase agreement with Gyprock Holdings LLC, a Delaware limited liability company, MFA Holdings Corp., a Florida corporation and Sherwood Ventures, LLC, a Texas limited liability company to acquire all of the outstanding membership interest of Interactive Offers, LLC, a Delaware limited liability corporation.

On April 1, 2022, the Company completed a securities purchase agreement with a single investor to acquire 55% of the equity interest in Cygnet Online, LLC, a Delaware limited liability corporation. The agreement also enables the Company to purchase the remaining 45% over the following two years.

On August 12, 2022, the Company completed an asset purchase agreement with GA Solutions, LLC, a Delaware limited liability company ("LuckyTail"), pursuant to which the Company acquired substantially all assets of LuckyTail. LuckyTail sells pet nail grinders and other pet products through various sales channels including some international sales channels.

On October 31, 2022, the Company and its wholly owned subsidiary Upexi Enterprise, LLC, completed a securities purchase agreement to purchase the outstanding stock of E-Core Technology, Inc. d/b/a New England Technology, Inc. ("E-Core"), a Florida corporation. E-Core distributes non-owned branded products to national retail distributors and has branded products in the toy industry that E-Core sells direct to consumers through online sales channels and to national retail distributors.

Business Divested

On October 26, 2022, the Company executed a membership interest purchase agreement to sell100% of the membership interests of Infusionz LLC, a Colorado limited liability company ("Infusionz"), included in the sale was all rights to Infusionz brands and the manufacturing of certain private label business. Infusionz was originally purchased by the Company in July of 2020. The divestiture of Infusionz and related private label manufacturing represents a strategic shift in our operations and will allow us to become a predominantly product distribution focused company for both our Company owned brands and non-owned brands. Accordingly, the results of the business were classified as discontinued operations in our condensed statements of operations and excluded from both continuing operations and segment results for all periods presented.

Basis of Presentation and Principles of Consolidation

The Company's condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The condensed consolidated financial statements include the accounts of all subsidiaries in which the Company holds a controlling financial interest as of December 31, 2022, and June 30, 2022.

In the opinion of management, the unaudited interim condensed consolidated financial statements reflect all adjustments of a normal recurring nature that are necessary for a fair presentation of the results for the interim periods presented. All significant intercompany transactions and balances are eliminated in consolidation. However, the results of operations included in such financial statements may not necessarily be indicative of annual results.

Discontinued Operations

A discontinued operation is a component of an entity that has either been disposed of or that is classified as held for sale, which represents a separate major line of business or geographic area of options and is part of a single coordinated plan to dispose of a separate line of business or geographical area of operations. In accordance with the rules regarding the presentation of discontinued operations, the assets, liabilities, and activity of Infusionz and certain manufacturing business have been reclassified as discontinued operations for all periods presented.

Fair Value of Financial Instruments

ASC Topic 820, *Fair Value Measurement* (“ASC 820”), establishes a fair value hierarchy for instruments measured at fair value that distinguished between assumptions based on market data (observable inputs) and the Company’s own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company’s assumption about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

ASC 820 identified fair value as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As a basis for considering market participant assumptions in fair value measurements, ASC 820 established a three-tier fair value hierarchy that distinguishes between the following:

Level 1—Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable, such as quoted market prices, interest rates and yield curves.

Level 3—Unobservable inputs developed using estimates or assumptions developed by the Company, which reflect those that a market participant would use.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized as Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The carrying amounts reflected in the balance sheets for cash and cash equivalents, prepaid expenses, other current assets, accounts payable and accrued expenses approximate their fair values, due to their short-term nature. For the three and six months ended December 31, 2022, management believed it necessary to record a reserve against the debt and equity instruments obtained in the sale of Infusionz of $8,500,000.

Reclassification

Certain reclassifications have been made to the condensed consolidated financial statements as of and for the year ended June 30, 2022, and for the three and six months ended December 31, 2021 to conform to the presentation as of and for the three and six months ended December 31, 2022.

Note 2. Acquisitions

VitaMedica Corporation

Effective August 1, 2021, the Company entered into and closed an asset purchase agreement (the "VitaMedica Agreement") with Grove Acquisition Subsidiary, Inc., a Nevada corporation and wholly owned subsidiary of the Company and VitaMedica Corporation, a California corporation, David Rahm and Yvette La-Garde ("Seller"). VitaMedica Corporation is a leading online seller of supplements for surgery, recovery, skin, beauty, health and wellness.

The Company agreed to purchase substantially all of the assets of the Seller as of August 1, 2021. The transaction was valued at an estimated fair value of $3,556,589. The purchase price consisted of 100,000 shares of the Company's common stock valued at $482,000, $4.82 per common share, the closing price on August 4, 2021 (close date of the transaction), a non-negotiable promissory note from the Company in favor of the Seller in the original principal amount of $500,000, a non-negotiable convertible promissory note from the Company in favor of the Seller in the original principal amount of $500,000, convertible at $5.00 per share for a total of 100,000 shares of the Company's Common Stock and a cash payment of $2,000,000 which was paid on August 5, 2021. In addition, a $74,589 cash payment was made on October 29, 2021, for excess working capital acquired.

A finder's fee of $103,740 was paid by the Company, $70,000 in cash and 7,000 shares of common stock, valued at $33,740, $4.82 per common share, the closing market price on August 4, 2021 (close date of the transaction). These fees were expensed during the three and six months ended December 31, 2021.

The assets and liabilities of VitaMedica are recorded at their respective fair values and the following table summarizes these values based on the balance sheet on August 1, 2021, the effective closing date.

Tangible Assets	$ 860,738
Intangible Assets	1,935,000
Goodwill	960,780
Liabilities Acquired	(199,929)
Total Purchase Price	$ 3,556,589

The Company's condensed consolidated financial statements for the three and six months ended December 31, 2022 include the actual results for VitaMedica. For the three and six months ended December 31, 2021, the Company's condensed consolidated financial statements include the actual results of VitaMedica for the period August 1, 2021 to December 31, 2021.

The acquisition of VitaMedica provided the Company with entrance into the online seller's market for supplements for surgery, recovery, skin, beauty, health and wellness and provided improved gross margins through synergies recognized with the consolidation of manufacturing and distribution operations. These are the factors of goodwill recognized in the acquisition.

Interactive Offers, LLC

Effective October 1, 2021, the Company entered into an equity interest purchase agreement (the "I/O Agreement") with Gyprock Holdings LLC, a Delaware limited liability company, MFA Holdings Corp., a Florida corporation and Sherwood Ventures, LLC, a Texas limited liability company (each an "I/O Seller" and collectively the "I/O Sellers"). The I/O Sellers owned all the membership interests in Interactive Offers, LLC, a Delaware limited liability company ("Interactive"). The Company's CEO and Chairman, Allan Marshall, was the controlling stockholder and the president of MFA Holdings Corp, which owned 20% of the outstanding membership interests in Interactive. Interactive provides programmatic advertising with its SaaS platform which allows for programmatic advertisement placement automatically on any partners' sites from a simple dashboard.

The Company purchased all the outstanding membership interests of Interactive as of October 1, 2021. The purchase price for the sale was $4,833,630, as amended, which consisted of 560,170 shares of common stock of the Company valued at $2,733,630, $4.88 per share, the stock price on October 1, 2022, and a cash payment of $2,100,000.

The assets and liabilities of Interactive are recorded at their respective fair values and the following table summarizes these values based on the balance sheet on October 1, 2021, the effective closing date.

Tangible Assets	$ 413,465
Intangible Assets	2,631,000
Goodwill	2,889,158
Liabilities Acquired	(1,099,993)
Total Purchase Price	$ 4,833,630

The Company's condensed consolidated financial statements for the three and six months ended December 31, 2022 include the actual results of Interactive.

The acquisition of Interactive provided the Company with a solid entry into the programmatic ad space and added a unique in-house advertising platform to leverage and scale its current and future brands. Access by sellers to Interactive's ad platform provides further product sales growth and advertising efficiencies. These are the factors of goodwill recognized in the acquisition.

Cygnet Online, LLC

The Company entered into a securities purchase agreement to purchase Cygnet Online, LLC, a Delaware limited liability company effective as of April 1, 2022. The Company purchased 55% of the equity in the business with a purchase price of $5,100,000, as amended. The consideration consisted of $l,500,000 in cash, $2,550,000 or 555,489 shares of restricted common stock and a non-negotiable convertible promissory note in the original principal amount of $1,050,000, which can be converted into common stock of the Company at a price of $6.00 per share and is payable in full, to the extent not previously converted, on April 15, 2023. The purchase price is subject to a two-way adjustment based on the amount of Closing Working Capital, as defined in the agreement.

Additionally, Seller will be paid up to $700,000 in the form of an earn-out payment based on 7% of Cygnet's net revenue during the earn-out period, in accordance with and subject to the terms and conditions of the agreement. The earn-out payment, if any, will be paid 50% in immediately available funds and 50% in Company restricted common stock.
The Agreement contains customary confidentiality, non-competition, and non-solicitation provisions for the Seller and Seller's affiliates.

In addition, the Company has the right to purchase Seller's remaining membership interests in Cygnet. Commencing on October 10, 2022 and continuing for 180 days thereafter, the Company has the right, but not the obligation, to cause the Seller to sell 15% of the membership interests in Cygnet for $1,650,000 in immediately available funds. Commencing on the date that the Company completes its financial statements for the year ended December 31, 2023, and continuing for 120 days thereafter, the Company has the right, but not the obligation, to cause the Seller to sell the remaining 30% of the membership interests in Cygnet for 30% of the amount equal to four times Cygnet's Adjusted EBITDA (as defined in the Call Agreement) for calendar year 2023, payable by wire transfer of immediately available funds equal to at least 50% of said purchase price with the balance payable through the issuance to Seller of shares of restricted common stock of the Company.

The Seller has the right, but not the obligation, at any time commencing on the date that is 120 days after the date the Company completes Cygnet's financial statements for the year ended December 31, 2023, and continuing for 90 days thereafter, to cause the Company to purchase all of the Seller's remaining membership interests in Cygnet for a purchase price equal to the product of (i) four times Cygnet's Adjusted EBITDA (as defined in the Put Agreement) for calendar year 2023, and (ii) the percentage of Cygnet membership interests being sold, payable in shares of restricted common stock of the Company.

The assets and liabilities of Cygnet are recorded at their preliminary respective fair values as of the closing date of the Cygnet Agreement, and the following table summarizes these values based on the balance sheet on April 1, 2022, the effective closing date.

Tangible Assets	$	3,683,829
Intangible Assets		7,800,000
Goodwill		2,037,455
Liabilities Acquired		(8,421,284)
Total Purchase Price	$	5,100,000

The Company's condensed consolidated financial statements for the three and six months ended December 31, 2022, include the actual results of Cygnet.

The acquisition of Cygnet provided the Company with the opportunity to expand its operations as an Amazon and eCommerce seller. The resulting combination increased Cygnet's product offerings through the Company's distributors and partnerships as it continues to focus on over-the -counter supplements and beauty products. Cygnet will be the anchor company for Upexi's Amazon strategy. These are the factors of goodwill recognized in the acquisition.

LuckyTail

The Company entered into an asset purchase agreement with GA Solutions, LLC to acquire substantially all assets of the business.The base consideration totals $3,000,000 plus the amount of working capital transferred to the Company. The consideration for the purchase consisted of $2,000,000, paid into escrow and released when certain assets were transferred to the Company, (ii) $500,000 payable on the latter of the release from escrow and 90 days post-closing, and (iii) $500,000 payable on the latter of the release from escrow and 180 days post-closing. In addition, the Company has agreed to purchase certain inventory from the Seller upon its valuation having been determined, at close the inventory and other current assets were estimated at $490,822. The asset purchase agreement also provides for a two-way post-closing adjustment based on a target adjusted revenue for the business acquired of $1,492,329 for the period of August 1, 2022 through December 31, 2022.

The Agreement contains customary confidentiality, non-competition, and non-solicitation provisions for the Seller and Seller's affiliates.

The assets and liabilities of LuckyTail are recorded at their preliminary respective fair values as of the closing date of the asset purchase agreement, and the following table summarizes these values based on the balance sheet on August 12, 2022, the effective closing date.

Tangible Assets	$	490,822
Intangible Assets		2,664,000
Goodwill		336,000
Liabilities Acquired		-
Total Purchase Price	$	3,490,822

The Company's condensed consolidated financial statements for the three and six months ended December 31, 2022, include the actual results of LuckyTail from August 13, 2022, through December 31, 2022.

The acquisition of LuckyTail provided the Company a foothold in the pet care industry and a strong presence on Amazon and its eCommerce store, offering nutritional and grooming products domestically and internationally. The acquisition provided both top line growth and improved EBITDA for the Company. These are the factors of goodwill recognized in the acquisition.

E-Core, Inc. and its subsidiaries

On October 31, 2022, Upexi, Inc. (the "Company"), and its wholly owned subsidiary Upexi Enterprises, LLC entered into a securities purchase agreement, effective October 21, 2022, to purchase 100% of E-Core Technology, Inc. ("E-Core") d/b/a New England Technology, Inc., a Florida corporation ("New England Technology"), for $ 24,100,000, subject to adjustments. The consideration consisted of $3,100,000 in cash, 1,247,402 shares of the Company's restricted common stock with a value equal to $6,000,000, two promissory notes in the original principal amount of $5,750,000 each, payable upon maturity and a convertible promissory note in the original principal amount of $3,500,000, convertible in full on the two-year anniversary of the issuance of the note at a conversion price of $4.81 per share. If the conversion right is not exercised, the principal balance will be paid in twelve monthly installments beginning on the two-year anniversary of the executed promissory note. The principal amount of the convertible promissory note is subject to a two-way adjustment based on the Company's Adjusted EBITDA for the three-year period commencing on the closing date.

In addition, on October 31, 2022, the Company issued options to purchase up to 360,000 shares of the Company's common stock at an exercise price of $5.30 per share.

The agreement contains customary confidentiality, non-competition, and non-solicitation provisions for E-Core and its affiliates.

Within 90 days after the closing date, Buyer shall prepare and deliver to E-Core a statement, setting forth Buyer's calculation of closing working capital and the purchase price resulting therefrom. The two-way post-closing adjustment based on target working capital shall be an amount equal to the closing working capital minus the target closing working capital.

The assets and liabilities of E-Core are recorded at their preliminary respective fair values as of the closing date of the asset purchase agreement, and the following table summarizes these values based on the balance sheet on October 21, 2022, the effective closing date.

Tangible Assets	$ 15,540,288
Intangible Assets	7,250,000
Goodwill	8,988,076
Liabilities Acquired	(7,712,168)
Total Purchase Price	$ 24,066,196

The Company's condensed consolidated financial statements for the three and six months ended December 31, 2022, include the actual results of E-Core from October 21, 2022, through December 31, 2022.

The acquisition of E-Core provided the Company with an entrance into the children's toy sector as well as national retail distribution for owned and non-owned branded products. The acquisition expands the Company's ability to leverage direct-to-consumer distribution and further develop the broad distribution capabilities of E-Core. These are the factors of goodwill recognized in the acquisition.

Revenue from acquisitions included in the financial statements.

Net revenue included in the six months ended:

	December 31,	
	2022	**2021**
VitaMedica	$ 3,561,264	$ 2,406,266
Interactive	683,322	853,017
Cygnet	14,607,180	-
LuckyTail	2,219,234	-
E-core	13,647,412	-
	$ 34,718,412	$ 3,259,283

Net revenue included in the three months ended:

	December 31,	
	2022	**2021**
VitaMedica	$ 1,943,955	$ 1,417,483
Interactive	345,110	-
Cygnet	7,359,661	-
LuckyTail	1,394,459	-
E-core	13,647,412	-
	$ 24,690,597	$ 1,417,483

Consolidated pro-forma unaudited financial statements.

The following unaudited pro forma combined financial information is based on the historical financial statements of the Company, VitaMedica, Interactive, Cygnet, LuckyTail and E-Core after giving effect to the Company's acquisitions as if the acquisitions occurred on July 1, 2021.

The following unaudited pro forma information does not purport to present what the Company's actual results would have been had the acquisitions occurred on July 1, 2021, nor is the financial information indicative of the results of future operations. The following table represents the unaudited consolidated pro forma results of operations for the three and six months ended December 31, 2022 and the three and six months ended December 31, 2021, as if the acquisitions occurred on July 1, 2021. The results of operations for VitaMedica, Interactive and Cygnet are included in the three and six months ended December 31, 2022 and the results of operations for LuckyTail are included from August 13, 2022 to December 31, 2022.

Operating expenses have been increased for the amortization expense associated with the fair value adjustment of definite lived intangible assets of VitaMedica, Interactive, Cygnet, LuckyTail and E-Core by approximately $41,363, $50,329, $175,000, $54,000, and $145,833 per month, respectively.

Pro Forma, Unaudited **Three months ended December 31, 2022**	**Grove, Inc.**	**E-Core**	**Proforma Adjustments**	**Proforma**
Net sales	$ 27,086,672	$ 3,483,909	$	$ 30,570,581
Cost of sales	$ 16,773,493	$ 2,968,750	$	$ 19,742,243
Operating expenses	$ 12,451,600	$ 414,994	$ 97,222	$ 12,963,816
Net income (loss) from continuing operations	$ 2,877,005	$ 82,823	$ (97,222)	$ 2,862,606
Basic income (loss) per common share	$ 0.16	$ 0.27	$	$ 0.16
Weighted average shares outstanding	17,540,427	311,851		17,852,278

Pro Forma, Unaudited **Six months ended December 31, 2022**	**Grove, Inc.**	**LuckyTail**	**E-Core**	**Adjustments**	**Proforma**
Net sales	$ 38,643,683	$ 892,270	$ 12,905,836	$	$ 52,441,789
Cost of sales	$ 22,289,773	$ 137,088	$ 11,177,032	$	$ 33,603,893
Operating expenses	$ 21,466,482	$ 383,476	$ 1,050,602	$ 561,721	$ 23,462,281
Net income (loss) from continuing operations	$ 176,996	$ 371,706	$ 660,860	$ (561,721)	$ 647,841
Basic income (loss) per common share	$ 0.01	$ -	$ -	$	$ 0.04
Weighted average shares outstanding	17,126,886	-	779,626		17,126,886

Pro Forma, Unaudited **Three months ended December 31, 2021**	**Grove, Inc.**	**Cygnet**	**LuckyTail**	**E-core**	**Proforma Adjustments**	**Proforma**
Net sales	$ 4,983,557	7,527,927	$ 936,289	$ 13,062,408	$	$ 18,045,965
Cost of sales	$ 711,246	6,372,432	$ 265,506	$ 11,637,510	$	$ 12,348,756
Operating expenses	$ 6,808,272	695,574	$ 475,502	$ 1,424,898	$ 1,124,499	$ 9,357,669
Net income (loss) from continuing operations	$ (3,078,437)	382,657	$ 195,281	$ (4,021)	$ (1,124,499)	$ (4,206,957)
Basic income (loss) per common share	$ (0.32)	0.69	$ -	$ -	$	$ (0.38)
Weighted average shares outstanding	9,755,663	555,489	-	1,247,402		11,003,065

Pro Forma, Unaudited **Six months ended December 31, 2021**	**Grove, Inc.**	**VitaMedica**	**Interactive**	**Cygnet**	**LuckyTail**	**E-core**	**Proforma Adjustments**	**Proforma**
Net sales	$ 8,853,667	$ 384,391	$ 1,329,522	$ 15,055,854	$ 1,927,313	$ 22,484,335	$	$ 50,035,082
Cost of sales	$ 1,982,975	$ 93,509	$ -	$ 12,744,864	$ 562,355	$ 19,845,792	$	$ 35,229,495
Operating expenses	$ 10,285,779	$ 255,286	$ 1,816,464	$ 1,391,148	$ 971,139	$ 2,079,906	$ 2,441,348	$ 19,241,070
Net income (loss) from continuing operations	$ (3,391,118)	$ 35,596	$ (376,987)	$ 765,314	$ 393,818	$ 574,016	$ (2,441,348)	$ (4,440,709)
Basic income (loss) per common share	$ (0.22)	$ 0.36	$ (0.57)	$ 1.38	$ -	$ 0.46	$	$ (0.26)
Weighted average shares outstanding	15,452,453	100,000	666,667	555,489	-	1,247,402		17,255,344

VitaMedica amortization expense of $496,356 annually and $41,363 monthly is based on the purchase price allocation report. For the six months ended December 31, 2021, the proforma adjustment included $41,363, one month of amortization expense.

Interactive amortization expense at $603,948 annually and $50,329 monthly is based on the purchase price allocation report. For the six months ended December 31, 2021, the proforma adjustment included $150,987, three months of amortization expense.

The Company estimated the annual Cygnet amortization expense at $2,100,000 annually and $175,000 monthly, based on management's preliminary allocation of the purchase price. For the three months ended December 31, 2021, the proforma adjustment included $525,000, three months of amortization expense.

The Company estimated the annual LuckyTail amortization expense at $648,000 annually and $54,000 monthly, based on management's preliminary allocation of the purchase price. For the six months ended December 31, 2022, the proforma adjustment included $27,000 of amortization expense for half a month. For the three months ended December 31, 2021, the proforma adjustment included $162,000 of amortization of three months and for the six months ended December 31, 2021, the proforma adjustment included $324,000, six months of amortization expense.

The Company estimated the annual E-Core amortization expense at $1,750,000 annually and $145,833 monthly, based on management's preliminary allocation of the purchase price. For the six months ended December 31, 2022, the proforma adjustment included $437,499 of amortization expense of three months. For the three months ended December 31, 2021, the proforma adjustment included $437,499 of amortization of three months and for the six months ended December 31, 2021, the proforma adjustment included $874,998 of amortization expense for six months.

Note 3. Inventory

Inventory consisted of the following:

	December 31, 2022	June 30, 2022
Raw materials	$ -	$ -
Finished goods	6,779,997	4,725,685
	$ 6,779,997	$ 4,725,685

The Company writes off the value of inventory deemed excessive or obsolete.

During the three and six months ended December 31, 2021, the Company wrote off inventory valued at $34,328 and $140,000, respectively.

Note 4. Property and Equipment

Property and equipment consist of the following:

	December 31, 2022	June 30, 2022
Furniture and fixtures	$ 170,661	$ 51,273
Computer equipment	130,507	103,615
Manufacturing equipment	3,136,286	1,002,796
Leasehold improvements	90,245	2,144,341
Building	4,876,133	4,656,435
Vehicles	261,362	253,229
Property and equipment, gross	8,665,194	8,211,689
Less accumulated depreciation	(1,433,790)	(867,906)
	$ 7,231,404	$ 7,343,783

Depreciation expense for the three months ended December 31, 2022, and 2021 was $242,551 and $159,073, respectively.

Depreciation expense for the six months ended December 31, 2022, and 2021 was $437,048 and $246,579, respectively.

Note 5. Intangible Assets

Intangible assets as of December 31, 2022:

	Estimated Life	Cost	Accumulated Amortization	Net Book Value
Customer relationships, amortized over four years	4 years	$ 10,396,000	$ 1,091,242	$ 9,304,758
Trade name, amortized over five years	5 years	2,219,000	278,349	1,940,651
Non-compete agreements	Term of agreement	275,000	225,500	49,500
Online sales channels	2 years	1,800,000	675,000	1,125,000
Vender relationships	5 years	6,000,000	900,000	5,100,000
Software	5 years	1,590,000	397,500	1,192,500
		$ 22,280,000	$ 3,567,591	$ 18,712,409

For the three months ended December 31, 2022 and 2021, the Company amortized approximately $962,077 and $417,549, respectively.

For the six months ended December 31, 2022 and 2021, the Company amortized approximately $1,842,973 and $667,932, respectively.

The following intangible assets were added during the six months ended December 31, 2022 from the acquisition of LuckyTail:

Customer relationships	$ 2,304,000
Trade name	360,000
Intangible Assets from Purchase	$ 2,664,000

E-Core:

Customer relationships	$ 6,000,000
Trade name	1,250,000
Intangible Assets from Purchase	$ 7,250,000

Intangible assets as of June 30, 2022:

	Cost	Accumulated Amortization	Net Book Value
Customer relationships, amortized over four years	$ 2,092,000	$ 689,293	$ 1,402,707
Trade name, amortized over five years	609,000	156,783	452,217
Non-compete agreements, amortized over the term of the agreement	275,000	115,042	159,958
Online sales channels, amortized over two years	1,800,000	225,000	1,575,000
Vender relationships, amortized over five years	6,000,000	300,000	5,700,000
Software, amortized over five years	1,590,000	238,500	1,351,500
	$ 12,366,000	$ 1,724,618	$ 10,641,382

The following intangible assets were added during the year ended June 30, 2022, from the acquisition of VitaMedica, Interactive and Cygnet.

Customer relationships	$ 2,092,000
Trade name	609,000
Non-compete agreements	275,000
Online sales channels	1,800,000
Vender relationships	6,000,000
Software	1,590,000
Intangible Assets from Purchase	$ 12,366,000

Future amortization of intangible assets at December 31, 2022 are as follows:

June 30, 2023	$	2,762,694
June 30, 2024		5,410,338
June 30, 2025		5,387,879
June 30, 2026		3,823,146
June 30, 2027		1,194,352
Thereafter		134,000
	$	18,712,409

Note 6. Prepaid Expense and Other Current Assets

Prepaid and other receivables consist of the following:

		December 31, 2022		June 30, 2022
Insurance	$	348,006	$	32,045
Prepayment to vendors		821,690		175,378
Deposits on services		33,187		13,762
Prepaid monthly rent		73,266		6,900
Subscriptions and services being amortized over the service period		94,820		274,959
Receivables for transition services from sale of Infusionz and select manufacturing		449,484		-
Other deposits		84,269		337,149
Accrued interest receivable from Bloomios on note receivable		35,385		-
Other receivables		26,981		-
Total	$	1,967,088	$	840,193

Note 7. Operating Leases

The Company has operating leases for corporate offices, warehouses and office equipment that have remaininglease terms of 1 year to 5 years.

The table below reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized in the condensed consolidated balance sheet as of December 31, 2022:

2023	$	187,777
2024		147,623
2025		135,632
2026		113,633
2027		28,684
Total undiscounted future minimum lease payments		613,349
Less: Imputed interest		(50,020)
Present value of operating lease obligation	$	563,329

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of December 31, 2022 are:

Weighted average remaining lease term	33 Months
Weighted average incremental borrowing rate	5.0%

For the three and six months ended December 31, 2022, the components of lease expense, included in general and administrative expenses and interest expense in the condensed consolidated statement of operations, are as follows:

	Three Months Ended December 31, 2022	Six Months Ended December 31, 2022
Operating lease cost:		
Operating lease cost	$ 93,377	$ 186,754
Amortization of ROU assets	83,644	166,321
Interest expense	9,735	20,435
Total lease cost	$ 186,756	$ 373,510

Note 8. Accrued Liabilities and Acquisition Payable

Accrued liabilities consist of the following:

	December 31, 2022	June 30, 2022
Accrued expenses for loyalty program	$ 8,618	$ 6,418
Accrued interest	209,698	147,887
Accrued vendor liabilities	438,291	29,960
Accrued expenses on credit cards	585,285	108,735
Accrued sales tax	35,056	108,425
Derivative liability	-	81,909
Accrued expenses from sale of manufacturing operations	1,786,655	-
Other accrued liabilities	834,715	471,993
	$ 3,898,318	$ 955,327

Acquisition Payable consist of the following:

	December 31, 2022	June 30, 2022
Payments related to the acquisition of E-core	$ 2,966,196	$ -
Payments related to the acquisition of LuckyTail	1,012,327	-
	$ 3,978,523	$ -

These payables are amounts estimated by management that are due to the sellers of and acquisition and include the original purchase price installment payments not represented with a debt, equity or other instrument, estimates of excess or deficiencies in working capital and estimates of future earnout payments.

Note 9. Convertible Promissory Notes and Notes Payable

Convertible promissory notes and notes payable outstanding as of December 31, 2022 are summarized below:

	Maturity Date	December 31, 2022
Convertible Notes, 36-month term notes, 0% cash interest, collateralized with all the assets of the Company	October 31, 2025	$ 3,500,000
Subordinated Promissory Notes, 24-month term notes, 4% cash interest, collateralized with all the assets of the Company	October 31, 2024	5,750,000
Subordinated Promissory Notes, 12-month term notes, 4% cash interest, collateralized with all the assets of the Company	October 31, 2023	5,750,000
Marshall Loan, 2-year term note, 8.5% cash interest, 3.5% PIK interest and subordinate to the Convertible Notes	June 28, 2024	1,394,234
Mortgage Loan, 10-year term note, 4.8% interest, collateralized by land and warehouse building	September 26, 2032	2,961,061
Capital lease, warehouse equipment under a five-year lease, interest rate of 5%	November 7, 2026	25,961
Cygnet Loan, 1-year term note, 6% interest and is convertible at $6.00 per share	April 15, 2023	1,050,000
SBA note payable, 30-year term note, 6% interest rate and collateralized with all assets of the Company	October 6, 2031	4,045,405
Inventory consignment note, 60 monthly payments, with first payment due June 30, 2022, 3.5% interest rate and no security interest in the assets of the business	June 30, 2027	1,211,174
GF Note, 6 annual payments, with first payment due December 31, 2022, 3.5% interest rate and no security interest in the assets of the business	November 7, 2026	850,000
Total notes payable		26,537,835
Less current portion of notes payable		2,117,683
Notes payable, net of current portion		$ 24,420,152

Future payments on notes payable are as follows:

For the year ended June 30:

2023	$ 2,117,683
2024	7,718,839
2025	9,197,443
2026	2,328,946
2027	1,069,333
Thereafter	4,211,357
	$ 26,643,601
Convertible notes, original discount and related fees and costs	(105,766)
	$ 26,537,835

On June 3, 2020, the Company entered into a loan for $150,000 with the Small Business Administration. The promissory note has a fixed payment schedule commencing on June 3, 2021, consisting of principal and interest payments of $731 monthly. The balance of the principal and interest will be payable thirty years from the date of the promissory note. The note bears interest at a rate of 3.75% per annum. The Company repaid this note in August of 2022 and the UCC has been terminated.

On August 1, 2021, the Company entered into a non-negotiable convertible promissory note related to the purchase of VitaMedica in the original principal amount of $500,000 ("VitaMedica Note"), convertible at $5.00 per share for a total of 100,000 shares of Company Common Stock. The Company repaid the note in full during August of 2022.

On April 15, 2022, the Company entered into a non-negotiable convertible promissory note in the original principal amount of $1,050,000, as adjusted, ("Cygnet Note") which can be converted into common stock of the Company at a price of $6.00 per share and is payable in full, to the extent not previously converted, on April 15, 2023.

