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

FORM 10-K

(Mark One)

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

For the fiscal year ended **June 30, 2024**

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

For the transition period from ___________ to ____________

Commission file number **001-40535**

UPEXI, INC.

(Exact name of registrant as specified in its charter)

Nevada	**83-3378978**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3030 North Rocky Point Drive Tampa, FL	**33607**
(Address of principal executive offices)	(Zip Code)

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

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

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act Yes ☐ No ☒

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 last 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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant as of December 31, 2023 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $17,409,735, based upon the closing sale price of such stock on the Nasdaq Capital Market. The registrant has no non-voting common equity.

As of December 16, 2024, the registrant had1,040,924 shares of common stock, par value $0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains express and implied forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. Other than statements of historical fact, all statements contained in this Annual Report on Form 10-K including statements regarding our future results of operations and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect," or words or expressions of similar substance or the negative thereof, that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk 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. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

PART I

Item 1. Business

General Overview

As used in this annual report and unless otherwise indicated, the terms “we”, “us”, “our”, “Upexi”, and the “Company” mean Upexi, Inc., a Nevada corporation formed in 2018. The Company has eleven active subsidiaries, which include:

- ☐ HAVZ, LLC, d/b/a/ Steam Wholesale, a California limited liability company
- ☐ Gummy Labs, LLC, a Delaware limited liability company
- ☐ MW Products, Inc., a Nevada corporation
- ☐ Upexi Holding, LLC, a Delaware limited liability company
  - o Upexi Pet Products, LLC, a Delaware limited liability company
- ☐ Upexi Enterprise, LLC, a Delaware limited liability company
  - o Upexi Distribution LLC, a Delaware limited liability company
  - o Upexi Distribution Management LLC, a Delaware limited liability company
  - o Upexi Property & Assets, LLC, a Delaware limited liability company
    - ■ Upexi 17129 Florida, LLC, a Delaware limited liability company
- ☐ Cygnet Online, LLC (“Cygnet”), a Delaware limited liability company (100% owned as of September 1, 2023)

The following subsidiaries had no activity during the years ended June 30, 2024 and 2023:

- ☐ Upexi CP, LLC, a Delaware limited liability company
- ☐ Upexi CP / Canada Inc., a Canadian corporation
- ☐ Prax Products, LLC, a Florida limited liability company
- ☐ Upexi Development and Marketing, LLC., a Delaware limited liability company
- ☐ Trunano Labs, Inc., a Nevada corporation

The following subsidiaries were divested during the years ended June 30, 2024 and 2023:

- ☐ VitaMedica, Inc. a Nevada corporation
- ☐ E-Core Technology, Inc. a Florida corporation
- ☐ Infusionz LLC, a Colorado limited liability company
- ☐ Interactive Offers, LLC, a Delaware limited liability company

In addition, the Company has six wholly owned subsidiaries that had no activity during the years ended June 30, 2024 and 2023. All of the entities were dissolved or canceled as of June 30, 2024.

- Steam Distribution, LLC, a California limited liability company
- One Hit Wonder, Inc., a California corporation
- One Hit Wonder Holdings, LLC, a California limited liability company
- Vape Estate, Inc., a Nevada Corporation
- SWCH, LLC, a Delaware limited liability company
- Cresco Management, LLC, a California limited liability company

Emerging Growth Company Status

We are an emerging growth company under the Jumpstart our Business Startups (JOBS) Act of 2012. We shall continue to be deemed an emerging growth company until the earliest of:

1. The last day of our fiscal year during which our total annual gross revenues exceed $1,235,000,000 (as such amount is indexed for inflation every 5 years by the Commission to reflect the change in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics);

2. The last day of our fiscal year in which the fifth anniversary of the first sale of our common equity securities pursuant to an effective IPO registration statement occurred;

3. The date on which the Company has, during the previous 3-year period, issued more than $1,000,000,000 in non-convertible debt; or

4. The date on which the Company qualifies as a 'large accelerated filer', as defined in section 240.12b-2(2) of title 46, Code of Federal Regulations, or any successor thereto.

As an emerging growth company, we are exempt from Section 404(b) of the Sarbanes-Oxley Act of 2002. Section 404(a) requires issuers to publish information in their annual reports concerning the scope and adequacy of the internal control structure and procedures for financial reporting. This statement shall also assess the effectiveness of such internal controls and procedures. Section 404(b) requires that the registered accounting firm shall, in the same report, attest to and report on the assessment and the effectiveness of the internal control structure and procedures for financial reporting.

As an emerging growth company, we are also exempt from Section 14A and B of the Securities Exchange Act of 1934, which require the shareholder approval of executive compensation and golden parachutes. These exemptions are also available to us as a smaller reporting company that qualifies as a non-accelerated filer.

DESCRIPTION OF BUSINESS

Our Company

Upexi is a brand owner specializing in the development, manufacturing, and distribution of consumer products. We reach consumers through our direct-to-consumer network, wholesale partnerships, and major third-party platforms like Amazon.

The Brands

LuckyTail

LuckyTail, where at-home care meets innovation. We connect pet owners with the products they need to simplify and improve at-home wellness and grooming care for their beloved pets, empowering pet parents to provide their cherished furry companions with the pampering they deserve in the comfort of their own space.

LuckyTail products consist of its flagship nail grinder and healthy all-natural pet supplements

At PRAX, we fuel modern go-getters to achieve their best selves through innovative energy solutions. Powered by paraxanthine—an advanced alternative to caffeine, our mission is to support your hustle and power your ambitions. Energize better, perform smarter, fuel different. We are launching this new brand in October of 2024 with several innovative products to follow.

At Cure Mushrooms, we have harnessed the extraordinary benefits of nature's most powerful superfood: functional mushrooms. Our suite of premium mushroom extracts are meticulously crafted to elevate overall well-being, offering a wide spectrum of health benefits and a holistic approach to everyday wellness. From fortifying your immune system, to sharpening cognition, to combating the rigors of daily stress, our products are designed to deliver full-body wellness and convenience with every serving.

At Moonwlkr, we craft cannabinoid experiences that take you beyond the ordinary. By combining award-winning natural flavors and one-of-a-kind blends, we invite you to feel the thrill of the unknown, the calm of weightless relaxation, or the anticipation of a new adventure.

At Gumi Labs we manufacture gummies and other products supporting our health and wellness products, including those products manufactured with hemp ingredients. Our manufacturing facility has been moved to Florida and is at full capacity as of August of 2024.

At Upexi Distribution, we manage the warehousing and logistic needs of the Company and provide storage, consolidation, assembly, Amazon preparation, distribution and fulfilment services to our brands and our manufacturing operation.

Our history

The Company operates manufacturing and/or distribution centers in Nevada supporting health and wellness products, including those products manufactured with hemp ingredients and our overall distribution operations.

July 2020 - the Company purchased Infusionz LLC. Infusionz was a similar business in the manufacturing and distribution of products and owned certain product brands that we believe could be expanded through the merger.

June 2021 - Upexi Inc. became a listed company on the NASDAQ stock exchange.

August 2021 - The Company purchased the assets of VitaMedica Corporation, a California corporation (VitaMedica). VitaMedica is a leading online seller of supplements for surgery, recovery, skin, beauty, health and wellness.

October 2021 - The Company purchased Interactive Offers, LLC, a Delaware limited liability company. Interactive provides programmatic advertising with its SAAS platform which allows for programmatic advertisement placement automatically on any partners' sites from a simple dashboard.

April 2022 – The Company purchased 55% of Cygnet Online, LLC, a Delaware limited liability company ("Cygnet"). Cygnet operates a warehouse and distribution center for the management of day-to-day operations for product liquidation through Amazon and other on-line resellers.

August 2022 – The Company purchased the assets to the brand LuckyTail. The acquisition of LuckyTail provided the Company with 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.

October 2022 - The Company purchased 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.

October 2022 – The Company sold all rights to Infusionz brands and the manufacturing of certain private label business. Infusionz was originally purchased by the Company in July of 2020.

July 2023 – The Company notified the Buyer of the Infusionz brands and the manufacturing business of the defaults and notified the Buyer that all obligations and undertakings to the Buyer are terminated. The Company started manufacturing again for brands owned by the Company to ensure there was no interruption to the supply chain of the products.

August 2023 – The Company purchased the remaining ownership of Cygnet.

August 2023 – The Company sold one hundred percent (100%) of the issued and outstanding equity of its wholly owned subsidiary Interactive Offers, LLC.

May 2024 – The Company sold its equity interest in the wholly owned subsidiary VitaMedica, a Nevada corporation.

June 2024 – The Company sold its equity interest in the wholly owned subsidiary E-Core Technology, Inc. d/b/a New England Technology, Inc. a Florida corporation.

Regulations

In the United States, hemp products that are manufactured by Upexi are regulated by the U.S. Food and Drug Administration, the Federal Trade Commission, the United States Department of Agriculture (“USDA”), and various state agencies within the individual states. As an initial matter, the hemp products manufactured and distributed by Upexi must meet the requirements of the Agricultural Improvement Act of 2018 (the “Farm Bill”). Under the Farm Bill, all hemp products must contain no more than 0.3% of 9-delta-tetraydrocannabidiols (“9-delta”) on a dry weight basis. To ensure compliance with this provision, Upexi requires all hemp products it manufactures and distributes to contain no more than 0.3% of all tetraydrocannabidiols not simply 9-delta. The Farm Bill also requires that Upexi only use hemp [manufacturers/producers] that are duly licensed under state law or pursuant to the regulations issued by the USDA. Consequently, the Company processes, develops, manufactures, and sells its products pursuant to the Farm Bill. CBD products manufactured and distributed by Upexi Inc. must also meet the requirements of the federal Food, Drug, and Cosmetic Act (“FDCA”) and the federal Food and Drug Administration’s (the “FDA”) regulations implementing the FDCA. While neither the FDCA nor FDA has specific provisions that relate to the marketing of hemp products, the products are subject to the general adulteration and labeling provisions of the FDCA and FDA’s regulations depending on whether the product is marketed as a cosmetic, dietary supplement or food. The permissibility of hemp products containing cannabinoids remains in a state of flux. The FDA has issued guidance titled “FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD)” pursuant to which the FDA has taken the position that cannabidiol (“CBD”) is prohibited from use as an ingredient in a food or beverage or as a dietary ingredient in or as a dietary supplement based on several provisions of the FDCA. In the definition of “dietary supplement” found in the FDCA at Section 201(ff), an article authorized for investigation as a new drug, antibiotic, or biological for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, is excluded from the definition of dietary supplement. A similar provision in the FDCA at 301(ll) makes it a prohibited act to introduce or deliver into commerce any food with a substance that was investigated as a new drug prior to being included in a food. There are no similar exclusions for the use of CBD in non-drug topical products, as long as such products otherwise comply with applicable laws. The FDA created a task force to address the further regulation of CBD and other cannabis-derived products and is currently evaluating the applicable science and pathways for regulating CBD and other cannabis-derived ingredients. Additionally, various states have enacted state-specific laws pertaining to the handling, manufacturing, labeling, and sale of CBD and other hemp products. Compliance with state-specific laws and regulations could impact our operations in those specific states. It is important to note that FDA has not taken any specific positions regarding the regulatory status of other cannabinoids, for example CBDA, CBDG, and CBDN. Finally, the Federal Trade Commission is the agency that is vested with ensuring that all marketing claims for hemp products are truthful and non-misleading.

Our Products

Upexi is a brand owner specializing in the development, manufacturing, and distribution of consumer products. We reach consumers through our direct-to-consumer network, wholesale partnerships, and major third-party platforms like Amazon.

The market, customers and distribution methods for eCommerce products are large and diverse. While Amazon remains the largest eCommerce channel, others are carving out a big chunk of the market, including Walmart, eBay, and Etsy. More opportunities are popping up for sellers as well. Being able to navigate multiple marketplaces is a key to our success and helps reach different demographics and consumers with specific buying behaviors.

Our target customers are first and foremost end consumers via internet sales; however, we see growth opportunities in direct-to-consumer retail stores, cooperatives, affiliate sales and master distributors. As we continue to develop our business, these markets may change, be re-prioritized or eliminated as management responds to consumer and regulatory developments.

Our Competitive Strengths

We attribute our success to our consumer products by controlling each phase of the process from manufacturing to order fulfillment.