In June 2022, the Company entered into a securities purchase agreement with two accredited investors pursuant to which the Company could receive up to $15,000,000 during the following twelve months of the agreement. The Company received $6,678,506 for Convertible Notes in the original principal amount of $7,500,000 (the "Convertible Notes"), representing the original purchase amount, less fees, costs and a $500,000 holdback by the investors. In addition to the Convertible Notes, the investors received Common Stock Purchase Warrants (the "Warrants") to acquire an aggregate of 56,250 shares of common stock. The Warrants are exercisable for five years at an exercise price of $4.44 per share, provide for customary anti-dilution protection, and an investor put right to require the Company to redeem the Warrants for a total of $250,000. There was a loss of $3,540 for the change in the derivative liability for the period ended December 31, 2022. On October 31, 2022, the Company entered into a letter agreement with the accredited investors in which all amounts owed were paid in full and the related convertible notes and all security interests were cancelled. Additionally, the Company terminated the related Form S-3 registration statement.

In June 2022, the Company executed a promissory note with Allan Marshall, the Company's Chief Executive Officer, in the original principal amount of $1,500,000 ("Marshall Loan"). The promissory note has a 2-year term and bears cash interest at the rate of 8.5% per annum with an additional PIK of 3.5% per annum. The promissory note provides for monthly payments of principal, on an even line 36-month basis, plus cash interest, with a balloon payment of all outstanding principal, cash interest, and PIK interest at maturity. The Company received and deposited the principal amount on July 31, 2022.

On October 19, 2022, Upexi, Inc. (the "Company") and its indirect wholly owned subsidiary, Upexi 17129 Florida, LLC entered into a loan agreement, promissory note and related agreements with Professional Bank, a Florida state-chartered bank, providing for a mortgage on the Company's principal office in N. Clearwater, Florida. The Company received $3,000,000 in connection with the transaction. The principal is to be repaid to Professional Bank over a term of ten years. The proceeds of the loan were utilized by the Company to pay down its loan facility with Acorn Capital, LLC in the amount of $2,780,200.

On October 31, 2022, the Company and its wholly owned subsidiary, Upexi Enterprises, LLC entered into a securities purchase agreement with E-Core Technology, Inc. d/b/a New England Technology, Inc., a Florida corporation, and its three principals. The Company entered into a series of promissory notes with the principal parties: (a) promissory notes in the total original principal amount of $5,750,000 payable upon maturity with a term of 12 months at an interest rate of 4%, $600,000 of which shall be satisfied through the cancellation of an equal amount owed by one of the principals to the Company; (b) promissory notes in the total original principal amount of $5,750,000 payable upon maturity with a term of 24 months at an interest rate of 4%; and (c) promissory notes in the original principal amounts of $3,500,000 with a term of 36 months at an interest rate of 0.0%. The principals may convert the notes into shares of the Company's restricted common stock at a conversion price equal to $4.81. If the principals do not exercise their conversion rights, the principal balance of the notes will be paid in 12 equal monthly payments commencing on the two year anniversary of the issuance of the notes, subject to adjustments based on the Company's EBITDA over the term of the notes.

Note 10. Related Party Transactions

During the year ended June 30, 2022, the Company entered into a promissory note with a member of management. The loan was for $1,500,000 and has a two-year term with interest rate of 8.5% per annum with an additional PIK of 3.5% per annum.

Note 11. Equity Transactions

Convertible Preferred Stock

The Company has 500,000 shares of Preferred Stock issued and outstanding to Allan Marshall, CEO. The preferred stock is convertible into the Company's common stock at a ratio of 1.8 shares of preferred stock for a single share of the Company's common stock at the holder's option, has preferential liquidation rights and the preferred stock shall vote together with the common stock as a single class on all matters to which shareholders of the Company are entitled to vote at the rate of ten votes per share of preferred stock.

Common Stock

During the six months ended December 31, 2021, the Company issued 306,945 shares of common stock for the acquisition of Infusionz, the shares were valued at $1,764,876.

During the six months ended December 31, 2021, the Company issued 100,000 shares of common stock for the acquisition of VitaMedica, the shares were valued at $482,000.

During the six months ended December 31, 2021, the Company issued 7,000 shares of common stock as a finder's fee, the shares were valued at $33,740.

During the six months ended December 31, 2021, the Company issued 35,000 shares of common stock for consulting services to be provided over 6 months. The shares were valued at $175,000.

During the six months ended December 31, 2021, the Company issued 666,667 shares of common stock for the acquisition of Interactive Offers, LLC, the shares were valued at $4,000,000.

During the six months ended December 31, 2022, the Company issued 1,247,403 shares of common stock for the acquisition of E-Core Technologies Inc. a Florida corporation, valued at $6,000,000.

Note 12. Stock Based Compensation

The Board of Directors of the Company may from time to time, in its discretion grant to directors, officers, consultants and employees of the Company, non-transferable options to purchase common shares. The options are exercisable for a period of up to 10 years from the date of the grant.

The following table reflects the continuity of stock options for the six months ended December 31, 2022:

A summary of stock option activity is as follows:

	Options Outstanding	Weighted Average Exercise Price	Average Remaining Contractual Life (Years)	Aggregated Intrinsic Value
Outstanding at June 30, 2022	4,279,888	$ 3.05	7.42	$ 4,919,182
Canceled	(55,556)	1.53	-	-
Granted	873,000	4.78	10	-
Options outstanding at December 31, 2022	5,097,332	$ 3.36	6.62	$ 2,825,830
Options exercisable at December 31, 2022 (vested)	3,578,937	$ 2.85	6.96	2,723,849

Stock-based compensation expense attributable to stock options was $1,052,848 and $677,455 for the three months ended December 31, 2022, and 2021, respectively. Stock-based compensation expense attributable to stock options was $1,980,174 and $1,270,553 for the six months ended December 31, 2022, and 2021, respectively. As of December 31, 2022, there was $3,688,533 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was approximately 1.75 years.

The value of each grant is estimated at the grant date using the Black-Scholes option model with the following assumptions for options granted during the six months ended December 31, 2022:

	December 31, 2022
Dividend rate	-
Risk free interest rate	2.07- 4.06%
Expected term	5
Expected volatility	70-77%
Grant date stock price	$ 3.87 - $5.30

The basis for the above assumptions are as follows: the dividend rate is based upon the Company's history of dividends; the risk-free interest rate for periods within the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant; the expected term was calculated based on the Company's historical pattern of options granted and the period of time they are expected to be outstanding; and expected volatility was calculated based upon historical trends in the Company's stock prices.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Based on historical experience of forfeitures, the Company estimated forfeitures at 0% for each of the six months ended December 31, 2022, and 2021.

Note 13. Income Taxes

The Company computed the year-to-date income tax provision by applying the estimated annual effective tax rate to the year-to-date pre-tax income and adjusted for discrete tax items in the period. The Company's income tax expense was $755,253 and $47,052 for the three and six months ended December 31, 2022, respectively and $26,162 and $235,033 for the three and six months ended December 31, 2021, respectively.

The income tax expense for the three and six months ended December 31, 2022, was primarily attributable to federal and state income taxes and nondeductible expenses for an effective tax rate of approximately 29%. For the three and six months ended December 31, 2022, the difference between the U.S. statutory rate and the Company's effective tax rate is due to the full valuation allowance on the Company's deferred tax assets.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. The Company periodically evaluates the realizability of its net deferred tax assets based on all available evidence, both positive and negative. The Company also considered whether there was any currently available information about future years. The Company determined that it is more likely than not that the Company will have future taxable income to fully realize the Company's deferred tax asset.

As of December 31, 2022, there was approximately $1,400,000 of losses available to reduce federal taxable income in future years and can be carried forward indefinitely.

Note 14. Risks and Uncertainties

There is substantial uncertainty and different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses as to the scope of operation of Farm Bill-compliant hemp programs relative to the emerging regulation of cannabinoids. These different opinions include, but are not limited to, the regulation of cannabinoids by the U.S. Drug Enforcement Administration, or DEA, and/or the FDA and the extent to which manufacturers of products containing Farm Bill-compliant cultivators and processors may engage in interstate commerce. The uncertainties cannot be resolved without further federal, and perhaps even state-level, legislation, regulation or a definitive judicial interpretation of existing legislation and rules. If these uncertainties continue, they may have an adverse effect upon the introduction of our products in different markets.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company has transition to a combination of work from home and social distancing operations and there has been minimal impact to our internal operations from the transition. The Company is unable to determine if there will be a material future impact to its customers' operations and ultimately an impact to the Company's overall revenues.

Note 15. Discontinued Operations – Sale of Infusionz to Bloomios

On October 28, 2022, the Company determined that the best course of action related to Infusionz, LLC and certain manufacturing business was to accept an offer to sell those operations. The business will continue to operate during the transition period and management intends to continue to employ some of the workforce in the consolidation of other acquisition and the overall operations of the business. The Company is reimbursed by Bloomios for purchases of raw materials and other expenses outlined in the agreement, which are offset against any customer invoices collected on behalf of Bloomios.

The Company received from Bloomios, Inc.(OTCQB:BLMS), the purchaser (i) $5,500,000 paid at closing; (ii) a convertible secured subordinated promissory note in the original principal amount of $5,000,000; (iii) 85,000 shares of Series D convertible preferred stock, with a total stated value of $8,500,000; (iv) a senior secured convertible debenture with a subscription amount of $4,500,000, after original issue discount of $779,117; and (v) a common stock purchase warrant to purchase up to2,853,910 shares of Bloomios's common stock. The Company recorded the consideration received at the estimated value at the time of the transaction and as part of that estimate valued the additional warrants to purchase Bloomios shares of common stock at $0 and a valuation allowance of $8,500,000 was recorded a $8,5000.

The assets transferred were recorded at their respective book values, the accrued and incurred expenses estimated by management were recorded and the consideration received was recorded at managements estimated fair value based on the balance sheet on October 26, 2022, the effective closing date.

Tangible assets, inventory / working capital*	$	(1,344,000)
Tangible assets, warehouse and manufacturing equipment, net of accumulated depreciation*		(679,327)
Goodwill		(2,413,814)
Intangible assets, net of accumulated amortization		(946,996)
Accrued and incurred expenses related to the transaction and additional working capital*		(2,051,500)
Consideration received, including cash, debt and equity, net		15,000,000
Total gain recognized	$	7,564,363

*During the continuing transition period, all of the inventory or working capital has not been transferred to the buyer.

During the transition period there are certain expenses and purchases incurred that are to be netted against funds collected on behalf of the buyer. On December 31, 2022, there was a receivable balance from the buyer of $449,484 net, and approximately $35,385 of accrued and unpaid interest. These are recorded on the balance sheet as other receivables. As of the date of this report, the Company continues to assist Bloomios under the transition agreement.

Investments - Bloomios:

Senior secured convertible debenture	$	4,500,000
Series D convertible preferred stock		8,500,000
Convertible Secured Subordinate Promissory Note		5,000,000
Excess working capital		388,556
Senior secured convertible debenture - OID		192,690
Reserve on Investments - Bloomios		(8,500,000)
Total Investments - Bloomios	$	10,081,246

Senior Secured convertible debenture:

The Company received a senior secured convertible debenture of $4,500,000, net of the original issue discount. The Debentures have a maturity date ofOctober 26, 2024, an interest rate of 10% and are convertible into shares of Bloomios common stock. The debenture contains customary representations, warranties and indemnification provisions. The Debentures are secured by a senior security interest in all assets of the Company and its subsidiaries.

In addition, the Company received a warrant to purchase shares of Bloomios common stock. The Company did not place any value on this warrant. Bloomios has agreed to use commercially reasonable efforts to complete a Qualified Offering within six months of October 26, 2022, to file a registration statement covering the resale of the warrant shares and the underlying shares convertible with the debenture.

Series D convertible preferred stock

85,000 shares of Series D preferred stock. The preferred shares have astated value per share of $100 and we are to receive dividends equal to 8.5% per year on a monthly basis, 30 days in arrears, for each month during which the Series D Preferred shares remain outstanding. The preferred stock shall not receive the declared dividends until the senior secured debentures are all repaid in full for all investors, including the debentures held by the Company.

Convertible Secured Subordinate Promissory Note

The note has an interest rate of eight and one-half percent (8.5%) per annum and requires Bloomios to make a prepayment to the note in the amount equal to 40% of the net proceeds received by Bloomios in connection with any offering of securities conducted in connection with an up listing. Interest is due on a monthly basis and the note is convertible, at the Company's option, into shares of Bloomios common stock at a conversion price of $5.00 per share subject to adjustments. The full principal and interest is due on or before October 26, 2024.

The note is secured by a subordinated security interest in all assets of Infusionz pursuant to a certain pledge and security agreement, dated as of October 26, 2022, which security interest shall rank junior to all liens and security interests granted by Bloomios to the senior secured convertible note, which the Company is a holder of a portion of this security.

Summary of discontinued operations:

	Three Months Ended December 31,	
	2022	**2021**
Discontinued Operations		
Revenue	$ 419,252	$ 9,565,802
Cost of sales	244,829	5,836,328
Sales, general and administrative expenses	397,942	751,028
Depreciation and amortization	69,388	158,255
Income (loss) from discontinued operations	(292,907)	2,280,190
Accounts receivable net of allowance for doubtful accounts	-	791,085
Fixed assets, net of accumulated depreciation	-	674,389
Total assets	-	8,108,542
Total liabilities	$ -	$ 1,322,253

	Six Months Ended December 31,	
	2022	**2021**
Discontinued Operations		
Revenue	$ 3,042,878	$ 14,145,466
Cost of sales	1,803,643	7,524,668
Sales, general and administrative expenses	1,300,102	2,280,659
Depreciation and amortization	277,551	372,456
Income (loss) from discontinued operations	(338,418)	3,967,622
Accounts receivable net of allowance for doubtful accounts	-	791,085
Fixed assets, net of accumulated depreciation	-	674,389
Total assets	-	8,108,542
Total liabilities	$ -	$ 1,322,253

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General Overview

As used in this current report and unless otherwise indicated, the terms "we", "us" and "our" mean Upexi, Inc.

For the six months ended December 31, 2021 the condensed consolidated financial statements of Upexi, Inc. include the accounts of the Company and its wholly-owned subsidiaries; Trunano Labs, Inc., a Nevada corporation, Steam Distribution, LLC, a California limited liability company; One Hit Wonder, Inc., a California corporation; Havz, LLC, d/b/a Steam Wholesale, a California limited liability company, One Hit Wonder Holdings, LLC a California corporation; SWCH LLC, a Delaware limited liability company; Cresco Management LLC, a California limited liability company, and VitaMedica, Inc. a Nevada corporation as of August 1, 2021, and Interactive Offers, LLC a Delaware limited liability corporation as of October 1, 2021.

For the six months ended December 31, 2022, the condensed consolidated financial statements of Upexi, Inc. include all of the subsidiary accounts included in the condensed consolidated financial statements for the six months ended December 31, 2021 and include the subsidiaries in which the Company holds a controlling financial interest as of December 31, 2022, which includes Cygnet Online, LLC a Delaware limited liability corporation, as of April 1, 2022, Upexi Pet Products, LLC ("LuckyTail"), a Delaware limited liability corporation as of August 12, 2022 and E-Core Technology, Inc. ("E-Core") as of October 21, 2022.

All intercompany accounts and transactions have been eliminated as a result of the consolidation.

Operating Segments

The Company's financial reporting is organized into only one segment, product sales. The Company's internal reporting for product sales is organized into three channels of distribution: Upexi, Inc. branded products, customers' branded products and white label products that are sold under customer brands. These product sales are aggregated and viewed by management as one reportable segment due to their similar economic characteristics, products, production, distribution processes and regulatory environment.

Results of Operations

The following summary of the Company's operations should be read in conjunction with its unaudited condensed consolidated financial statements for the three months ended December 31, 2022, and 2021, which are included herein.

Three Months Ended December 31, 2022, Compared to Three Months Ended December 31, 2021

	December 31,		
	2022	2021	Change
Revenue	$ 27,086,672	$ 4,983,557	$ 22,103,115
Cost of revenue	16,773,493	711,246	16,062,247
Sales and marketing expenses	3,707,925	1,735,194	1,972,731
Distribution costs	3,575,545	821,630	2,753,915
General and administrative expenses	2,910,655	3,003,919	(93,264)
Other operating expenses	2,257,475	1,247,529	1,009,946
Other expenses (income)	5,770,679	(48,541)	5,819,220
Net income (loss) attributable to Upexi, Inc.	$ 2,669,679	$ (258,247)	$ 2,927,926

The three months ended December 31, 2022 include three acquisitions completed after December 31, 2021. These acquisitions were Cygnet Online, LLC, our Amazon aggregation business, LuckyTail our initial brand in the pet industry with products and sales channels both domestic and international, and our most recent, E-Core our product distribution business, which also includes Tytan Tiles, a children's toy brand. These acquisitions, coupled with the elimination of the discontinued operations from the sale of Infusionz and certain manufacturing operations, has significantly reduced the value of a direct comparison of the prior year to the current operations.

Revenues increased by $22,103,115 or 444% to 27,086,672 compared with revenue of $4,983,557 in the same period last year. The revenue growth was primarily the result of the three acquisitions and was offset from the sale of Infusionz. The quarter did not include a complete three months of operations of E-Core as the acquisition was effective October 21, 2022. Management believes that there is significant opportunity in the next 12 months for organic growth within the newly acquired business and will focus the acquisition targets on businesses that will enhance our current products or allow the business to accelerate growth.

Cost of revenue increased by $16,062,247 or 2,258% to $16,773,493 compared with cost of revenue of $711,246 in the same period last year. The cost of revenue growth was primarily related to the acquisition of four companies and offset with the sale of Infusionz. Gross profit increased by over $6,000,000 compared to the prior year. Management will seek to improve the gross profit and the overall gross margin in the next 12 months as we are able to leverage the significant increase in our purchasing requirements and continue to consolidate our operations.

Sales and marketing expenses increased by $1,972,731 or 103% compared with the same period last year. The increase in sales and marketing expenses was primarily related to the acquisitions, however management also increased the sales and marketing budget for the quarter in our direct to consumer sales channels as the Company capitalize on an opportunity to take advantage of lower costs to estimated life time value of the customer, while other companies were taking a more defensive wait and see approach. Management believes that this strategy will yield significant returns in the next 12 months. We anticipate our advertising expenses will be reduced in the following quarters, which will increase our overall profitability.

Distribution costs increased $2,753,915 or 335% compared with the same period last year. The increase in distribution costs was primarily related to the three acquisitions, offset by the sale of Infusionz and the classification of these expenses as part of discontinued operations. In addition, there were slight increases in transportation costs and third-party provider rates, which are expected to be short term and management has a strategy that will start to decrease the overall percentage of distribution costs to sales.

General and administrative expenses decreased by $93,264 or 3% compared with the same period last year. As the Company has changed with the acquisitions and the sale of Infusionz, management has managed the general and administrative costs and will continue to implement strategies to decrease the percentage of general and administrative costs when compared to total sales.

Other operating expenses increased by $1,009,946 or 81% compared with the same period last year. These expenses are primarily non-cash and increase based on the intangible assets created with acquisitions and the continued amortization of stock compensation.

During the three months ended December 31, 2022, the Company had other income of $5,770,679 compared to an expense of $48,541 in the prior year. The income was related to the gain recognized from the sale of Infusionz and select manufacturing business and offset with interest expenses incurred from the refinancing and early termination of debt obtained in June of 2022.

The Company had net income of $2,669,679 compared to a net loss of $258,247 in the prior year. The increase in net income is primarily related to the above-mentioned changes.

Management believes that the operations during the three months ended December 31, 2022, are more indicative of the future, except with certain strategies, such as the increase in sales and marketing spend and the sale of Infusionz and certain manufacturing business. We will continue to improve the gross profit, while reducing the general and administrative expenses as compared to the sales as the Company continues to focus on sales growth while continuing to improve net income through the consolidation of operations.

Six Months Ended December 31, 2022, Compared to Six Months Ended December 31, 2021

	December 31,		
	2022	2021	Change
Revenue	$ 38,643,683	$ 8,853,667	$ 29,790,016
Cost of revenue	22,289,773	1,982,975	20,306,798
Sales and marketing expenses	5,733,385	2,735,258	2,998,127
Distribution costs	6,063,379	933,463	5,129,916
General and administrative expenses	5,409,524	4,586,351	823,173
Other operating expenses	4,260,194	2,030,707	2,229,487
Other expenses (income)	5,336,620	259,001	5,077,619
Net income attributable to Upexi, Inc.	$ 72,164	$ 576,544	$ (504,380)

The six months ended December 31, 2022 include three acquisitions completes after December 31, 2021. These acquisitions were Cygnet Online, LLC, our Amazon aggregation business, LuckyTail our initial brand in the pet industry with products and sales channels that sells both domestically and internationally and our most recent, E-Core, our product distribution business, which also includes Tytan Tiles, a children's toy brand. These acquisitions, coupled with the elimination of the discontinued operations from the sale of Infusionz and certain manufacturing operations, has significantly reduced the value of a direct comparison of the prior year to the current operations.

Revenues increased by $29,790,016 or 336% to 38,643,683 compared with revenue of $8,853,667 in the same period last year. The revenue growth was primarily the result of the three acquisitions and was offset from the sale of Infusionz. The six months ended December 31, 2022 only included two and a half months of revenue from E-Core, as the acquisition was effective October 21, 2022 and did not include a complete six months of revenue from LuckyTail. Management believes that there is significant opportunity in the next 12 months for organic growth within the newly acquired business and will focus the acquisition targets on businesses that will enhance our current products or allow the business to accelerate growth.

Cost of revenue increased by $20,306,798 or 1,024% to 22,289,773 compared with cost of revenue of $1,982,975 in the same period last year. The cost of revenue growth was primarily related to the acquisition of three companies and offset with the sale of Infusionz. The gross profit increase increased by over $9,000,000 compared to the prior year. Management will seek to improve the gross profit and the overall gross margin in the next 12 months as we are able to leverage the significant increase in our purchasing requirements and continue to consolidate our operations.

Sales and marketing expenses increased by $2,998,127 or 110% compared with the same period last year. The increase in sales and marketing expenses was primarily related to the acquisitions, however management also increased the sales and marketing budget for our direct to consumer sales channels as the Company capitalize on an opportunity of lower costs to estimated life time value of the customer. Management believes that this strategy will yield significant returns in the next 12 months. We anticipate our advertising expenses will be reduced in the following quarters, which will increase our overall profitability.

Distribution costs increased $5,129,916 or 550% compared with the same period last year. The increase in distribution costs was primarily related to the three acquisitions, offset by the sale of Infusionz and the classification of these expenses as part of discontinued operations. Management will continue to look at efficiencies and opportunities to manage these costs and maintain these costs as a percentage of revenue.

General and administrative expenses increased by $823,173 or 18% compared with the same period last year. The Company continued to have additional costs incurred in the first quarter related to the sale of Infusionz and the transition. Management will continue to manage the general and administrative costs and implement strategies to decrease the percentage of general and administrative costs as compared to total sales.

Other operating expenses increased by $2,229,487 or 110% compared with the same period last year. These expenses are primarily non-cash and increase based on the intangible assets created with acquisitions and the continued amortization of stock compensation.

During the six months ended December 31, 2022, the Company had other income of $5,336,620 compared to an income of $259,001 in the prior year. The income was related to the gain recognized from the sale of Infusionz and select manufacturing business and the gain from extinguishment of the SBA PPP loan in the prior year. In the current year, the income was offset with interest expenses incurred from the refinancing and early termination of debt obtained in June of 2022.

The Company had net income of $72,164 compared to $576,544 in the prior year. The decrease in net income is primarily related to the above-mentioned changes.

Liquidity and Capital Resources

Working Capital

	As of December 31, 2022	As of June 30, 2022
Current assets	$ 22,124,543	$ 20,764,601
Current liabilities	15,094,910	9,302,756
Working capital	$ 7,029,633	$ 11,461,845

Cash Flows

	Six Months Ended December 31,	
	2022	2021
Cash flows provided by operating activities – continuing operations	$ 3,592,658	$ 1,216,187
Cash flows provided by (used in) investing activities – continuing operations	3,230,642	(8,211,212)
Cash flows used in financing activities – continuing operations	(9,464,945)	(117,037)
Cash flows used by operating activities – discontinued operations	-	(826,188)
Cash flows provided by (used by) investing activities – discontinued operations	-	-
Cash flows provided by (used by) financing activities – discontinued operations	-	-
Net decrease in cash during the period	$ (2,641,645)	$ (7,938,250)

On December 31, 2022, the Company had cash of $4,508,161, a decrease of $2,641,645 from June 30, 2022.

Net cash from operating activities benefited from non-cash expenses of $4,296,292, which were offset by the non-cash gains of $7,535,661, primarily consisting of the gain from the sale of Infusionz and select manufacturing business and the amortization of the original issue discount of the senior security debt. Cash flow from operations increased significantly by the $6,043,078 decrease of inventory on December 31, 2022.

Net cash provided by investing activities for the six months ended December 31, 2022 was $3,230,642 and was primarily related to the $5,500,000 of proceeds from the sale of Infusionz and select manufacturing business. This was offset by the $500,000 final payment to the sellers of VitaMedica and the $2,500,000 paid for the purchase of LuckyTail. For the period ended December 31, 2021, the use of cash was for the VitaMedica acquisition, the Interactive Offers purchase and the acquisition of property and equipment. The most significant purchase was the building located in Clearwater Florida for approximately $4,000,000.

Net cash used by financing activities for the six months ended December 31, 2022, was $9,464,945 compared to the use of $117,037 during the six months ended December 31, 2021. The cash used by financing activities was the repayment of $7,201,079 to the line of credit, the repayment and termination of the senior convertible note and the installment payments of several other notes. The Company obtained a note from a related party and a mortgage on the building purchased in the prior year. The funds obtained were used for investing activities and the repayment of the senior convertible note. Approximately $150,000 of cash used for the period ended December 31, 2021, was for the repayment of notes payable and was offset by obtaining financing of a vehicle.

On October 19, 2022, the Company and its indirect wholly owned subsidiary, Upexi 17129 Florida, LLC entered into a loan agreement with Professional Bank, A Florida state-chartered bank, providing for a mortgage on the Company's principal office in N. Clearwater, Florida. The company received $3,000,000 in connection with the transaction. The principal is to be paid back to Professional Bank over a term of ten years. The proceeds of the loan were utilized by the Company to pay down its loan facility with Acorn Capital, LLC in the amount of $2,780,200, net of fees and other expenses.

On October 31, 2022, Upexi, Inc. (the "Company"), paid $4,275,071 in principal, $613,466 in accrued interest, $250,000 for settlement of a Put Option and $7,900 in miscellaneous fees for a total of $5,146,437 to the holders of the $15 million senior secured convertible notes entered into on June 28, 2022. The payment terminates the agreement with the noteholders. The Company also terminated the registration statement covering the senior secured notes payable.

We estimate that we will have sufficient working capital to fund our operations over the twelve months following the date of the issuance of these condensed consolidated financial statements and meet all our debt obligations.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company has transitioned to a combination of work from home and social distancing operations. There has been minimal impact to our internal operations from the transition. The Company is unable to determine if there will be a material future impact to its customers' operations and ultimately an impact to the Company's overall revenues.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of December 31, 2022 (the “Evaluation Date”). Based on this evaluation, our principal executive officer and principal financial and accounting officer concluded as of the Evaluation Date that our disclosure controls and procedures were not effective such that the information relating to us required to be disclosed in our Securities and Exchange Commission (“SEC”) reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate to allow timely decisions regarding required disclosure. This conclusion is based on findings that constituted material weaknesses. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company’s interim financial statements will not be prevented or detected on a timely basis.

In performing the above-referenced assessment, our management identified the following material weaknesses:

(i) inadequate segregation of duties consistent with control objectives.

(ii) lack of multiple levels of supervision and review.

We believe the weaknesses and their related risks are not uncommon in a company of our size because of the limitations in the size and number of staff. Due to our size and nature, segregation of all conflicting duties has not always been possible and may not be economically feasible. However, we plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes by the end of our 2023 fiscal year as resources allow:

(i) Appoint additional qualified personnel to address inadequate segregation of duties and implement modifications to our financial controls to address such inadequacies; and

(ii) We will attempt to implement the remediation efforts set out herein by the end of the 2023 fiscal year.

Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Management believes that despite our material weaknesses set forth above, our financial statements for the quarter ended December 31, 2022, are fairly stated, in all material respects, in accordance with U.S. GAAP.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rules 12a-15(f) and 15d-15(f) under Exchange Act) that occurred during the quarter ended December 31, 2022, that have materially or are reasonably likely to materially affect, our internal controls over financial reporting. We believe that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within any company have been detected.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business. The Company is not involved in any pending legal proceeding or litigation, and, to the best of its knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of its properties is subject, which would reasonably be likely to have a material adverse effect on the Company.

Item 1A. Risk Factors

As a "smaller reporting company", the Company is not required to provide the information required by this Item.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

All of the securities issued by the Company as described above were issued pursuant to the exemption for transactions by an issuer not involved in any public offering under Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder and corresponding state securities laws. For more information regarding the foregoing transaction, see Note 16 to our Unaudited Condensed Consolidated Financial Statements included herein.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

The Company has not filed the required amendment to form 8K filed with the Securities and Exchange Commission on November 3, 2022, with respect to the audit of the financial statements of a significant subsidiary acquired by the Company, but anticipates making the required filing prior to February 28, 2023.

Item 6. Exhibits

Exhibit Number	Description
3.1(a)	Amended and Restated Articles of Incorporation as filed as Exhibit 3.1 on form S-1 filed on 4/15/2021 is incorporated by reference
3.1(b)	Certificate of Amendment to Articles of Incorporation as filed as Exhibit 3.1 on form 8-K and filed on 8/17/2022 is incorporated by reference
3.2	Amended By-laws as filed as Exhibit 3.2 on Form S-1 filed on 4/15/2021 is incorporated by reference
10.1*	Securities Purchase Agreement with E-Core Technology, Inc. dated as of October 31, 2022.
10.2*	Membership Interest Purchase agreement with Bloomios, Inc. dated as of October 26, 2022
31.1*	Certification of Principal Executive Officer, pursuant to Rule 13a-14a and 15-d-14a of the Securities Exchange Act of 1934
31.2*	Certification of Principal Financial Officer, pursuant to Rule 13a-14a and 15-d-14a of the Securities Exchange Act of 1934
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of Principal Financial Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101**	**Interactive Data File**
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* *Filed herewith.*

** *Furnished herewith.*

SIGNATURES

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

	UPEXI, INC.
Dated: February 14, 2023	*/s/ Allan Marshall*
	Allan Marshall President, Chief Executive Officer, and Director (Principal Executive Officer)
Dated: February 14, 2023	*/s/ Andrew J. Norstrud*
	Andrew J. Norstrud Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 10.1

SECURITIES PURCHASE AGREEMENT

by and among

UPEXI, INC.

UPEXI ENTERPRISE, LLC

E-CORE TECHNOLOGY, INC. D/B/A NEW ENGLAND TECHNOLOGY, INC.

SELLER REPRESENTATIVE

NICK ROMANO

AND

ERIC LIMONT

Dated as of October 31, 2022

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EXHIBIT A – Special Incentive Bonus Plan

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "**Agreement**") is made and entered into as of October 31, 2022, and is deemed effective as of October 21, 2022, by and among Upexi, Inc., a Nevada corporation ("**Parent**") Upexi Enterprise, LLC, a Delaware limited liability company ("**Buyer**"), E-Core Technology, Inc. d/b/a New England Technology, Inc., a Florida corporation (the "**Company**"), David Romano individually and in his capacity as Seller Representative ("**Seller Representative**"), Nick Romano ("**Nick**"), and Eric Limont ("**Eric**", and together with Seller Representative and Nick, each a "**Seller**" and collectively the "**Sellers**"). The Buyer, the Sellers, and the Company are sometimes each referred to herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, the Buyer is a wholly owned subsidiary of Upexi.

WHEREAS, the Company is engaged in the business of wholesale distributing and marketing of personal computer hardware, peripherals, electronic equipment, home goods and other products (the "**Business**");

WHEREAS, the Company presently has 4,000 shares of common stock issued and outstanding (the "**Company Shares**"), of which the Seller Representative owns 2,400 shares, Nick owns 1,200 shares, and Eric owns 400 shares;

WHEREAS, on the terms and subject to the conditions set forth in this Agreement, the Buyer desires to purchase from the Sellers, and the Sellers desire to sell to the Buyer all of the Company Shares for the consideration described herein.

NOW, THEREFORE, in consideration of the above premises, the respective representations, warranties, covenants, and agreements hereinafter set forth and set forth in the other Transaction Documents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I.
DEFINITIONS

The following terms have the meanings specified or referred to in this ARTICLE I:

"**Accounts Receivable**" has the meaning set forth in Section 4.14.

"**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"**Adjusted EBITDA**" means the Company's earnings before interest, taxes, depreciation, and amortization, calculated in accordance with GAAP as consistently applied.

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, 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.

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

"**Assessments**" has the meaning set forth in Section 4.22(g).

"**Basket**" has the meaning set forth in Section 9.04(a).

"**Benefit Plan**" has the meaning set forth in Section 4.21(a).

"**Business**" has the meaning set forth in the recitals.

"**Business Day**" means any day except Saturday, Sunday or any other day on which national commercial banks located in Nevada are authorized or required by Law to remain closed for business.

"**Buyer**" has the meaning set forth in the preamble.

"**Buyer Indemnitees**" has the meaning set forth in Section 9.02.

"**Buyer-Prepared Tax Returns**" has the meaning set forth in Section 7.11(d).

"**Cap**" has the meaning set forth in Section 9.04(a).

"**Cash Consideration Amount**" has the meaning set forth in Section 2.02(a)(i).

"**CERCLA**" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.

"**Closing**" has the meaning set forth in Section 3.01.

"**Closing Date**" has the meaning set forth in Section 3.01.

"**Closing Working Capital Statement**" has the meaning set forth in Section 2.03(a)(i).

"**Closing Working Capital**" means the result (whether positive or negative) equal to (a) the sum of the Company's current assets as of the date immediately prior to the Closing Date, minus (b) the sum of the Company's current liabilities as of the date immediately prior to the Closing Date, calculated according to GAAP.

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

"**Company**" has the meaning set forth in the preamble.

"**Company Shares**" has the meaning set forth in the recitals.

"**Contracts**" means all contracts, leases, deeds, mortgages, licenses, instruments, notes, commitments, undertakings, indentures, joint ventures and all other agreements, commitments and legally binding arrangements, whether written or oral.

"**David**" has the meaning set forth in the preamble.

"**Direct Claim**" has the meaning set forth in Section 9.05(c).

"**Disclosure Schedules**" means the Disclosure Schedules delivered by Sellers concurrently with the execution and delivery of this Agreement.

"**Disputed Amounts**" has the meaning set forth in Section 2.03(d).

"**Encumbrance**" means any charge, claim, community property interest, pledge, condition, equitable interest, lien (statutory or other), option, security interest, mortgage, easement, encroachment, right of way, right of first refusal, or restriction of any kind, including any restriction on use, voting, transfer, receipt of income or exercise of any other attribute of ownership.

"**Environmental Attributes**" means any emissions and renewable energy credits, energy conservation credits, benefits, offsets and allowances, emission reduction credits or words of similar import or regulatory effect (including emissions reduction credits or allowances under all applicable emission trading, compliance or budget programs, or any other federal, state or regional emission, renewable energy or energy conservation trading or budget program) that have been held, allocated to or acquired for the development, construction, ownership, lease, operation, use or maintenance of the Company's assets or its business as presently conducted or as of: (a) the date of this Agreement; and (b) future years for which allocations have been established and are in effect as of the date of this Agreement.

"**Environmental Claim**" means any Action, Governmental Order, lien, fine, penalty, or, as to each, any settlement or judgment arising therefrom, by or from any Person alleging liability of whatever kind or nature (including liability or responsibility for the costs of enforcement proceedings, investigations, cleanup, governmental response, removal or remediation, natural resources damages, property damages, personal injuries, medical monitoring, penalties, contribution, indemnification and injunctive relief) arising out of, based on or resulting from: (a) the presence, Release of, or exposure to, any Hazardous Substances; or (b) any actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

"**Environmental Law**" means all federal, state and local laws, statutes, ordinances and regulations, now or hereafter in effect, in each case as amended or supplemented from time to time, including, without limitation, all applicable judicial or administrative orders, applicable consent decrees and binding judgments relating to the regulation and protection of human health, safety, the environment and natural resources (including, without limitation, ambient air, surface, water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), the Hazardous Material Transportation Act, as amended (49 U.S.C. §§ 5101 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act, as amended (7 U.S.C. § 116 et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act, as amended (15 U.S.C. § 2601 et seq.), the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.), the Federal Water Pollution Control Act, as amended (33 U.S.C. § 1251 et seq), the Safe Drinking Water Act, as amended (42 U.S.C. § 300f et seq.), any state or local counterpart or equivalent of any of the foregoing, and any federal, state or local transfer of ownership notification or approval statutes.

“**Environmental Notice**” means any written directive, notice of violation or infraction, or notice respecting any Environmental Claim relating to actual or alleged non-compliance with any Environmental Law or term or condition of any Environmental Permit.

“**Environmental Permit**” means any Permit, letter, clearance, consent, waiver, closure, exemption, decision or other action required under or issued, granted, given, authorized by or made pursuant to Environmental Law.

“**Eric**” has the meaning set forth in the preamble.

“**Equity Securities**” means with respect to any Person, all (a) units, capital stock, partnership interests or other equity interests (including classes, groups or series thereof having such relative rights, powers, and/or obligations as may from time to time be established by issuer thereof or the governing body of its Affiliate, as the case may be, including rights, powers, and/or duties different from, senior to or more favorable than existing classes, groups and series of units, stock and other equity interests and including any so-called “profits interests”) or securities or agreements providing for profit participation features, equity appreciation rights, phantom equity or similar rights to participate in profits, (b) warrants, options or other rights to purchase or otherwise acquire, or contracts or commitments that could require the issuance of, securities described in the foregoing clauses of this definition, and (c) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into securities described in the foregoing clauses of this definition.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“**ERISA Affiliate**” means all employers (whether or not incorporated) that would be treated together with the Company or any of its Affiliates as a “single employer” within the meaning of Section 414 of the Code or Section 4001 of ERISA.

“**Financial Statements**” has the meaning set forth in Section 4.04.

“**Fundamental Representations**” has the meaning set forth in Section 9.01.

“**GAAP**” means United States generally accepted accounting principles in effect from time to time.

“**Governmental Authority**” means any federal, state, local or foreign government or political subdivision thereof, or any agency or instrumentality of such government or political subdivision, or any self-regulated organization or other non-governmental regulatory authority or quasi-governmental authority (to the extent that the rules, regulations or orders of such organization or authority have the force of Law), or any arbitrator, court or tribunal of competent jurisdiction.

“**Governmental Order**” means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

“**Hazardous Substances**” means: (i) those substances included within the definitions of any one or more of the terms “Hazardous Substances,” “hazardous wastes,” “hazardous substances,” “industrial wastes,” and “toxic pollutants,” as such terms are defined under the Environmental Laws, or any of them; (ii) petroleum and petroleum products, including, without limitation, crude oil and any fractions thereof; (iii) natural gas, synthetic gas and any mixtures thereof; (iv) asbestos and or any material which contains any hydrated mineral silicate, including, without limitation, chrysotile, amosite, crocidolite, tremolite, anthophylite and/or actinolite, whether friable or non-friable; (v) polychlorinated biphenyl (“PCBs”) or PCB-containing materials or fluids; (vi) radon; (vii) any other hazardous or radioactive substance, material, pollutant, contaminant or waste; and (viii) any other substance with respect to which any Environmental Law or governmental authority requires environmental investigation, monitoring or remediation.

“Indebtedness” means with respect to the Company and as of a given time and without duplication, determined, to the extent applicable, on a consolidated basis, all payment obligations in respect of: (a) all indebtedness for borrowed money of the Company and all Liabilities of the Company evidenced by notes, promissory notes, debentures, bonds or similar instruments, including, but not limited to, amounts due pursuant to any loans from landlords or to the Company’ lenders excluding the effect of capitalized loan issuance costs; (b) all Liabilities of the Company in respect of deferred purchase price for property or services, including capital leases (and leases that would be required to be capitalized under GAAP), earn-out payments and seller notes, but not including current accounts payable or accruals as determined in accordance with GAAP to the extent included as current liabilities in Closing Working Capital determined pursuant to Section 2.03; (c) all Liabilities of the Company under conditional sale or other title retention Contracts; (d) all Liabilities of the Company in respect of each drawn upon letter of credit, banker’s acceptance or similar credit instrument and any reimbursement Contracts with respect thereto; (e) all Liabilities of the Company under interest rate cap Contracts, interest rate swap Contracts, foreign currency exchange Contracts or other hedging Contracts (including brokerage costs thereto); (f) any indebtedness of the types described in this definition other than this clause (f) of another Person that is secured by an Encumbrance on the equity, property or assets of the Sellers; (g) any Liabilities of another Person guaranteed in any manner by the Sellers, except for ordinary course indorsements of negotiable instruments; (h) all costs to service deferred revenue; (i) all unaccrued or accrued but unpaid management fees, (j) all unaccrued or accrued 401(k) liabilities, (k) all unclaimed property (whether recorded as such or in outstanding checks or in accounts payable or in accrued expense); (l) all unaccrued or accrued but unpaid wages, discretionary bonuses, commissions or other compensation payable to directors, employees and independent contractors, and all Liabilities of the Company related thereto, except to the extent included as current liabilities in Closing Working Capital determined pursuant to Section 2.03 and (m) any accrued but unpaid principal, interest, fees and other expenses owed in respect of items (a) through (l) above, and including any call premium, prepayment or other penalty or premium or fee due upon repayment thereof, commitment or other fees, sale or liquidation participation amounts, reimbursements, indemnities, and all other amounts payable in connection therewith.

“**Indemnified Party**” has the meaning set forth in Section 9.05.

“**Indemnifying Party**” has the meaning set forth in Section 9.05.

“**Indemnified Taxes**” means (a) any and all Taxes imposed on or with respect to the Company (i) attributable to any Pre-Closing Tax Period or (ii) in the case of a Straddle Period, attributable to any Pre-Closing Straddle Period, (b) any and all Taxes of any member of an affiliated, consolidated, combined, or unitary group of which the Company is or was a member on or prior to the Closing Date, and (c) any and all Taxes of any Person (other than the Company) imposed on or with respect to the Company as a transferee or successor, by contract or pursuant to any Law, which Taxes relate to an event or transaction occurring before the Closing.

“**Independent Accountant**” has the meaning set forth in Section 2.03(d).

“**Insurance Policies**” has the meaning sect forth in Section 4.16.

“**Intellectual Property**” means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, whether registered or unregistered, including any and all: (a) trademarks, service marks, trade names, brand names, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with the goodwill connected with the use of and symbolized by, and all registrations, applications and renewals for, any of the foregoing; (b) internet domain names, whether or not trademarks, registered in any top-level domain by any authorized private registrar or Governmental Authority, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) works of authorship, expressions, designs and design registrations, whether or not copyrightable, including copyrights, author, performer, moral and neighboring rights, and all registrations, applications for registration and renewals of such copyrights and all other rights corresponding thereto throughout the world; (d) inventions, discoveries, trade secrets, business and technical information and know-how, databases, data collections, customer lists, customer contact information, customer correspondence, customer licensing and purchasing histories, product designs, business plans, product roadmaps, works of authorship, and documentation relating to any of the foregoing and other confidential and proprietary information and all rights therein; (e) patents (including all reissues, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), patent applications, and other patent rights and any other Governmental Authority-issued indicia of invention ownership (including inventor’s certificates, petty patents and patent utility models); (f) Software and firmware, including data files, source code, object code, application programming interfaces, architecture, files, records, schematics, computerized databases and other related software, specifications and documentation; (g) royalties, fees, income, payments and other proceeds now or hereafter due or payable with respect to any and all of the foregoing; and (h) all rights to any Actions of any nature available to or being pursued by the Company to the extent related to the foregoing, whether accruing before, on or after the date hereof, including all rights to and claims for damages, restitution and injunctive relief for infringement, dilution, misappropriation, violation, misuse, breach or default, with the right but no obligation to sue for such legal and equitable relief, and to collect, or otherwise recover, any such damages.

“**Intellectual Property Agreements**” means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to any Intellectual Property to which Company is a party, beneficiary or otherwise bound.

“**Intellectual Property Assets**” means all Intellectual Property that is owned by the Company.

“**Intellectual Property Registrations**” means all Intellectual Property Assets that are subject to any issuance, registration, application or other filing by, to or with any Governmental Authority or authorized private registrar in any jurisdiction, including registered trademarks, domain names and copyrights, issued and reissued patents and pending applications for any of the foregoing.

“**Interim Balance Sheet**” has the meaning set forth in Section 4.04.

“**Interim Balance Sheet Date**” has the meaning set forth in Section 4.04.

“**Interim Financial Statements**” has the meaning set forth in Section 4.04.

“**Inventory**” means all inventory, finished goods, raw materials, work in progress, packaging, supplies, parts and other inventories.

“**Key Employee**” means Seller Representative.

“**Key Employee Agreement**” has the meaning set forth in Section 3.02(a)(i).

“**Knowledge of Sellers**” or “**Sellers’ Knowledge**” or any other similar knowledge qualification, means the actual or constructive knowledge of the Sellers after due inquiry.

“**Law**” means any statute, law, ordinance, regulation, rule, code, order, constitution, treaty, common law, judgment, decree, other requirement or rule of law of any Governmental Authority.

“**Leased Real Property**” has the meaning set forth in Section 4.11(e).

“**Leases**” has the meaning set forth in Section 4.11(e).

“**Liabilities**” means liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise.

“**Line of Credit**” means that certain Revolving Line of Credit Promissory Note in favor of MountainOne Bank, in the maximum principal amount of Ten Million and 00/100 Dollars ($10,000,000), together with all other agreements, documents, and instruments execution in connection therewith, as they may hereafter be amended, restated, revised, or modified in any manner.

“**Losses**” means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, out of pocket costs or expenses of whatever kind, including reasonable attorneys’ fees and the cost of enforcing any right to indemnification hereunder and the out of pocket cost of pursuing any insurance providers, including but not limited to reasonable attorney’s fees actually incurred.

“**Material Adverse Effect**” means any effect or effects arising from or relating to any event, occurrence, act or omission that is, individually or in the aggregate, materially adverse to (a) the Business, results of operations or assets of the Company, taken as a whole, or (b) the ability of Sellers to consummate the transactions contemplated hereby on a timely basis and as contemplated hereby; *provided, however*, that “Material Adverse Effect” shall not include any effect arising from any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) any change affecting general national, international or regional political, economic, financial or capital market conditions, including any disruption thereof and any decline in the price of any security or any market index or any changes in interest or exchange rates; (ii) any change generally affecting the industries in which the Company operates in the United States; (iii) any change in Law or GAAP, or any enforcement, implementation or interpretation thereof; (iv) acts of war (whether or not declared), sabotage or terrorism, or any escalation or worsening thereof; (v) any natural or man-made disaster or acts of God; (vi) the COVID-19 virus or pandemic and any effects thereof or therefrom; (vii) any change relating to or arising from the execution of this Agreement or the announcement of the transactions contemplated hereby or thereby; (viii) any breach by the Buyer of any provision of this Agreement; and/or (ix) the taking of any action contemplated or permitted by this Agreement or taken at the request of the Buyer.

“**Material Contracts**” has the meaning set forth in Section 4.07(a).

“**Material Customers**” has the meaning set forth in Section 4.15(b).

“**Material Suppliers**” has the meaning set forth in Section 4.15(a).

“**Multiemployer Plan**” has the meaning set forth in Section 4.21(c).

“**Nick**” has the meaning set forth in the preamble.

“**Notes 1**” has the meaning set forth in Section 2.02(a)(iii).

“**Notes 2**” has the meaning set forth in Section 2.02(a)(iv).

“**Notes 3**” has the meaning set forth in Section 2.02(a)(v).

“**Open Source Software**” has the meaning set forth in Section 4.12(i).

“**Ordinary Course of Business**” or “ordinary course of business” means, with respect to a Person, an action that (a) is consistent in nature, scope and magnitude with the past practices of such Person and is taken in the ordinary course of the normal day-to-day operations of such Person, and (b) does not require authorization by the board of directors or shareholders of such Person (or by any Person or group of Persons exercising similar authority) and does not require any other separate or special authorization of any nature.

“**Organizational Documents**” means, with respect to any Person that is an entity, such Person’s organizational documents, including the certificate of organization, incorporation or partnership, bylaws, operating agreement or partnership agreement, joint venture and trust agreements, and any similar governing documents of any such Person.

“**Parent**” has the meaning set forth in the preamble.

“**Parent Rollover Shares**” has the meaning set forth in Section 2.03(a)(ii).

“**Party**” and “**Parties**” have the meaning set forth in the preamble.

“**Permits**” means all permits, licenses, franchises, approvals, authorizations, registrations, certificates, variances and similar rights obtained, or required to be obtained, from Governmental Authorities.

“**Permitted Encumbrances**” has the meaning set forth in Section 4.08.

“Person” means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association or other entity.

“**Post-Closing Adjustment**” has the meaning set forth in Section 2.03(a)(ii).

“**Post-Closing Straddle Period**” has the meaning set forth in Section 7.11(a).

“**PPP Loans**” means any and all loans obtained by the Company under the Payment Protection Program.

“**Pre-Closing Straddle Period**” has the meaning set forth in Section 7.11(a).

“**Pre-Closing Tax Period**” means any taxable period ending on or before the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period ending on and including the Closing Date.

“**Privilege Period**” has the meaning set forth in Section 7.11(b).

“**Purchase Price**” has the meaning set forth in Section 2.02.

“**Purchase Price Overpayment**” has the meaning set forth in Section 2.03(g)(ii).

“**Qualified Benefit Plan**” has the meaning set forth in Section 4.21(c).

“**Real Property**” means the Leased Real Property.

“**Release**” means any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping or disposing of any Hazardous Substances into or through the environment, including, without limitation, ambient air (indoor and outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure facility or fixture.

“**Released Parties**” has the meaning set forth in Section 7.10.

“**Representative**” means, with respect to any Person, any and all directors, officers, employees, consultants, financial advisors, counsel, accountants and other agents of such Person.

“**Resolution Period**” has the meaning set forth in Section 2.03(c).

“**Restricted Business**” means any of the following: (i) the Business; and (ii) any business selling goods or services which are the same or substantially the same as goods or services sold by the Company during the two (2) year period immediately preceding the Closing Date (“**Competitive Goods and Services**”).

“**Restricted Period**” has the meaning set forth in Section 7.04.

“**Review Period**” has the meaning set forth in Section 2.03(b).

“**Safety Requirements**” means all Laws, Governmental Orders and contractual obligations concerning public health or safety, or worker health or safety.

“**Securities Act**” means the Securities Act of 1933, as amended, or any similar federal law then in force.

“**Seller**” and “**Sellers**” have the meaning set forth in the preamble.

“**Seller 401(k) Plan**” means the New England Technology, Inc.401(k) Plan effective January 1, 2001.

“**Seller Indemnitees**” has the meaning set forth in Section 9.03.

“**Seller-Prepared Tax Returns**” has the meaning set forth in Section 7.11(c).

“**Seller Representative**” has the meaning set forth in the preamble.

“**Seller Transaction Expenses**” means the aggregate amount of all out-of-pocket fees and expenses, incurred by or on behalf of the Company, Sellers, or any of their respective Affiliates in connection with the negotiation, preparation or execution of this Agreement or any documents or agreements contemplated hereby or the performance or consummation of the transactions contemplated hereby or relating to bonuses, in each case, that have not been paid as of the Closing or thereafter, including (i) all fees and expenses (including fees and expenses of legal counsel, accountants, investment bankers or other professional advisors) actually incurred by the Company or Sellers in connection with the negotiation, execution and consummation of this Agreement or in connection with obtaining consents, approvals and waivers of any Person on behalf of the Company or Sellers in connection with the transactions contemplated by this Agreement, (ii) any change in control payments, sales bonus payments or similar payments made or to be made by the Company or Sellers in connection with or resulting from the Closing, together with any employment Taxes related to any of the foregoing, (iii) any fees or expenses associated with obtaining the release and termination of any Liens, (iv) all brokers’ or finders’ fees, and (v) fees and expenses of counsel, advisors, consultants, investment bankers, accountants, auditors and experts.

“**Single Employer Plan**” has the meaning set forth in Section 4.21(d).

“**Software**” means all computer programs (whether in source code or object code form), data bases, compilers, compilations, software libraries, source code annotations, software architecture designs, layouts and development tools and the programmers’ notes or logs, user, operator and training manuals or documentation, build instructions, and information related to any of the foregoing.

“**Special Incentive Bonus Plan”** means the Special Incentive Bonus Plan attached hereto asExhibit A.

“**Statement of Objections**” has the meaning set forth in Section 2.03(c).

“**Straddle Period**” has the meaning set forth in Section 7.11(a).

"**Subsidiary**" of any Person means another Person with respect to which such Person owns, directly or indirectly, at least 50% of the capital stock, capital interests, profits interests or other equity or has the power, directly or indirectly, to elect a majority of the members of the board of directors (or similar governing body).

"**Target Closing Working Capital**" means Eight Million Five Hundred Thousand ($8,500,000) Dollars.

"**Tax**" or "**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, escheat, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

"**Tax Matter**" has the meaning set forth in Section 7.11(h).

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

"**Taxing Authority**" means any Governmental Authority responsible for the administration or the imposition of any Tax.

"**Territory**" means the United States of America or anywhere else worldwide in which the Company conducts any part of the Business on the Closing Date.

"**Third Party Claim**" has the meaning set forth in Section 9.05(a).

"**Transaction Documents**" means this Agreement and the other agreements, instruments and documents required to be delivered at the Closing.

"**Transfer Taxes**" means any sales, use, stock transfer, unit transfer, value added, real property transfer, real property gains, transfer, stamp, registration, documentary, recording or similar duties or taxes together with any interest thereon, penalties, fines, costs, fees, additions to tax or additional amounts with respect thereto incurred in connection with the transactions contemplated by the Transaction Documents.

"**Unaudited Financial Statements**" has the meaning set forth in Section 4.04.

"**Union**" has the meaning set forth in Section 4.22(b).

"**WARN Act**" means the Worker Adjustment and Retraining Notification Act of 1988 and any similar Law.

ARTICLE II.
PURCHASE AND SALE

Section 2.01. Purchase and Sale of the Company Shares. On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Buyer shall purchase and acquire from the Sellers for the Purchase Price, and the Sellers shall sell, transfer, convey and deliver to the Buyer' for the Purchase Price, all of the Company Shares, free and clear of all Encumbrances;

Section 2.02. Purchase Price. Subject to adjustment pursuant to Section 2.03 the aggregate consideration for the Company Shares shall be Twenty-Four Million Dollars ($24,100,000) plus the Earn-Out, if any (the "**Purchase Price**").

(a) The Purchase Price shall be comprised of the following:

(i) Three Million One Hundred Thousand Dollars ($3,100,000) paid on or before the date that is thirty (30) days after the Closing Date from which $900,000 of such amount otherwise payable to Nick shall be paid directly to the Company to pay down $900,000 of the $1.5 million principal amount owed by Nick to the Company as of the Closing Date, (the "**Cash Consideration Amount**");

(ii) One Million Two Hundred Forty-Seven Thousand Four Hundred and Two shares of Parent's restricted common stock (the "**Parent Rollover Shares**") with a value equal to Six Million Dollars ($6,000,000);

(iii) Promissory notes in the total original principal amount of Five Million Seven Hundred Fifty Thousand Dollars ($5,750,000) issued by the Buyer to the Sellers (the "**Notes 1**"), which Notes 1 shall be payable upon maturity, carry a term of twelve (12) months, at an interest rate of four percent (4.0%), provided, however, the Parties agree that Six Hundred Thousand Dollars ($600,000) of the principal amount of the Notes 1 otherwise payable to Nick shall be satisfied through the cancellation of an equal amount of debt owed by Nick to the Company;

(iv) Promissory notes in the total original principal amount of Five Million Seven Hundred Fifty Thousand Dollars ($5,750,000) issued by the Buyer to the Sellers (the "**Notes 2**"), which Notes 2 shall be payable upon maturity, carry a term of twenty-four (24) months, at an interest rate of four percent (4.0%); and

(v) Promissory notes in the total original principal amount of Three Million Five Hundred Thousand Dollars ($3,500,000) issued by the Buyer to the Sellers (the "**Notes 3**"), which Notes 3 shall carry a term of thirty-six (36) months, at an interest rate of zero percent (0.0%). Sellers may convert all, but not less than all, of the Notes 3 into shares of the Buyer's restricted common stock, by providing notice of conversion to the Buyer on the two (2) year anniversary of the issuance of the Notes 3, at a conversion price equal to Four and 81/100 Dollars ($4.81). If the Sellers do not exercise their conversion right, the principal balance of the Notes 3 will be paid in twelve (12) equal monthly payments commencing on the two (2) year anniversary of the issuance of the Notes 3, provided, however, the amount due at maturity shall be reduced by (i) the percentage by which the Company's Adjusted EBITDA is less than Three Million Dollars ($3,000,000) during the twelve month period commencing on the Closing Date, plus (ii) the percentage by which the Company's Adjusted EBITDA is less than Three Million Dollars ($3,000,000) during the twelve months period commencing on the one year anniversary of the Closing Date, plus (iii) the percentage by which the Company's Adjusted EBITDA is less than Two Million Dollars ($2,000,000) during the twelve months period commencing on the two year anniversary of the Closing Date, up to a maximum aggregate reduction not to exceed the full amount due under Note 3.

(b) Notwithstanding the provision of Section 2.02(a)(iii), (iv), and (v), in the event the Company's Adjusted EBITDA for the three (3) year period commencing on the Closing Date exceeds Eight Million Dollars ($8,000,000), then, any reductions in the amounts due under Notes 3 pursuant to the adjustment mechanisms in Section 2.02(a)(iii), (iv), and (v) shall be reversed in full and any such reduced amount(s) shall be promptly paid to the Sellers as additional consideration for the Company Shares.

(c) Parent hereby unconditionally guarantees the timely payment of, and performance when due of all obligations of Buyer's under, Note 1, Note 2, and Note 3.

Section 2.03. Purchase Price Adjustment.

(a) *Post-Closing Adjustment*.

(i) Within 90 days after the Closing Date, Buyer shall prepare and deliver to Seller Representative a statement, setting forth Buyer's calculation of Closing Working Capital and the Purchase Price resulting therefrom (the "**Closing Working Capital Statement**"), prepared in accordance with the definitions in this Agreement.

(ii) The "**Post-Closing Adjustment**" shall be an amount equal to the Closing Working Capital minus the Target Closing Working Capital. If the Post-Closing Adjustment is a negative number, Sellers shall pay to Buyer an amount equal to the absolute value of the Post-Closing Adjustment. If the Post-Closing Adjustment is a positive number, then Buyer shall pay to Sellers an amount equal to the Post-Closing Adjustment.

(b) *Examination*. After receipt of the Closing Working Capital Statement, Sellers shall have 30 days (the "**Review Period**") to review the Closing Working Capital Statement. During the Review Period, Seller Representative and its Representatives shall have reasonable access to the relevant books and records of Buyer, the relevant personnel of Buyer and/or Buyer's Representatives to the extent that they relate to the Closing Working Capital Statement and to such historical financial information (to the extent in Buyer's possession) relating to the Closing Working Capital Statement as Seller Representative may reasonably request for the purpose of reviewing the Closing Working Capital Statement and to prepare a Statement of Objections (defined below); provided, that such access shall be in a manner that does not interfere with the normal business operations of Buyer.

(c) *Objection*. On or prior to the last day of the Review Period, Seller Representative may object to the Closing Working Capital Statement by delivering to Buyer a written statement setting forth Seller Representative's objections in reasonable detail, indicating each disputed item or amount and the basis for Seller Representative's disagreement therewith (the "**Statement of Objections**"). If Seller Representative fails to deliver the Statement of Objections before the expiration of the Review Period, the Closing Working Capital Statement and the Post-Closing Adjustment, as the case may be, reflected in the Closing Working Capital Statement shall be deemed to have been accepted by Sellers. If Seller Representative delivers the Statement of Objections before the expiration of the Review Period, Buyer and Seller Representative shall negotiate in good faith to resolve such objections within 30 days after the delivery of the Statement of Objections (the "**Resolution Period**"), and, if the same are so resolved within the Resolution Period, the Post-Closing Adjustment and the Closing Working Capital Statement with such changes as may have been previously agreed in writing by Buyer and Seller Representative, shall be final and binding.

(d) *Resolution of Disputes*. If Seller Representative and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (the "**Disputed Amounts**") shall be submitted for resolution to CliftonLarsonAllen LLP (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment, as the case may be, and the Closing Working Capital Statement. The Independent Accountant shall only decide the specific items under dispute by the parties and its decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively. Each party represents and warrants to the other that the Independent Accountant has not provided any services within the past 5 years to such party, to its Affiliates or to any Person directly or indirectly owning any equity interest in such party or any of its Affiliates.

(e) *Fees of the Independent Accountant*. The fees and expenses of the Independent Accountant shall be paid by Sellers, on the one hand, and Buyer, on the other hand, based upon the percentage that the amount actually contested but not awarded to Sellers or Buyer, respectively, bears to the aggregate amount actually contested by Seller Representative and Buyer.

(f) *Determination by Independent Accountant*. The Independent Accountant shall make a determination as soon as practicable within 30 days (or such other time as the parties hereto shall agree in writing) after their engagement, and their resolution of the Disputed Amounts and their adjustments to the Closing Working Capital Statement and/or the Post-Closing Adjustment shall be conclusive and binding upon the parties hereto.

(g) *Payment of Post-Closing Adjustment* Except as otherwise provided herein, any payment of the Post-Closing Adjustment, together with interest calculated as set forth below, shall be due (x) within 5 Business Days of acceptance of the applicable Closing Working Capital Statement or (y) if there are Disputed Amounts, then within 5 Business Days of the resolution described in clause (v) above.

(i) If the Post-Closing Adjustment as finally determined pursuant to this Section 2.03 is a positive number, the Buyer shall promptly (but in any event within 5 Business Days after the final determination thereof) deliver to the Sellers the amount of such excess by wire transfer of immediately available funds to an account or accounts designated by the Seller Representative.