As the manufacturer of our primary products, we are able to control our costs and improve profitability at each step of the process, starting with the development of new products. Our products take priority in manufacturing give us a higher inventory turnover rate and accelerates the timeline for new product launches. In addition, we are able to adjust to market demands and change production schedules to ensure we maintain optimized inventory levels.

Our primary sales channel is our ecommerce site and our marketing team is led by an expert in the online direct to consumer sales as she has been with the brand since its inception. We have the ability to direct product manufacturing and increase sales with special promotions and product variations with little or no delay in bringing the product to market.

Our direct to consumer focus reduces the overall supply costs as we do not have retail outlets or maintain distribution networks for small retail operations.

Our executive team comes from a background in logistics, with CEO, Allan Marshall, the founder of XPO Logistics (formerly known as Segmentz, Inc.). With increased shipping costs affecting online retailers, our strength is understanding this and finding ways to lower our costs and overhead, thus increasing profit margins on all of our products.

Our Growth Strategy

Our growth will focus on the expansion of our brands portfolio through organic growth and optimization of our supply chain.

Direct-to-Consumer expansion. Our direct-to-consumer business is expected to be our growth driver for the next several years with additional brands and products.

Talent acquisition. A large part of our acquisition process is to not only evaluate the brand/product offerings, but to understand the team that has been responsible for its success. In a tough market for hiring, this has proven to be a strategic method for bringing on talent. We not only get a great brand, but look to retain the personnel, often the heartbeat of said brand, give them resources, and even utilize them for other brands that we have launched internally or acquired. We strongly believe that continued success relies on a growing team of experts across various industries.

Competition

There is heavy competition in our products and we are able to carve out certain niche markets within the industry and there are few competitors that control their manufacturing to distribution as we do. Our goal is to compete through our product delivery and introduction of new products that we manufacture and deliver directly to the consumer giving us an advantage on our competitors. We will focus on profitability, and grow efficiently, without the requirement of additional capital.

Government Regulation

We are subject to laws and regulations affecting our operations in a number of areas. These laws and regulations affect the Company’s activities in areas, including, but not limited to, the hemp business in the United States, the consumer products and nutritional supplement markets in the United States, consumer protection, labor, intellectual property ownership and infringement, import and export requirements, federal and state healthcare, environmental and safety. The successful execution of our business objectives will be contingent upon our compliance with all applicable laws and regulations and obtaining all necessary regulatory approvals, permits and registrations, which may be onerous and expensive. Any such costs, which may rise in the future as a result of changes in such applicable laws and regulations and the expansion of the Company’s business, could make our products less attractive to our customers, delay the introduction of new products, and require the Company to implement policies and procedures designed to ensure compliance with applicable laws and regulations.

We operate our business in markets that are both highly regulated and rapidly evolving. We are subject to numerous federal and state laws and regulations affecting the manufacturing, packaging, labeling and sale of food, beverages, dietary supplements, and personal care products/cosmetics, as well as the use of hemp and hemp-derived ingredients like CBD in such products. The FDA regulates hemp and hemp-derived ingredients in FDA-regulated products pursuant to the provisions of the FDCA and regulations promulgated pursuant to it, in particular those related to adulteration and labeling of cosmetic, food, and dietary supplements. The FDA has issued guidance on the subject and issued letters to companies regarding claims made for products and the use of such ingredients in various products. The FDA also initiated a task force to evaluate pathways for further regulation of hemp and hemp-derived ingredients. At various times, bills pertaining to the regulation of hemp and hemp-derived ingredients have been introduced in both the U.S. Senate and the U.S. House of Representatives, and additional proposed legislation is expected to be introduced in the future to clarify the regulatory status of cannabinoids from hemp generally and CBD generally. Future legislation approved by Congress and signed by the President, or rulemaking promulgated by the FDA, could either positively or adversely impact the future sale of products by the Company.

We are currently not subject to any foreign regulations as we do not currently distribute or export any products, including hemp or CBD related products outside the U.S. Additionally, we are not aware of any foreign regulations that we had to comply with in regard to the sale of our flavoring products to one end user customer in the U.S. who distributed such products to Europe where it had operations. The responsibility for compliance with any European regulations would be on such customer.

Additionally, numerous states have passed forms of hemp legislation governing the cultivation of hemp, as well as the further processing and sale of hemp and products with hemp or hemp-derived ingredients. Those states that have not yet enacted laws or issued regulations pertaining to hemp and hemp-derived ingredients may do so in the near future. Unless Congress specifically enacts laws preempting the state regulations of hemp products, we will continue to be subject not only to federal law but various state laws. Presently, Upexi only distributes hemp-products in states that it is legal to do so. Changes in the state laws and regulations could again either positively or adversely affect our ability to sell products in those states.

Employees

The Company has 64 full-time employees working out of its headquarters in Tampa, Florida, its Odessa, Florida, manufacturing facility, its distribution warehouse in Tampa Florida or individuals' home-based offices.

WHERE YOU CAN FIND MORE INFORMATION

You are advised to read this Form 10-K in conjunction with other reports and documents that we file from time to time with the SEC. You may obtain copies of these reports directly from us or from the SEC at the SEC's Public Reference Room at 100 F. Street, N.E. Washington, D.C. 20549, and you may obtain information about obtaining access to the Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains information for electronic filers at its website http://www.sec.gov.

Item 1A. Risk Factors

Investing in our common stock involves a high degree of risk. You should consider carefully the risks, uncertainties and other factors described below, in addition to the other information set forth in this Form 10-K, before making an investment decision. Any of these risks, uncertainties and other factors could materially and adversely affect our business, financial condition, results of operations, cash flows or prospects. In that case, the market price of our common stock could decline, and you may lose all or part of your investment in our common stock. See also "Cautionary Statement Regarding Forward-Looking Statements."

Risks Relating to Our Company

Our limited operating history makes it difficult for potential investors to evaluate our business prospects and management.

The Company was incorporated on September 5, 2018, and only commenced operations thereafter. Accordingly, we have a limited operating history upon which to base an evaluation of our business and prospects. Operating results for future periods are subject to numerous uncertainties, and we cannot assure you that the Company will achieve or sustain profitability in the future.

The Company's prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. Future operating results will depend upon many factors, including our success in attracting and retaining motivated and qualified personnel, our ability to establish short term credit lines or obtain financing from other sources, such as this Offering, our ability to develop and market new products, our ability to control costs, and general economic conditions. We cannot assure you that the Company will successfully address any of these risks. There can be no assurance that our efforts will be successful or that we will ultimately be able to attain profitability.

If we are unable to protect our intellectual property rights, our competitive position could be harmed.

Our commercial success will depend in part on our ability to obtain and maintain appropriate intellectual property protection in the United States and foreign countries with respect to our proprietary formulations and products. Our ability to successfully implement our business plan depends on our ability to build and maintain brand recognition using trademarks, service marks, trade dress and other intellectual property. We may rely on trade secrets, trademark, patent and copyright laws, and confidentiality and other agreements with employees and third parties, all of which offer only limited protection. The steps we have taken and the steps we will take to protect our proprietary rights may not be adequate to preclude misappropriation of our proprietary information or infringement of our intellectual property rights. If our efforts to protect our intellectual property are unsuccessful or inadequate, or if any third party misappropriates or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on the Company's business and prevent our brands from achieving or maintaining market acceptance. Protecting against unauthorized use of our trademarks and other intellectual property rights may be expensive, difficult and in some cases not possible. In some cases, it may be difficult or impossible to detect third-party infringement or misappropriation of our intellectual property rights and proving any such infringement may be even more difficult.

We may not be able to effectively manage growth.

As we continue to grow our business and develop products, we expect to need additional research, development, managerial, operational, sales, marketing, financial, accounting, legal and other resources. The Company expects its growth to place a substantial strain on its managerial, operational and financial resources. The Company cannot assure that it will be able to effectively manage the expansion of its operations, or that its facilities, systems, procedures or controls will be adequate to support its operations. The Company's inability to manage future growth effectively would have a material adverse effect on its business, financial condition and results of operations.

Our management may not be able to control costs in an effective or timely manner.

The Company's management has made reasonable efforts to assess, predict and control costs and expenses. However, the Company only has a brief operating history upon which to base those efforts. Implementing our business plan may require more employees, capital equipment, supplies or other expenditure items than management has predicted. Likewise, the cost of compensating employees and consultants or other operating costs may be higher than management's estimates, which could lead to sustained losses.

We expect our quarterly financial results to fluctuate.

We expect our net sales and operating results to vary significantly from quarter to quarter due to a number of factors, including changes in:

- Demand for our products;
- Our ability to obtain and retain existing customers or encourage repeat purchases;
- Our ability to manage our product inventory;
- General economic conditions, both domestically and in foreign markets;
- Advertising and other marketing costs; and
- Costs of creating and expanding product lines.

As a result of the variability of these and other factors, our operating results in future quarters may be below the expectations of our stockholders.

We are subject to the reporting requirements of U.S. federal securities laws, which can be expensive.

We are subject to the information and reporting requirements of the Exchange Act and other federal securities laws, including compliance with the Sarbanes-Oxley Act. The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the SEC and furnishing audited consolidated financial statements to stockholders will cause our expenses to be higher than they would have if we had remained privately held. In addition, it may be time-consuming, difficult and costly for us to develop and implement the corporate governance requirements, internal controls and reporting procedures required by the federal securities laws. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, and results of operations. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures.

Cybersecurity breaches of our IT systems could degrade our ability to conduct our business operations and deliver products and services to our customers, delay our ability to recognize revenue, compromise the integrity of our software products, result in significant data losses and the theft of our intellectual property, damage our reputation, expose us to liability to third parties and require us to incur significant additional costs to maintain the security of our networks and data.

We increasingly depend upon our IT systems to conduct virtually all of our business operations, ranging from our internal operations and product development activities to our marketing and sales efforts and communications with our customers and business partners. Computer programmers may attempt to penetrate our network security, or that of our website, and misappropriate our proprietary information or cause interruptions of our service. Because the techniques used by such computer programmers to access or sabotage networks change frequently and may not be recognized until launched against a target, we may be unable to anticipate these techniques. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. We have also outsourced a number of our business functions to third-party contractors, including our manufacturers and logistics providers, and our business operations also depend, in part, on the success of our contractors' own cybersecurity measures. Similarly, we rely upon distributors, resellers and system integrators to sell our products and our sales operations depend, in part, on the reliability of their cybersecurity measures. Additionally, we depend upon our employees to appropriately handle confidential data and deploy our IT resources in a safe and secure fashion that does not expose our network systems to security breaches and the loss of data. Accordingly, if our cybersecurity systems and those of our contractors fail to protect against unauthorized access, sophisticated cyberattacks and the mishandling of data by our employees and contractors, our ability to conduct our business effectively could be damaged in a number of ways.

We may incur significant costs and require significant management resources to evaluate our internal control over financial reporting as required under Section 404 of the Sarbanes-Oxley Act, and any failure to comply or any adverse result from such evaluation may have an adverse effect on our stock price.

As a smaller reporting company, as defined in Rule 12b-2 under the Exchange Act, we will be required to evaluate our internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 ("Section 404") and to include an internal control report. This report must include management's assessment of the effectiveness of our internal control over financial reporting as of the end of the fiscal year. This report must also include disclosure of any material weaknesses in internal control over financial reporting that we have identified. Failure to comply, or any adverse results from such an evaluation could result in a loss of investor confidence in our financial reports and have an adverse effect on the trading price of our equity securities.

Increases in costs, disruption of supply or shortage of raw materials could harm our business.

We may experience increases in the cost or a sustained interruption in the supply or shortage of raw materials. Any such increase or supply interruption could materially negatively impact our business, prospects, financial condition and operating results. We use various raw materials in our business including industrial hemp, pecmate, pectin and other raw materials used in the product manufacturing process. The prices for these raw materials fluctuate depending on market conditions and global demand for these materials and could adversely affect our business and operating results. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our margins if we cannot recoup the increased costs through increased prices for our products.

Our failure to meet the continuing listing requirements of the NASDAQ Capital Market could result in a de-listing of our securities.

If we fail to satisfy the continuing listing requirements of NASDAQ, such as the corporate governance, stockholders' equity or minimum closing bid price requirements, NASDAQ may take steps to delist our Common Stock. Such a delisting would likely have a negative effect on the price of our Common Stock and would impair your ability to sell or purchase our Common Stock when you wish to do so. In the event of a delisting, we would likely take actions to restore our compliance with NASDAQ's listing requirements, but we can provide no assurance that any such action taken by us would allow our Common Stock to become listed again, stabilize the market price or improve the liquidity of our securities, prevent our Common Stock from dropping below the NASDAQ minimum bid price requirement or prevent future non-compliance with NASDAQ's listing requirements.