(ii) If the Post-Closing Adjustment as finally determined pursuant to this Section 2.03 is a negative number (the "**Purchase Price Overpayment**"), the Sellers shall promptly (but in any event within 5 Business Days after the final determination thereof) deliver to the Buyer the amount of such Purchase Price Overpayment by wire transfer of immediately available funds to an account or accounts designated by the Buyer.

(h) *Adjustment for Tax Purposes*. Any payments or adjustments made pursuant to this Section 2.03 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.04. Withholding Tax. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Sellers hereunder.

ARTICLE III.
CLOSING

Section 3.01. Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the "**Closing**") shall take place concurrently with the execution hereof (the "**Closing Date**"). In lieu of an in-person Closing, unless otherwise agreed to by the parties, the Closing shall be accomplished by email portable document format (*.pdf) transmission of the requisite documents, duly executed where required, delivered upon actual confirmed receipt, with originals (where needed) to be delivered promptly following the Closing.

Section 3.02. Closing Deliverables.

(a) At the Closing, Sellers shall deliver to Buyer the following items to be executed and delivered by the Sellers, and Sellers shall exercise commercially reasonable efforts to cause third parties to provide the following items to be provided and/or signed by third parties:

(i) an employment agreement, in a form acceptable to the Buyer (collectively, the '**Key Employee Agreement**"), executed by the Key Employee and the Company;

(ii) duly executed share transfers or similar instruments of assignment and conveyance, transferring the Company Shares from the Sellers to the Buyer, in form and substance reasonably satisfactory to the Buyer;

(iii) a certificate dated as of the Closing Date and duly executed by the Sellers and an authorized officer of the Company certifying and attaching thereto (1) true and complete copies of the Company's Organizational Documents; (2) resolutions of the Company's management body authorizing the execution, delivery and performance by the Company of this Agreement and the other Transaction Documents; and (3) certificates issued by the applicable Governmental Authority for the State of Florida evidencing the existence and good standing of the Company, dated not earlier than 10 Business Days prior to the Closing Date; and (4) the names and signatures of the member or individuals of the Company authorized to sign Transaction Documents;

(iv) a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Code §1445, stating that no Seller is a "foreign person" as defined in Code §1445;

(v) payoff letters and lien releases from each holder of the Company's Indebtedness (excluding the holder of the Line of Credit, which is not being paid off at Closing), specifying the amount owed to such Person and, upon such Person's receipt of the applicable payoff amount, providing for the release of any Encumbrances;

(vi) all of the minute books, stock transfer ledgers, and similar corporate records of the Company; and

(vii) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to and as may be reasonably requested by Buyer.

(b) At the Closing, Buyer shall deliver to Sellers the following:

(i) an amount in cash equal to the Cash Consideration Amount, by wire transfer of immediately available funds to the account or accounts designated by the Seller Representative at least two (2) Business Days prior to the Closing Date;

(ii) certificates representing the Parent Rollover Shares issuable at Closing;

(iii) the Notes 1 executed by the Buyer and Parent;

(iv) the Notes 2 executed by the Buyer and Parent;

(v) the Notes 3 executed by the Buyer and Parent; and

(vi) a certificate dated as of the Closing Date and duly executed by an authorized officer of the Buyer certifying and attaching thereto (1) true and complete copies of Buyer's Organizational Documents; (2) resolutions of Buyer's management body authorizing the execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents; and (3) certificates issued by the applicable Governmental Authority for the State of Delaware evidencing the existence and good standing of the Buyer, dated not earlier than 10 Business Days prior to Closing; and (4) the names and signatures of the officers of the Buyer authorized to sign Transaction Documents.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Subject to and except as set forth in the Disclosure Schedules, the Sellers hereby jointly and severally represent and warrant to the Buyer that the statements contained in this Article IV are true and correct as of the Closing Date.

Section 4.01. Organization and Qualification. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Florida and has full corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the business of the Company as currently conducted. The Company is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the ownership of the Company's assets or the operation of the business of the Company as currently conducted makes such licensing or qualification necessary.

Section 4.02. Capitalization and Related Matters.

(a) Sellers are the record owner of all of the Company Shares. All such Company Shares were duly authorized and validly issued.

(b) Except for this Agreement, there are no statutory or contractual preemptive rights, co-sale rights, rights of first refusal or similar restrictions with respect to the Company Shares, including with respect to the sale of the Company Shares contemplated hereby. There are no agreements or understandings among the holders of Company Shares or among any other Persons with respect to the voting or transfer of the Company Shares. The Company has not violated any applicable federal or state securities Laws in connection with the offer, sale or issuance of any of its Equity Securities, and assuming the accuracy of Buyer's representations and warranties set forth in ARTICLE VI, the sale of the Company Shares contemplated hereby does not require registration under the Securities Act or any applicable state securities Laws.

(c) The Company does not have any commitment by which the Company assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit and bankers' acceptances), and the Company has not guaranteed the Indebtedness of any other Person (including in the form of an agreement to repurchase or reimburse).

Section 4.03. No Conflicts; Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws, stock agreements, or other Organizational Documents of Company; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to the Company or the business of the Company as currently conducted; (c) except as set forth in Section 4.03 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract or Permit to which the Company is a party or by which either the Company is bound or to which any of the assets owned by the Company are subject (including any Material Contract); or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any assets owned, leased or in use by the Company. Except as set forth in Section 4.03 of the Disclosure Schedules, no consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.04. Financial Statements. Complete copies of the unaudited financial statements consisting of the balance sheet of the Company as at December 31 in each of the years 2020 and 2021, and the related income statements for the years then ended (the "**Unaudited Financial Statements**"), and unaudited financial statements consisting of the balance sheet of the Company as of August 31, 2022, and the related income statements for the period then ended (the "**Interim Financial Statements**" and together with the Unaudited Financial Statements, the "**Financial Statements**") have been delivered to Buyer. Except as set forth in Section 4.04 of the Disclosure Schedules, the Financial Statements have been prepared in accordance with GAAP on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse). The Financial Statements are based on the books and records of the Company, and fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of August 31, 2022, is referred to herein as the "**Interim Balance Sheet**" and the date thereof as the "**Interim Balance Sheet Date**".

Section 4.05. Undisclosed Liabilities. The Company has no Liabilities except (a) those which are adequately reflected or reserved against in the Interim Balance Sheet as of the Interim Balance Sheet Date, or (b) those which have been incurred in the Ordinary Course of Business. The Company will be delivered on the Closing Date without any Indebtedness other than that the Line of Credit, and, on the Closing Date, neither the Company nor the Sellers will owe any Transaction Expenses, all of which will be paid in full on or prior to the Closing Date.

Section 4.06. Absence of Certain Changes, Events and Conditions. Except as set forth in Section 4.06 of the Disclosure Schedules, since the Interim Balance Sheet Date, and other than in the Ordinary Course of Business, with respect to the Company there has not been any:

(a) event, occurrence or development that has had, or, to the Sellers' Knowledge, could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(b) material change in any method of accounting or accounting practice for the Business, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(c) entry into any Contract that would constitute a Material Contract;

(d) incurrence, assumption or guarantee of any Indebtedness for borrowed money in connection with the Business except unsecured current obligations and Liabilities incurred in the Ordinary Course of Business;

(e) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the Interim Balance Sheet, except for the sale of Inventory in the Ordinary Course of Business;

(f) transfer, assignment or grant of any license or sublicense of any material rights under or with respect to any Intellectual Property Assets or Intellectual Property Agreements;

(g) abandonment or lapse of or failure to maintain in full force and effect any Intellectual Property Registration, or failure to take or maintain reasonable measures to protect the confidentiality or value of any Trade Secrets included in the Intellectual Property Assets;

(h) material damage, destruction or loss, or any material interruption in use, of any material assets, whether or not covered by insurance;

(i) acceleration, termination, material modification to or cancellation of any Assigned Contract or Permit;

(j) material capital expenditures (i.e., in excess of One Hundred Thousand Dollars ($100,000) in the aggregate) which would constitute an Assumed Liability;

(k) imposition of any Encumbrance upon any of the assets other than Permitted Encumbrances or those which will be paid off or released at Closing;

(l) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Business, other than as provided for in any written agreements or required by applicable Law or which do not exceed Ten Thousand Dollars ($10,000) annually, (ii) change in the terms of employment for any employee of the Business or any termination of any employees for which the aggregate costs and expenses exceed Ten Thousand Dollars ($10,000) annually, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, consultant or independent contractor of the Business;

(m) adoption of any plan of merger, consolidation, reorganization, liquidation or dissolution or filing of a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition against a Seller under any similar Law;

(n) occurrence of any extraordinary (i.e., in excess of One Hundred Thousand Dollars ($100,000) loss, damage, destruction or casualty loss or affirmatively waived any rights of material value under any Assigned Contract, whether or not covered by insurance and whether or not in the Ordinary Course of Business;

(o) making of any capital expenditures or commitments therefor such that the aggregate outstanding amount of unpaid obligations and commitments with respect thereto and which are Assumed Liabilities are reasonably expected to exceed One Hundred Thousand Dollars ($100,000) on the Closing Date;

(p) creation, incurrence, assumption or guaranty of any Indebtedness which is an Assumed Liability, other than Current Liabilities incurred in the Ordinary Course of Business;

(q) purchase, lease or other acquisition of the right to own, use or lease any property or assets in connection with the Business for an amount in excess of Twenty Thousand Dollars ($20,000), individually (in the case of a lease, per annum) or Forty Thousand Dollars ($40,000) in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of Inventory or supplies in the Ordinary Course of Business;

(r) material change in the conduct of its cash management, other than in the Ordinary Course of Business (including the collection of receivables, payment of payables, maintenance of Inventory control and pricing and credit practices);

(s) (i) any change in the prices or terms of distribution of products or services, (ii) any change to pricing, discount, allowance or return policies, or (iii) grant of any pricing, discount, allowance or return terms for any customer or supplier, including by modifying the manner in which it licenses or otherwise distributes its products;

(t) failure to promptly pay and discharge when due Current Liabilities in an amount in excess of One Hundred Thousand Dollars ($100,000), except where disputed in good faith;

(u) any occurrence whereby the Company: (i) awarded or paid any bonuses to any current or former employee, officer, director or independent contractor of the Company, except to the extent accrued on the Interim Balance Sheet, reflected on the Financial Statements or as required under the terms of an equity incentive plan of such Seller adopted by its board of directors or pursuant to an employee's or independent contractor's terms of employment; (ii) entered into any new employment other than with respect to new hires, deferred compensation, severance or similar agreement (nor amended any such existing agreement in any material respect); (iii) increased or agreed to increase the compensation payable or to become payable by it (other than in the Ordinary Course of Business) or benefits to be provided to any current or former director, officer, employee or independent contractor of the Company other than normal recurring increases or pursuant to an employee's or independent contractor's terms of employment; (iv) except as required by Law, adopted, amended or terminated any equity incentive plan or made any other material change in employment terms for any employee, officer or director or the engagement terms of any independent contractor; or (v) amended or renegotiated any existing collective bargaining agreement or entered into any new collective bargaining agreement; or

(v) entry into any Contract to do any of the foregoing or taking any action or failing to take any action that has resulted or could reasonably be believed to result in any of the foregoing.

Section 4.07. Material Contracts.

(a) Section 4.07(a) of the Disclosure Schedules lists each of the following Contracts to which Company is a party (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property, the Real Property Leases and all Intellectual Property Agreements, being "**Material Contracts**"):

(i) all Contracts (which are not Contracts suppliers, materialmen or vendors), which by their terms involve aggregate consideration in excess of Two Hundred Fifty Thousand Dollars ($250,000);

(ii) all Contracts with suppliers, materialmen or vendors involving aggregate consideration in excess of One Hundred Thousand Dollars ($100,000);

(iii) all Contracts that require the Company to purchase or sell a stated portion of the requirements or outputs of the Company or that contain "take or pay" provisions;

(iv) all Contracts (other than Contracts with customers) that provide for the indemnification of any Person (other than customary contract indemnification clauses for breaches of contract, personal or property damages, breaches of law, gross negligence or willful misconduct) for or the assumption of any Tax, environmental or other Liability of any Person;

(v) all Contracts that relate to the acquisition or disposition of any business, a material amount of stock or assets of any other Person or any Real Property (whether by merger, sale of stock, sale of assets or otherwise);

(vi) all broker, distributor, dealer, manufacturer's Representative, franchise, agency, sales promotion, market research, marketing consulting and advertising Contracts;

(vii) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements);

(viii) except for Contracts relating to trade receivables, all Contracts relating to Indebtedness (including, without limitation, guarantees);

(ix) all Contracts with any Governmental Authority;

(x) all Contracts that limit or purport to limit the ability of the Company to compete in any line of business or with any Person or in any geographic area or during any period of time;

(xi) all joint venture, partnership or similar Contracts;

(xii) all Contracts for the sale of any of the assets or properties of the Company or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any of the assets or properties of the Company;

(xiii) all Contracts (A) providing for the Company to be the exclusive or preferred provider of any product or service to any Person or that otherwise involves the granting by any Person to the Company of exclusive or preferred rights of any kind, (B) providing for any Person to be the exclusive or preferred provider of any product or service to the Company or that otherwise involves the granting by the Company to any Person of exclusive or preferred rights;

(xiv) any Contact containing a most favored nation clause;

(xv) each Contract with a Material Customer;

(xvi) each Contract with a Material Supplier;

(xvii) all powers of attorney with respect to the Company or any of its assets or properties;

(xviii) all collective bargaining agreements or Contracts with any Union;

(xix) any settlement, conciliation or similar agreement with any Governmental Authority (other than agreements for duties and taxes in the ordinary course of business) or pursuant to which the Company will have outstanding obligations after the date of this Agreement; or

(xx) all other Contracts that are material to the Company or the Company's operation of its business as presently conducted and not previously disclosed pursuant to this Section 4.07.

(b) Each Material Contract is valid and binding on the Company in accordance with its terms and is in full force and effect. None of the Company or any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of any intention to terminate, any Material Contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Material Contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Buyer. There are no material disputes pending or threatened under any Material Contract.

Section 4.08. Title to Assets. Except for the assets set forth in Section 4.08 of the Disclosure Schedules, the Company has good and valid title to, or a valid leasehold interest in, all of the properties and assets, whether tangible or intangible, used or held for use by, located on its premises, shown on the Interim Balance Sheet or acquired thereafter, free and clear of all Encumbrances (excluding the lien in favor of MountainOne Bank securing the Line of Credit), except for the tangible properties and assets disposed in the ordinary course of business since the Interim Balance Sheet Date and except for those items set forth in Section 4.08 of the Disclosure Schedules (the "**Permitted Encumbrances**").

Section 4.09. Condition and Sufficiency of Assets. The buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property of the Company are structurally sound, are in good operating condition and repair, and are adequate for the uses to which they are being put, and none of such buildings, plants, structures, furniture, fixtures, machinery, equipment, vehicles and other items of tangible personal property is in need of maintenance or repairs except for ordinary, routine maintenance and repairs that are not material in nature or cost, and such properties and assets comprise all of the properties and assets necessary for the conduct of its business as presently conducted or otherwise used by the Company in the conduct of its business during the past twelve (12) months.

Section 4.10. Subsidiaries. Neither the Company nor any of its Affiliates own or control any capital stock, joint venture interest, membership interest or other equity interest in any Subsidiary holding title to, beneficial interest in or a leasehold interest in any of the assets or other properties used by the Company in the operation of its business as currently conducted. The Company does not have any Subsidiaries.

Section 4.11. Real Property.

(a) The Company does not own any real property.

(b) Section 4.11 of the Disclosure Schedules sets forth each parcel of real property leased by the Company and used in or necessary for the conduct of the business of the Company as currently conducted (together with all rights, title and interest of the Company in and to leasehold improvements relating thereto, including, but not limited to, security deposits, reserves or prepaid rents paid in connection therewith, collectively, the "**Leased Real Property**"), and a true and complete list of all leases, subleases, licenses, concessions and other agreements (whether written or oral), including all amendments, extensions renewals, guaranties and other agreements with respect thereto, pursuant to which the Company holds any Leased Real Property (collectively, the "**Leases**"). The Company has delivered to Buyer a true and complete copy of each Lease. With respect to each Lease:

(i) such Lease is valid, binding, enforceable and in full force and effect, and the Company enjoys peaceful and undisturbed possession of the Leased Real Property;

(ii) the Company is not in breach or default under such Lease, and no event has occurred or circumstance exists which, with the delivery of notice, passage of time or both, would constitute such a breach or default, and the Company has paid all rent due and payable under such Lease;

(iii) the Company has not received nor given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by the Company under any of the Leases and, to the Knowledge of the Sellers, no other party is in default thereof, and no party to any Lease has exercised any termination rights with respect thereto;

(iv) the Company has not subleased, assigned or otherwise granted to any Person the right to use or occupy such Leased Real Property or any portion thereof; and

(v) the Company has not pledged, mortgaged or otherwise granted an Encumbrance on its leasehold interest in any Leased Real Property.

(c) the Company has not received any written notice of (i) violations of building codes and/or zoning ordinances or other governmental or regulatory Laws affecting the Real Property, (ii) existing, pending or threatened condemnation proceedings affecting the Real Property, or (iii) existing, pending or threatened zoning, building code or other moratorium proceedings, or similar matters which could reasonably be expected to adversely affect the ability to operate the Real Property as currently operated. Neither the whole nor any material portion of any Real Property has been damaged or destroyed by fire or other casualty.

(d) The Real Property is sufficient for the continued conduct of the business of the Company after the Closing in substantially the same manner as conducted prior to the Closing and constitutes all of the Real Property necessary to conduct the business of the Company as currently conducted.

Section 4.12. Intellectual Property.

(a) Section 4.12(a) of the Disclosure Schedules lists all (i) Intellectual Property Registrations and (ii) Intellectual Property Assets, including any and all Software that consists of or comprises an Intellectual Property Assets. All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing. With respect to the listed Intellectual Property Registrations and Intellectual Property Assets, each has been prosecuted or maintained, as the case may be, in compliance with all applicable rules, policies and procedures of the appropriate U.S., state or foreign registry in all material respects.

(b) Section 4.12(b) of the Disclosure Schedules lists all Intellectual Property Agreements which are considered Material Contracts.

(c) Except as set forth in Section 4.12(b) of the Disclosure Schedules, the Company is the sole and exclusive legal and beneficial, and with respect to the Intellectual Property Registrations, record, owner of all right, title and interest in and to the Intellectual Property Assets, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the business of the Company as currently conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. The Company has not granted to any third party any exclusive rights relating to its Intellectual Property Assets.

(d) The Intellectual Property Assets and Intellectual Property licensed under the Intellectual Property Agreements are all of the Intellectual Property necessary to operate the business of the Company as presently conducted. The consummation of the transactions contemplated hereunder will not result in the loss or impairment of or payment of any additional amounts with respect to, nor require the consent of any other Person in respect of, Buyer's right to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the business of the Company as currently conducted.

(e) The Company's rights in the Intellectual Property Assets are valid, subsisting and enforceable.

(f) To Sellers' Knowledge, the conduct of the business of the Company as currently and formerly conducted, and the Intellectual Property Assets and Intellectual Property licensed under the Intellectual Property Agreements as currently or formerly owned, licensed or used by the Company, have not infringed, misappropriated, diluted or otherwise violated, and have not, do not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property or other rights of any Person. To Sellers' Knowledge, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Intellectual Property Assets.

(g) There are no Actions (including any oppositions, interferences or re-examinations) settled, pending or threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by the Company in connection with the business of the Company as currently conducted; (ii) challenging the validity, enforceability, registrability or ownership of any Intellectual Property Assets or the Company's rights with respect to any Intellectual Property Assets; or (iii) by the Company or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of any Intellectual Property Assets. The Company is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Intellectual Property Assets.

(h) Section 4.12(f) of the Disclosure Schedules identifies: (a) all Software, documentation and other materials related thereto that is Intellectual Property licensed under the Intellectual Property Agreements used in connection with the business of the Company as currently conducted. The Company has a valid license to use, the Software that is necessary for the conduct of the business, and the consummation of the transactions contemplated hereby will not conflict with any such rights or require the payment of any additional fees or amounts to any third party.

(i) The Company has not embedded, linked to or otherwise incorporated any Software (in source or object code form) licensed from another party under a license commonly referred to as an open source, free Software, copyleft or community source code license corresponding to the requirements defined in the Open Source Definition (available on the URL: http://opensource.org/osd) by the Open Source Initiative, or by the Free Software Foundation (available on the URL: http://www.fsf.org/?set_language=fr), which the Company acknowledged to have read and understood (such Software "Open Source Software") in any of its Software generally available or in development or otherwise used Open Source Software in a manner that obligates the Company to disclose, make available, offer or deliver the source code of any Software other than such Open Source Software.

(j) The Company is in compliance in all material respects, with all: (a) applicable Laws, statutes, directives, rules, regulations and guidance, (b) contractual obligations, (c) internal and public-facing privacy and/or security policies of the Company, (d) public statements that the Company has made regarding its respective privacy and/or data security policies or practices, and (e) applicable published industry standards relating to the collection, use, storage, retention, disclosure, transfer, disposal, or any other processing of any private or protected information collected or used by the Company in the operation of its business as presently conducted. There is no complaint to, or any audit, proceeding, claim, or investigation (formal or informal) currently pending against the Company by any private party, the Federal Trade Commission, any state attorney general or similar state official, or any other governmental entity, foreign or domestic, with respect to the collection, use, retention, disclosure, transfer, storage or disposal of private or protected information. The Company has taken all steps reasonably necessary (including implementing and monitoring compliance with adequate measures with respect to technical and physical security) to protect such private or protected information against loss and against unauthorized access, use, modification, disclosure or other misuse.

Section 4.13. Inventory. All Inventory, whether or not reflected in the Interim Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete, damaged, defective or slow-moving items, as set forth in Section 4.13 of the Disclosure Schedules, that immediately prior to the Closing, shall have been written off or written down to fair market value or for which adequate reserves have been established. All Inventory is owned by the Company free and clear of all Encumbrances, and no Inventory is held on a consignment basis. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Company.

Section 4.14. Accounts Receivable. The accounts receivable reflected on the Interim Balance Sheet (the "**Accounts Receivable**") and the accounts receivable arising after the date thereof (a) have arisen from bona fide transactions entered into by the Company involving the sale of goods or the rendering of services in the Ordinary Course of Business; and (b) constitute only valid, undisputed claims of the Company not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the Ordinary Course of Business. The reserve for bad debts shown on the Interim Balance Sheet or, with respect to accounts receivable arising after the Interim Balance Sheet Date, on the accounting records of the Company have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

Section 4.15. Suppliers and Customers.

(a) Section 4.15(a) of the Disclosure Schedules sets forth (i) each supplier to whom the Company has paid consideration for goods or services rendered in an amount greater than or equal to One Hundred Thousand ($100,000) for the most recent fiscal year (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such period. Except as set forth on Section 4.15(a) of the Disclosure Schedules, the Company has not received any notice, and has no reason to believe, that any of the Material Suppliers has ceased, or intends to cease, to supply goods or services to the Company or to otherwise terminate or materially reduce its relationship with the Company.

(b) Section 4.15(b) of the Disclosure Schedules sets forth with respect to the Company (i) each customer who has paid aggregate consideration to the Company for goods or services rendered in an amount greater than or equal to One Hundred Thousand ($100,000) for the most recent fiscal year (collectively, the "**Material Customers**"); and (ii) the amount of revenues from each Material Customer during such period. Except as set forth on Section 4.15(b) of the Disclosure Schedules, the Company has not received any notice, and has no reason to believe, that any of the Material Customers has ceased, or intends to cease, to purchase goods or services from the Company or to otherwise terminate or materially reduce its relationship with the Company.

Section 4.16. Insurance. The Company has furnished to Buyer certificates of insurance, evidencing all insurance policies covering the Company and the business as presently conducted by the Company, each of which is listed on Section 4.16 of the Disclosure Schedules ("**Insurance Policies**"). There is no claim by the Company pending under any policy to which coverage has been questioned, denied (including the reservation of the right to deny) or disputed by the underwriter. All such policies are in full force and effect, and the Company is in material compliance with the terms and conditions of such policies and has paid all premiums due and payable thereunder. The Company has not received written notice from any underwriter stating that such policy is not in full force and effect, or threatening to cancel or reduce coverage under such policy. Such policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Company and are sufficient for compliance with all applicable Laws and Contracts to which the Company is a party or by which it is bound.

Section 4.17. [Reserved].

Section 4.18. Legal Proceedings; Governmental Orders.

(a) Except as set forth in Section 4.18(a) of the Disclosure Schedules, there are no (and there have not been, within the past five (5) years) Actions pending or, to Sellers' Knowledge, threatened against or by the Company (a) relating to or affecting the Company; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) Except as set forth in Section 4.18(b) of the Disclosure Schedules, there are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Company. The Company is in compliance with the terms of each Governmental Order set forth in Section 4.18(b) of the Disclosure Schedules. No event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 4.19. Compliance with Laws; Permits.

(a) The Company has complied, and is now complying in all material respects, with all Laws and Safety Requirements applicable to the conduct of the business of the Company as currently conducted or the ownership and use of the assets and properties of the Company.

(b) The Company does not require any Permits to conduct the Business of the Company as currently conducted or for the ownership and use of the assets and properties of the Company.

(c) Neither the Company nor any manager, member, officer, agent, or employee of the Company, or any other Person or acting for or on behalf of the Company, has directly or indirectly (i) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services in violation of any Law, including, without limitation, any anti-corruption laws applicable to the Company, (ii) established or maintained any fund or asset that has not been recorded in the books and records of the Company.

Section 4.20. Environmental Matters.

(a) Except as set forth on Section 4.20(a) of the Disclosure Schedules: (i) the operations of the Company are currently and have been in compliance with all Environmental Laws; and (ii) the Company has not received from any Person any Environmental Notice or Environmental Claim, or written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) No Environmental Permits are necessary for the conduct of the Company's business as currently conducted or the ownership, lease, operation or use of the assets or properties of the Company. The Company is not aware of any condition, event or circumstance relating to the environment that might prevent or impede, after the Closing Date, the conduct of the business of the Company as currently conducted or the ownership, lease, operation or use of the assets or properties of the Company.

(c) To Sellers' Knowledge, none of the Real Property currently or formerly leased or operated by the Company is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) To Sellers' Knowledge, there has been no Release of Hazardous Substances in contravention of Environmental Law with respect to the Company or any Real Property currently or formerly leased or operated by the Company, and the Company has not received an Environmental Notice that any Real Property currently or formerly leased or operated by the Company (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, the Company

(e) The Company has not, and does not currently use any off-site Hazardous Substances treatment, storage, or disposal facilities. There are no active or abandoned aboveground or underground storage tanks owned or operated by the Company.

(f) The Company has not assumed, provided an indemnity with respect to, or otherwise become subject to, any material liability of any other Person under any Environmental Law; and the Company does not have any environmental assessments, audits, investigations, reports, and other material environmental documents relating to the Company, including its business as presently conducted or any assets property or facility of the Company (including the Leased Real Property) in its possession or under its reasonable control.

(g) The Company has not retained or assumed, by contract or operation of Law, any Liabilities or obligations of third parties under Environmental Law.

(h) The Company does not have in its possession or under its control: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents related to the Company or the business as presently conducted by the Company, or any real property currently or formerly owned, leased or operated by the Company which are in the possession or control of the Company related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Substances; or (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(i) The Company is not aware of and does not reasonably anticipate, as of the Closing Date, any condition, event or circumstance concerning the Release or regulation of Hazardous Substances that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the assets or properties of the Company or the business of the Company as currently carried out.

(j) The Company does not own or control any Environmental Attributes.

Section 4.21. Employee Benefit Matters.

(a) Section 4.21(a) of the Disclosure Schedules contains a true and complete list of each pension, benefit, retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock or stock-based, change in control, retention, severance, vacation, paid time off (PTO), medical, vision, dental, disability, welfare, Code Section 125 cafeteria, fringe-benefit and other similar agreement, plan, policy, program or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, including each "employee benefit plan" within the meaning of Section 3(3) of ERISA, whether or not tax-qualified and whether or not subject to ERISA, which is or has been maintained, sponsored, contributed to, or required to be contributed to by the Company for the benefit of any current or former employee, officer, director, retiree, independent contractor or consultant of the Company or any spouse or dependent of such individual, or under which the Company or any of its ERISA Affiliates has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any Liability, contingent or otherwise (as listed on Section 4.21(a) of the Disclosure Schedules, each, a "**Benefit Plan**").

(b) With respect to each Benefit Plan, the Company has made available to Buyer accurate, current and complete copies of each of the following: (i) where the Benefit Plan has been reduced to writing, the plan document together with all amendments; (ii) where the Benefit Plan has not been reduced to writing, a written summary of all material plan terms; (iii) where applicable, copies of any trust agreements or other funding arrangements, custodial agreements, insurance policies and contracts, administration agreements and similar agreements, and investment management or investment advisory agreements, now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, COBRA communications, employee handbooks and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) in the case of any Benefit Plan that is intended to be qualified under Section 401(a) of the Code, a copy of the most recent determination, opinion or advisory letter from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Benefit Plan's continued qualification; (vi) in the case of any Benefit Plan for which a Form 5500 must be filed, a copy of the two most recently filed Forms 5500, with all corresponding schedules and financial statements attached; (vii) actuarial valuations and reports related to any Benefit Plans with respect to the most recently completed plan years; (viii) the most recent nondiscrimination tests performed under the Code; and (ix) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Department of Health and Human Services, Pension Benefit Guaranty Corporation or other Governmental Authority relating to the Benefit Plan.

(c) Each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") is so qualified and received a favorable and current determination letter from the Internal Revenue Service with respect to the most recent five year filing cycle, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or any of its ERISA Affiliates or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to a tax or penalty under Sections 4975 or 4980H of the Code.

(d) No pension plan (other than a Multiemployer Plan) which is subject to minimum funding requirements, including any multiple employer plan, (each a "**Single Employer Plan**") in which employees of the Company or any ERISA Affiliate participate or have participated has an "accumulated funding deficiency," whether or not waived, or is subject to a lien for unpaid contributions under Section 303(k) of ERISA or Section 430(k) of the Code. No Single Employer Plan covering employees of the Company which is a defined benefit plan has an "adjusted funding target attainment percentage," as defined in Section 436 of the Code, less than 80%. Except as set forth in Section 4.21(d) of the Disclosure Schedules, all benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with GAAP.

(e) Neither the Company nor any of its ERISA Affiliates has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation; (iii) withdrawn from any Benefit Plan; (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA; (v) incurred taxes under Section 4971 of the Code with respect to any Single Employer Plan; or (vi) participated in a multiple employer welfare arrangements (MEWA).

(f) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan, (ii) no such plan is a "**multiple employer plan**" within the meaning of Section 413(c) of the Code or a "**multiple employer welfare arrangement**" (as defined in Section 3(40) of ERISA); (ii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iii) no such plan or the plan of any ERISA Affiliate maintained or contributed to within the last six (6) years is a Single Employer Plan subject to Title IV of ERISA; and (v) no "reportable event," as defined in Section 4043 of ERISA, with respect to which the reporting requirement has not been waived, has occurred with respect to any such plan.

(g) Except as set forth in Section 4.21(g) of the Disclosure Schedules and other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan or other arrangement provides post-termination or retiree health benefits to any individual for any reason.

(h) Except as set forth in Section 4.21(h) of the Disclosure Schedules, there is no pending or, to Sellers' Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under, or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority.

(i) There has been no amendment to, announcement by the Company or any of its Affiliates relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis) with respect to any director, officer, employee, consultant or independent contractor of the Company, as applicable. Neither the Company nor any of its Affiliates has any commitment or obligation or has made any representations to any director, officer, employee, consultant or independent contractor of the Company, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement.

(j) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations) thereunder. The Company does not have any obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(k) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Company to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation (including stock-based compensation) due to any such individual; (iii) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (iv) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (v) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. The Company has made available to Buyer true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

(l) Each Benefit Plan has been maintained and administered in all material respects in compliance with (i) its terms; (ii) the terms, if applicable, of any related funding instruments; and (iii) all applicable Laws.

(m) There is no pending or, to Sellers' Knowledge, threatened Action relating to a Benefit Plan (other than routine claims for benefits), and no Benefit Plan has within the three years prior to the date hereof been the subject of an examination or audit by a Governmental Authority.

Section 4.22. Employment Matters.

(a) Section 4.22(a) of the Disclosure Schedules contains a list of all persons who are employees, independent contractors or consultants of the Company as of the date hereof, including any employee who is on a leave of absence of any nature, paid or unpaid, authorized or unauthorized, and sets forth for each such individual the following: (i) name; (ii) title or position (including whether full or part time); (iii) hire date; (iv) current base compensation rate; (v) commission, bonus or other incentive-based compensation; and (vi) a description of the fringe benefits provided to each such individual as of the date hereof. As of the date hereof, all compensation, including wages, commissions and bonuses payable to all employees, independent contractors or consultants of the Company for services performed on or prior to the date hereof have been paid in full and there are no outstanding agreements, understandings or commitments of the Company with respect to any compensation, commissions or bonuses. To the Sellers' Knowledge, no executive or other employee or independent contractor of the Company has any plans to terminate employment with or services being provided to, as the case may be, the Company.

(b) The Company is not, and has not been for the past three years, a party to, bound by, or negotiating any collective bargaining agreement or other Contract with a union, works council or labor organization (collectively, "**Union**"), and there is not, and has not been for the past three years, any Union representing or purporting to represent any employee of the Company, and, to Sellers' Knowledge, no Union or group of employees is seeking or has sought to organize employees for the purpose of collective bargaining. There has never been, nor has there been any threat of, any strike, slowdown, work stoppage, lockout, concerted refusal to work overtime or other similar labor disruption or dispute affecting the Company or any employees thereof. The Company has no duty to bargain with any Union.

(c) The Company is and has been in material compliance with all applicable Laws pertaining to employment and employment practices to the extent they relate to employees of the Company, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by the Company as consultants or independent contractors of the Company are properly treated as independent contractors under all applicable Laws. All employees of the Company classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. Except as set forth in Section 4.22(c) of the Disclosure Schedules, there are no Actions against the Company pending, or to the Sellers' Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of the Company, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours or any other employment related matter arising under applicable Laws.

(d) The Company has complied with the WARN Act, and has not undertaken any action prior to Closing that would trigger the WARN Act.

(e) The Company has provided or made available to the Buyer, all inspection reports under all applicable occupational health and safety laws relating to the Company which have been internally prepared or externally prepared to the extent that such reports are in the possession of the Company.

(f) The Company has not been charged with any offenses or received any written complaint, and there are no outstanding orders, nor any pending or, to the Knowledge of Sellers, threatened charges or complaints, made under any occupational health and safety laws relating to or which have a Material Adverse Effect on the Company. There have been no fatal or critical accidents within the last 3 years resulting from the operations of the Company. The Company has complied in all material respects with any orders issued under all such occupational health and safety laws. There are no appeals of any orders under any such occupational health and safety laws relating to the Company which are currently outstanding.

(g) There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "**Assessments**") or any other communications related thereto which the Company has received from any workers' compensation or workplace safety and insurance board or similar authorities in any jurisdictions where the Company carries on business and there are no Assessments which are unpaid on the date hereof or which will be unpaid at the Closing Date or have not been accrued for in the Financial Statements and, to the Knowledge of Sellers, there are no facts or circumstances which may result in a material increase in liability to the Company from any applicable workers' compensation or workplace safety and insurance laws after the Closing Date. The Company's accident cost experience relating to its business operations is such that there are no pending or, to the Knowledge of Sellers, possible Assessments and there are no claims or potential claims to the Knowledge of Sellers, which may have a Material Adverse Effect on the Company's accident cost experience.

(h) The Company's contracts and other understandings with independent contractors constitute a bona fide agreement whereby such individuals are independent contractors to, and are not employees of, the Company, and there are not any disputes, claims, charges or allegations pending or, to the Knowledge of Sellers, threatened at law or in equity before any governmental entity that challenge (i) the Company's compliance under any rule, regulation or law, (ii) the independent contractor nature of such contracts or independent contractor's work status, or (iii) other understandings or arrangements of any nature whatsoever.

Section 4.23. Taxes. Except as set forth in Section 4.23 of the Disclosure Schedules:

(a) The Company has timely filed or has had timely filed on its behalf (in each case, after giving effect to extensions) with the appropriate Taxing Authority, all Tax Returns which it is required to file under applicable Laws and regulations, and all such Tax Returns are complete and correct in all material respects and have been prepared in compliance with all applicable Laws.

(b) The Company has timely paid all Taxes due and owing by it (whether or not such Taxes are shown or required to be shown on a Tax Return).

(c) No deficiency or adjustment in respect of Taxes has been proposed, asserted or assessed by any Taxing Authority against any the Company. There are no outstanding refund claims with respect to any Tax or Tax Return of the Company.

(d) The Company has withheld and paid over to the appropriate Taxing Authority all Taxes which it is required to withhold from amounts paid or owing to any employee, independent contractor, member, equityholder, creditor or other Person, and each Person who has received compensation for the performance of services on behalf of the Company has been properly classified as an exempt or non-exempt employee or an independent contractor of the Company in accordance with applicable Laws.

(e) The Company is not currently subject to any Encumbrances for Taxes, other than Permitted Encumbrances, imposed upon any of the assets or properties of the Company.

(f) The Company has not waived any statute of limitations with respect to any Taxes or agreed to or been granted any extension of time for filing any Tax Return which has not been filed, and the Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax assessment or deficiency that in either case is still in effect.

(g) No foreign, federal, state or local Tax audits, examinations, investigations, suits, claims, administrative or judicial Tax Proceedings or other actions are, outstanding, pending or being conducted, or, to the Knowledge of Sellers, threatened against or with respect to the Company, and there are no Tax matters under discussion with any Taxing Authority concerning any Tax Return or Tax of the Company that are reasonably expected to result in a Tax liability of the Company.

(h) The Company has not received from any foreign, federal, state or local Taxing Authority (including jurisdictions where the Company has not filed Tax Returns) any (i) written notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted or assessed by any Taxing Authority or other Governmental Authority against the Company.

(i) Section 4.23(i) of the Disclosure Schedules contains a list of all jurisdictions (whether foreign or domestic) in which any Tax is properly payable or any Tax Return is properly required to be filed by the Company.

(j) No claim has ever been made by a Taxing Authority in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to Taxes assessed by such jurisdiction.

(k) The Company has never been a member of an Affiliated Group or filed or been included in a combined, consolidated or unitary Tax Return. The Company is not currently liable, nor does the Company have any potential liability, for the Taxes of another Person (i) under Treasury Regulations Section 1.1502-6 (or comparable provisions of state, local or foreign Law) or (ii) as a transferee or successor, or (iii) by contract, other agreement or otherwise. The Company is not a party to or bound by any Tax allocation or Tax sharing agreement.

(l) The unpaid Taxes of the Company did not, as of the Interim Balance Sheet Date, exceed the reserve for Tax liability (other than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Interim Balance Sheet (other than in any notes thereto). Since the Interim Balance Sheet Date, the Company has not incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP.

(m) The Company has not executed or entered into a “closing agreement” pursuant to Code Section 7121 (or any comparable provisions of state, local or foreign Law), and the Company has not obtained, nor is any request for outstanding, any private letter ruling from the IRS or comparable ruling from any other Taxing Authority.

(n) The Company shall not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (i) change in method of accounting for a taxable period (or portion thereof) ending on or prior to the Closing Date, (ii) any sale reported on the installment method or open transaction disposition where such sale or transaction occurred on or prior to the Closing Date, (iii) any prepaid amount received on or prior to the Closing Date, (iv) any election made pursuant to Code Section 108(i), or (v) any intercompany transaction or excess loss account under Code Section 1502 (or any comparable provisions of state, local or foreign Tax Law).

(o) The Company is a validly electing S corporation within the meaning of Section 1361 of the Code. The Company has not made any election, taken any action or filed or furnished any Tax Return on a basis that is inconsistent with the foregoing.

(p) The Company has no potential liability for any Tax under Section 1374 of the Code. Neither the Company nor any qualified subchapter S subsidiary of the Company has, in the past 5 years, (i) acquired assets from another corporation in a transaction in which the Company's tax basis for the acquired assets was determined, in whole or in part, by reference to the tax basis of the acquired assets (or any other property) in the hands of the transferor or (ii) acquired the stock of any corporation that is a qualified subchapter S subsidiary.

(q) The Company is not, and has not been, a party to any "reportable transaction," as defined in Code Section 6707A(c)(1) and Treasury Regulations Section 1.6011-4(b) (or any comparable provisions of state, local or foreign Tax Law).

(r) The Company has not distributed the stock of another Person, or has had its stock distributed by another Person, in a transaction that purported or intended to be governed in whole or in part by Code Section 355 or Code Section 361.

(s) The Company has not been a United States Real Property holding corporation within the meaning of Code Section 897(c) during the applicable period specified in Code Section 897(c)(1)(A)(ii).

(t) The Company is not (i) a "controlled foreign corporation" as defined in Code Section 957, or (ii) a "passive foreign investment company" within the meaning of Code Section 1297, or (iii) a resident for Tax purposes nor does it have a permanent establishment in any country with which the United States has a relevant Tax treaty, as defined in such relevant Tax treaty, and does not otherwise operate or conduct business through any branch, agency or otherwise in any country other than the United States.

Section 4.24. Accounts Receivable. All Accounts Receivable of the Company (a) represent valid obligations arising from bona fide sales actually made or services actually performed in the ordinary course of business, (b) to the Knowledge of Sellers, are not subject to valid counterclaims or setoffs, and (c) are current and collectible in accordance with their terms at their recorded amounts, except to the extent reflected in reserves for bad debt (taken as a whole) on the Interim Balance Sheet or, with respect to Accounts Receivable arising after the Interim Balance Sheet Date, on the accounting records of the Company, calculated in accordance with GAAP applied consistently with the Company's past practices.

Section 4.25. Affiliate Transactions. Except as set forth in Section 4.25 of the Disclosure Schedules, the Company is not is a party to any contract, loan, account receivable, accounts payable or other business arrangement with Sellers or any member, officer, manager, employee or independent contractor of the Company (nor any Affiliate or immediate family member of Sellers or of any of the foregoing) with respect or relating in whole or in part to any of the business as presently conducted by the Company, any assets or properties of in use by or leased by the Company, or Leased Real Property.

Section 4.26. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of the Company.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES CONCERNING THE SELLERS

Each Seller represents and warrants severally to Buyer that the statements contained in this ARTICLE V are true and correct as of the Closing Date.

Section 5.01. Ownership. Each Seller is the owner of his Company Shares free and clear of all liens and encumbrances.

Section 5.02. Authorization. Each Seller has full power and authority to enter into this Agreement and the other Transaction Documents to which each Seller is a party, to carry out each Seller's obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each Seller of this Agreement and any other Transaction Document to which the Sellers are a party, the performance by each Seller of its obligations hereunder and thereunder and the consummation by each Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of each Seller. This Agreement has been duly executed and delivered by each Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of each Seller enforceable against each Seller in accordance with its terms. When each other Transaction Document to which each Seller is a party has been duly executed and delivered by each Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of each Seller enforceable against it in accordance with its terms except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

Section 5.03. No Conflicts; Consents. The execution, delivery and performance of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of any shareholder agreements between the Sellers; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to a Seller; (c) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on any of the Company Shares. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to the Company in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.04. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of any of the Sellers.

ARTICLE VI.
REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Each of the Buyer and Parent jointly and severally represents and warrants to Sellers that the statements contained in this ARTICLE VI are true and correct as of the Closing Date.

Section 6.01. Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware, and Parent is a corporation duly organized, validly existing and in good standing under the Laws of the State of Nevada.

Section 6.02. Authority. Each of Buyer and Parent each has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which it is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by each of Buyer and Parent of this Agreement and any other Transaction Document to which it is a party, the performance by each of Buyer and Parent of its obligations hereunder and thereunder and the consummation by Buyer and Parent of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer and Parent. This Agreement has been duly executed and delivered by Buyer and Parent, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of Buyer and Parent enforceable against Buyer and Parent in accordance with its terms. When each other Transaction Document to which Buyer and/or Parent is a party has been duly executed and delivered by Buyer and/or Parent (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of each of Buyer and Parent enforceable against it in accordance with its terms except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

Section 6.03. No Conflicts; Consents. The execution, delivery and performance by Buyer and Parent of this Agreement and the other Transaction Documents to which Buyer and/or Parent is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws or other Organizational Documents of Buyer or Parent; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer or Parent; or (c) Except as set forth on Section 6.03(c) of the Disclosure Schedules, require the consent, notice or other action by any Person under any Contract to which Buyer or Parent is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer or Parent in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 6.04. Issuance of Parent Rollover Shares. The Parent Rollover Shares, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under the Transaction Documents, applicable state and federal securities laws, and liens or encumbrances created by or imposed by Purchaser.

Section 6.05. Compliance. Neither the Buyer or Parent is: (i) in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Buyer or Parent), the Company has not received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) in violation of any Governmental Order or (iii) has been in violation of any Laws, except in each case as would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect.

Section 6.06. SEC Reports; Financial Statements.

(a) Parent has timely filed (giving effect to permissible extensions in accordance with Rule 12b-25 under the Exchange Act) all documents and materials required to be filed by Parent (each, a "**Commission Document**") with the United States Securities & Exchange Commission (the "**Commission**") for the twelve (12) months preceding the date of this Agreement. As of its filing date (or, if amended or superseded by a filing prior to the Closing Date, as of the date of such amended or superseded filing), each Commission Document filed with or furnished to the Commission prior to the Closing Date complied in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and other federal, state and local laws, rules and regulations applicable to it (or, if amended or superseded by a filing prior to the Closing Date, on the date of such amended or superseded filing).

(b) The consolidated financial statements of Parent included or incorporated by reference in the Commission Documents, together with the related notes and schedules, present fairly, in all material respects, the consolidated financial position of Parent and its consolidated subsidiaries as of the dates indicated and the consolidated results of operations, cash flows and changes in stockholders' equity of Parent and the consolidated subsidiaries for the periods specified (or, if amended or superseded by a filing prior to the Closing Date, as of the date of such amended or superseded filing) (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate) and have been prepared in compliance, in all material respects, with the published requirements of the Securities Act of 1933 and Exchange Act of 1934, as applicable, and in conformity with generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis (except (i) for such adjustments to accounting standards and practices as are noted therein and (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) during the periods involved. Parent and subsidiaries do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations or any "variable interest entities" as that term is used in Accounting Standards Codification Paragraph 810-10-25-20), not described in Commission Documents which are required to be described in the Commission Documents. Parent is not currently contemplating to amend or restate any of the financial statements (including, without limitation, any notes or any letter of the independent accountants of Parent with respect thereto) included or incorporated by reference in any of the Commission Documents, nor is Parent currently aware of facts or circumstances which would require Parent to amend or restate any such financial statements, in each case, in order for any of such financials statements to be in compliance with GAAP and the rules and regulations of the Commission. Parent has not been informed by its independent accountants that they recommend that Parent amend or restate any of the financial statements included or incorporated by reference in any of the Commission Documents or that there is any need for Parent to amend or restate any of such financial statements.

Section 6.07. Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the Effective Date, there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect to either the Buyer or Parent. Except for the disclosure of the closing of the transactions set forth in this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Parent or its Subsidiaries or their respective business, properties, operations, assets or financial condition that would be required to be disclosed by Parent under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed on or before the date that this representation is made.

Section 6.08. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer or Parent.

Section 6.09. No Bad Actor Disqualification. None of the Parent, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of Parent, or, to the Buyer's or Parent's Knowledge, any beneficial owner (as that term is defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange**")) of 20% or more of the Parent's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of sale (each, an "**Issuer Covered Person**" and, together, "**Issuer Covered Persons**") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act (a "**Disqualification Event**"). Parent has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event.

Section 6.10. Legal Proceedings. There are no Actions pending or, to Buyer's or Parent's knowledge, threatened against or by Buyer, Parent or any Affiliate of either that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE VII.COVENANTS

Section 7.01. Bonus Plan. Within ten (10) business days of the Closing Date, (i) Buyer shall cause the Company's Board of Directors to approve the Special Incentive Bonus Plan, and (ii) to the extent that the Company achieves an EBITDA threshold set forth in the Special Incentive Bonus Plan in the applicable period set forth therein, then within five (5) business days of such achievement, either Parent or Buyer shall contribute to the Company cash in the aggregate amount of the payments due under the Special Incentive Bonus Plan with respect to such achievement.

Section 7.02. [Reserved]

Section 7.03. Confidentiality. From and after the Closing, Sellers shall, and shall cause their respective Affiliates to, hold, and shall use their reasonable best efforts to cause their respective Representatives to hold, in confidence any and all information, whether written or oral, concerning the Company or the business of the Company, except to the extent that Sellers can show that such information (a) is generally available to and known by the public through no fault of Sellers, any of its Affiliates or their respective Representatives; or (b) is lawfully acquired by Sellers, any of its Affiliates or their respective Representatives from and after the Closing from sources which are not prohibited from disclosing such information by a legal, contractual or fiduciary obligation. If Sellers or any of their Affiliates or their respective Representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, such Seller shall promptly notify Buyer in writing and shall disclose only that portion of such information which such Seller is advised by its counsel in writing is legally required to be disclosed; *provided* that such Seller shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information.

Section 7.04. Non-competition; Non-solicitation.

(a) For a period of 2 years commencing on the Closing Date (the "**Restricted Period**"), and except as an employee or independent contractor of Buyer and for Buyer's benefit, no Seller shall, and shall not permit any of his Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Company (including any existing or former client or customer of such Seller and any Person that becomes a client or customer of the Company after the Closing), or any other Person who has a material business relationship with the Company, to terminate or modify any such actual or prospective relationship. Notwithstanding the foregoing, each Seller may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if such Seller is not a controlling Person of, or a member of a group which controls, such Person and do not, directly or indirectly, whether individually or collectively, own 5% or more of any class of securities of such Person.

(b) During the Restricted Period, no Seller shall, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any Person who is or was employed by the Company during the Restricted Period, or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employee; provided that the forgoing restrictions shall not prevent a Seller from hiring any Person whose employment with the Company terminated no sooner than six (6) months prior to the Person's hire date by Seller, and who the Seller did not solicit for employment or otherwise encourage to terminate such Person's employment by Company.

(c) During the Restricted Period, no Seller shall, and shall not permit any of its Affiliates to, directly or indirectly, solicit or induce or attempt to solicit or induce any Person, who is or was a customer, supplier, vendor, distributor, or other business relation of the Company, to cease, reduce, or adversely modify its manner of, doing business with the Company, or in any way adversely interfere with the relationship between any supplier, vendor, distributor or other business relation, on the one hand, and the Company, on the other hand.

(d) Each Seller acknowledges that a breach or threatened breach of this Section 7.04 would give rise to irreparable harm to Buyer, for which monetary damages would not be an adequate remedy, and hereby agrees that in the event of a breach or a threatened breach by a Seller of any such obligations, Buyer shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance and any other relief that may be available from a court of competent jurisdiction (without any requirement to post bond).

(e) Each Seller acknowledges that the restrictions contained in this Section 7.04 are reasonable and necessary to protect the legitimate interests of Buyer and constitute a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated by this Agreement. In the event that any covenant contained in this Section 7.04 should ever be adjudicated to exceed the time, geographic, product or service or other limitations permitted by applicable Law in any jurisdiction, then any court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service or other limitations permitted by applicable Law. The covenants contained in this Section 7.04 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction.

Section 7.05. Governmental Approvals and Consents; Closing Conditions.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The Parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

(b) Each Seller shall use its reasonable best efforts to give all notices to, and obtain all consents from, all third parties that are described in Section 4.03 of the Disclosure Schedules.

Section 7.06. Public Announcements. Unless otherwise required by applicable Law (based upon the reasonable advice of counsel), the Sellers shall not make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of Buyer, and the Sellers shall consult with Buyer as to the timing and contents of any such approved announcement.

Section 7.07. [Reserved]

Section 7.08. Receivables. From and after the Closing, if Sellers or any of their Affiliates receive or collect any funds relating to any Accounts Receivable the Sellers or their Affiliate shall remit such funds to Buyer within 5 Business Days after its receipt thereof.

Section 7.09. Further Assurances. Following the Closing, each of the Parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

Section 7.10. Release.

(a) Effective as of the Closing, except for any rights or obligations under this Agreement or the other Transaction Documents, each Seller, for itself and its Affiliates and each of its current, former and future advisors, successors and assigns (collectively, the " **Seller Releasing Parties**"), hereby irrevocably and unconditionally releases and forever discharges Buyer, the Company, Parent and each of their respective Affiliates and each of their respective current, former and future officers, directors, employees, partners, members, advisors, successors and assigns (collectively, the "**Buyer Released Parties**") of and from, and forever waives and relinquishes all Actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, and covenants (whether express or implied), claims and demands whatsoever, whether in law or in equity, which the Seller Releasing Parties may have against any of the Buyer Released Parties with respect to matters arising prior to or existing as of the Closing Date, in each case whether absolute or contingent, liquidated or unliquidated, known or unknown. Each Seller Releasing Party, on behalf of itself and each Seller Releasing Party, covenants and agrees that no Seller Releasing Party shall assert any such claim or Action against the Released Parties with respect to any claim released in this Section 7.10(a).

(b) Notwithstanding anything to the contrary set forth in Section 7.10(a), for a period of six (6) years following the Closing, Buyer will cause the Company to fulfill and honor in all respects any obligations of the Company to each person who is now, or has been at any time prior to the date hereof or who becomes prior to the Closing an officer or director of the Company pursuant to the Organizational Documents of the Company in effect immediately prior to the date hereof with respect to claims arising out of acts or omissions occurring at or prior to the Closing that are asserted after the Closing (but excluding any acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), in each case, to the extent covered by any applicable director's and officer's liability insurance policy in effect on or prior to the Closing Date.

Section 7.11. Certain Tax Matters.

(a) Notwithstanding anything to the contrary in this Agreement, all Transfer Taxes incurred in connection with consummation of the transactions contemplated by this Agreement shall be paid by Sellers when due, and Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes, and, if required by applicable law, the Buyer will, and will cause its Affiliates to, join in the execution of any such Tax Returns and other documentation. Sellers shall promptly provide to Buyer copies of all filed Tax Returns relating to Transfer Taxes and reasonable written evidence that all Transfer Taxes have been timely paid to the appropriate Taxing Authority.

(b) For purposes of this Agreement, the portion of Tax, with respect to the income, property or operations of the Company that are attributable to any Tax period that begins on or before the Closing Date and ends after the Closing Date (a "**Straddle Period**") will be apportioned between the period of the Straddle Period that extends before the Closing Date through the end of the Closing Date (the "**Pre-Closing Straddle Period**") and the period of the Straddle Period that extends from the day after the Closing Date to the end of the Straddle Period (the "**Post-Closing Straddle Period**") in accordance with this Section 7.11.

(b) The portion of such Tax attributable to the Pre-Closing Straddle Period will (i) in the case of any Taxes other than sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed to be the amount of such Tax for the entire taxable period multiplied by a fraction, the numerator of which is the number of days in the Pre-Closing Straddle Period and denominator of which is the number of days in the Straddle Period, and (ii) in the case of any sales or use taxes, value-added taxes, employment taxes, withholding taxes, and any Tax based on or measured by income, receipts or profits earned during a Straddle Period, be deemed equal to the amount that would be payable if the Straddle Period ended on and included the Closing Date. The portion of Tax attributable to a Post-Closing Straddle Period will be calculated in a corresponding manner. To the extent that any Tax for a Straddle Period is based on the greater of a Tax on net income, on the one hand, and a Tax measured by net worth or some other basis not otherwise measured by income, on the other hand, the portion of such Tax related to the Pre-Closing Straddle Period and the Post-Closing Straddle Period will be determined based on the foregoing and based on the manner in which the actual Tax liability for the entire Straddle Period is determined. In the case of a Tax that is (y) paid for the privilege of doing business during a period (a "**Privilege Period**") and (z) computed based on business activity occurring during an accounting period ending prior to such Privilege Period, any reference to a "Tax period," a "tax period," or a "taxable period" will mean such accounting period and not such Privilege Period.

(c) The Sellers will prepare and timely file (with applicable extensions), or cause to be prepared and timely filed (with applicable extensions), all income Tax Returns of the Company with respect to any Pre-Closing Tax Periods that will be filed on or after the Closing Date (the "**Seller-Prepared Tax Returns**"). The Seller-Prepared Tax Returns will be prepared in a manner consistent with Company's past practice, procedures and accounting methods applied by the Company, unless otherwise required by applicable Law. At least forty-five (45) days prior to the date on which each such Seller-Prepared Tax Return for any Pre-Closing Tax Period is due (with applicable extensions), the Sellers will submit such Seller-Prepared Tax Return to the Buyer for review and comment. The Buyer will provide any written comments to the Sellers no later than twenty (20) days after receiving any such Seller-Prepared Tax Return and, if the Buyer does not provide any written comments within such 20-day period, the Buyer will be deemed to have accepted such Seller-Prepared Tax Return. The Parties will attempt in good faith to resolve any dispute with respect to such Seller-Prepared Tax Return. If the Parties are unable to resolve any such dispute at least fifteen (15) days before the due date (with applicable extensions) for any such Seller-Prepared Tax Return, the Buyer and the Sellers will jointly engage the Independent Accountant to resolve such dispute. The Buyer and the Sellers will share equally the fees and expenses of the Independent Accountant. If the Independent Accountant is unable to resolve any such dispute prior to the due date (with applicable extensions) for any such Seller-Prepared Tax Return, such Seller-Prepared Tax Return will be filed as prepared by the Sellers subject to amendment, if necessary, to reflect the resolution of the dispute by the Independent Accountant.

(d) The Buyer will prepare, or cause to be prepared, and timely file (with applicable extensions), or cause to be timely filed (with applicable extensions), all Tax Returns of the Company required to be filed after the Closing Date (i) with respect to any Pre-Closing Tax Periods, other than those Tax Returns that are prepared by the Sellers pursuant to Section 7.11(c) and (ii) with respect to any Straddle Period (the "**Buyer-Prepared Tax Returns**"). The Buyer-Prepared Tax Returns will be prepared in a manner consistent with the past practices, procedures and accounting methods applied by the Company, unless otherwise required by applicable Law. At least forty-five (45) days prior to the date on which each such Buyer-Prepared Tax Return is due (with applicable extensions), the Buyer will submit such Buyer-Prepared Tax Return to the Sellers for review and comment. The Sellers will provide any written comments to the Buyer no later than twenty (20) days after receiving any such Buyer-Prepared Tax Return and, if the Sellers do not provide any written comments within such 20-day period, the Sellers will be deemed to have accepted such Buyer-Prepared Tax Return. The Buyer and Sellers will attempt in good faith to resolve any dispute with respect to any such Buyer-Prepared Tax Return. If the Buyer and Sellers are unable to resolve any such dispute at least fifteen (15) days before the date (with applicable extensions) for any such Buyer-Prepared Tax Return, the Buyer and the Sellers will jointly engage the Independent Accountant to resolve such dispute. The Buyer and the Sellers will share equally the fees and expenses of the Independent Accountant. If the Independent Accountant is unable to resolve any such dispute prior to the due date (with applicable extensions) for any such Buyer-Prepared Tax Return, such Buyer-Prepared Tax Return will be filed as prepared by the Buyer subject to amendment, if necessary, to reflect the resolution of the dispute by the Independent Accountant.

(e) Notwithstanding anything in this Agreement to the contrary, with respect to any Indemnified Taxes owed with respect to any Buyer-Prepared Tax Return, Sellers shall pay an amount equal to the amount of such Indemnified Taxes to the Buyer no later than ten (10) days prior to the due date (with applicable extensions) of such Buyer-Prepared Tax Returns.

(f) In connection with the preparation of Tax Returns, audit examinations and any administrative or judicial Proceedings relating to the Tax liabilities imposed on the Company, the Buyer and the Company, on the one hand, and the Sellers, on the other hand, will cooperate fully with each other, including, without limitation, the furnishing or making available during normal business hours of records, personnel (as reasonably required), books of account, powers of attorney or other materials necessary or helpful for the preparation of such Tax Returns, the conduct of audit examinations or the defense of claims by Taxing Authorities as to the imposition of Taxes.

(g) The Sellers and Buyer agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Entity or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated by this Agreement).

(h) Notwithstanding anything to the contrary in this Agreement, the Sellers have the right to represent the interests of the Company before the relevant Governmental Entity with respect to any inquiry, assessment, Proceeding or other similar event relating to any Pre-Closing Tax Period (a "**Tax Matter**") and have the right to control the defense, compromise or other resolution of any such Tax Matter, including responding to inquiries, filing Tax Returns and contesting, defending against and resolving any assessment for additional Taxes or notice of Tax deficiency or other adjustment of Taxes of, or relating to, such Tax Matter, and the Buyer will have such right with respect to a Straddle Period.

(i) If a Tax Matter for a Pre-Closing Tax Period could impact the Buyer or the Company from and after the Closing, then the Buyer will have the right to participate in the defense of such Tax Matter and the Sellers will not enter into any settlement or other compromise any such Tax Matter to the extent it would adversely affect the Buyer or the Company from and after the Closing without the prior written consent of the Buyer, which consent will not be unreasonably conditioned, withheld or delayed.

(j) Each Seller will be entitled to any Tax refunds or direct credits, including any amounts credited against Tax to which the Company shall become entitled (including the employee retention credit under Section 2301 of the CARES Act,, as amended), including interest paid therewith, in respect of Taxes paid by the Company with respect to a Pre-Closing Tax Period; provided that, (i) the amount the Buyer is required to pay to the Sellers will be reduced by any net Taxes paid or expected to be paid with respect to such refund or credit and by any third-party costs or expenses associated with obtaining such refund or credit; (ii) no amount will be required to be paid to the Sellers to the extent it relates to a carryback of a Tax attribute from a period (or portion thereof) following the Closing Date; and (iii) no Tax refund or credit, if such refund or credit is not in the form of cash, will be treated as having been received unless such refund or credit is actually realized and only to the extent that the Buyer will have had Taxes which it would otherwise be required to pay (or have paid on its behalf) reduced or eliminated as a result of such refund or credit. Subject to the foregoing, the Buyer will forward or pay to the Sellers such Tax refund or direct credits within ten (10) Business Days after receipt or realization thereof.