We will incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our operating results.

As a public company, we will incur significant legal, accounting and other expenses that we did not incur as a private company, including costs associated with public company reporting and corporate governance requirements. These requirements include compliance with Section 404 and other provisions of the Sarbanes-Oxley Act, as well as rules implemented by the Securities and Exchange Commission, or SEC, and the NASDAQ. In addition, our management team will also have to adapt to the requirements of being a public company. We expect complying with these rules and regulations will substantially increase our legal and financial compliance costs and make some activities more time-consuming and costly.

The increased costs associated with operating as a public company will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business or increase the prices of our products. Additionally, if these requirements divert our management's attention from other business concerns, they could have a material adverse effect on our business, financial condition and operating results.

As a public company, we also expect that it may be more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers.

We are eligible to be treated as an "emerging growth company," as defined in the JOBS Act, and a "smaller reporting company" within the meaning of the Securities Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies or smaller reporting companies will make our Common Stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including (1) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, (2) reduced disclosure obligations regarding executive compensation in this annual report and our periodic reports and proxy statements and (3) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. In addition, as an emerging growth company, we are only required to provide two years of audited consolidated financial statements and two years of selected financial data in this annual report. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our Common Stock held by non-affiliates exceeds $700.0 million as of any December 31 before that time or if we have total annual gross revenue of $1.0 billion or more during any fiscal year before that time, after which, in each case, we would no longer be an emerging growth company as of the following December 31 or, if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, we would cease to be an emerging growth company immediately.

Additionally, we are a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited consolidated financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of our shares of Common Stock held by non-affiliates exceeds $250 million as of the prior the end of our second fiscal quarter ending December 31 of each year, or (2) our annual revenues exceeded $100 million during such completed fiscal year and the market value of our ordinary shares held by non-affiliates exceeds $700 million as of the prior to the end of our second fiscal quarter ending December 31 of each year. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our consolidated financial statements with other public companies difficult or impossible.

After we are no longer an "emerging growth company," we expect to incur additional management time and cost to comply with the more stringent reporting requirements applicable to companies that are deemed accelerated filers or large accelerated filers, including complying with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We cannot predict or estimate the amount of additional costs we may incur or the timing of such costs.

Risks Relating to Our Business and Industry

We operate in a highly competitive environment, and if we are unable to compete with our competitors, our business, financial condition, results of operations, cash flows and prospects could be materially adversely affected.

We operate in a highly competitive environment. Our competition includes all other companies that are in the business of producing or distributing hemp-based products for personal use or consumption. Many of our competitors have greater resources that may enable them to compete more effectively than us in the CBD industry. Some of our competitors have a longer operating history and greater capital resources, facilities and product line diversity, which may enable them to compete more effectively in this market. Our competitors may devote their resources to developing and marketing products that will directly compete with our product lines. The Company expects to face additional competition from existing competitors and new market entrants. If a significant number of new entrants enter the market in the near term, the Company may experience increased competition for market share and may experience downward pricing pressure on the Company's products as new entrants increase production. Such competition may cause us to encounter difficulties in generating revenues and market share, and in positioning our products in the market. If we are unable to successfully compete with existing companies and new entrants to the market, our lack of competitive advantage will have a negative impact on our business and financial condition.

Unfavorable publicity or consumer perception of our products or similar products developed and distributed by other companies could have a material adverse effect on our reputation, which could result in decreased sales and fluctuations in our business, financial condition and results of operations.

We depend on consumer perception regarding the safety and quality of our products, as well as similar products marketed and distributed by other companies. Consumer perception of hemp-based products can be significantly influenced by adverse publicity in the form of published scientific research, national media attention or other publicity, which may associate consumption of our products or other similar products with adverse effects or question the benefits and/or effectiveness of our products or similar products. A new product may initially be received favorably, resulting in high sales of that product, but that level of sales may not be sustainable as consumer preferences change over time. Future scientific research or publicity could be unfavorable to our industry or any of our particular products and may not be consistent with earlier favorable research or publicity. Unfavorable research or publicity could have a material adverse effect on our ability to generate sales.

Our failure to appropriately and timely respond to changing consumer preferences and demand for new products could significantly harm our customer relationships and have a material adverse effect on our business, financial condition and results of operations.

Our business is subject to changing consumer trends and preferences. Our failure to accurately predict or react to these trends could negatively impact on consumer opinion of us as a source for the latest products, which in turn could harm our customer relationships and cause us to lose market share. The success of our product offerings depends upon a number of factors, including our ability to:

- Anticipate customer needs;
- Innovate and develop new products;
- Successfully introduce new products in a timely manner;
- Price our products competitively with retail and online competitors;
- Deliver our products in sufficient volumes and in a timely manner; and
- Differentiate our product offerings from those of our competitors.

If we do not introduce new products or make enhancements to meet the changing needs of our customers in a timely manner, some of our products could be rendered obsolete, which could have a material adverse effect on our financial condition and results of operations.

Future acquisitions or strategic investments and partnerships could be difficult to identify and integrate with our business, disrupt our business, and adversely affect our financial condition and results of operations.

We may seek to acquire or invest in businesses and product lines that we believe could complement or expand our product offerings, or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable acquisitions, whether or not the acquisitions are completed. Future acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our financial position and results of operations. In addition, if an acquired business or product line fails to meet our expectations, our business, financial condition, and results of operations may be adversely affected.

Failure to successfully integrate acquired businesses and their products and other assets into our Company, or if integrated, failure to further our business strategy, may result in our inability to realize any benefit from such acquisition.

We expect to grow by acquiring relevant businesses, including other cannabis-related businesses. The consummation and integration of any acquired business, product or other assets into our Company may be complex and time consuming and, if such businesses and assets are not successfully integrated, we may not achieve the anticipated benefits, cost-savings or growth opportunities. Furthermore, these acquisitions and other arrangements, even if successfully integrated, may fail to further our business strategy as anticipated, expose our Company to increased competition or other challenges with respect to our products or geographic markets, and expose us to additional liabilities associated with an acquired business, technology or other asset or arrangement.

The failure to attract and retain key employees could hurt our business.

Our success also depends upon our ability to attract and retain numerous highly qualified employees. The loss of one or more members of our management team or other key employees or consultants could materially harm our business, financial condition, results of operations and prospects. We face competition for personnel and consultants from other companies, universities, public and private research institutions, government entities and other organizations. Our failure to attract and retain skilled management and employees may prevent or delay us from pursuing certain opportunities. If we fail to successfully fill many management roles, fail to fully integrate new members of our management team, lose the services of key personnel, or fail to attract additional qualified personnel, it will be significantly more difficult for us to achieve our growth strategies and success.

We have limited supply sources, and price increases or supply shortages of key raw materials could materially and adversely affect our business, financial condition and results of operations.

Our products are composed of certain key raw materials. If the prices of such raw materials increase significantly, it could result in a significant increase in our product development costs. If raw material prices increase in the future, we may not be able to pass on such price increases to our customers. A significant increase in the price of raw materials that cannot be passed on to customers could have a material adverse effect on our business, financial condition and results of operations.

The Company believes that its continued success will depend upon the availability of raw materials that permit the Company to meet its labeling claims and quality control standards. The supply of our industrial hemp is subject to the same risks normally associated with agricultural production, such as climactic conditions, insect infestations and availability of manual labor or equipment for harvesting. Any significant delay in or disruption of the supply of raw materials could substantially increase the cost of such materials, could require product reformulations, the qualification of new suppliers and repackaging and could result in a substantial reduction or termination by the Company of its sales of certain products, any of which could have a material adverse effect upon the Company. Accordingly, there can be no assurance that the disruption of the Company's supply sources will not have a material adverse effect on the Company.

Loss of key contracts with our suppliers, renegotiation of such agreements on less favorable terms or other actions these third parties may take could harm our business.

Most of our agreements with suppliers of our industrial hemp, including our key supplier contract, are short term. The loss of these agreements, or the renegotiation of these agreements on less favorable economic or other terms, could limit our ability to procure raw material to manufacture our products. This could negatively affect our ability to meet consumer demand for our products. Upon expiration or termination of these agreements, our competitors may be able to secure industrial hemp from our existing suppliers which will put the company at a competitive disadvantage in the market.

There is limited availability of clinical studies.

Although hemp plants have a long history of human consumption, there is little long-term experience with human consumption of certain of these innovative product ingredients or combinations thereof in concentrated form. Although the Company performs research and/or tests the formulation and production of its products, there is limited clinical data regarding the safety and benefits of ingesting industrial hemp-based products. Any instance of illness or negative side effects of ingesting industrial hemp-based products would have a material adverse effect on our business and operations.

We face substantial risk of product liability claims and potential adverse product publicity.

Like any other retailer, distributor or manufacturer of products that are designed to be ingested, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have caused loss or injury. In the event we do not have adequate insurance or contractual indemnification, product liability claims could have a material adverse effect on the Company. The Company is not currently a named defendant in any product liability lawsuit; however, other manufacturers and distributors of hemp-based products currently are or have been named as defendants in such lawsuits. The successful assertion or settlement of any uninsured claim, a significant number of insured claims, or a claim exceeding the Company's insurance coverage could have a material adverse effect on the Company.

We may be unable to attract and retain independent distributors for our products.

As a direct selling company, our revenue depends in part upon the number and productivity of our independent distributors. Like most direct selling companies, we experience high levels of turnover among our independent distributors from year to year, who may terminate their service at any time. Generally, we need to increase the productivity of our independent distributors and/or retain existing independent distributors and attract additional independent distributors to maintain and/or increase product sales. Many factors affect our ability to attract and retain independent distributors, including the following:

- publicity regarding our Company, our products, our distribution channels and our competitors;
- public perceptions regarding the value and efficacy of our products;
- ongoing motivation of our independent distributors;
- government regulations;
- general economic conditions;
- our compensation arrangements, training and support for our independent distributors; and
- competition in the market.

Our results of operations and financial condition could be materially and adversely affected if our independent distributors are unable to maintain their current levels of productivity, or if we are unable to retain existing distributors and attract new distributors in sufficient numbers to maintain present sales levels and sustain future growth.

We could incur obligations resulting from the activities of our independent distributors.

We sell our products through a network of independent distributors. Independent distributors are independent contractors who operate their own business separately and apart from the Company. We may not be able to control certain aspects of our distributors' activities that may impact our business. If local laws and regulations, or the interpretation thereof, change and require us to treat our independent distributors as employees, or if our independent distributors are deemed by local regulatory authorities in one or more of the jurisdictions in which we operate to be our employees rather than independent contractors under existing laws and interpretations, we may be held responsible for a variety of obligations that are imposed upon employers relating to their employees, including employment-related taxes and penalties, which could have a material adverse effect on our financial condition and results of operations. In addition, there is the possibility that some jurisdictions may seek to hold us responsible for false product or earnings-related claims due to the actions of our independent distributors. Liability for any of these issues could have a material adverse effect on our business, financial condition and results of operations.

If our independent distributors' failure to comply with applicable advertising laws and regulations could adversely affect our financial conditions and results of operations.

The advertisement of our products is subject to extensive regulations in the markets in which we do business. Our independent distributors may fail to comply with such regulations governing the advertising of our products. We cannot ensure that all marketing materials used by our independent distributors comply with applicable regulations, including bans on false or misleading product and earnings-related claims. If our independent distributors fail to comply with applicable regulations, we could be subjected to claims of false advertising, misrepresentation, significant financial penalties, and/or costly mandatory product recalls and relabeling requirements with respect to our products, any of which could have a material adverse effect on our business, reputation, financial condition and results of operations.

Risks Related to the CBD Industry

Laws and regulations affecting the CBD industry are evolving under the Farm Bill, and changes to applicable regulations may materially affect our future operations in the CBD market.

The CBD used by the Company is derived from hemp as defined in the Agriculture Improvement Act of 2018 (United States) (the "Farm Bill") and codified at 7 USC 1639o means "the plant Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." The *Cannabis sativa* plant and its derivatives may also be deemed marijuana, depending on certain factors. "Marijuana" is a Schedule I controlled substance and is defined in the Federal Controlled Substances Act at 21 USC Section 802(16) as "all parts of the plant Cannabis sativa L., whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin." Exemptions to that definition provided in 21 USC Section 802(16) include "the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination" or hemp as defined in 7 USC 1639o.