(k) The Sellers agree that Sellers shall comply with all IRS Rules and Regulations applicable to any Seller-Prepared Tax Return with regard to the deduction of expenses financed with PPP Loan proceeds.

ARTICLE VIII.
[RESERVED]

ARTICLE IX.
INDEMNIFICATION

Section 9.01. Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months from the Closing Date; provided, that the representations and warranties in (i) Section 4.01 (Organization and Qualification), Section 4.02 (Capitalization and Related Matters), Section 4.03 (No Conflicts; Consents), Section 4.08 (Title to Assets), Section 4.20 (Environmental Matters), Section 4.23 (Taxes), Section 4.26 (Brokers), Section 5.02 (Authorization); Section 5.03 (No Conflicts; Consents), Section 5.04 (Brokers), Section 6.02 (Authority), 6.03 (No Conflicts, Consents), Section 6.04 (Issuance of Parent Rollover Shares), 6.08 Section 6.08 (Brokers) (collectively, the "**Fundamental Representations**") shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days. All covenants and agreements of the parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 9.02. Indemnification By Sellers. Subject to the other terms and conditions of this ARTICLE IX, the Sellers shall, jointly and severally, indemnify and defend each of the Buyer and its Affiliates and their respective Representatives and the Company (collectively, the "**Buyer Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of any of:

(a) any inaccuracy in or breach of any of the representations or warranties of Sellers contained in this Agreement, the other Transaction Documents (excluding the Key Employment Agreement) or in any certificate or instrument delivered by or on behalf of Sellers pursuant to this Agreement, as of the date such representation or warranty was made (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date);

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by a Seller pursuant to this Agreement, the other Transaction Documents (excluding the Key Employment Agreement) or any certificate or instrument delivered by or on behalf of a Seller pursuant to this Agreement;

(c) any Indebtedness or Seller Transaction Expenses outstanding on the Closing Date; and

(d) any of the items listed or required to be listed on Section 4.18(a) or Section 4.18(b) of the Disclosure Schedules; and

(e) any of the items listed on Section 9.02(e) of the Disclosure Schedules.

Section 9.03. Indemnification By Buyer. Subject to the other terms and conditions of this ARTICLE IX, Buyer and Parent shall, jointly and severally, indemnify and defend the Sellers and their Affiliates and their respective Representatives (collectively, the " **Seller Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of any of:

(a) any inaccuracy in or breach of any of the representations or warranties of Buyer and Parent contained in this Agreement as of the date such representation or warranty was made (except for representations and warranties that expressly relate to a specified date, the inaccuracy in or breach of which will be determined with reference to such specified date); or

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement.

Section 9.04. Certain Limitations. The indemnification provided for in Section 9.02 and Section 9.03 shall be subject to the following limitations:

(a) Sellers shall not be liable to the Buyer Indemnitees for indemnification under Section 9.02(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.02(a) exceeds TWO HUNDRE FIFTY THOUSAND DOLLARS ($250,000) (the "**Basket**"), in which event Sellers shall be jointly and severally required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Sellers shall be liable pursuant to Section 9.02(a) shall not exceed ONE MILLION DOLLARS ($1,000,000) (the "**Cap**").

(b) Buyer shall not be liable to the Seller Indemnitees for indemnification under Section 9.03(a) until the aggregate amount of all Losses in respect of indemnification under Section 9.03(a) exceeds the Basket, in which event Buyer shall be required to pay or be liable for all such Losses from the first dollar. The aggregate amount of all Losses for which Buyer shall be liable pursuant to Section 9.03(a) shall not exceed the Cap.

(c) Notwithstanding the foregoing, the limitations set forth in Section 9.04(a) and Section 9.04(b) shall not apply to Losses based upon, arising out of, with respect to or by reason of: (i) any inaccuracy in or breach of any Fundamental Representation; or (ii) the Indemnifying Party's fraud, criminal activity, acts taken with the intent to cause a breach, or willful misconduct.

(d) For purposes of this ARTICLE IX, for the sole purpose of determining Losses (and not for determining whether any breach of any representation or warranty has occurred) the representations and warranties of a party shall not be deemed qualified by any references to materiality or to Material Adverse Effect.

Section 9.05. Indemnification Procedures. The party making a claim under this ARTICLE IX is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this ARTICLE IX is referred to as the "**Indemnifying Party**".

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a " **Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) calendar days after receipt of such notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have the right to participate in, or by giving written notice (confirming the Indemnifying Party's obligation to indemnify and intention to defend) to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided,* that if the Indemnifying Party is a Seller, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (i) is asserted directly by or on behalf of a Person that is a supplier or customer of the Company, (ii) seeks an injunction or other equitable relief against the Indemnified Party, or (iii) could result in criminal liability for Buyer or any of its post-Closing Affiliates or Representatives. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 9.05(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided,* that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 9.05(b) pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Sellers and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 7.03) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 9.05(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all Liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 9.05(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a '**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such 30 day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 9.06. Payments. Once finally determined, any Losses payable to a Buyer Indemnitee pursuant to this Article shall be satisfied from in the sole discretion of the Buyer Indemnitee by any or a combination of the following: (i) from the Sellers in cash, (ii) if the Parent Rollover Shares are then publicly traded on NASDAQ as of the date that the indemnity amount is finally agreed to or determined, repurchase of the Parent Rollover Shares at a value per share equal to the 5 day trailing average closing price of the Parent's common stock as quoted on NASDAQ for the 5 day period ending on the last trading day before the date the indemnity amount is finally determined, or (iii) set off against any amounts owed under the Notes 1, Notes 2, and Notes 3. Any payments required to be made by any Indemnifying Party in cash hereunder shall be satisfied within ten (10) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

Section 9.07. Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 9.08. Insurance. The obligation of the Indemnifying Party to indemnify the Indemnified Party against any specific Losses under this ARTICLE IX shall be reduced by (i) the amount of any insurance proceeds actually paid to such Indemnified Party with respect to such Losses, net however of any deductibles or other actual out-of-pocket costs or expenses to or incurred by the Indemnified Party to obtain such proceeds; and (ii) the amount of any indemnification, contribution, and other similar payment proceeds actually recovered by such Indemnified Party from a person or entity other than the Indemnifying Party in respect of such Losses, net of any reasonable costs associated with obtaining such proceeds and incurred by such Indemnified Party.

Section 9.09. Exclusive Remedies. Subject to Section 2.03, Section 7.11 and Section 10.11, the parties acknowledge and agree that their sole and exclusive remedy with respect to any and all claims (other than claims arising from fraud, criminal activity or willful misconduct on the part of a party hereto) for any breach of any representation, warranty, covenant, agreement or obligation set forth herein shall be pursuant to the indemnification provisions set forth in this Article IX. Nothing in this Section 9.09 shall limit any Person's right to seek and obtain any equitable relief to which any Person shall be entitled or to seek any remedy on account of any party's fraudulent, criminal or willful misconduct.

ARTICLE X. MISCELLANEOUS

Section 10.01. Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 10.02. Appointment of Seller Representative.

(a) Each Seller, by virtue of the execution of this Agreement, hereby appoints David Romano to be the attorney-in-fact authorized and empowered to act, for and on behalf of any or all of the Sellers (the "Seller Representative"), for all matters arising out of or relating to this Agreement generally, and such other matters as are reasonably necessary for the consummation of the transactions contemplated by this Agreement including (a) to review all determinations and adjustments to the Purchase Price in Section 2.03 and, to the extent deemed appropriate, dispute, question the accuracy of, compromise, settle or otherwise resolve any and all such determinations; (b) to agree to, negotiate, enter into settlements and compromises of and comply with orders of courts and awards of arbitrators with respect to any indemnity claim under this Agreement; (c) to appoint any arbitrator and conduct any arbitration with respect to this Agreement; (d) to enforce or waive any representation, warranty or covenant or condition of the Buyer or Parent under this Agreement; (e) to execute and deliver on behalf of the Sellers any documents or agreement contemplated by or necessary or desirable in connection with this Agreement; and (f) to take such further actions, including coordinating and administering post-closing matters related to the rights and obligations of the Sellers, as are authorized in this Agreement. For greater certainty, each Seller specifically acknowledges that the Seller Representative is authorized to bind the Sellers to make monetary payments in order to give effect to the provisions of this Section 10.02 and the other provisions of this Agreement. The Buyer and Parent shall be entitled to deal only with the Seller Representative in respect of all matters arising under this Agreement, and to rely on any decision, action, consent or instruction of the Seller Representative as being the decision, action, consent or instruction of each and every Seller (including receiving and making payments, receiving and sending notices (including notices of termination), receiving and delivering documents, exercising, enforcing or waiving rights or conditions and giving releases and discharges). Notwithstanding the foregoing, no payment, notice, receipt or delivery of documents, exercise, enforcement or waiver of rights or conditions, or a principal defense shall be ineffective by reason only of it having been made or given to or by a Seller as the case may be, directly if the Buyer and such Seller consent by virtue of not objecting to such dealings without the intermediary of the Seller Representative. Neither the Buyer nor any of its Affiliates (including, effective as of the Closing, the Company) shall have any liability to the Seller Representative for its acts, omissions or expenses in its capacity as the Seller Representative.

Section 10.03. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) one day following deposit with a nationally recognized overnight delivery carrier for next day delivery; or (c) on the date sent by e-mail, including portable document format (*.pdf) (with confirmation of transmission) if sent prior to 8 p.m. eastern time, and on the next Business Day if sent after 8 p.m. eastern time. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 10.03):

If to Sellers Representative:	David Romano c/o New England Technology, Inc. 1020 Plain St. #110 Marshfield, MA 02050 E-mail: dr@neticentral.com
with a copy (which alone shall not constitute notice) to:	Mirick, O'Connell, DeMallie & Lougee, LLP 100 Front Street Worcester, MA 01608-1477 Attention: Jeffrey E. Swaim E-mail: jswaim@mirickoconnell.com
If to Buyer:	Upexi, Inc. 17129 US Hwy 19N. Clearwater, Florida 33760 Attention: Andrew Norstrud, CFO E-mail: andrew.norstrud@cbd.io
with a copy (which alone shall not constitute notice) to:	Dickinson Wright PLLC 350 E. Las Olas Blvd., Ste. 1750 Ft. Lauderdale, FL 33308 Attention: Clint J. Gage E-mail: cgage@dickinsonwright.com

Section 10.04. Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 10.05. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 10.06. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 7.04(d), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 10.07. Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 10.08. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party; provided that Buyer may assign its right or obligations hereunder to an Affiliate of Buyer or to the benefit of any senior lender pursuant to existing contractual requirements. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 10.09. No Third-party Beneficiaries. Except as provided in ARTICLE IX, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 10.10. Amendment and Modification; Waiver. This Agreement may only be amended, restated, amended and restated, supplemented, or otherwise modified by an agreement in writing signed by Sellers on one hand and Buyer on the other hand. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 10.11. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by and construed in accordance with the internal Laws of the State of Nevada without giving effect to any choice or conflict of law provision or rule.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY SHALL BE INSTITUTED EXCLUSIVELY IN THE COURTS LOCATED IN CLARK COUNTY, NEVADA, OR, IF SUCH COURT IS UNWILLING TO ACCEPT JURISDICTION OVER SUCH MATTER, THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE STATE OF NEVADA, AND EACH PARTY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING. SERVICE OF PROCESS, SUMMONS, NOTICE OR OTHER DOCUMENT TO SUCH PARTY'S ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUIT, ACTION OR OTHER PROCEEDING BROUGHT IN ANY SUCH COURT. THE PARTIES IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR ANY PROCEEDING IN SUCH COURTS AND IRREVOCABLY WAIVE AND AGREE NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 10.11(c).

Section 10.12. Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 10.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 10.14. Conflict Waiver. Each of the parties hereto acknowledges and agrees, on its own behalf and on behalf of its directors, members, partners, officers, employees, and Affiliates that the Company is the client of Mirick, O'Connell, DeMallie & Lougee, LLP ("Firm"), and not any of its individual Sellers. After the Closing, it is possible that Firm may represent any of the Sellers in connection with this Agreement, the other Transaction Documents, or the transactions contemplated under either of the forgoing (the "**Transactions**"), including any claims made pursuant to any of the forgoing. The Buyer hereby agrees that Firm (or any successor) may serve as counsel to all or a portion of the Sellers, in connection with any litigation, claim or obligation arising out of or relating to this Agreement, the other Transaction Documents or the Transactions. The Buyer consents thereto, and waives any conflict of interest arising therefrom, and such party shall cause any Affiliate thereof to consent to waive any conflict of interest arising from such representation. Each of the parties hereto acknowledges that such consent and waiver is voluntary, that it has been carefully considered, and that the parties have consulted with counsel or have been advised they should do so in connection with this waiver.

[***INTENTIONALLY BLANK – SIGNATURE PAGE FOLLOWS***]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed effective as of the date first written above by their respective duly authorized Representatives.

BUYER:

Upexi Enterprise, LLC

By: ______________________________
Name: Andrew Norstrud
Its: Chief Financial Officer

PARENT:

Upexi, Inc.

By: ______________________________
Name: Andrew Norstrud
Its: Chief Financial Officer

SELLERS:

Signature: ______________________________
Name: David Romano

Signature: ______________________________
Name: Nick Romano

Signature: ______________________________
Name: Eric Limont

COMPANY:

E-Core Technology, Inc.
d/b/a New England Technology, Inc.,

By: ______________________________
Name:
Its:

Exhibit A

Special Incentive Bonus Plan

This E-Core Technology, Inc Special Incentive Bonus Plan (the "Plan") provides incentive-based cash bonuses for eligible employees of E-Core Technology, Inc. (the "Company"). This document describes the Plan for certain employees selected by the Company's President, Dave Romano, at his sole discretion, to earn a supplemental bonus based on the Company's financial performance in each of the three consecutive one-year periods commencing on October 31, 2022 (collectively, the "Special Bonus Period"). For clarity, this Special Incentive Bonus Plan is incremental to any other bonus or commission programs that may have been previously, or may in the future be, adopted by the Company.

1. KEY PLAN OBJECTIVES

The Plan is designed to:

➢ Drive the Company's earnings growth.

➢ To incentivize and reward strong performance by the Company's employees throughout the Special Bonus Period by providing a special opportunity for the Company's employees to earn additional compensation for strong performance.

2.

3. SPECIAL INCENTIVE BONUS CALCULATION

The special incentive bonus will be calculated and paid, as follows:

➢ If the Company's earnings before interest, taxes, depreciation, and amortization, calculated in accordance with GAAP as consistently applied ("EBITDA") exceeds $3,500,000 (the "Year 1 EBITDA Threshold") for the 12 month period commencing on October 31, 2022 and ending on October 31, 2023 ("Year 1"), the Company shall pay those employees (including any members of the Company's senior executive team) as directed by the Company's President in his sole and absolute discretion, bonus payments which in the aggregate equal 25% of the amount by which such EBITDA exceeds the Year 1 EBITDA Threshold.

➢ If the Company's EBITDA exceeds $3,500,000 (the "Year 2 EBITDA Threshold") for the 12 month period commencing on October 31, 2023 and ending on October 31, 2024 ("Year Two"), the Company shall pay those employees (including any members of the Company's senior executive team) as directed by the Company's President in his sole and absolute discretion, bonus payments which in the aggregate equal 20% of the amount by which such EBITDA exceeds the Year 2 EBITDA Threshold.

➢ If the Company's EBITDA exceeds $2,500,000 (the "Year 3 EBITDA Threshold") for the 12 month period commencing on October 31, 2024 and ending on October 31, 2025 ("Year 3")(each of Year 1, Year 2, and Year 3 may be referred to as a "Measurement Period"), the Company shall pay those employees (including any members of the Company's senior executive team) as directed by the Company's President in his sole and absolute discretion, bonus payments which in the aggregate equal 10% of the amount by which such EBITDA exceeds the Year 3 EBITDA Threshold.

- ➢ Notwithstanding the forgoing, if at any time during a Measurement Period neither Dave Romano or Nick Romano are an employee of the Company or one of its affiliates, and either (i) the employment of either one of them was terminated by the Company without Cause (as that term is defined in the written employment agreement between Dave Romano and the Company or one of its affiliates), or (ii) David Romano terminated his employment for Good Reason (as that term is defined in the above-referenced employment agreement) (the first date on which each of the criteria above are met, if ever, the "Alternative Payment Trigger Date), then the Company shall be deemed to have achieved the applicable EBITDA threshold for such Measurement Period, as well as the EBITDA threshold for any subsequent Measurement Period, and all payments that would otherwise have been payable for such Measurement Periods assuming the applicable EBITDA thresholds had been achieved, shall be allocated to the Company's employees as designated by Dave Romano and paid to such employees within thirty (30) days of the Alternative Payment Trigger Date.

4. PLAN EFFECTIVE DATE

The plan is effective from October 31, 2022 as a supplement to existing or future bonus or commission programs or terms in effect at that time. It may only be altered or terminated by David Romano, the Company's President.

5. ELIGIBILITY FOR SPECIAL INCENTIVE BONUS

Executives and all other employees are eligible to receive special bonus payments under the Plan; provided that (i) David Romano, the Company's President, shall have sole and absolute discretion to determine the individual recipients of any special bonus payments that are made under the Plan, as well as the amount of each individual special bonus payment to be made to any particular recipient, and (ii) in order to be eligible to receive a payment under the Plan, an individual recipient must have been an employee of the Company for at least one (1) day during the Measurement Period for which the special bonus payment is made.

6. PAYMENT OF SPECIAL INCENTIVE BONUS

All payments are subject to applicable withholding and other taxes as required by local law and in the form specified in each participant's employment or contractor agreement, as applicable. All payments payable under the Plan with respect to any of the Measurement Periods, if any, shall in each case be paid within fifteen (15) days of the final determination of the EBITDA for such Measurement Period, which in each case shall be determined within sixty (60) days of the end of each Measurement Period.

7. INTERPRETATION AND ADJUDICATION OF SPECIAL INCENTIVE BONUS

The Company's President, David Romano, shall have sole and absolute discretion for interpretation of the Plan and for making determinations regarding payments under the Plan, which shall be final and binding. This Plan may not be amended without the written consent of David Romano.

EXHIBIT 10.2

EXECUTION COPY

MEMBERSHIP INTEREST PURCHASE AGREEMENT

MEMBERSHIP INTEREST PURCHASE AGREEMENT, dated as of October 26, 2022 (the "Effective Date"), is by and among Upexi, Inc., a Nevada corporation (the "Seller"), Bloomios, Inc., a Nevada corporation ("Bloomios") and Infused Confections LLC, a Wyoming limited liability company (the "Buyer"), which company is the wholly-owned subsidiary of Bloomios (the "Agreement"). Each of Seller, Bloomios and Buyer may be hereinafter referred to as a "Party" and, collectively, as the "Parties."

Capitalized terms used hereinafter but not then defined have the respective meanings ascribed to them in **Schedule 1.1** hereto.

RECITALS:

WHEREAS, Seller is in the business of developing, producing, marketing, and selling raw materials, white label products and end consumer products containing the hemp plant extract, Cannabidiol ("CBD") in numerous consumer markets including the nutraceutical, beauty care, pet care and functional food sectors;

WHEREAS, Seller owns all of the issued and outstanding limited liability company membership interests (the "Company Interests") of Infusionz LLC, a Colorado limited liability company (the "Company");

WHEREAS, the Company is in the business of developing, manufacturing, and marketing CBD products including, but not limited to, edibles, tinctures, topicals, capsules and pet products, similar to the products Seller otherwise develops, manufactures, markets and sells (the "Business");

WHEREAS, Seller owns certain equipment used in connection with operation of the Business, as listed on **Schedule 1.2** hereto (the "Assets"), white label and private label manufacturing services to Seller's customers and contracted services for certain brands of the Seller that are currently manufactured by the Seller (the "Strategic Assets") which Seller has agreed to transfer to the Company prior to the closing of the transactions contemplated by this Agreement (such transactions collectively being referred to hereinafter as the "Contemplated Transactions"); and

WHEREAS, Seller, as the sole owner of the Company Interests, wishes to sell, assign and transfer to Buyer, and Buyer wishes to purchase from Seller, the Company Interests upon the terms and subject to the conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

SECTION 1
DEFINITIONS AND USAGE

1 Definitions. For purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires, initially capitalized terms used in this Agreement have the meanings set forth in **Schedule 1.1** hereto.

1.2 Interpretation and Usage. In this Agreement, unless a clear contrary intention appears: (a) the singular number includes the plural number and vice versa; (b) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (c) reference to any gender includes the other gender and the neuter, as applicable; (d) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (e) reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (f) "hereunder," "hereof," "hereto," and words of similar import will be deemed references to this Agreement as a whole and not to any particular Section or other provision hereof or any Exhibit or Schedule attached hereto; (g) "including" (and with correlative meaning "include" and "includes") means including, without limiting the generality of any description preceding such term, and will be deemed to be followed by the words "without limitation;" (h) Section headings are provided for convenience of reference only and will not affect the construction or interpretation of any provision hereof; (i) any references to "Section," "Schedule" or "Exhibit" followed by a number or letter or combination of the two refers to the corresponding Section, Schedule or Exhibit of or to this Agreement; (j) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding;" and (k) references to documents, instruments or agreements will be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

1.3 Legal Representation of the Parties. This Agreement was negotiated by the Parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any Party will not apply to any construction or interpretation hereof.

1.4 Incorporation by Reference. The Parties agree that the Recitals set forth above are true and correct and are hereby incorporated herein by this reference.

SECTION 2
PURCHASE AND SALE OF COMPANY INTERESTS

2.1 Purchase and Sale of Company Interests. At the Closing and upon the terms and conditions set forth herein, Seller will sell, transfer, convey, assign and deliver to Buyer, and Buyer will purchase and accept from Seller, all of the Company Interests, free and clear of any Liens whatsoever.

2.2 Consideration. The purchase price to be paid to Seller in exchange for the Company Interests will be equal in the aggregate to Twenty-Three Million Five Hundred Thousand Dollars ($23,500,000), subject to adjustment as set forth in Section 2.2(d) below, to be paid at the Closing as set forth below (the "Purchase Price"):

(a) Cash Consideration. At Closing, Bloomios will pay Seller an aggregate amount of Five Million Five Hundred Thousand Dollars ($5,500,000) (the "Closing Cash Payment") by wire transfer of immediately available funds to an account designated by Seller.

(b) Senior Secured Convertible Debenture. At Closing, Bloomios will issue to Seller (i) a 15.0% Original Issue Discount Senior Secured Convertible Debenture, having a subscription amount of Four Million Five Hundred Thousand Dollars ($4,500,000) (which, for purposes of clarity, as a result of the original issue discount, will have an original principal amount of Five Million Two Hundred Ninety- Four Thousand One Hundred Seventeen and 60/100 Dollars ($5,294,117.60)), as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, collectively, the "Senior Secured Debentures"), which Senior Secured Debentures shall be secured pursuant to that certain Security Agreement, dated as of October 25, 2022 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Senior Security Agreement") by and among Bloomios and the Buyer as debtors, the other subsidiaries of Bloomios party thereto as debtors, the Secured Parties (as defined in the Senior Security Agreement, the "Senior Secured Parties"), and Walleye Opportunities Master Fund Ltd, as agent on behalf of the Secured Parties (the "Senior Agent"), and (ii) certain warrants to purchase Bloomios' Common Stock, dated as October 25, 2022 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, collectively, the "Financing Warrants") being offered by Bloomios in a concurrent financing transaction (the "Private Financing Transaction"), pursuant to that certain Securities Purchase Agreement, dated as of October 25, 2022, by and among Bloomios and the purchasers party thereto (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Financing SPA").

(b) Convertible Secured Subordinated Promissory Note. At Closing, Bloomios will issue to Seller a non-negotiable convertible secured subordinated promissory note, substantially in the form set forth in Exhibit A hereto, in the principal amount of Five Million Dollars ($5,000,000), which will mature and be payable in full 24 months (the "Term") after Closing Date (the "Note"). The Note will provide for an interest rate of eight and one-half percent (8.5%) and the interest will be payable in cash in monthly installments on or before the first day of each month during the Term. The Note will provide that, upon any default by Bloomios thereunder that remains uncured for a period of more than five (5) business days, the interest rate will immediately and automatically increase to the greater of (i) eighteen percent (18%), or (ii) the highest permitted legal rate of interest in effect at the time such default occurs (subject to the cure period), for the remainder of the Term. Payment of amounts outstanding under the Note will be secured, pursuant to a security agreement by and between the Company as pledgor and Seller as pledgee, substantially in the form set forth in Exhibit B hereto, by all assets of the Company (the "Security Agreement"). Each of the Parties acknowledges that Seller has entered into that certain Intercreditor and Subordination Agreement dated as of October 25, 2022 by and among the Seller as subordinated creditor and the Senior Agent (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the "Subordination Agreement") providing for, among other things, (i) the subordination of the obligations and rights of Bloomios and Seller respectively under this Note and (ii) the subordination of Infusionz' obligations and the Seller's rights under the Security Agreement, including without limitation the subordination of any security interest granted to Seller under the Security Agreement, to the Senior Liabilities (as defined in the Subordination Agreement), and (iii) the subordination of and restriction on certain rights and obligations of the Seller and the Company, respectively, with respect to any Preferred Stock that Seller is issued as Equity Consideration hereunder, each with respect to the Senior Liabilities (as defined in the Subordination Agreement). Each of the Parties hereby agree and acknowledge that in the event of any conflict between the terms and provisions the Subordination Agreement and this Agreement, the terms and provisions of the Subordination Agreement shall govern and control.

(c) Equity (Preferred Stock) Consideration. At Closing, Bloomios will issue to Seller Eighty- Five Thousand (85,000) shares of its Series D Convertible Preferred Stock, par value $0.00001 per share (the "Preferred Stock"), having an aggregate value equal to Eight Million Five Hundred Thousand Dollars ($8,500,000) (the "Equity Consideration"). The Preferred Stock will have the rights, privileges and preferences as provided in the Certificate of Designation in the form provided in **Schedule 2.2(c)** to be filed with the Secretary of State of the State of Nevada (the "Certificate of Designation"), including the right to be converted into shares of the common stock, par value $0.00001 per share (the "Common Stock"), of Bloomios as provided in the Certificate of Designation; provided, notwithstanding anything to the contrary set forth herein, the rights and obligations of the Seller and Bloomios under any Preferred Stock that Seller is issued as Equity Consideration hereunder shall be subject to the terms and conditions of the Subordination Agreement.

(d) Working Capital Adjustment. To the extent that the working capital of the Company on the Closing Date is respectively greater than or less than One Million Two Hundred Seventy-Five Thousand Dollars ($1,275,000) (the "Target Working Capital"), the Purchase Price will be increased or decreased, post-Closing, dollar-for-dollar (the "Working Capital Adjustment"). The amount of any increase shall be applied by the Parties as a Seller credit to be used for the purchase by the Seller, from the Buyer, of inventory of the Buyer post-Closing, which purchases shall be on the same terms that the Buyer applies to third-party customers in arms-length transactions acquiring the same or substantially similar inventory. In the event that the inventory acquired by Seller as contemplated herein is not sufficient to fund any adjustment made hereunder, the balance remaining due shall be used to increase the principal outstanding under the Note. The amount of any decrease shall be applied by the Parties as a reduction in the principal amount of the Note.

(e) Resolution of Dispute Regarding Post–Closing Working Capital Adjustment. On or before the date which is 60 days after Closing, Seller shall prepare and deliver to Buyer a written statement setting forth in reasonable detail its determination of the revenue of the Company for the year ended June 30, 2022 and the working capital of the Company on the Closing Date and its calculation of the applicable adjustment to the Purchase Price, if any (collectively, the "Statement"). Buyer shall have 30 days after receipt of the Statement to review the calculation of the Company's revenue and working capital ("Review Period"), during which period Seller agrees to promptly deliver to Buyer and its accountants and representatives Seller's books and records and work papers relating to its determination of the Company's revenue and working capital as reasonably requested by Buyer or its representatives. Prior to the expiration of the Review Period, Buyer may object to the calculations set forth in the Statement by delivering a written notice of objection to Seller ("Objection Notice"). Any such Objection Notice shall specify in detail the items in the applicable calculations disputed by Buyer and shall describe in reasonable detail the basis for such objection, as well as the amounts in dispute. If Buyer fails to timely deliver an Objection Notice to Seller prior to the expiration of the Review Period, then the calculation of the revenue and/or working capital of the Company in dispute as set forth in the Statement shall be final and binding on the Parties. If Buyer timely delivers an Objection Notice, Seller and Buyer shall negotiate in good faith to resolve the dispute and agree upon the resulting amount of revenue and working capital, as the case may be, for the applicable adjustment. If Seller and Buyer are unable to reach an agreement on the unresolved disputed items within 30 days after Seller's receipt of such Objection Notice, all unresolved disputed items shall be promptly referred to an Independent Accountant. The Independent Accountant shall be directed to render a written report on the unresolved disputed items only, with respect to the applicable calculation as promptly as practicable. If any unresolved disputed items are submitted to the Independent Accountant, Seller and Buyer shall each furnish to the Independent Accountant such work papers, schedules and other documents and information relating to the unresolved disputed items as the Independent Accountant may reasonably request. The Independent Accountant shall within 45 days of its engagement resolve the disputed items based solely on the applicable definitions and other terms in this Agreement and the documents presented by Seller and Buyer and other supporting materials reasonably requested by the Independent Accountant and not by independent review. The resolution of the disputed items in the Objection Notice by the Independent Accountant shall be final and binding on the Parties. The fees and expenses of the Independent Accountant shall be borne equally between Seller and Buyer.

2.3 Closing Date. Unless Buyer and Seller otherwise agree, subject to the terms and conditions of this Agreement, the purchase and sale of the Company Interests will take place by facsimile transmission or by electronic mail in PDF format of all required documents (with the original executed documents to be delivered by overnight courier) to the offices of Joseph Lucosky, Esq., Lucosky Brookman LLC, 101 Wood Avenue South, 5th Floor, Woodbridge, New Jersey 08830 and will occur concurrently with the execution hereof ("Closing Date" or "Closing"). At Closing, upon Seller's receipt of the Purchase Price as provided for in Section 2.2, all of Seller's right, title and interest in and to the Company Interests and in any such right, title or interest that Seller may have or had with respect to the Business will be transferred and conveyed to Buyer free and clear of all Liens.