Substances meeting the definition of "hemp" in the Farm Bill and 7 USC 1639o may be used in clinical studies and research through an Investigational New Drug ("IND") application with the Food and Drug Administration (the "FDA"). Substances scheduled as controlled substances, like marijuana, require more rigorous regulation, including interaction with several agencies including the FDA, the DEA, and the NIDA within the National Institutes of Health ("NIH").

Accordingly, if the CBD used by the Company is deemed marijuana and, therefore, a Schedule I controlled substance, the Company could be subject to significant additional regulation, as well as enforcement actions and penalties pertaining to the Federal Controlled Substances Act, and any resulting liability could require the Company to modify or cease its operations.

Furthermore, in conjunction with the Farm Bill, the FDA released a statement about the status of CBD use in food and dietary supplements, noting that the Farm Bill explicitly preserved the FDA's authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act (the "FDCA") and Section 351 of the Public Health Service Act. Any difficulties we experience in complying with existing and/or new government regulation could increase our operating costs and adversely impact our results of operations in future periods. The FDA has issued guidance titled "FDA Regulation of Cannabis and Cannabis-Derived Products, Including Cannabidiol (CBD)" pursuant to which the FDA has taken the position that CBD is prohibited from use as an ingredient in a food or beverage or as a dietary ingredient in or as a dietary supplement based on several provisions of the FDCA. In the definition of "dietary supplement" found in the FDCA at 201(ff), an article authorized for investigation as a new drug, antibiotic, or biological for which substantial clinical investigations have been instituted and for which the existence of such investigations has been made public, is excluded from the definition of dietary supplement. A similar provision in the FDCA 301(ll) makes it a prohibited act to introduce or deliver into commerce any food with a substance that was investigated as a new drug prior to being included in a food. There are no similar exclusions for the use of CBD in non-drug topical products, as long as such products otherwise comply with applicable laws. The FDA created a task force to address the further regulation of CBD and other cannabis-derived products and is currently evaluating the applicable science and pathways for regulating CBD and other cannabis-derived ingredients.

As a result of the Farm Bill's recent passage, we expect that there will be a constant evolution of laws and regulations affecting the CBD industry which could affect the Company's plan of operations. Local, state and federal hemp laws and regulations may be broad in scope and subject to changing interpretations. These changes may require us to incur substantial costs associated with legal compliance and may ultimately require us to alter our business plan. Furthermore, violations of these laws, or alleged violations, could disrupt our business and result in a material adverse effect on our operations. We cannot predict the nature of any future laws, regulations, interpretations or applications, and it is possible that regulations may be enacted in the future that will be directly applicable to our business.

Changes to state laws pertaining to industrial hemp could slow the use of industrial hemp, which could impact our revenues in future periods. Approximately 40 states have authorized industrial hemp programs pursuant to the Farm Bill. Additionally, various states have enacted state-specific laws pertaining to the handling, manufacturing, labeling, and sale of CBD and other hemp products. Compliance with state-specific laws and regulations could impact our operations in those specific states. Continued development of the industrial hemp industry will be dependent upon new legislative authorization of industrial hemp at the state level, and further amendment or supplementation of legislation at the federal level. Any number of events or occurrences could slow or halt progress all together in this space. While progress within the industrial hemp industry is currently encouraging, growth is not assured, and while there appears to be ample public support for favorable legislative action, numerous factors may impact or negatively affect the legislative process(es) within the various states where we have business interests.

Unfavorable interpretations of laws governing hemp processing activities could subject us to enforcement or other legal proceedings and limit our business and prospects.

There are no express protections in the United States under applicable federal or state law for possessing or processing hemp biomass derived from lawful hemp not exceeding 0.3% THC on a dry weight basis and intended for use in finished product, but that may temporarily exceed 0.3% THC during the interim processing stages. While it is a common occurrence for hemp biomass to have variance in THC content during interim processing stages after cultivation but prior to use in finished products, there is risk that state or federal regulators or law enforcement could take the position that such hemp biomass is a Schedule I controlled substance in violation of the CSA and similar state laws. In the event that the Company's operations are deemed to violate any laws, the Company could be subject to enforcement actions and penalties, and any resulting liability could cause the Company to modify or cease its operations.

Costs associated with compliance with various laws and regulations could negatively impact our financial results.

The manufacture, labeling and distribution of CBD products is regulated by various federal, state and local agencies. These governmental authorities may commence regulatory or legal proceedings, which could restrict our ability to market CBD-based products in the future. The FDA regulates our products to ensure that the products are not adulterated or misbranded. We may also be subject to regulation by other federal, state and local agencies with respect to our CBD-based products. Our advertising activities are subject to regulation by the FTC under the Federal Trade Commission Act. In recent years, the FTC and state attorneys general have initiated numerous investigations of dietary and nutritional supplement companies and products. Any actions or investigations initiated against the Company by governmental authorities or private litigants could have a material adverse effect on our business, financial condition and results of operations. Any actions or investigations initiated against the Company by governmental authorities or private litigants could have a material adverse effect on our business, financial condition and results of operations.

The shifting regulatory environment necessitates building and maintaining robust systems to achieve and maintain compliance in multiple jurisdictions and increases the possibility that we may violate one or more of the legal requirements applicable to our business and products. If our operations are found to be in violation of any applicable laws or regulations, we may be subject to penalties, including, without limitation, civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, injunctions, or product withdrawals, recalls or seizures, any of which could adversely affect our ability to operate our business, our financial condition and results of operations.

Uncertainty caused by potential changes to legal regulations could impact the use and acceptance of CBD products.

There is substantial uncertainty and differing interpretations and opinions 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 and the Controlled Substances Act. These different opinions include, but are not limited to, the regulation of cannabinoids by the 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 existing uncertainties in the CBD regulatory landscape in the United States cannot be resolved without further federal, and perhaps state-level, legislation and regulation or a definitive judicial interpretation of existing laws and regulations. If these uncertainties are not resolved in the near future or are resolved in the manner inconsistent with our business plan, such uncertainties may have an adverse effect upon our plan of operations and the introduction of our CBD-based products in different markets.

If we fail to obtain necessary permits, licenses and approvals under applicable laws and regulations, our business and plan of operations may be adversely impacted.

We may be required to obtain and maintain certain permits, licenses and regulatory approvals in the jurisdictions where we sell or plan to sell our products. There can be no assurance that we will be able to obtain or maintain any necessary licenses, permits or approvals. Any material delay in obtaining, or inability to obtain, such licenses, permits and approvals is likely to delay and/or inhibit our ability to carry out our plan of operations and could have a material adverse effect on our business, financial condition and results of operations.

Potential future international expansion of our business could expose us to additional regulatory risks and compliance costs.

Although we have no plans to expand internationally for at least two or more years, if the Company intends to expand internationally or engage in the international sale of its products, it will become subject to the laws and regulations of the foreign jurisdictions in which it operates, or in which it imports or exports products or materials, including, but not limited to, customs regulations in the importing and exporting countries. The varying laws and rapidly changing regulations may impact the Company's operations and ability to ensure compliance. In addition, the Company may avail itself of proposed legislative changes in certain jurisdictions to expand its product portfolio, which expansion may include unknown business and regulatory compliance risks. Failure by the Company to comply with the evolving regulatory framework in any jurisdiction could have a material adverse effect on the Company's business, financial condition and results of operations.

The market for health and wellness products is highly competitive. If we are unable to compete effectively in the market, our business and operating results could be materially and adversely affected.

The market for CBD products is a competitive and rapidly evolving market. There are numerous competitors in the industry, some of whom are more well-established with longer operating histories and greater financial resources than the Company. We expect competition to continue to intensify following the recent passage of the Farm Bill. We believe the Company will be able to compete effectively because of the quality of our products and customer service. However, there can be no assurance that the Company will effectively compete with existing or future competitors. Increased competition may also drive the prices of our products down, which may have a material adverse effect on our results of operations in future periods.

Given the rapid changes affecting the global, national and regional economies generally, the Company may experience difficulties in establishing and maintaining a competitive advantage in the marketplace. The Company's success will depend on our ability to keep pace with any changes in such markets, especially legal and regulatory changes. Our success will depend on our ability to respond to, among other things, changes in the economy, market conditions and competitive pressures. Any failure to anticipate or respond adequately to such changes could have a material adverse effect on the Company's business, financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our executive and corporate offices are located at 3030 North Rocky Point Drive, Suite 420, Tampa, Florida 33607, approximately 5,752 square feet under a 61 month lease, set to expire September 1, 2028. We also maintain a warehouse located at 5626 West Linebaugh Avenue, Units 101-102, Tampa, Florida 33624, approximately 20,351 square feet under a 38 month lease, set to expire June 1, 2026 and a manufacturing facility at 2510 Merchant Ave, Odessa Florida 33556, approximately 10,200 square feet, under a five year lease set to expire on April 1, 2029. The Company leases this facility from the owner our CEO, Allan Marshall.

Item 3. 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 our properties are subject, which would reasonably be likely to have a material adverse effect on the Company, other than the following:

- Umpqua Bank v. Cygnet Online, LLC, et al.; Palm Beach County Case No. 2024CA006174; Filed July 1, 2024; Additional Parties: Eric Hanig. Cygnet, a wholly owned subsidiary of the Company, is the borrower under a promissory note and business loan agreement with Umpqua Bank. Hanig, the former principal of Cygnet, entered into an unconditional guarantee with Umpqua Bank. Umpqua Bank is alleging that Cygnet and Hanig are in default and contends $3,835,975.17 is due and owed. The Company is actively engaged in defending the foregoing lawsuit.

- Get Fit Fast Supplements, LLC v. Cygnet Online, LLC, et al.; American Arbitration Association Case No. 01-24-0003-1085; Filed March 14, 2024; Additional Parties: Eric Hanig. Get Fit Fast Supplements, LLC ("GFF") entered into an Asset Purchase Agreement with Cygnet. A portion of the purchase price was financed by Cygnet through a promissory note guaranteed by Hanig, the former principal of Cygnet. Additionally, Cygnet agreed to purchase GFF's remaining inventory and agreed to earn out provisions whereby GFF would receive funds based on Cygnet's future performance. The Company acquired Cygnet through a Securities Purchase Agreement, dated April 1, 2022. GFF claims damages in the amount of $3,075,859.17 based on Cygnet and Hanig's failure to pay the full purchase price. Hanig and Cygnet separately counterclaimed against GFF for, among other things, fraudulent misrepresentations that led Cygnet and Hanig to enter into the Asset Purchase Agreement. As a result of the acquisition of Cygnet by the Company, Hanig has demanded indemnification from Upexi for the claims brought by GFF. The Company is actively engaged in defending the foregoing lawsuit.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The Company's common stock is listed on the NASDAQ Stock Market LLC and is traded under the symbol "UPXI." The following table sets forth the quarterly high and low sales prices per share of the Company's common stock on the consolidated market for each quarter within the last two fiscal years. The Company started trading on June 24, 2021.

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Fiscal 2024:				
High	$ 0.60	$ 1.38	$ 1.75	$ 2.33
Low	0.36	0.48	0.75	1.56
Fiscal 2023:				
High	$ 4.55	$ 4.94	$ 5.70	$ 6.08
Low	2.04	2.53	2.70	3.68

We consider our common stock to be thinly traded and, accordingly, reported sales prices or quotations may not be a true market-based valuation of our common stock.

Holders of Record

There were approximately 3,811 holders of record of the Company's common stock on June 30, 2024.

Dividend Policy

We currently intend to retain our future earnings, if any, to finance the development and expansion of our businesses and, therefore, do not intend to pay cash dividends on our Common Stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, restrictions contained in any financing instruments, and such other factors as our board of directors deems relevant in its sole discretion. Accordingly, you may need to sell your shares of our Common Stock to realize a return on your investment; however, you may not be able to sell your shares at or above the price you paid for them.

Securities Authorized for Issuance under Equity Compensation Plans

The Company has established a Company an incentive plan, 2019 Equity Incentive Plan, as amended (the "2019 Plan"). The plan grants incentives to select persons who can make, are making and continuing to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons and to encourage and reward such contributions by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restructured stock. The 2019 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2019 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2019 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an award made under the 2019 Plan. The Shareholders consented, and the Board of Directors approved amendment of the Stock Option Plan to increase the maximum number of Shares that may be issued thereunder to 500,000 Shares, as adjusted for the 1 for 20 reverse stock split.