2.4 Closing Obligations.

(a) Deliveries by Seller. At or prior to the Closing, Seller will deliver to Buyer the following:

(i) a duly executed counterpart to this Agreement;

(ii) a duly executed employment agreement by the employees for each of the Joe Reid and Greg Younger (each, an "Employment Agreement");

(iii) a duly executed Transition Services Agreement (as defined in **Schedule 1.1**) substantially in the form attached hereto as Exhibit C hereto;

(iv) a duly executed certificate of an officer of Seller, dated as of the Closing Date, in form and substance reasonably satisfactory to Buyer, certifying the resolutions of the board of directors of Seller authorizing this Agreement and the Contemplated Transactions;

(v) a certificate of good standing for each of Seller and the Company issued on or within five (5) days prior to the Closing Date by the Secretary of State (or comparable officer) of the States of Nevada (with respect to Seller) and Colorado (with respect to the Company);

(vi) a non-foreign affidavit, dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Code Section 1445, stating that Seller is not a "Foreign Person" as defined in Code Section 1445;

(vii) such other certificates, opinions, instruments, and documents required to consummate the Contemplated Transaction, each in form and substance reasonably satisfactory to Buyer;

(viii) a registration rights agreement, substantially in the form attached hereto as Exhibit D hereto, relating to the issuance of the Common Stock upon conversion of the Note and the Preferred Stock (the "Registration Rights Agreement"); and

(ix) a duly executed copy of the Financing SPA (and such other documents and agreements required to be provided by investors in the Private Financing Transaction).

(b) Deliveries by Buyer. At or prior to the Closing, Buyer will deliver to Seller the following:

(i) a duly executed counterpart to this Agreement;

(ii) the Closing Cash Payment;

(iii) a duly executed copy of the Financing SPA, together with (1) the duly executed Senior Secured Debenture in favor of Seller, and (2) a Financing Warrant in favor of Seller, pursuant to the terms of the Financing SPA;

(iv) the Note;

(v) the Equity Consideration;

(vi) a duly executed Security Agreement;

(vii) a duly executed Transition Services Agreement;

(viii) a duly executed Registration Rights Agreement;

(ix) a duly executed certificate of an officer of Buyer, dated as of the Closing Date, in form and substance reasonably satisfactory to Seller, certifying the resolutions of the board of directors of Buyer authorizing this Agreement and the Contemplated Transactions;

(x) a certificate of good standing for Buyer issued on or within five (5) days prior to the Closing Date by the Secretary of State (or comparable officer) of the State of Nevada; and

(xi) such other certificates, opinions, instruments, and documents required to consummate the Contemplated Transaction, each in form and substance reasonably satisfactory to Seller.

2.5 Closing Costs; Expenses.

(a) Seller shall be solely responsible for all State or Federal Income Taxes or similar Taxes imposed on Seller as a result of the Contemplated Transactions. Except as otherwise set forth in this Agreement, Seller acknowledges and agrees that Buyer shall not have any duty or obligation to pay any Taxes attributable to Seller as a result of the purchase and sale of the Company Interests.

(b) Except as otherwise set forth in this Agreement, each Party shall be solely responsible for any legal or accounting fees, brokerage or finders' fees or agents' commissions or other similar payments incurred by or agreed to by such Party in connection with the execution and delivery of this Agreement or the completion of the Contemplated Transactions.

SECTION 3
REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that the statements contained in this Section 3 are true, correct and complete as of the Effective Date and as of the Closing Date, except as set forth in the disclosure schedules delivered by Seller to Buyer on the date hereof (collectively, the "Disclosure Schedule"). Nothing in the Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or warranty made herein, however, unless the Disclosure Schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail. The Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this Section 3.

3.1 Capitalization of the Company; Ownership; Authorization. The Company Interests represent all of the issued and outstanding membership interests of the Company. The Company Interests have been duly authorized, are validly issued and fully paid. Seller is the sole record and beneficial owner of all the Company Interests, free and clear of any and all Liens whatsoever. Upon consummation of the Contemplated Transactions, Buyer will acquire good and valid legal and beneficial title to all of the Company Interests, free and clear of all Liens, other than restrictions on transfer imposed by federal and state securities laws.

3.2 Capacity; Enforceability. Seller has full power and legal capacity to execute into and deliver this Agreement, and all other agreements and written instruments to which Seller is a party as contemplated hereby, and to perform its obligations hereunder and thereunder. This Agreement, and such other agreements and written instruments, constitute the valid and legally binding obligations of Seller, enforceable in accordance with their terms and conditions, except as enforcement thereof may be limited by applicable Insolvency Laws. The execution, delivery, and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by Seller.

3.3 Organization, Qualification, and Power. The Company is a limited liability company duly formed and validly existing under the laws of the State of Colorado. The Company has the requisite power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on its business as currently conducted by the Company. The Company is duly qualified to do business and is in good standing as a limited liability company in all jurisdictions where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified can be cured without material expense and would not have a Material Adverse Effect on the Company or the Business. **Schedule 3.3** sets for a list of (i) all jurisdictions in which the Company is authorized to transact business, and (ii) all managers, directors and officers of the Company. True and complete copies of the Certificate of Formation and limited liability company agreement of the Company, all equity records, and all other records of the Company have been delivered or otherwise made available to Buyer. All of the books and records of the Company and Organizational Documents have been maintained in the Ordinary Course of Business and fairly reflect, in all material respects, all transactions of the Company. The Company is not in violation, in any material respect, of its Organizational Documents.

3.4 Consents; Governmental Authorizations. Except as set forth on**Schedule 3.4**, Seller is not required to give any notice to, or obtain any consent from, any Person in connection with the execution and delivery of this Agreement or the consummation of any of the Contemplated Transactions. Any registration, declaration, or filing with, or consent, or Governmental Authorization or Order by any Governmental Body that is required in connection with the valid execution, delivery, acceptance, and performance by Seller under this Agreement or the consummation by Seller of any transaction contemplated hereby has been completed, made, or obtained on or before the Closing Date.

3.5 Litigation. Except as set forth in**Schedule 3.5**, there are no Proceedings pending or, to the Knowledge of Seller, threatened against or affecting Seller, or any of the Assets, rights, or the Business in any court or before or by any Governmental Body that could, if adversely determined (or, in the case of an investigation, could lead to any Proceeding that could, if adversely determined), reasonably be expected to materially impair Seller's ability to perform its obligations under this Agreement or to have a Material Adverse Effect on Seller. Seller has not received any currently effective written notice of any default; and Seller is not in default under any applicable Order of any Governmental Body that could reasonably be expected to impair Seller's ability to perform its obligations under this Agreement or to have a Material Adverse Effect on Seller.

3.6 No Conflict with Restrictions; No Default. Neither the execution, delivery, and performance of this Agreement nor Seller's performance of and compliance with the terms and provisions contemplated hereby (a) will conflict with, violate, or result in a breach of any of the Organizational Documents of Seller or applicable corporate law, (b) will conflict with, violate, or result in a breach of any of the terms, covenants, conditions, or provisions of any Legal Requirements in effect on the date hereof applicable to, or any Order, consent or Governmental Authorization of any Governmental Body directed to, or binding on Seller, (c) will conflict with, violate, result in a breach of, or constitute a default under any of the terms, conditions, or provisions of any agreement or instrument to which, Seller is a party or by which Seller is or may be bound or to which any of the Assets is subject, (d) will conflict with, violate, result in a breach of, constitute a default under (whether with notice or lapse of time or both), accelerate or permit the acceleration of the performance required by, give to others any material interests or rights, or require any consent under any indenture, mortgage, lease agreement, or instrument to which Seller is a party or by which Seller or the Assets are or may be bound, or (e) will result in the creation or imposition of any Lien upon any of the Assets, or cause Buyer (or any Related Person thereof) or Seller to become subject to, or to become liable for the payment of, any Tax.

3.7 Consents. Seller is not required to give any notice to, or obtain any consent from, any Person in connection with the execution and delivery of this Agreement or the consummation of any of the Contemplated Transactions, including any consent required in order to preserve and maintain all Governmental Authorizations required for the ownership and continued operation of the Business either before or after Closing and the consummation of the Contemplated Transactions. Any registration, declaration, or filing with, or consent, or Governmental Authorization or Order by, any Governmental Body with respect to Seller that is required in connection with the consummation of the Contemplated Transactions has been completed, made, or obtained on or before the Closing Date.

3.8 Title to and Condition of Assets. Seller owns good and marketable title to all of the Assets, free and clear of all Liens, and has the full right, power and authority to transfer the Assets to the Company. Upon transfer of the Assets to the Company, the Company will own good and marketable title to all of the Assets, free and clear of all Liens, other than the Liens and related security interests created granted under the Security Agreement and those Liens and security interests granted by Bloomios and each of its subsidiaries (including without limitation the Company), to the holders of the Senior Secured Debentures pursuant to the Senior Security Agreement. None of the Assets are leased to or by Seller and Seller has not otherwise granted to any Person the right to use, operate, own or acquire the Assets or any portion thereof. There are no outstanding options, rights of first offer or rights of first refusal to purchase any of the Assets, or any portion thereof, or interest therein. The Assets include all of the assets used in the Business and are in good operating condition and in a state of reasonable maintenance and repair (normal wear and tear excepted), are suitable for the uses for which they are used in the Business. The Assets are sufficient to operate the Business as presently operated. None of the Assets have been used in the Business which were or are owned (in whole or in part) by any partner or stockholder of Seller or any Person other than Seller.

3.9 Financial Statements.

(a) Seller has delivered to Buyer the following financial statements of Seller and the related statements of income for the periods then ended (including the notes thereto, collectively, "Financial Statements"): (x) balance sheets of Seller for the fiscal years ended June 30 of 2020 and 2021; and (y) an interim balance sheet of Seller as at March 31, 2022 (the "Interim Balance Sheet"), which Financial Statements are attached to this Agreement as **Schedule 3.9**.

(b) Additionally, the Seller has provided to Buyer the sales by Company customers in dollars for July 1, 2021 through March 31, 2022.

(c) The Financial Statements (including the Interim Balance Sheet) have been prepared from and are in accordance with the historical accounting policies, assumptions, methodologies and practices of the Seller, consistently applied, which (i) are consistent with the accounting records of the Seller; and (ii) differ from GAAP in a material respect only as set forth in **Schedule 3.9(c)** hereto.

(d) Seller has delivered to Buyer a pro-forma statement of income for the trailing twelve-month period ended June 30, 2022 (the "Pro-Forma Financial Statement"), which Pro-Forma Financial Statement is attached hereto as **Schedule 3.9(d)**. The Pro-Forma Financial Statement is not in compliance with GAAP and contains certain assumptions and adjustments, as described therein, the intent of which is to provide an approximate trailing twelve-month income statement of the business operations of the Company as of the Closing Date.

3.10 Intellectual Property. **Schedule 3.10** contains a complete and accurate list and summary of all Intellectual Property owned, used or otherwise possessed by Company pursuant to a valid and enforceable patent, trademark, service mark, written license, sublicense, agreement, or permission and including all brands and brand names of Company products (collectively and together with the intangible personal property, the "Intellectual Property Assets"). Such Intellectual Property Assets constitute all of the Intellectual Property necessary for the operation of the Business as presently conducted. Company is the owner or licensee of all right, title and interest in and to each of the Intellectual Property Assets, free and clear of all Liens. Company has the right to use all of the Intellectual Property Assets without payment to any third party. Company owns or has the right to use pursuant to ownership, license, sublicense, agreement, permission or free and unrestricted availability to general public all of the Intellectual Property Assets used by Company. To the Knowledge of Seller, Company has not ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that Company must license or refrain from using any intellectual property rights of any third party). To the Knowledge of Seller, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any proprietary intellectual property rights of Company.

3.11 No Undisclosed Liabilities. The Company has no Liabilities, except as set forth on the Interim Balance Sheet and Liabilities entered into in the Ordinary Course of Business since the date of the Interim Balance Sheet.

3.12 Employees; Employee Benefits.

(a) To the Knowledge of Seller, no executive, key employee, or significant group of employees of the Company plans to terminate employment with the Company during the next twelve (12) months. The Company is not a party to or bound by any collective bargaining agreement, nor has the Company experienced any strike or material grievance, claim of unfair labor practices, or other collective bargaining dispute within the past three (3) years. The Company has not committed any material unfair labor practice within the past three (3) years. To the Knowledge of Seller, there is no organizational effort presently being made or threatened by or on behalf of any labor union with respect to employees of the Company and no such effort has occurred within the past three (3) years. With respect to the Contemplated Transactions, any notice required under any law or collective bargaining agreement has been given, and all bargaining obligations with any employee representative have been satisfied. The Company has adequately investigated all sexual harassment allegations of which it is or was made aware. With respect to each such allegation, if any, the Company has taken all corrective action necessary under applicable law.

(b) **Schedule 3.12** lists each Employee Benefit Plan that Seller maintains or to which Seller contributes or has any obligation to contribute, or with respect to which Seller has any liability. All Employee Benefit Plans comply with all applicable laws, and all amounts that Seller is responsible for with respect to the Employee Benefit Plans that are due and payable have been paid.

3.13 No Material Adverse Change. Since March 31, 2022, there have been no Material Adverse Changes in the business (including the Business), operations, assets (including the Assets), results of operations or condition (financial or otherwise) of Seller or the Company, and no event has occurred or circumstances exist that may result in such a Material Adverse Change.

3.14 Inventory. All items of inventory (including within the Assets) consist of a quality and quantity usable and, with respect to finished goods, saleable, in the Ordinary Course of Business of Seller and the Company. At Closing, the Company shall not be in possession of any inventory that is not owned solely by the Company (e.g., goods sold by the Company to others). All inventory at Closing shall have been purchased in the Ordinary Course of Business of Seller, to the extent included in the Assets, and the Company at a cost not exceeding market prices prevailing at the time of purchase. The inventory is located at the locations set forth on **Schedule 3.14**.

3.15 Solvency. Seller is not Insolvent and Seller has committed no an act of bankruptcy, proposed a compromise or arrangement to its creditors generally, had any petition in bankruptcy filed against it, filed a petition or undertaken any action proceeding to be declared bankrupt, to liquidate any of the Assets or to be dissolved.

3.16 Disclosure.

(a) To the Knowledge of Seller, no representation or warranty or other statement made by Seller in this Agreement, the Schedules, the certificates delivered pursuant to this Agreement or otherwise in connection with the Contemplated Transactions contain any untrue statement or omits to state a material fact necessary to make any of them, in light of the circumstances in which it was made, not misleading.

(b) Seller has no Knowledge of any fact that has specific application to Seller (other than general economic or industry conditions) that may materially adversely affect the Assets or the financial condition or results of operations of the Business that has not been set forth in this Agreement or the Schedules.

3.17 Securities Laws.

(c) Seller understands and acknowledges that this Agreement is made with Seller in reliance upon Seller's representation to Buyer, which by execution of this Agreement, Seller hereby confirms, that the Stock Consideration to be issued to Seller pursuant to Section 2.2(c) will be acquired by Seller for investment purposes only for Seller's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that Seller does not have a present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, Seller represents that Seller does not have any contract, undertaking, agreement or arrangement with any Person to sell, transfer or grant participations to such Person or to any third Person, with respect to the Stock Consideration.

(d) Seller understands that issuance of the Equity Consideration has not been registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of the same hereunder is exempt from registration under the Securities Act pursuant to Regulation D promulgated thereunder or another exemption from registration under the Securities Act and applicable state securities laws.

(c) Seller believes that Seller has received all the information Seller considers necessary or appropriate for deciding whether to invest in the Equity Consideration. Seller further represents that Seller has had an opportunity to ask questions and receive answers from Buyer regarding the terms and conditions of the acquisition of the Equity Consideration and the Business, and to obtain additional information (to the extent the Buyer possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to Seller or to which Seller had access.

(d) Seller confirms that Seller has the knowledge and experience in financial and business matters such that Seller is capable of evaluating the merits and risks of acquisition of the Equity Consideration and of making an informed investment decision and understands that (a) investment in and acquisition of the Equity Consideration is suitable only for an investor which is able to bear the economic consequences of losing such investor's entire investment, (b) the acquisition of the Equity Consideration to be received by Seller hereunder is a speculative investment which involves a high degree of risk of loss of the entire investment, and (c) there are substantial restrictions on the transferability of, and there will be no public market for, the Equity Consideration, and accordingly, it may not be possible for Seller to liquidate his investment in case of emergency.

(e) Seller is an "accredited investor" as such term is defined in Rule 501 promulgated under the Securities Act.

(f) Seller understands that a limited market currently exists for the resale of the Stock Consideration and it may not be possible to sell the Equity Consideration outside of the sale of all of the stock or assets of Buyer. Buyer has no present intention of undertaking any such sale and no assurance can be given that any such sale will occur in the near-term future or at all.

3.18 Covid-19; CARES Act.

(a) Since January 1, 2020 ("Reference Date"), except as set forth on **Schedule 3.18(a)**, the Company has not, as a result of Covid-19:

(i) closed or idled, in each case whether in whole or part, any facility on any real property, or adopted plans to take any such action;

(ii) agreed to defer or modify payment terms with respect to any Accounts Receivable, or received any request to take such actions from any third-party, written off any Accounts Receivable or increased any reserves for uncollectible accounts;

(iii) deferred payment of, or modified payment terms with respect to, any accounts payable or Indebtedness, or requested any such deferment or modification from any third-party;

(iv) laid-off, furloughed, terminated or changed compensation or benefits of, whether on a temporary or permanent basis, any employees, any independent contractors or consultants, or adopted plans to take any such action;

(v) made any claim under any insurance policy or experienced any event or circumstance to which a claim may be made under any insurance policy;

(vi) entered into a new, or deviated from an existing, line of business;

(vi) temporarily shut down or ordered a reduction in force;

(vii) suffered a material disruption in its supply chains; or

(viii) entered into any Contract to do any of the foregoing or undertaken any action or omission that would result in any of the foregoing.

(b) **Schedule 3.18(b)** sets forth a true, complete and correct list of any relief or similar program administered by any Governmental Authority or other Person in connection with COVID-19, including the Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) and applicable rules, regulations, and guidance thereunder, in each case as amended from time to time (the "CARES Act"), to which the Company, or Seller on behalf of the Company, applied or has applied for any relief or assistance or under which any relief or assistance has been received or implemented by the Company or, with respect to the Business, Seller, including, but not limited to, any loan incurred by a Person under 15 U.S.C. 636(a)(36) (as added to the Small Business Act (15 U.S. Code Chapter 14A – Aid to Small Business) by Section 1102 of the CARES Act) (each, a "PPP Loan").

(c) Seller and the Company: (i) have complied, in all material respects, with all applicable provisions of the Paycheck Protection Program in connection with the PPP Loans received by the Company; (ii) have used all of the proceeds of the indebtedness incurred in connection with a PPP Loan (the "PPP Debt") in respect of such PPP Loans exclusively for CARES Forgivable Uses in the manner required under the CARES Act to obtain forgiveness of the largest possible amount of such PPP Debt and kept written records of the foregoing; (iii) were not, as of the date of the PPP Loan applications that were submitted by or on behalf of the Company, a party to, or bound by, any Contract regarding an acquisition of the Company or sale of the Business, and (iv) has used its commercially reasonable efforts to conduct its business in a manner so as to maximize the amount of the PPP Debt that could have been forgiven.

(d) The Company: (a) submitted to the U.S. Small Business Administration (the 'SBA") or the PPP Lender a true, correct and complete forgiveness application with respect to the PPP Loans in accordance with regulations implementing Section 1106 of the CARES Act, which application accurately reflects the Company's use of all PPP Loan proceeds; (b) maintained and submitted all records and supporting documentation required to be maintained by, and submitted to, the lender of the PPP Loans (the "PPP Lender") in connection with the forgiveness of the Company's PPP Loans; and (c) provided Buyer with a true, correct and complete copy of the Company's application for such PPP Loans, the loan agreement and all other documents relating to such PPP Loans, and its application for forgiveness and all records and supporting documentation submitted in connection therewith. Neither Seller not the Company has received written notice from any Governmental Authority that such Governmental Authority has determined that the Company's PPP Debt was not forgivable. The Company's PPP Loans were forgiven on August 30, 2021 and as of the Effective Date of this Agreement, the Company has no further obligations thereunder or otherwise to any Governmental Authority therefor or in connection therewith, or to the SBA or any PPP Lender.

(e) Neither Seller nor the Company has taken any action outside of the Ordinary Course of Business since the Reference Date with respect to Taxes, including any delay or reduction in the payment or the deposit of any Taxes, any delay in the filing of any Tax Return (other than with respect to applicable extensions), or other Tax-related filing (including pursuant to IRS Notice 2020-18, IRS Notice 2020-23 or any similar or related guidance for federal, state or local Tax purposes), any material Tax election, any amendment to any Tax Return, any consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment, any claim for refund, any utilization of any Tax credits, Tax benefits or other Tax incentives under the Families First Coronavirus Response Act, the CARES Act or any other similar or related federal, state or local Laws, and any other similar actions relating to Taxes or Tax Returns. No amount of the Company's portion of Social Security Taxes has been deferred pursuant to Section 2302 of the CARES Act. No payroll or other Taxes that would otherwise have been payable to a Governmental Authority has been withheld or retained by the Company on the basis that the Company is or was eligible for and is or was claiming an Employee Retention Credit under Section 2301 of the CARES Act, and the Company. The Company has not taken any action with regard to the Employee Retention Credit under Section 2301 of the CARES Act.

(f) Since the Reference Date, the Company has not made any claims to landlords of the Company with respect to rent, reduction in leased space, or other relief under any leases of the Company for leased real property, including those relating to claims of breach of quiet enjoyment, interruption of service, impossibility of performance, frustration of purpose, force majeure, or otherwise.

3.19 Taxes. Except as set forth on Schedule 3.19(a):

(a)The Company has filed all Tax Returns required to be filed by the Company on a timely basis (after taking into account extensions) and has timely paid all Taxes due from Seller. Tax Returns are true, correct and complete in all material respects. All Taxes due and owing by the Company have been paid or accrued.

(b) Schedule 3.19(a) lists all federal, state, local, and non-U.S. Tax Returns required to be filed and those that were actually filed with respect to the Company during the period from January 1, 2021, to Closing. There is no material dispute or claim concerning any Tax liability of the Company either (i) claimed or raised by any authority in writing or (ii) as to which the Company or any of the managers, directors, officers or members of the Company has Knowledge.

(c) All Taxes that the Company is or was required to withhold or collect (for employees, independent contributors, consultants, note holders, members and other Persons) have been duly withheld or collected and, to the extent required, have been timely paid to the appropriate Governmental Authority.

(d) Company has not been, and the Company is not currently the subject of, and there are no pending or, to the Knowledge of Seller, threatened, disputes, claims, actions, examinations, audits, investigations, litigations, or other proceedings against the Company with respect to Taxes. Except as set forth on Schedule 3.19, the Company has not received written notice of any issue or question currently pending by any Governmental Authority in connection with the Company's Tax Returns. To the Knowledge of Seller, no claim has ever been made by a Governmental Authority in a jurisdiction in which the Company does not currently file Tax Returns that the Company is are or may be subject to taxation by that jurisdiction.

(e) The Company does not have: (i) an obligation to make a payment that is not deductible under Section 280G of the Code; (ii) an obligation to make a payment to any Person under any Tax allocation agreement, Tax sharing agreement, Tax indemnity obligation or similar written or unwritten agreement, arrangement, understanding, or practice with respect to Taxes; (iii) an obligation under any record retention, transfer pricing, closing or other agreement or arrangement with any Governmental Authority that will survive the Closing or impose any liability on Buyer after the Closing; (iv) an obligation under any agreement, contract, arrangement or plan to indemnify, gross up, or otherwise compensate any Person, in whole or in part, for any excise Tax under Section 4999 of the Code that is imposed on such Person or any other Person; or (v) an obligation to pay the Taxes of any Person as a transferee or successor, by contract or otherwise, including an obligation under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Law).

(f) The Seller understands that it (and not Bloomios or Buyer) shall be responsible for Seller's own Tax liability that may arise as a result of such Seller's receipt of the Purchase Price, including the Closing Cash Consideration, the Note, its acquisition of the Preferred Stock, the Common Stock issuable upon conversion of any the Note or Preferred Stock, or the other transactions contemplated by and in accordance with this Agreement.

3.20 Contracts. **Schedule 3.20** lists the following contracts and other agreements to which the Company is a party:

(a) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of $25,000.00 per annum;

(b) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than 1 year or involve consideration in excess of $25,000.00;

(c) any agreement concerning a partnership or joint venture;

(d) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, in excess of $25,000.00 or under which it has imposed a Lien on any of its assets, tangible or intangible;

(e) any material agreement concerning confidentiality or non-competition;

(f) any material agreement involving any member of the Company and his, her, or its affiliates (other than Seller);

(g) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other material plan or arrangement for the benefit of its current or former directors, officers, and employees;

(h) any collective bargaining agreement;

(i) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of $30,000.00 or providing material severance benefits;

(j) any agreement under which it has advanced or loaned any amount to any of its directors, officers, and employees outside the Ordinary Course of Business;

(k) any agreement under which the consequences of a default or termination could have a Material Adverse Effect;

(l) any settlement, conciliation or similar agreement with any Governmental Authority or which will involve payment after the execution date of this Agreement;

(m) any agreement under which the Company has advanced or loaned any other Person amounts in the aggregate exceeding $25,000.00; and

(n) any other agreement (or group of related agreements) the performance of which involves consideration in excess of $25,000.00.

Seller has delivered to Buyer a correct and complete copy of each written agreement listed in **Schedule 3.20** and a written summary setting forth the material terms and conditions of each oral agreement referred to in **Schedule 3.20**. With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect in all material respects; (B) no party is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; and (C) no party has repudiated any material provision of the agreement.

3.21 Product Warranty.

(a) Each product manufactured, sold, or delivered by the Company has been in conformity with all contractual commitments in all material respects and all express and implied warranties, and the Seller has not received notice of any Liability (and, to Seller's and the Company's Knowledge, there is no basis for any present or future action, suit, Proceeding, hearing, investigation, charge, complaint, claim, or demand against Seller or the Company giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith.

(b) None of the products manufactured, sold, leased, licensed or delivered by the Company is subject to any guaranty, warranty, right of return, right of credit or other indemnity other than (i) the applicable standard terms and conditions of sale or lease, which are set forth in **Schedule 3.21(b)**, (ii) manufacturers' warranties for which the Company has no liability, or (iii) warranties imposed by applicable law. **Schedule 3.21(b)** sets forth the aggregate expenses incurred by the Company in fulfilling its obligations under its guaranty, warranty, right of return and indemnity provisions with respect to the Business during calendar year 2021 and the period in 2022 up to the date of the Interim Balance Sheet.

3.22 Product Liability and Product Returns.

(a) Neither Seller nor the Company has received notice of any Liability and to the Knowledge of each of Seller and the Company, there is no basis for any present or future action, suit, Proceeding, hearing, investigation, charge, complaint, claim, or demand against any of them giving rise to any Liability, arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product manufactured, sold, leased, or delivered by the Seller.

(b) The Company does not maintain a reserve for expected product returns and all product returns are accounted for in the period they occur. Except as set forth in **Schedule 3.22(b)**, neither Seller nor the Company has received any written notice of, and to the Knowledge of each of Seller and the Company, there are not any pending, threatened or potential product returns by any customer or other individual or entity which purchased, leased or otherwise acquired from the Company any products. Except as set forth in the Company's sales and return goods policies, the Company does not have any agreement with a distributor or other reseller permitting a return of unsold products.

(c) For the year 2021 and the partial year 2022 through Closing, the product returns and refunds are approximately the same percentage of sales as for prior years, which is less than two percent (2%) of products sold. To the best of Seller's and the Company's Knowledge, the product returns and refunds after the Closing will continue to be approximately the same percentage of sales and Seller has no reason to believe that there will be an increase.

3.23. Company IT and Software. Except as set forth in **Schedule 3.23**, to the Knowledge of Seller, none of the computer software, computer hardware (whether general or special purpose), telecommunications capabilities (including all voice, data and video networks) and other similar or related items of automated, computerized, and/or software systems and any other networks or systems and related services that are used by or relied on by the Company in the conduct of its business (collectively, the "IT Systems") has experienced bugs, failures, breakdowns, or continued substandard performance in the past twelve (12) months that has caused any substantial disruption or interruption in or to the use of any such IT Systems or data by the Company. The IT Systems are sufficient, in all material respects, for the needs of the Company in conducting its business as presently conducted.

3.24 Data Privacy. The Company has complied with and, as presently conducting its business, is in compliance with, all applicable data laws except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. The Company has complied with, and is presently in compliance with, its policies applicable to data privacy, data security, and/or personal information except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. The Company has not experienced any incident in which personal information or other sensitive data was or may have been stolen or improperly accessed, acquired, destroyed, damaged, disclosed, corrupted, or altered, and the Company has no Knowledge of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data.

3.25. Real and Leased Property. The Company does not own any real property. The Seller leased the real property located in Henderson, Nevada pursuant to a lease (as defined in Schedule 1.2 hereto) that has matured. The Seller currently leases the foregoing property on a month-to-month basis.

3.26. Insurance. The Company maintains general liability insurance on an occurrence basis, which shall remain in effect through and after the Closing Date. **Schedule 3.26** sets forth a complete list of, and the following information for, all product liability insurance policies currently in force and those which were in force during any of the last three (3) calendar years, which name the Company as an insured or beneficiary or as a loss payable payee, or for which the Company has paid or is obligated to pay all or part of the premiums:

(a) the name, address, and telephone number of the agent;

(b) the name of the insurer, the name of the policyholder, and the name of each covered insured; and

(c) the policy number and the period of coverage.

With respect to each currently in force insurance policy, each such policy is legal, valid, binding and in full force and effect. Seller shall provide copies of the certificate(s) of insurance for the Company for all such currently in force insurance policies to Buyer at Closing.

3.27 Corrupt Practices. Except in compliance with all Legal Requirements, neither Seller nor, to the Knowledge of Seller, the Company has, directly or indirectly, ever made, offered or agreed to offer anything of value to (a) any employees, Representatives or agents of any customers of Seller for the purpose of attracting business to Seller, or (b) any domestic governmental official, political party or candidate for government office or any of their employees, Representatives or agents.

3.28 Brokers' Fees. Seller has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the Contemplated Transactions.

SECTION 4
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Section 4 are correct and complete:

4.1 Organization of Buyer. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Nevada. Buyer is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required.

4.2 Authorization of Transaction. Buyer has full power and authority to execute and deliver this Agreement, and all other agreements and written instruments to which Buyer is a party as contemplated hereby, and to perform its obligations hereunder and thereunder. This Agreement, and such other agreements and written instruments, constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions, except as enforcement thereof may be limited by applicable Insolvency Laws. The execution, delivery, and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by Buyer. Buyer has all right, power and capacity to execute and deliver this Agreement, and all other agreements, documents and written instruments to be executed by Buyer in connection with the Contemplated Transactions, and to perform its obligations under this Agreement and all such other agreements, documents and written instruments.

4.3 Notices and Consents. Buyer is not required to give any notice to, or obtain any consent from, any Person in connection with the execution and delivery of this Agreement or the consummation of any of the Contemplated Transactions.

4.4 Litigation. There are no Proceedings pending or, to the Knowledge of Buyer, threatened against or affecting Buyer or any of its property, assets, rights, or its business in any court or before or by any Governmental Body that could, if adversely determined (or, in the case of an investigation, could lead to any Proceeding that could, if adversely determined), reasonably be expected to materially impair Buyer's ability to perform its obligations under this Agreement; and Buyer has not received any currently effective notice of any default; and Buyer is not in default, under any applicable Order of any Governmental Body that could reasonably be expected to impair Buyer's ability to perform its obligations under this Agreement.

4.5 Solvency. Buyer is not Insolvent and Buyer has committed no an act of bankruptcy, proposed a compromise or arrangement to its creditors generally, had any petition in bankruptcy filed against it, filed a petition or undertaken any action proceeding to be declared bankrupt, to liquidate any of the Assets or to be dissolved.

4.6 Brokers' Fees. Buyer has no Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the Contemplated Transactions.

SECTION 5
COVENANTS

5.1 General. The Parties agree to cooperate reasonably with one another and with their respective Representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and will (a) furnish upon reasonable request to each other such further information, (b) execute and deliver to each other such other documents, and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Contemplated Transactions. In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as the other Party reasonably may request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under Section 7, or unless such cost or expense is the obligation of the non-requesting Party under this Agreement).

5.2 Confidentiality.

(a) Seller hereby acknowledges and agrees that, through its ownership or operation of the Company, it has had access to, and has become familiar with, the confidential and non-public information of the Company and its business and any and all other confidential or proprietary information concerning the affairs or conduct of the Company and its business, whether prepared by or on behalf of Seller or the Company (collectively, the "Confidential Information").

(b) Seller hereby acknowledges and agrees that protection of the Confidential Information of the Company is necessary to preserve the value of the Company's business and the Assets, and that without such protection, Buyer would not have entered into this Agreement and consummated the Contemplated Transactions. Accordingly, Seller hereby covenants and agrees, for itself and on behalf of the Company and their respective Representatives and Related Persons, that, without the prior written consent of Buyer, neither Seller nor the Company will, nor will either of them, cause or permit Representatives and Related Persons to, at any time on or after the Closing Date, directly or indirectly, disclose to any Person or use for its or his own account or benefit, or for the account or benefit of any other Person, any Confidential Information.

(c) The provisions of Section 5.2(b) will not apply to any Confidential Information (i) that Seller can demonstrate with documentary evidence is generally known to, and available for use by, the public other than as a result of the breach of this Agreement or, to the Knowledge of Seller, any other agreement pursuant to which any Person (including any Representative or Related Person of Seller) owes any duty of confidentiality to the other Party or previously owed any duty of confidentiality to Buyer; (ii) that is required to be disclosed pursuant to Legal Requirement or an Order, or (iii) that Seller can reasonably determine is necessary to be disclosed to a Representative of Seller in order for Seller to perform its covenants and obligations, or to enforce its rights against Buyer, under this Agreement or any related agreement (and then only to the extent necessary to perform such covenants and obligations or to enforce such rights). If Seller (including any Representative or Related Person of Seller) becomes compelled by a Legal Requirement or any order to disclose any Confidential Information, Seller will provide Buyer with prompt written notice of such requirement so that Buyer may seek a protective order or other remedy in respect of such compelled disclosure. If such a protective order or other remedy is not obtained by or is not available to Buyer, then Seller will use reasonable efforts to ensure that only the minimum portion of such Confidential Information that is legally required to be disclosed is so disclosed, and Seller will use all reasonable efforts to obtain assurances that confidential treatment will be given to such Confidential Information. Seller acknowledges its responsibility to ensure that its Representatives and agents who are given, or now have, access to the Confidential Information will comply with the terms of this Section 5.2. Seller shall be liable for any breach of this Agreement caused by its Representatives and agents.

5.3 Injunctive Relief. The Parties acknowledge and agree that (a) each of the provisions of Sections 5.1, 5.2, 5.4, 5.5, and 5.6 are reasonable and necessary to protect the legitimate business interests of the Parties and their Related Persons, (b) any violation of any such covenant contained in Sections 5.1, 5.2, 5.4, 5.5, and 5.6 would result in irreparable injury to the Parties and their Related Persons, the exact amount of which would be difficult, if not impossible, to ascertain or estimate, and (c) the remedies at law for any such violation would not be reasonable or adequate compensation to the Parties and their Related Persons for such a violation. Accordingly, notwithstanding any other provision of this Agreement, if either Party, directly or indirectly, violates any of its covenants or obligations under Sections 5.1, 5.2, 5.4, 5.5, and 5.6, then, in addition to any other remedy which may be available to the other Party or any Related Person thereof, at law or in equity, the Parties and their Related Persons will be entitled to seek injunctive relief against the other Party, without posting bond or other security, and without the necessity of proving actual or threatened injury or damage.

5.4 Public Announcements. The Parties will keep the existence of this Agreement, the terms and conditions hereof and the Contemplated Transactions confidential, and the Parties will not, nor will they cause or permit any Related Person or Representative to, make any public announcement in respect of this Agreement or the Contemplated Transactions without the prior written consent of the other Party, which consent may be given or withheld in any Party's sole discretion; provided, however that the foregoing confidentiality and non-disclosure obligations will not apply to: (1) Buyer if at Closing, if Buyer determines to issue a press release announcing the fact of the acquisition of the Company, and (2) the Parties to the extent that (a) disclosure of such information is reasonably necessary to consummate the Contemplated Transactions, (b) disclosure of such information is required pursuant to Legal Requirement (including the Securities Exchange Act of 1934, as amended, and the rules of any national stock exchange or automated dealer quotation system) or an Order, (c) disclosure of such information is reasonably necessary for the Parties to enforce their rights under this Agreement, or (d) such information is already in the public domain other than as a result of a breach of this Section 5.5 or Section 5.3 or any other confidentiality or non- disclosure obligation owed to a Party by any Person (including the other Party). To the extent that any public announcement of this Agreement, any of the provisions hereof or the Contemplated Transactions is required of the Parties by Legal Requirement or Order, the Parties will cooperate reasonably with respect to reaching agreement on the contents and timing of such announcement.

5.5 Use of Name. Seller hereby agrees that from and after the Closing Date, it will not, directly or indirectly, use the names "Infusionz," "CBD Infusionz," "Terpy J's," "Saucey Boss Concentrates," CBD Infusionz Pets," "Infusionz Chocolate," "Hemp Infusionz," "Infusionz Nano," "Infusions," "Grove," or any derivation or variation thereof in any manner.

5.6 Post-Closing Operation of the Business. Subject to the terms of this Agreement, subsequent to the Closing, Buyer shall have sole discretion with regard to all matters relating to the operation of the Company; provided, however, that for a period of 18 months following the Closing Date (or such earlier period as amounts outstanding under the Note are repaid in full or such longer period as any amounts remain outstanding under the Note, as the case may be): (i) Buyer shall operate the Company in good faith, (ii) Buyer shall not directly or indirectly sell or otherwise transfer all or substantially all of the equity or assets of the Company unless, as a prerequisite to such sale, the acquirer agrees in writing to assume (and to cause any subsequent acquirer to assume) the obligations of Bloomios with respect to payments remaining due under the Note, (iii) Buyer shall not divert, transfer or otherwise allocate earnings, income, revenue or sales or business opportunities from the Company that are originated or received by the Company or its representatives to any other business unit, division or affiliate of Buyer, and (iv) in the event that Buyer or its affiliates provide corporate, technology, marketing, accounting, legal or other professional services or administrative or back-office services to the Company, Buyer may allocate those expenses related to the services to the Company provided that such allocations are reasonable and appropriate in relation to the level of service provided. Notwithstanding the foregoing, Buyer has no obligation to operate the Company in a manner calculated to achieve, accelerate or maximize any payment under the Note.

5.7 Tax Matters.

(a) Transfer Taxes. Buyer, on one hand, and Seller, on the other hand, shall each pay fifty percent (50%) of all transfer, documentary, sales, use, registration, value-added and other similar Taxes (including all applicable real estate transfer Taxes and real property transfer gains Taxes and including any filing and recording fees) and related amounts (including any penalties, interest and additions to Tax) incurred in connection with this Agreement and the Contemplated Transactions ("Transfer Taxes") and file all Tax Returns with respect thereto, if any. The Party required by law to file a Tax Return with respect to such Transfer Taxes shall do so in the time and manner prescribed by Law, and the non-filing Party shall promptly reimburse the filing Party for its share of any Transfer Taxes upon receipt of evidence reasonably satisfactory to the non-filing Party of the amount of such Transfer Taxes. Each Party shall use commercially reasonable efforts to avail itself of any available exemptions from any such Transfer Taxes, and to cooperate with the other Parties in providing any information and documentation that may be necessary to obtain such exemptions.

(b) Cooperation. Buyer and Seller shall cooperate fully with, and as and to the extent reasonably requested by, the other in connection with the preparation and filing of any Tax Return, statement, report or form or any audit, litigation or other similar proceeding with respect to Taxes related to the Company. Each Party will make their respective relevant books and records (including work papers in the possession of their respective accountants), personnel, and other materials relevant to the preparation of Tax Returns or Tax proceedings related to the Company available for inspection and copy by the other Parties (or their duly appointed representatives), at the requesting Party's expense, at reasonable times during normal business hours.

(c) Proration of Taxes. All Taxes of the Company which have accrued and become payable on or before the Closing Date shall be paid by Seller. For all other Taxes (i) in the case of Taxes based upon, or related to, income, receipts, profits, wages, capital or net worth, imposed in connection with the sale, transfer or assignment of property, or required to be withheld, deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and (ii) in the case of other Taxes, deemed to be the amount of such Taxes for the entire period multiplied by a fraction, the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period.

SECTION 6
[INTENTIONALLY OMITTED]

SECTION 7
INDEMNIFICATION

7.1 Survival. Subject to the provisions of this Section 7, all representations, warranties, covenants and obligations of the Parties contained in this Agreement and in the agreements, instruments and other documents delivered pursuant to this Agreement will survive the Closing and the consummation of the Contemplated Transactions.

7.2 Indemnification by Buyer. Buyer hereby covenants and agrees that, to the fullest extent permitted by Legal Requirement, it will defend, indemnify and hold harmless Seller and its Related Persons and Representatives, and their respective officers, directors, members, managers, employees, agents, and Representatives, and all successors and assigns of the foregoing (collectively, the "Seller Indemnified Persons"), for, from and against any Adverse Consequences, arising from or in connection with:

(d) any breach of, or any inaccuracy in, any representation or warranty made by Buyer (i) in this Agreement, (ii) Buyer's Schedules, (iii) the certificates delivered pursuant to Section 2.4(b) of this Agreement, or (iv) any other document, writing or instrument delivered by Buyer pursuant to this Agreement;

(e) any breach of, or failure to perform or comply with, any covenant, obligation or agreement of Buyer in this Agreement or in any other certificate, document, writing or instrument delivered by Buyer pursuant to Section 2.4(b) of this Agreement; or

(f) any claim by any Person for any brokerage or finder's fee, commission or similar payment based upon any agreement or understanding made, or alleged to have been made, by any Person with Buyer in connection with this Agreement or any of the Contemplated Transactions.

7.3 Indemnification by Seller.

(a) Seller hereby covenant~~s~~ and agree~~s~~ that, to the fullest extent permitted by Legal Requirement, it will defend, indemnify and hold harmless Buyer, and its Related Persons and Representatives, and their respective officers, directors, members, managers, employees, agents, and Representatives, and all successors and assigns of the foregoing (collectively, the "Buyer Indemnified Persons"), for, from and against any Adverse Consequences arising from or in connection with:

(i) any breach of, or any inaccuracy in, any representation or warranty made by Seller in (A) this Agreement, (B) the Seller Schedules, (C) the certificates delivered pursuant to Section 2.4(a) of this Agreement, (D) any transfer or assignment instrument delivered by Seller pursuant this Agreement, or (E) any other certificate, document, writing or instrument delivered by Seller pursuant this Agreement;

(ii) any breach of, or failure to perform or comply with, any covenant, obligation or agreement of Seller in this Agreement or in any other certificate, document, writing or instrument delivered by Seller pursuant to Section 2.4(a) of this Agreement;

(iii) any claim by any Person for any brokerage or finder's fee, commission or similar payment based upon any agreement or understanding alleged to have been made by such Person with Seller in connection with this Agreement or any of the Contemplated Transactions; and

(vi) any Indebtedness of the Company outstanding on the Closing Date.

7.4 Time Limitations.

(a) Subject to the limitations and other provisions of this Agreement, a Buyer Indemnified Person may only assert a claim for indemnification under Section 7.2 during the applicable period of time (the "Buyer Claims Period") specified as follows:

(i) with respect to any claim arising out of (A) any breach of, or any inaccuracy in, any representation or warranty contained in Sections 3.1, 3.2, 3.5, 3.6 or 3.9 of this Agreement, (B) Fraud, willful misrepresentation or willful misconduct, (C) any Indebtedness of the Company outstanding on the Closing Date, (D) any Liability for any Current Litigation Matter, or (E) any Liability resulting from, caused by, or arising in connection with any Excluded Contracts, the Buyer Claims Period will commence on the date of this Agreement and continue indefinitely; and

(ii) with respect to any other indemnification claim made under Section 7.3, the Buyer Claims Period will commence on the date of this Agreement and continue until the date that is eighteen (18) months after the Closing Date; provided, however, that with respect to any such indemnification claim made under Section 7.3(a)(ii) regarding Seller's breach of, or failure to perform or comply with, any obligation hereunder or under any related agreement that is intended to survive and continue after the Closing, the Buyer Claims Period will continue for as long as such obligation is outstanding.

(b) For purposes of this Agreement, a Seller Indemnified Person may only assert a claim for indemnification under Section 7.2 during the applicable period of time (the "Company Claims Period") commencing on the date of this Agreement and continuing until the date that is two (2) years after the Closing Date; provided, however, that with respect to any such indemnification claim regarding the breach by Buyer of any obligation hereunder or under any related agreement that is intended to survive and continue after the Closing, Seller Claims Period will continue for as long as such obligation is outstanding.

Notwithstanding anything to the contrary in this Section 7.4, if before 5:00 p.m. (eastern time) on the last day of the applicable Buyer Claims Period or Company Claims Period, any Party against which an indemnification claim has been made hereunder has been properly notified in writing of such claim for indemnity hereunder and the basis thereof, including with reasonable supporting details for such claim (to the extent then known), and such claim has not been finally resolved or disposed of as of such date, then such claim will continue to survive and will remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms of this Agreement.

7.5 Indemnity Claims. Neither Buyer nor Company, as a Party providing indemnification under this Section 7 (each, an "Indemnifying Person") shall be liable for any claim for indemnification under Section 7.2 or Section 7.3(a) until the claiming party has incurred Adverse Consequences totaling One Hundred Fifty Thousand Dollars ($150,000), whereupon the Indemnifying Person shall remain liable for all Adverse Consequences incurred by the claiming party up to and including an amount equal to twenty percent (20%) of the Purchase Price (the "Indemnification Cap"). The Indemnification Cap shall not apply to any claim for Adverse Consequences relating to any of the following:

(a) Seller's breach of its representations and warranties set forth Sections 3.1, 3.5, 3.6, or 3.9;

(b) Buyer's breach of its representations and warranties set forth Sections 4.1, 4.2 or 4.5; or

(c) Adverse Consequences resulting from acts of Fraud.

7.6 Payment of Claims. A claim for indemnification may be asserted by written notice to the Party from whom indemnification is sought and will be paid promptly after such notice, together with satisfactory proof of Adverse Consequences or other documents evidencing the basis of the Adverse Consequences sought are received.

(a) No later than ten (10) Business Days after receipt by a Buyer Indemnified Person or a Seller Indemnified Person entitled to indemnity under Section 7.2 or 7.3 (each, an "Indemnified Person") of notice of the assertion of a Third-Party Claim against it, such Indemnified Person shall give notice to the Indemnifying Person of the assertion of such Third-Party Claim and a copy of any writing by which, such Third-Party assertion is made. The failure to notify the Indemnifying Person will relieve the Indemnifying Person of any liability that it may have to any Indemnified Person to the extent that the Indemnifying Person demonstrates that the defense of such Third-Party Claim is materially prejudiced by the Indemnified Person's failure to give such notice.

(b) If an Indemnified Person gives notice to the Indemnifying Person pursuant to Section 7.6(a) of the assertion of a Third-Party Claim, the Indemnifying Person shall be entitled to participate in the defense of such Third-Party Claim and, to the extent that it wishes (unless (i) the Indemnifying Person is also a Person against whom the Third-Party Claim is made and the Indemnified Person determines in good faith that joint representation would be inappropriate or (ii) the Indemnifying Person fails to provide reasonable assurance to the Indemnified Person of its financial capacity to defend such Third-Party Claim and provide indemnification with respect to such Third-Party Claim), to assume the defense of such Third-Party Claim with counsel reasonably satisfactory to the Indemnified Person (provided, such counsel has appropriate experience in the subject matter relating to the claim). After notice from the Indemnifying Person to the Indemnified Person of its election to assume the defense of such Third- Party Claim, the Indemnifying Person shall not, so long as it diligently conducts such defense, be liable to the Indemnified Person under this Section 7.6(b) for any fees of other counsel or any other expenses with respect to the defense of such Third-Party Claim, in each case subsequently incurred by the Indemnified Person in connection with the defense of such Third-Party Claim, other than reasonable costs of investigation. If the Indemnifying Person assumes the defense of a Third-Party Claim, (i) such assumption will conclusively establish for purposes of this Agreement that the claims made in that Third-Party Claim are within the scope of and subject to indemnification, and (ii) no compromise or settlement of such Third- Party Claims may be effected by the Indemnifying Person without the Indemnified Person's consent unless: (A) there is no finding or admission of any violation of Legal Requirement or any violation of the rights of any Person; (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Person; and (C) the Indemnified Person shall have no liability with respect to any compromise or settlement of such Third-Party Claims effected without its consent. If notice is given to an Indemnifying Person of the assertion of any Third-Party Claim and the Indemnifying Person does not, within ten (10) days after the Indemnified Person's notice is given, give notice to the Indemnified Person of its election to assume the defense of such Third-Party Claim, the Indemnifying Person will be bound by any determination made in such Third-Party Claim or any compromise or settlement effected by the Indemnified Person.

(c) Notwithstanding the foregoing, if an Indemnified Person determines in good faith that there is a reasonable probability that a Third-Party Claim may adversely affect it or its Related Persons other than as a result of monetary damages for which it would be entitled to indemnification under this Agreement, the Indemnified Person may, by notice to the Indemnifying Person, assume the exclusive right to defend, compromise or settle such Third-Party Claim, but the Indemnifying Person will not be bound by any determination of any Third-Party Claim so defended for the purposes of this Agreement or any compromise or settlement effected without its consent (which may not be unreasonably withheld).

(d) With respect to any Third-Party Claim subject to indemnification under this Section 7: (i) both the Indemnified Person and the Indemnifying Person, as the case may be, shall keep the other Person fully informed of the status of such Third-Party Claim and any related Proceedings at all stages thereof where such Person is not represented by its own counsel; and (ii) the parties agree (each at its own expense) to render to each other such assistance as they may reasonably require of each other and to cooperate in good faith with each other in order to ensure the proper and adequate defense of any Third- Party Claim.

(e) With respect to any Third-Party Claim subject to indemnification under this Section 7, the parties agree to cooperate in such a manner as to preserve in full (to the extent possible) the confidentiality of all Confidential Information and the attorney-client and work-product privileges. In connection therewith, each party agrees that: (i) it will use its best efforts, in respect of any Third-Party Claim in which it has assumed or participated in the defense, to avoid production of Confidential Information (consistent with applicable law and rules of procedure); and (ii) all communications between any party hereto and counsel responsible for or participating in the defense of any Third-Party Claim shall, to the extent possible, be made so as to preserve any applicable attorney-client or work-product privilege.

7.7 Duty to Mitigate. Each Indemnified Person shall take commercially reasonable steps to mitigate any Adverse Consequences to the extent such mitigation is required by applicable Legal Requirements.

7.8 Insurance Proceeds. The amount for which any Indemnifying Person shall be liable under this Section 7 shall be determined after deducting therefrom the amount of any setoff provisions, holdback provisions insurance proceeds actually received from a third-party insurer and any other amounts actually recovered from a third party pursuant to indemnification provisions are or otherwise, in addition to, each case net of costs and not in derogation of, any statutory, equitable, or common law expenses (including collection expenses, premium increases, retro-premiums and any retention amounts) incurred by any of the Indemnified Person.. In the event an Indemnified Person receives payment for any Adverse Consequences from an Indemnifying Person for which the Indemnified Person subsequently recovers all or any portion of such payment from insurance, the Indemnified Person shall promptly pay such recovered amount to the Indemnifying Person.

7.9 No Other Representations by Parties.

(a) Buyer acknowledges and agrees that, other than in the case of Fraud, except as given by Seller in Section 3 (in each case as modified by the Disclosure Schedule), none of the Seller nor any other Person makes or has made, nor has Buyer relied upon, any other representation or warranty, expressed or implied, at law or in equity, by statute or otherwise, with respect to the Seller or the Business (the "Seller's Contractual Obligations"). Notwithstanding the foregoing, except for the Seller's Contractual Obligations, the Seller (directly and on behalf of all other Persons), respectively, hereby disclaims all liability and responsibility for any representation or warranty to Buyer; provided, that the foregoing limitations of Seller's liability shall not apply in respect of any Fraud.

(b) Seller acknowledges and agrees that, other than in the case of Fraud, except as given by Seller in Section 3, none of the Seller nor any other Person makes or has made, nor has Seller relied upon, any other representation or warranty, expressed or implied, at law or in equity, by statute or otherwise, with respect to Buyer or its business (the "Buyer's Contractual Obligations"). Notwithstanding the foregoing, except for the Buyer's Contractual Obligations, Buyer (directly and on behalf of all other Persons), respectively, hereby disclaims all liability and responsibility for any representation or warranty to Seller; provided, that the foregoing limitations of Buyer's liability shall not apply in respect of any Fraud.

7.10 Exclusive Remedy. The Parties acknowledge and agree that the indemnification provisions in this Section 7 will be the sole and exclusive remedy of any Indemnified Person with respect to the transactions contemplated by this Agreement except, in each case, for (a) the remedies of specific performance and injunctive or other equity relief to the extent expressly permitted elsewhere in this Agreement, or (b) Fraud.

7.11 Payment of Claims. Any payment by Seller to a Buyer Indemnified Party under this Section 7 shall be made in the following order: (a) first, through the cancellation of Preferred Stock at a price per share equal to One Hundred Dollars ($100); (b) second, as a reduction in the principal amount outstanding under the Note; and, (c) third, as a payment in immediately available funds by Seller to Buyer.

SECTION 8
MISCELLANEOUS

8.1 Expenses. Each Party will bear its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the Contemplated Transaction. Seller shall also bear the costs and expenses incurred in connection with the transfer of the Assets to the Company. Seller shall be responsible for all federal and state income or similar taxes imposed on it as a result of the Contemplated Transaction hereby.

8.2 Notices. All notices, requests, demands, claims and other communications permitted or required to be given hereunder after the Buyer has exercised this Agreement must be in writing and will be deemed duly given and received (i) if personally delivered, when so delivered, (ii) if mailed, three (3) Business Days after having been sent by registered or certified mail, return receipt requested, postage prepaid and addressed to the intended recipient as set forth below, (iii) if sent by electronic facsimile, once transmitted to the fax number specified below and the appropriate telephonic confirmation is received, provided that a copy of such notice, request, demand, claim or other communication is promptly thereafter sent in accordance with the provisions of clause (ii) or (v) hereof, (iv) if sent by Email, on the date sent if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient, or (v) if sent through an overnight delivery service in circumstances to which such service guarantees next day delivery, the Business Day following being so sent:

(a) to Seller:

Upexi, Inc.
17129 US Hwy 19 N.
Clearwater, FL 33760
Attn: Andrew J. Norstrud, CFO
Email: Andrew.norstrud@groveinc.io
Direct Dial: (702) 332-5591

with a copy to:

Dickinson Wright PLLC
350 E. Las Olas Boulevard, Suite 1750
Ft. Lauderdale, FL 33301
Attn: Clint Gage, Esq.
Email: cgage@dickinson-wright.com
Direct Dial: (954) 991-5425

(b) to Buyer:

Infused Confections LLC
210 Fentress Boulevard
Daytona Beach, FL 32114
Attn: Barrett Evans
Email: bevans@bloomios.com
Direct Dial: (562) 221-0341

with a copy to:

Bloomios, Inc.
701 Anacapa Street – Suite C
Santa Barbara, CA 93101
Email: bevans@bloomios.com
Attention: Barrett Evans

and a copy to:

Lucosky Brookman LLC
101 S. Wood Avenue
Iselin, NJ 08830
Attn: Joseph Lucosky, Esq.
Email: jlucosky@lucbro.com
Direct Dial: (732) 395-4402

Any Party may give any notice, request, demand, claim or other communication hereunder using any other means (including, without limitation, electronic mail), but no such notice, request, demand, claim or other communication will be deemed to have been duly given or received unless and until it actually is received by the Party for which it is intended and the notifying Party can provide evidence of such actual receipt. Any Party may change its address for the receipt of notices, requests, demands, claims and other communications hereunder by giving the other Parties notice of such change in the manner herein set forth.

8.3 Waiver. Neither any failure nor any delay by any Party in exercising any right, power or privilege under this Agreement or any of the documents referred to in this Agreement will operate as a waiver of such right, power or privilege, and no single or partial exercise of any such right, power or privilege will preclude any other or further exercise of such right, power or privilege or the exercise of any other right, power or privilege. To the maximum extent permitted by Legal Requirement: (a) no claim or right arising out of this Agreement or any of the documents referred to in this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by another Party; (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of that Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement or the documents referred to in this Agreement.

8.4 Entire Agreement and Modification. This Agreement (including the Schedules and Exhibits hereto and the other agreements and instruments to be executed and delivered by the Parties pursuant to Section 2.4 hereto) constitutes the entire and final agreement among the Parties with respect to the subject matter hereof, and supersedes and replaces all prior agreements, understandings, commitments, communications and representations made among the Parties, whether written or oral, with respect to the subject matter hereof. This Agreement may not be amended, supplemented, or otherwise modified except by a written agreement executed by the Parties.

8.5 Assignments; Successors; No Third-Party Rights. No Party may assign any of its rights or delegate or cause to be assumed any of its obligations under this Agreement without the prior written consent of each other Party, except that Buyer may assign any of its rights hereunder to, and cause all of its obligations hereunder to be assumed by, any Related Person without the consent of the other Parties; provided, however, that in the event of such an assignment by Buyer, Buyer shall remain responsible for all of its obligations hereunder. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as will inure to a successor or permitted assignee pursuant to this Section 8.5.

8.6 Severability. If any provision of this Agreement, or the application of any such provision to any Person or circumstance, is held to be unenforceable or invalid by any Governmental Body or arbitrator or under any Legal Requirement, the Parties will negotiate an equitable adjustment to the provisions of this Agreement with the view to effecting, to the greatest extent possible, the original purpose, intent and commercial effect of such provision and of this Agreement. In any event, the invalidity of any provision of this Agreement or portion of a provision will not affect the validity of any other provision of this Agreement or the remaining portion of the applicable provision.

8.7 Dates and Times. Dates and times set forth in this Agreement for the performance of the Parties' respective obligations hereunder or for the exercise of their rights hereunder will be strictly construed, time being of the essence of this Agreement. All provisions in this Agreement which specify or provide a method to compute a number of days for the performance, delivery, completion or observance by any Party of any action, covenant, agreement, obligation or notice hereunder will mean and refer to calendar days, unless otherwise expressly provided. Except as expressly provided herein, the time for performance of any obligation or taking any action under this Agreement will be deemed to expire at 5:00 p.m. (eastern time) on the last day of the applicable time period provided for herein. If the date specified or computed under this Agreement for the performance, delivery, completion or observance of a covenant, agreement, obligation or notice by any Party, or for the occurrence of any event provided for herein, is a day other than a Business Day, then the date for such performance, delivery, completion, observance or occurrence will automatically be extended to the next Business Day following such date.

8.8 Governing Law. This Agreement will be governed by and construed in accordance with the internal laws of the State of Nevada without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction).

8.9 Dispute Resolution; Submission to Jurisdiction; Waiver of Jury Trial

(a) Each Party hereto hereby irrevocably submits to the exclusive jurisdiction of the federal courts of the County of Clark located in the State of Nevada for the purposes of any action arising out of this Agreement or the subject matter hereof brought by any Party under this Agreement.

(b) To the extent permitted by applicable Law, each Party hereby waives and agrees not to assert, by way of motion, as a defense or otherwise, in any action under this Agreement, any claim (i) that it is not personally subject to the jurisdiction of the above named courts, (ii) that such action is brought in an inconvenient forum, (iii) that it is immune from any legal process with respect to itself or its property, (iv) that the venue of the suit, action or proceeding is improper, or (v) that this Agreement or the subject matter hereof may not be enforced in or by such courts.

The Parties agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 8.2 or in such other manner as may be permitted by applicable Law, shall be valid and sufficient service thereof.

EACH PARTY HERETO HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY OF THEM AGAINST THE OTHER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, OR ANY OTHER AGREEMENTS EXECUTED IN CONNECTION HEREWITH, OR THE ADMINISTRATION THEREOF OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN. THIS PROVISION IS A MATERIAL INDUCEMENT FOR BUYER TO ENTER INTO THIS AGREEMENT.

8.10 Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile transmission or electronic mail in PDF format will constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or by electronic mail in PDF format will be deemed to be their original signatures for all purposes.

8.11 Specific Performance. Each Party acknowledges and agrees that each Party would be damaged irreparably in the event any provision of this Agreement is not performed in accordance with its specific terms or otherwise is breached, so that each Party shall be entitled to injunctive relief to prevent breaches of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in addition to any other remedy to which a Party may be entitled, at law or in equity. In particular, Seller acknowledges that money damages would be inadequate and Buyer would have no adequate remedy at law, so that Buyer shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and obligations hereunder not only by action for damages but also by action for specific performance, injunctive, and/or other equitable relief.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date, intending to be legally bound.

SELLER:

UPEXI, INC.

By: *~~/s/ Allan Marshall~~*
Name: Allan Marshall
Title: Chief Executive Officer

BUYER:

INFUSED CONFECTIONS LLC
by **BLOOMIOS, INC.**, its Manager

By: */s/ Michael Hill*
Name: Michael Hill
Title: Chief Executive Officer

BLOOMIOS:

BLOOMIOS, INC.

By: */s/ Michael Hill*
Name: Michael Hill
Title: Chief Executive Officer

[Signature Page to Infused Confections-Upexi Membership Interest Purchase Agreement]

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Allan Marshall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Upexi, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2023

/s/ Allan Marshall
Allan Marshall,
President, Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew J. Norstrud, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Upexi, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2023

/s/ Andrew J. Norstrud
Andrew J. Norstrud,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Allan Marshall, President and Chief Executive Officer of Upexi, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the quarterly report on Form 10-Q of Upexi, Inc. for the period ended December 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Upexi, Inc.

Dated: February 14, 2023

/s/ Allan Marshall
Allan Marshall
President, Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Andrew J. Norstrud, Chief Financial Officer of Upexi, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the quarterly report on Form 10-Q of Upexi, Inc. for the period ended December 31, 2022 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Upexi, Inc.

Dated: February 14, 2023

/s/ Andrew J. Norstrud
Andrew J. Norstrud,
Chief Financial Officer
(Principal Financial Officer and Principal
Accounting Officer)