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.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	213,214	$ 2.87	256,181
Total	213,214	$ 2.87	256,181

Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities

In September of 2023, the Company was to issue 4,505 shares of common stock for the acquisition of the remaining 45% of Cygnet Online, LLC. The shares were valued at $162,727 or $35.80 per common share. These shares were held and not issued due to an ongoing dispute.

In January of 2024, the Company issued 25,081 shares of common stock as repayment of $500,000 of the Company's long-term debt. The shares were valued at $500,000 or $19.94 per share.

In March of 2024, the Company issued 5,000 shares of common stock as an incentive-restricted stock grant to certain employees. The shares were valued at $85,000 or $17.00 per share.

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.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this Annual Report on Form 10-K. The last day of our fiscal year is June 30. Our fiscal quarters end on September 30, December 31, March 31 and June 30. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" or in other parts of this Annual Report on Form 10-K. See also "Cautionary Note Regarding Forward-Looking Statements" above.

Overview

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The consolidated financial statements include the accounts of all subsidiaries in which the Company holds a controlling financial interest as of the financial statement date.

For the year ended June 30, 2024, the consolidated financial statements of Upexi, Inc. include all of the subsidiary accounts included in the consolidated financial statements for the year ended June 30, 2023, and include the subsidiaries in which the Company holds a controlling financial interest as of June 30, 2024 and 2023.

Infusionz LLC, a Colorado limited liability company, along with select CBD asset; Interactive Offers, LLC a Delaware limited liability corporation; VitaMedica, a Nevada corporation; and E-Core Technology, Inc. d/b/a New England Technology, Inc. have been classified as discontinued operations for the years ended June 30, 2024 and 2023, respectively and the assets and liabilities have been classified as current assets, and liabilities of discontinued operations and assets held for sale on the balance sheets for June 30, 2024 and 2023.

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

Key Factors Affecting Operating Results

Cyclicality and Seasonality

Our business is typically unaffected by seasonality.

Operating Segments

The Company's financial reporting is organized into a single segment that includes production, sales and distribution of branded products, following the sale of E-Core, Technology Inc. and its subsidiaries. Other sources of revenue and related costs are aggregated and viewed by management as immaterial or have similar economic characteristics, products, production, distribution processes and regulatory environment as the other product sales or directly support the Company's single segment.

Results of Operations

Year Ended June 30, 2024, as compared to June 30, 2023:

The following summary of our results of operations should be read in conjunction with our consolidated financial statements for the years ended June 30, 2024, and 2023, which are included herein.

	June,		
	2024	2023	Change
Revenue	$ 26,000,652	$ 36,441,695	$ (10,441,043)
Cost of revenue	$ 13,176,073	$ 15,421,715	$ (2,245,642)
Sales and marketing expenses	$ 5,989,727	$ 6,067,392	$ (77,665)
Distribution costs	$ 8,611,702	$ 9,465,149	$ (853,447)
General and administrative expenses	$ 6,771,937	$ 6,875,575	$ (103,638)
Other operating expenses	$ 4,848,629	$ 7,146,286	$ (2,297,657)
Other (expense)	$ (3,141,166)	$ (4,676,160)	$ 1,534,994
Loss attributable to non-controlling interest	$ -	$ (559,967)	$ 559,967
Impairment of intangible assets and goodwill	$ 7,869,425	3,746,301	4,123,124
Lease impairment	$ 289,969	-	289,969
(Loss) on the sale of assets and businesses	$ (456,747)	(2,212,542)	1,755,795
Discontinued operations	$ (1,164,184)	$ (1,370,124)	$ 2,534,308
Net loss attributable to Upexi, Inc.	$ (23,658,438)	$ (16,930,289)	$ (6,728,149)

Revenues decreased by $10,441,043 or 29% for the fiscal year ended June 30, 2024, compared with the fiscal year ended June 30, 2023. The product sales were down approximately $15,400,000 or 42% compared to the prior year, with the most significant decline being the sales of products through third party sales channels, such as Amazon, with the largest decline coming from the products where we do not own the brand. The decline in sales was partially offset by approximately $5,000,000 in manufacturing sales. Management has augmented the overall strategy of the Company to focus on product sales, including the development, production and distribution of branded products. In addition, sales were affected by the manufacturing consolidation to Florida, which was completed by August 1, 2024, with manufacturing returning to full production.

Cost of revenue decreased by $2,245,642 or 15% compared with the fiscal year ended June 30, 2023. The gross profit decreased by $8,195,401 or 39% compared with the prior year and gross margin declined by 8.36% to 49.32% compared to 57.68%. The majority of the decline in gross profit was the $10,441,043 decrease in year over year sales, however the gross margin decline was primarily related to the $3,020,062 inventory write off and increase in the inventory reserves compared to only $92,378 expense in the year ended June 30, 2023. This additional $2,927,684, non-cash expense recognized during the year ended June 30, 2024, reduced the gross margin by 11.26%. The inventory write off was caused by both the strategic consolidation of operations to Florida and the change in overall strategy with the elimination of the recommerce strategy. Management expects the gross margin to improve with the change in strategic focus and the completed consolidation of operations.

Sales and marketing expenses decreased by $77,665 or 1% compared with the same period last year. The expenditures for both years was similar in total. We anticipate our advertising expenses will remain consistent with an overall decrease in sales and marketing as a percentage of total sales as we have impended our overall brand marketing strategy and we will be able to increase sales significantly without large increases in the expenses.

Distribution costs decreased $853,447 or 9% compared with the same period last year. The decrease was related to the decreased sales and the consolidation of facilities. Management has implemented a strategy to change promotions, increase shipping prices and adjust packaging for whole sales verses direct to consumer shipments to lower the overall percentage of distribution costs to sales. The consolidation strategy and other distribution cost reduction strategies are expected to be fully realized in the coming year.

General and administrative expenses decreased by $103,638 or 2% compared with the same period last year. General and administrative expenses were similar to the prior year. Since the consolidation to Florida and other changes in the business, management has actively been reducing general and administrative costs. Management expects that general and administrative expenses will decline for the period July 1, 2024 to September 30, 2024, with the most significant declines being realized in periods ending after December 31, 2024.

Other operating expenses decreased by $2,297,657 or 32% compared with the same period last year. These expenses are primarily non-cash expense for amortization of stock compensation, amortization of acquired intangible assets and depreciation. The decrease in the amortization of stock compensation was $2,494,695 as older grants are fully amortized and there have only been limited grants in the past year. This decline was offset by slightly higher depreciation expense during the year.

Other expense decreased by $1,534,994 or 33%, which related to the significant amount of interest expensed in the prior year when the Company entered into a letter of agreement to repay all amounts owed and terminate all security interests the lender held, including the Form S-3 registration statement. The Company also had non-cash interest related to the amortization of the consideration discount of $1,112,676 and $969,098 for the years ended June 30, 2024, and June 30, 2023, respectively.

There was a loss of $559,967 attributable to non-controlling interest in 2023 compared to none in 2024 as the Company purchased the remaining non-controlling interest in the current year.

There was an impairment of intangible assets and goodwill of $7,869,425 in the year ended June 30, 2024. $6,844,745 of the impairment was from the acquisition of Cygnet and related to the Company exiting the recommerce business. The remaining $974,680 impairment was related to the LuckyTail acquisition and the significant decline in direct to consumer business as LuckyTail primarily sells through Amazon. There was an impairment of intangible assets and goodwill of $3,746,301 in the year ended June 30, 2023, and related to the valuation of the Interactive Offers and the subsequent sale of the business.

The Company recognized an impairment $289,969 on the Delray Beach warehouse during 2024 as part of closing the warehouse and the Company exiting the recommerce business. No such items for 2023.

The Company recognized a valuation allowance on its deferred tax asset of $6,100,000 during the year ended June 30, 2024. This was done as management estimated the probable future usage of the Company's net operating loss carry forward.

The loss on the sale of assets and businesses of $456,747 was related to a loss on the sale of E-Core of $1,737,326, the loss on the sale or abandonment of assets not necessary for operations at the new Florida facility and an impairment on the largo facility that was sold on July 8, 2024. This loss was offset by a $1,948,538 gain on the sale of VitaMedica and a gain on the sale of Infusionz and CBD related assets, which was recorded as a $2,212,542 loss in the prior year.

The income and loss on discontinued operations was as follows:

	June 30, 2024	June 30, 2023
Interactive Offers	$ (187,003)	$ (1,729,636)
Infusionz	71,976	(338,418)
E-Core	1,065,575	1,080,379
VitaMedica	213,636	(382,449)
	$ 1,164,184	$ (1,370,124)

The Company had a net loss of $21,396,857 compared to a net loss of $16,930,289 in the prior year. The increase in the net losses primarily related to the above-mentioned changes.

Liquidity and Capital Resources

Working Capital

	As of June 30, 2024	As of June 30, 2023
Current assets	$ 11,419,918	$ 30,012,984
Current liabilities	$ 12,655,152	$ 22,391,587
Working capital	$ (1,235,234)	$ 7,621,397

Cash Flows

	Years Ended June 30, 2024	2023
Cash flows (used in) operating activities – continuing operations	$ (4,894,751)	$ (7,421,529)
Cash flows provided by (used in) investing activities – continuing operations	831,112	(23,271)
Cash flows (used in) provided by financing activities – continuing operations	(353,789)	6,032,901
Cash flows provided by operating activities – discontinued operations	4,793,374	7,624,206
Cash flows used by investing activities – discontinued operations	(4,206,823)	(2,551,587)
Cash flows used by financing activities – discontinued operations	-	(6,318,234)
Net decrease in cash during the period	$ (3,830,877)	$ (2,657,514)

On June 30, 2024, the Company had cash of $661,415 or a decrease of $3,830,877 from June 30, 2023. The decrease in cash was primarily the net loss from operations and the significant change in continuing operations with the recent sale of businesses and the change of the Company's overall strategy.

The net cash used by continuing operating activities was $4,894,751 and offset by cash provided by discontinued operations of $4,793,374. The loss of $23,658,438 was offset by the non-cash expenses of $3,948,084 depreciation and amortization, $7,869,425 impairment of goodwill and identifiable intangible assets, $1,112,676 amortization of stock compensation and $1,812,319 write of inventory. The sale of business and the impairment recognized on the warehouse were minimal at a total of $112,448 used. The change in deferred tax asset was $344,802 with a valuation reserve of $6,100,000. The change in operating assets and liabilities provided cash of $2,907,978. Cash provided by discontinued operating activities was $4,793,374 and primarily related to decreases in E-core's inventory and accounts receivable.

Net cash provided by investing activities for the years ended June 30, 2024 and 2023 was $831,112 and use of $23,271, respectively. For the year ended June 30, 2024, cash of $539,348 was used for the acquisition of the remaining 45% of Cygnet and $932,565 for the acquisition of property and equipment. Cash was provided during the year ended June 30, 2024 of $2,100,000 and $203,025 from the sale of VitaMedica and Interactive offers, respectively. In addition, the Company used $4,206,823 for discontinued investing activities related to the payments in the acquisition of E-core. In the prior year, the net cash used was $23,271. The proceeds from the sale of Infusionz and selected assets was $5,492,532 and offset by $3,528,239 and $1,050,000 for the purchase of LuckyTail and Cygnet, respectively. $937,564 was used in the acquisition of property and equipment. The $2,511,587 used in discontinued investing activities was $500,000 for the acquisition of VitaMedica and $2,051,587, net of cash acquired, for the acquisition of E-core.

Net cash flows used in financing activities for the year ended June 30, 2024 was $353,789 compared to $285,333 used during the year ended June 30, 2023. During the year ended June 30, 2024 cash was used for the payment of debt related to the acquisition of Cygnet and the payment of the loan on the building. This was offset during the year by a $100,000 advance to the Company by Allan Marshall, the CEO, which was repaid in July 2024. During the year ended June 30, 2023, the Company had net proceeds of $6,127,893 from the issuance of stock and $7,120,000 in proceeds from the issuance of notes payable, including $1,470,000 of proceeds from a related party note payable, $3,000,000 of proceeds related to a note payable with a security interest in our building in Clearwater and $2,650,000 of unsecured debt. The newly issued debt was primarily used to repay the senior convertible note payable and the line of credit.

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, 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 terminated the agreement with the noteholders. The Company also terminated the registration statement covering the senior secured notes payable.

On April 1, 2024, the Company entered into a lease agreement with MFA 2510 Merchant LLC. The lease is for approximately 10,000 square feet of warehouse and office space, located in Odessa, Florida for $20,060 per month on a triple net basis. The initial term is five years. The estimated cost of this facility is a reduction of overall facility costs of approximately $240,000 in rent and approximately $138,000 per year in utilities, repairs and maintenance. Management also expects to have additional savings in labor and administrative costs, which is expected to add additional cash flow for fiscal year 2025.

On May 28, 2024, the Company entered into an agreement to sell its Clearwater warehouse for a sale price of $4,300,000. The sale of the building was completed on July 8, 2024 and provided $1,370,978 of working capital.

On June 13, 2024, the Company sold all of the issued and outstanding equity of VitaMedica, Inc. to three investors. One of the minority Interest Buyers is Allan Marshall, the Company's Chief Executive Officers. The purchase price for the stock was Six Million Dollars ($6,000,000), subject to certain customary post-closing adjustments. The net cash provided from the sale was $2,100,000, reduced liabilities of $1,900,000 and will provide an additional $2,000,000 in cash flow next year.

On August 1, 2024, the Company sold all of outstanding stock of E-Core Technology, Inc., a Florida corporation (d/b/a New England Technology, Inc.) ("E-core"), to E-Core Holdings, LLC, a Florida limited liability company pursuant to the terms of an Agreement to Unwind Securities Purchase Agreement dated July 31, 2024 and effective June 30, 2024. The principals of the Buyer are the three individuals from whom the Company acquired E-core in October 2022. The purchase price in the transaction was $2,000,000 paid by the Buyer to the Company at closing and will be used for working capital.

The ability to continue as a going concern is dependent upon the Company generating profitable operations in the future and/or obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management intends to finance operating costs over the next twelve months from the date of the issuance of these consolidated financial statements with existing cash on hand, cash flow from operations, proceeds from the sale of VitaMedica not yet received and additional short term debt financings, if necessary.

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.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate these estimates, including those related to bad debts, intangible assets, and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of certain assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

We have identified below the accounting policies, related to what we believe are most critical to our business operations and are discussed throughout Management's Discussion and Analysis of Financial Condition or Plan of Operation where such policies affect our reported and expected financial results.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates underlying the Company's reported financial position and results of operations include the allowance for doubtful accounts, useful lives of property and equipment, impairment of long-lived assets, inventory valuation, fair value of stock-based compensation and valuation allowance on deferred tax assets.

Business Combinations - The Company accounts for its business combinations using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities assumed by the Company to the seller's cash consideration and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. The excess of (i) the total costs of acquisition over (ii) the fair value of the identifiable net assets of the acquiree is recorded as identifiable intangible assets and goodwill.

Goodwill - The Company evaluates its goodwill for possible impairment, simplifying the test for goodwill impairment at least annually and when one or more triggering events or circumstances indicate that the goodwill might be impaired. Under this guidance, annual or interim goodwill impairment testing is performed by comparing the estimated fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the carrying value of goodwill.
The Company performed its annual test as of June 30, 2024 and 2023, respectively.

It was determined by management that the goodwill related to Cygnet was completely impaired at June 30, 2024 based on the strategic decision to exit the recommerce business. An impairment of goodwill in the amount of $3,594,745 was recorded at June 30, 2024 eliminating all of the goodwill related to Cygnet.

It was determined by management that the goodwill related to Interactive Offers was completely impaired at June 30, 2023 based on the sale of the business at September 1, 2023. An impairment of goodwill in the amount of $2,889,158 was recorded at June 30, 2023 eliminating all of the goodwill related to Interactive Offers.

Revenue Recognition - In accordance with ASC No. 606, Revenue from Contracts with Customers, the Company recognizes revenue when we satisfy performance obligations as evidenced by the transfer of control of our products or services to customers. In general, the Company generates revenue from product sales, either directly to customers or to distributors. In determining whether a contract exists, we evaluate the terms of the agreement, the relationship with the customer or distributor and their ability to pay.

The Company recognizes revenue from sales of our products, including sales to our distributors, at a point in time, generally upon shipment or delivery to the customer or distributor, depending upon the terms of the sales order. Control is considered transferred when title and risk of loss pass, when the customer becomes obligated to pay and, where applicable, when the customer has accepted the products or upon expiration of the acceptance period. For sales to distributors, payment is due on our standard commercial terms and is not contingent upon the distributors' resale of the products.

Shipping and handling fees billed to customers are included in revenue. Shipping and handling fees associated with inbound freight, are generally included in cost of revenue.

Our business is subject to contingencies related to customer orders, including:

Right of Return:

A large portion of our revenue comes from the sale of consumable products, which are sold in high-volume and low quantities, and are generally maintained at stock levels of less than ninety days in our facility. Customer returns have historically represented a very small percentage of sales on an annual basis. Other product sales relate to some pet products, including small mechanical devices.

Warranties:

The Company does not accept sales returns from wholesale customers, as the products are pre-approved prior to production and shipment. E-Commerce product returns must be completed within 45 days of the date of purchase. The Company accrues an allowance for refunds, returned deposits and discounts given by customer services post shipment of the product based on historical experience and management's estimate of future expenses, including replacement, freight charges and other fulfilment expenses.

Conditions of Acceptance:

Sales of our consumable products and pet products, generally do not have customer acceptance terms.

Contract Assets

A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. ASC 606, Revenue from Contracts with Customers, distinguishes between a contract asset and a receivable based on whether receipt of the consideration is conditional on something other than the passage of time. When the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company's right to consideration for its performance. The point at which a contract asset becomes an account receivable may be earlier than the point at which an invoice is issued. The Company assesses a contract asset for impairment in accordance with ASC 310, Receivables.

The following table discloses the deferred revenue:

	June 30, 2024	June 30, 2023
Deferred revenue	$ 235,255	$ -

The deferred revenue or also referred to as funded backlog was $235,255 and $0 at June 30,2024 and June 30, 2023, respectively. We expect to recognize approximately 100% of the deferred revenue as revenue in the year ended June 30, 2025. There was no opening liability balance at June 30, 2023 or June 30, 2022 to be recognized in the years ended June 30, 2024 or June 30, 2023, respectively.

Impairment of Long-lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company periodically evaluates whether events and circumstances have occurred that indicate possible impairment. When impairment indicators exist, the Company estimates the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether or not the asset values are recoverable. The Company recognized an impairment on its building of $336,434 during the year ended June 30, 2024, based on the fair market value of the buildings pending sale, completed on July 8, 2024. The Company recognized $569,195 loss on the sale of assets that were either liquidated or abandoned in the move of its manufacturing facility from Nevada to Florida. In addition, the Company recognized an impairment of intangible assets of $4,274,680 for the year ended June 30, 2024. $974,680 of the impairment is related to LuckyTail's rapid decline of direct-to-consumer sales and $3,300,000 of the impairment is related to the unamortized vendor list of Cygnet, as the Company no longer purchases products from the majority of the original vendors Cygnet was using when the Company purchased Cygnet.

The Company recognized an impairment on its long-lived assets during the year ended June 30, 2023, of $857,143 on the assets held for sale, related to Interactive Offers, leaving $716,944 of Interactive's original intangible assets classified as assets available for sale.

Stock Based Compensation - The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period) or immediately if the share-based payments vest immediately.

Inventory - The Company reviews the inventory level of all products and raw materials quarterly. For most products that have been in the market for one year or more, we consider inventory levels of greater than one year's sales to be excess or other items that show slower than projected sales. Due to limited market penetration for our products, we have decided to write down 50% of the cost against certain raw materials and finished products. Products that are no longer part of the current product offering are considered obsolete. The potential for re-sale of slow-moving and obsolete inventories is based upon our assumptions about future demand and market conditions. The recorded cost of obsolete inventories is then reduced to zero and the slow-moving and obsolete inventory is written off and are recorded as charges to cost of goods sold. All adjustments for obsolete inventory establish a new cost basis for that inventory as we believe such reductions are permanent declines in the market price of our products. Generally, obsolete inventory is sold to companies that specialize in liquidation, while we continue to market slow-moving inventories until they are sold or become obsolete. As obsolete or slow-moving inventory is sold or disposed of, we write it off.

Inventory consists of raw materials and finished goods and is stated at the lower of cost or net realizable value, cost is determined by the weighted average moving cost inventory method. Net realizable value is determined, with appropriate consideration given to obsolescence, excessive levels, deterioration, and other factors. On June 30, 2024, the Company had $465,535 of raw materials and $966,021 of finished goods inventory. On June 30, 2023, the Company had no raw material inventory and $4,804,299 of finished goods inventory. The Company had inventory reserves at June 30, 2024 and 2023 of $605,470 and $154,400, respectively.

Reverse Stock Split

On September 18, 2024, we filed a Certificate of Change with the Nevada Secretary of State to effect a reverse stock split of our common stock at a rate of 1-for-20 (the "Reverse Stock Split"), which became effective as of October 3, 2024 (the "Effective Date"). The Reverse Stock Split was approved by the board of directors in accordance with Nevada law. The Reverse Stock Split did not have any impact on the par value of common stock.

On the Effective Date, every twenty shares of Common Stock issued and outstanding were automatically combined into one share of Common Stock, without any change in the par value per share. As the per-share par value did not change, we reclassified $19,860 from Common Stock to Additional Paid-in-Capital on the Effective Date. The exercise prices and the number of shares issuable upon exercise of outstanding stock options, equity awards and warrants, and the number of shares available for future issuance under the equity incentive plans were adjusted in accordance with their respective terms. The Reverse Stock Split affected all stockholders uniformly and did not alter any stockholder's percentage interest in our Common Stock. We did not issue any fractional shares in connection with the Reverse Stock Split. Instead, fractional shares were initially rounded up to the next largest whole number, resulting in the issuance of 8 shares on October 3, 2024 the Effective Date and an additional issuance of 38 shares on October 8, 2024. On October 10, 2024, the transfer agent received additional requests to issue a total of 202,183 shares of common stock for round up of fractional shares. These shares were issued on October 23, 2024 and on October 30, 2024 we were notified that the shares were returned to the Company's transfer agent. Although the Company did receive the common stock back after issuance, the potential dilution remains a risk, and is the subject of a complaint filed by the Company in the United States District Court for the District of Nevada with the purpose of eliminating any said risk. The Reverse Stock Split did not modify the relative rights or preferences of the Common Stock.

Unless otherwise indicated, all issued and outstanding shares of common stock and all outstanding securities entitling their holders to purchase shares of our common stock or acquire shares of our common stock, including stock options, restricted stock units, and warrants per share data, share prices and exercise prices, as required by the terms of those securities, have been adjusted retroactively to reflect the Reverse Stock Split.

On October 17, 2024, Company received written notice (the "Compliance Notice") from The Nasdaq Stock Market LLC ("Nasdaq") informing the Company that it has regained compliance with Nasdaq Listing Rule 5550(a)(2), which requires that companies listed on the Nasdaq Stock Market maintain a minimum bid price of $1.00 per share. Nasdaq notified the Company in the Compliance Notice that, from October 3, 2024 to October 16, 2024, the closing bid price of the Company's common stock had been $1.00 per share or greater and, accordingly, the Company had regained compliance with Nasdaq Listing Rule 5550(a)(2) and that the matter was now closed.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

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

Item 8. Consolidated financial statements and Supplementary Data.

UPEXI INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

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GBQ Partners

Board of Directors and Shareholders
Upexi, Inc.

Report of Independent Registered Public Accounting Firm

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Upexi, Inc. (the "Company") as of June 30, 2024 and 2023, the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

GBQ Partners LLC

We have served as the Company's auditor since 2024.
Columbus, Ohio
December 16, 2024

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UPEXI, INC.
CONSOLIDATED BALANCE SHEETS

	June 30, 2024	June 30, 2023
ASSETS		
Current assets		
Cash	$ 661,415	$ 4,492,292
Accounts receivable, net	606,885	1,125,394
Inventory, net	1,431,556	4,804,299
Due from Bloomios	-	845,443
Due from VitaMedica transition	212,358	-
Prepaid expenses and other receivables	502,188	1,112,280
Assets available for sale - Interactive offers current	-	89,989
Assets available for sale - Building	4,005,516	4,611,248
Assets available for sale - VitaMedica current	-	2,599,934
Assets available for sale - E-core current	-	10,332,105
Purchase price receivable - VitaMedica	2,000,000	-
Purchase price receivable - E-core	2,000,000	-
Total current assets	11,419,918	30,012,984
Property and equipment, net	2,356,556	2,831,375
Intangible assets, net	239,871	6,924,982
Goodwill	848,854	2,886,309
Deferred tax asset	5,948,858	5,604,056
Other assets	278,435	76,728
Discontinued assets available for sale - Interactive offers	-	936,054
Discontinued assets available for sale - VitaMedica	-	2,051,214
Discontinued assets available for sale - E-core	-	12,067,333
Right-of-use asset, net	2,418,596	410,453
Total other assets	12,091,170	33,788,504
Total assets	$ 23,511,088	$ 63,801,488
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 481,647	$ 1,028,611
Accrued compensation	1,098,856	533,842
Deferred revenue	235,255	-
Accrued liabilities	736,407	2,439,794
Accrued interest	476,018	655,187
Acquisition payable	413,152	152,500
Related party advances, net	100,000	-
Current portion of note payable	-	338,474
Current portion of convertible notes payable	-	1,254,167
Current portion of acquisition note payable - E-core	-	5,656,620
Current portion of related party note payable	-	1,429,356
Current portion of Cygnet subsidiary notes payable	5,447,565	795,778
Note payable on building for sale	2,634,538	2,841,566
Discontinued liabilities - Interactive offers	-	792,408
Discontinued liabilities - VitaMedica	-	617,174
Discontinued liabilities - E-core	-	3,401,983
Current portion of operating lease payable	1,031,714	454,127
Total current liabilities	12,655,152	22,391,587
Operating lease payable, net of current portion	1,732,606	-
Related party note payable	500,000	-
Note payable	557,429	173,812
Convertible notes payable	1,550,000	895,833
Acquisition note payable - E-core	-	7,605,085
Notes payable - Cygnet subsidiary	-	4,898,548
Total long-term liabilities	4,340,035	13,573,278
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.001 par value, 500,000 shares authorized, and 25,000 and 25,000 shares issued and outstanding, respectively	25	25
Common stock, $0.001 par value, 5,000,000 shares authorized, and 1,010,843 and 1,045,429 shares issued and outstanding, respectively	1,045	1,011
Additional paid in capital	53,374,444	51,541,909
Accumulated deficit	(46,859,613)	(23,201,175)
Total stockholders' equity attributable to Upexi, Inc.	6,515,901	28,341,770
Non-controlling interest in subsidiary		(505,147)
Total stockholders' equity	6,515,901	27,836,623
Total liabilities and stockholders' equity	$ 23,511,088	$ 63,801,488

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended June 30, 2024	Year Ended June 30, 2023
Revenue		
Revenue	$ 26,000,652	$ 36,441,695
Cost of Revenue	13,176,073	15,421,715
Gross profit	12,824,579	21,019,980
Operating expenses		
Sales and marketing	5,989,727	6,067,392
Distribution costs	8,611,702	9,465,149
General and administrative expenses	6,771,937	6,875,575
Share-based compensation	1,169,843	3,664,538
Amortization of acquired intangible assets	2,410,431	2,568,502
Depreciation	1,268,355	913,246
Impairment of long-lived asset - building	336,434	-
Loss on the sale / abandonment of assets in relocation	569,195	-
Impairment of intangible assets and goodwill	7,869,425	3,746,301
Lease impairment, Delray Beach facility	289,969	-
	35,287,018	33,300,703
Loss from operations	(22,462,439)	(12,280,723)
Other income (expense), net		
Change in derivative liability	-	1,770
Other	(16,443)	38,344
Interest (expense) income, net	(3,124,723)	(4,716,274)
Other income (expense), net	(3,141,166)	(4,676,160)
Loss on operations before income tax	(25,603,605)	(16,956,883)
Income tax benefit	332,101	3,049,293
	332,101	3,049,293
Net income (loss) from continuing operations	(25,271,504)	(13,907,590)
Gain (loss) from the sale of:		
Infusionz and select assets	-	(2,212,542)
Interactive Offers	237,670	-
VitaMedica	1,948,538	-
E-core	(1,737,326)	-
	448,882	(2,212,542)
Income (loss) on discontinued operations		
Infuisionz	71,976	(338,418)
Interactive offers	(187,003)	(1,729,636)
VitaMedica	213,636	(382,449)
E-core	1,065,575	1,080,379
Income (loss) income from discontinued operations	1,164,184	(1,370,124)
Net loss attributable to non-controlling interest	-	559,967
Net income (loss) attributable to Upexi, Inc.	$ (23,658,438)	$ (16,930,289)
Basic income (loss) per share:		
Income (loss) per share from continuing operations	$ (24.60)	$ (15.56)
(Loss) income per share from discontinued operations	$ 1.13	$ (1.53)
Total income (loss) per share attributable to Upexi shareholders	$ (23.03)	$ (18.94)
Diluted income (loss) per share:		
Income (loss) per share from continuing operations	$ (24.60)	$ (15.56)
(Loss) income per share from discontinued operations	$ 1.13	$ (1.53)
Total income (loss) per share attributable to Upexi shareholders	$ (23.03)	$ (18.94)
Basic weighted average shares outstanding	1,027,232	893,943
Fully diluted weighted average shares outstanding	1,027,232	893,943

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares*	Preferred Stock amount*	Common Stock Shares*	Common Stock amount *	Additional Paid In Capital	Accumulated Deficit	Non-controlling Interest	Total Stockholders' Equity
2023								
Balance, June 30, 2022	25,000	$ 25	835,712	$ 836	$ 35,001,949	$ (6,270,886)	$ 54,820	$ 28,786,744
Amortization of common stock issuance for services	-	-	-	-	140,700	-	-	140,700
Stock based compensation, amortization of stock options	-	-	-	-	3,664,538	-	-	3,664,538
Issuance of common stock for acquisition of E-Core	-	-	62,370	62	5,999,938	-	-	6,000,000
Issuance of common stock for interest on note payable	-	-	6,700	7	606,997	-	-	607,004
Common stock issued for cash, net			106,061	106	6,127,787			6,127,893
Net loss	-	-	-	-	-	(16,930,289)	(559,967)	(17,490,256)
Balance, June 30, 2023	25,000	$ 25	1,010,843	$ 1,011	$ 51,541,909	$ (23,201,175)	$ (505,147)	$ 27,836,623
2024								
Stock based compensation, restricted stock grant	-	-	5,000	5	212,743	-	-	212,748
Stock based compensation, amortization of stock options	-	-	-	-	957,095	-	-	957,095
Issuance of stock and equity for purchase of Cygnet	-	-	4,505	4	162,722		505,147	667,873
Issuance of stock for conversion of debt	-	-	25,081	25	499,975			500,000
Net loss	-	-	-	-	-	(23,658,438)	-	(23,658,438)
Balance, June 30, 2024	25,000	$ 25	1,045,429	$ 1,045	$ 53,374,444	$ (46,859,613)	$ -	$ 6,515,901

* Common stock has been restated to reflect the 1 for 20 reverse split

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Year ended June 30, 2024	2023
Cash flows from operating activities		
Net loss from operations	$ (23,658,438)	$ (16,930,289)
Adjustments to reconcile net loss from continuing operations to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,678,786	3,481,748
Non-cash loss on the sale of Infusionz and select assets, net	-	2,212,542
Gain on the sale of VitaMedica and income from discontinued operations	(1,948,538)	-
Loss on the sale of New England Technology	1,737,326	-
Amortization of loan costs	115,787	62,408
Amortization of consideration discount	1,112,676	969,098
Impairment of goodwill and intangible assets	7,869,425	3,746,301
Inventory write-offs	1,812,319	118,990
Loss on impairment of building	336,434	-
Loss on sale of assets related to relocation of facility	569,195	
Gain on sale of interactive offers	(237,670)	-
Change in deferred tax asset	(344,802)	(3,139,227)
Noncontrolling interest	-	(559,967)
Change in derivative	-	1,770
Stock based compensation	1,169,843	3,664,538
Changes in assets and liabilities, net of acquired amounts		
Accounts receivable	675,709	(364,665)
Inventory	2,651,252	(1,366,269)
Prepaid expenses and other assets	106,610	287,797
Operating lease payable	302,050	4,238
Accounts payable and accrued liabilities	(944,020)	389,458
Deferred revenue	101,305	-
Net cash used in operating activities - Continuing Operations	(4,894,751)	(7,421,529)
Net cash provided by operating activities - Discontinued Operations	4,793,374	7,624,206
Net cash (used in) provided by operating activities	(101,377)	202,677
Cash flows from investing activities		
Acquisition of Lucky Tail	-	(3,528,239)
Proceeds from the sale of VitaMedica, Inc.	2,100,000	-
Proceeds from the sale of Interactive Offers, net of liabilities paid	203,025	-
Acquisition of Cygnet Online LLC, net	(539,348)	(1,050,000)
Proceeds from the sale of Infusionz and selected assets	-	5,492,532
Acquisition of property and equipment	(932,565)	(937,564)
Net cash provided by (used in) investing activities - Continuing Operations	831,112	(23,271)
Net cash (used in) investing activities - Discontinued Operations	(4,206,823)	(2,551,587)
Net cash used in investing activities	(3,375,711)	(2,574,858)
Cash flows from financing activities		
Repayment of the senior convertible notes payable	-	(6,305,406)
Proceeds from the issuance of stock	-	6,127,893
Payment on acquisition notes payable	(246,761)	(751,152)
Proceeds from related party advance	100,000	-
Proceeds from convertible note payable	-	2,650,000
Proceeds on note payable on building	-	3,000,000
Repayment on note payable on building	(207,028)	(158,434)
Proceeds on note payable, related party	-	1,470,000
Net cash (used in) provided by financing activities - Continuing Operations	(353,789)	6,032,901
Net cash used in financing activities - Discontinued Operations	-	(6,318,234)
Net cash used in financing activities	(353,789)	(285,333)
Net decrease in cash - Continuing Operations	(4,417,428)	(1,411,899)
Net (decrease) increase in cash - Discontinued Operations	586,551	(1,245,615)
Cash, beginning of period	4,492,292	7,149,806
Cash, end of period	$ 661,415	$ 4,492,292
Supplemental Cash Flow Disclosures		
Interest paid	$ 839,000	$ 2,278,292
Income tax paid	$ -	$ -
Non-cash Investing and Financing Activities		
Non-cash proceeds in the sale of VitaMedica	$ 1,900,000	$ -
Issuance of common stock for acquisition of Cygnet	$ 162,727	$ -
Issuance of debt for acquisition of Cygnet	$ 300,000	$ -
Bloomios non-cash payment of receivables, net	$ 845,443	$ -
Issuance of stock for services	$ -	$ 140,700
Issuance of stock for interest expense	$ -	$ 607,004
Issuance of common stock for the repayment of convertible note payable	$ 500,000	$ -
Liabilities assumed from acquisition of E-Core	$ -	$ (7,712,168)
Issuance of stock for acquisition of E-Core	$ -	$ 6,000,000
Assets available for sale	$ -	$ 1,026,043

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

Upexi, Inc.
Notes to the Consolidated financial statements
June 30, 2024 and 2023

As used in this annual report and unless otherwise indicated, the terms “we”, “us”, “our”, “Upexi”, and the “Company” mean Upexi, Inc., a Nevada corporation formed in 2018. The Company has eleven active subsidiaries, which include:

- HAVZ, LLC, d/b/a/ Steam Wholesale, a California limited liability company
- Gummy Labs, LLC, a Delaware limited liability company
- MW Products, Inc., a Nevada corporation
- Upexi Holding, LLC, a Delaware limited liability company
  - Upexi Pet Products, LLC, a Delaware limited liability company
- Upexi Enterprise, LLC, a Delaware limited liability company
  - Upexi Distribution LLC, a Delaware limited liability company
  - Upexi Distribution Management LLC, a Delaware limited liability company
  - Upexi Property & Assets, LLC, a Delaware limited liability company
    - Upexi 17129 Florida, LLC, a Delaware limited liability company
- Cygnet Online, LLC (“Cygnet”), a Delaware limited liability company (100% owned as of September 1, 2023)

The following subsidiaries had no activity during the years ended June 30, 2024 and 2023:

- Upexi CP, LLC, a Delaware limited liability company
- Upexi CP / Canada Inc., a Canada corporation
- Prax Products, LLC, a Florida limited liability company
- Upexi Development and Marketing, LLC., a Delaware limited liability company
- Trunano Labs, Inc., a Nevada corporation

The following subsidiaries were divested during the years ended June 30, 2024 and 2023:

- VitaMedica, Inc. a Nevada corporation
- E-Core Technology, Inc. a Florida corporation
- Infusionz LLC, a Colorado limited liability company
- Interactive Offers, LLC, a Delaware limited liability company

In addition, the Company has six wholly owned subsidiaries that had no activity during the years ended June 30, 2024 and 2023. All of the entities were dissolved or cancelled as of June 30, 2024.

- Steam Distribution, LLC, a California limited liability company
- One Hit Wonder, Inc., a California corporation
- One Hit Wonder Holdings, LLC, a California limited liability company
- Vape Estate, Inc., a Nevada Corporation
- SWCH, LLC, a Delaware limited liability company
- Cresco Management, LLC, a California limited liability company

Our products are distributed in the United States of America and internationally through multiple entities and managed through our locations in Florida.

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

MW Products operates from our corporate headquarters and our Tampa, Florida warehouse, managing direct to consumer, wholesale and Amazon sales for multiple brands and develops new products through our research and development team in Henderson, Nevada and Odessa, Florida.

Lucky Tail operates from our Tampa, Florida warehouse with sales and marketing driven by on-site and remote teams that operate the Amazon sales strategy and daily business operations.

HAVZ, LLC, d/b/a/ Steam Wholesale operates manufacturing and/or distribution centers in Odessa, Florida, 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 the majority of corporate focus and investments for the future.

Upexi Distribution operates from our Tampa, Florida warehouse providing warehousing, distribution and other services in support of our product sales.

Note 2. Significant Accounting Policies

The significant accounting policies followed are:

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates underlying the Company's reported financial position and results of operations include the allowance for doubtful accounts, useful lives of property and equipment, impairment of long-lived assets, inventory valuation, fair value of stock-based compensation and valuation allowance on deferred tax assets.

Cash - The Company considers all highly liquid investment instruments with a maturity of three months or less to be cash equivalents. Cash is maintained at financial institutions and at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances.

Accounts Receivable - Amounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within a specified time from the invoice date. The trade terms vary based on the customer and typically range from prepaid to 45 days from the invoice date. Interest is not charged by the Company on past due accounts. The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The net accounts receivable balances at June 30, 2024, 2023 and 2022 were $606,885, 1,125,394 and $760,729, respectively. Based on management's review of accounts receivable, the valuation allowance was approximately $61,750 and $0 at June 30, 2024 and 2023, respectively. The Company had bad debt expenses of $24,500 and $4,750 for the years ended June 30, 2024 and 2023, respectively.

Inventory - The Company reviews the inventory level of all products and raw materials quarterly. For most products that have been in the market for one year or more, we consider inventory levels of greater than one year's sales to be excess or other items that show slower than projected sales. Due to limited market penetration for our products, we have decided to write down 50% of the cost against certain raw materials and finished products. Products that are no longer part of the current product offering are considered obsolete. The potential for re-sale of slow-moving and obsolete inventories is based upon our assumptions about future demand and market conditions. The recorded cost of obsolete inventories is then reduced to zero. The slow-moving and obsolete inventory is written off and recorded as charges to cost of goods sold. All adjustments for obsolete inventory establish a new cost basis for that inventory as we believe such reductions are permanent declines in the market price of our products. Generally, obsolete inventory is sold to companies that specialize in the liquidation, while we continue to market slow-moving inventories until they are sold or become obsolete.

Inventory consists of raw materials and finished goods and is stated at the lower of cost or net realizable value, cost is determined by the weighted average moving cost inventory method. Net realizable value is determined, with appropriate consideration given to obsolescence, excessive levels, deterioration, and other factors. On June 30, 2024, the Company had $465,535 of raw materials and $966,021 of finished goods inventory. On June 30, 2023, the Company had no raw material inventory and $4,804,299 of finished goods inventory. The Company had inventory reserves at June 30, 2024 and 2023 of $605,470 and $154,400, respectively.

Property and Equipment - Property and equipment is recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets ranging from 3 to 20 years. Leasehold improvements are amortized over the shorter of their estimated useful lives of5 years or the related lease term. Gains and losses upon disposition are reflected in the Statements of Operations in the period of disposition. Maintenance and repair expenditures are charged to expense as incurred. The Company disposed of some equipment during 2024 and 2023 which resulted in gains and losses on the sales, shown in the accompanying Statements of Operations.

Business Combinations - The Company accounts for its business combinations using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the acquisition date fair values of the assets transferred and liabilities assumed by the Company to the seller's cash consideration and equity instruments issued. Transaction costs directly attributable to the acquisition are expensed as incurred. The excess of (i) the total costs of acquisition over (ii) the fair value of the identifiable net assets of the acquiree is recorded as identifiable intangible assets and goodwill.

Goodwill - The Company evaluates its goodwill for possible impairment, simplifying the test for goodwill impairment at least annually and when one or more triggering events or circumstances indicate that the goodwill might be impaired. Under this guidance, annual or interim goodwill impairment testing is performed by comparing the estimated fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the carrying value of goodwill.
The Company performed its annual test as of June 30, 2024 and 2023, respectively.

It was determined by management that the goodwill related to Cygnet was completely impaired at June 30, 2024 based on the strategic decision to exit the recommerce business. An impairment of goodwill in the amount of $3,594,745 was recorded at June 30, 2024 eliminating all of the goodwill related to Cygnet.

It was determined by management that the goodwill related to Interactive Offers was completely impaired at June 30, 2023 based on the sale of the business at September 1, 2023. An impairment of goodwill in the amount of $2,889,158 was recorded at June 30, 2023 eliminating all of the goodwill related to Interactive Offers.

Revenue Recognition - In accordance with ASC No. 606, Revenue from Contracts with Customers, the Company recognizes revenue when we satisfy performance obligations as evidenced by the transfer of control of our products or services to customers. In general, the Company generates revenue from product sales, either directly to customers or to distributors. In determining whether a contract exists, we evaluate the terms of the agreement, the relationship with the customer or distributor and their ability to pay.

The Company recognizes revenue from sales of our products, including sales to our distributors, at a point in time, generally upon shipment or delivery to the customer or distributor, depending upon the terms of the sales order. Control is considered transferred when title and risk of loss pass, when the customer becomes obligated to pay and, where applicable, when the customer has accepted the products or upon expiration of the acceptance period. For sales to distributors, payment is due on our standard commercial terms and is not contingent upon the distributors' resale of the products.

Shipping and handling fees billed to customers are included in revenue. Shipping and handling fees associated with inbound freight, are generally included in cost of revenue.

Our business is subject to contingencies related to customer orders, including:

Right of Return:

A large portion of our revenue comes from the sale of consumable products, which are sold in high-volume and low quantities, and are generally maintained at stock levels of less than ninety days in our facility. Customer returns have historically represented a very small percentage of sales on an annual basis. Other product sales relate to some pet products, including small mechanical devices.

Warranties:

The Company does not accept sales returns from wholesale customers, as the products are pre-approved prior to production and shipment. E-Commerce product returns must be completed within 45 days of the date of purchase. The Company accrues an allowance for refunds, returned deposits and discounts given by customer services post shipment of the product based on historical experience and management's estimate of future expenses, including replacement, freight charges and other fulfilment expenses.

Conditions of Acceptance:

Sales of our consumable products and pet products, generally do not have customer acceptance terms.

Contract Assets

A contract asset is the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer. ASC 606, Revenue from Contracts with Customers, distinguishes between a contract asset and a receivable based on whether receipt of the consideration is conditional on something other than the passage of time. When the Company transfers control of goods or services to a customer before the customer pays consideration, the Company records either a contract asset or a receivable depending on the nature of the Company's right to consideration for its performance. The point at which a contract asset becomes an account receivable may be earlier than the point at which an invoice is issued. The Company assesses a contract asset for impairment in accordance with ASC 310, Receivables.

The following table discloses the deferred revenue:

	June 30, 2024	June 30, 2023
Deferred revenue	$ 235,255	$ -

The deferred revenue or also referred to as funded backlog was $235,255, $0 and $0 at June 30,2024, June 30, 2023 and June 30, 2022, respectively. We expect to recognize approximately 100% of the deferred revenue as revenue in the year ended June 30, 2025. There was no opening liability balance at June 30, 2023 to be recognized in the year ended June 30, 2024.

Impairment of Long-lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company periodically evaluates whether events and circumstances have occurred that indicate possible impairment. When impairment indicators exist, the Company estimates the future undiscounted net cash flows of the related asset or asset group over the remaining life in measuring whether or not the asset values are recoverable. The Company recognized an impairment on its building of $336,434 during the year ended June 30, 2024, based on the fair market value of the building's pending sale, completed on July 8, 2024. The Company recognized a $569,195 loss on the sale of assets that were either liquidated or abandoned in the move of its manufacturing facility from Nevada to Florida. In addition, the Company recognized an impairment of intangible assets of $4,274,680 for the year ended June 30, 2024. $974,680 of the impairment is related to LuckyTail's rapid decline of direct-to-consumer sales and $ 3,300,000 of the impairment is related to the unamortized vendor list of Cygnet, as the Company no longer purchases products from the majority of the original vendors Cygnet was using when the Company purchased Cygnet.

The Company recognized an impairment on its long-lived assets during the year ended June 30, 2023, of $857,143 on the assets held for sale, related to Interactive Offers, leaving $716,944 of Interactive's original intangible assets classified as assets available for sale.

Advertising - The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes continual investment in advertising is critical to the development and sale of its branded products. Advertising costs of $3,353,361 and $4,271,469 were expensed as incurred during the years ended June 30, 2024 and 2023, respectively.

Stock Based Compensation - The Company recognizes all share-based payments to employees, including grants of employee stock options and grants of restricted shares as compensation expense in the consolidated financial statements based on their fair values. That expense will be recognized over the period during which an employee is required to provide services in exchange for the award, known as the requisite service period (usually the vesting period) or immediately if the share-based payments vest immediately.

Non-employee Stock-based Payments - The Company's accounting policy for equity instruments issued to consultants and vendors in exchange for goods and services follows the provisions of Accounting Standards Codification (ASC) 2018-07, which simplifies the accounting for non-employee share-based payment transactions. The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor's own operations by issuing share-based payment awards. Stock-based payments related to non-employees are accounted for based on the fair value of the related stock or options or the fair value of the services, whichever is more readily determinable. The measurement date for the fair value of the equity instruments issued is determined at the earlier of (i) the date at which a commitment for performance by the consultant or vendor is reached or (ii) the date at which the consultant or vendor's performance is complete. In the case of equity instruments issued to consultants, the fair value of the equity instrument is recognized over the term of the consulting agreement.

Fair Value Measurements - The Company accounts for financial instruments in accordance with FASB ASC 820 "Fair Value Measurement and Disclosures" (ASC 820). ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy that distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs).

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The estimated fair value of certain financial instruments, including cash, accounts receivable, accounts payable, accrued expenses, deferred revenue and debt are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Leases - The Company determines if a contract contains a lease at inception. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Leases with an initial term of 12 months or less are not recorded within the accompanying consolidated balance sheets. GAAP requires that the Company's leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date and the lease term used in the evaluation includes the non-cancellable period for which the Company has the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option will result in an economic penalty. All the Company's real estate leases are classified as operating leases.

Most real estate leases include one or more options to renew, with renewal terms that generally can extend the lease term for an additional two years. The exercise of lease renewal options is at the Company's discretion. The Company evaluates renewal options at lease inception and on an ongoing basis and includes renewal options that it is reasonably certain to exercise in its expected lease terms when classifying leases and measuring lease liabilities. Lease agreements generally do not require material variable lease payments, residual value guarantees or restrictive covenants.

The Company's leases generally do not provide an implicit rate, and therefore the Company uses its incremental borrowing rate as the discount rate when measuring operating lease liabilities. The incremental borrowing rate represents an estimate of the interest rate the Company would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of a lease within a particular currency environment.

Income Taxes - Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized. A $ 6,100,000 valuation allowance was recorded at June 30, 2024 and no valuation allowance at June 30, 2023.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

The Company uses the asset and liability method of accounting for income taxes in accordance with ASC Topic 740, "Income Taxes." Under this method, income tax expense is recognized for the amount of: (i) taxes payable or refundable for the current year and (ii) deferred tax consequences of temporary differences resulting from matters that have been recognized in an entity's consolidated financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the results of operations in the period that includes the enactment date.

ASC Topic 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's consolidated financial statements and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. There are no material uncertain tax positions at June 30, 2024 or June 30, 2023.

On December 22, 2017, the U.S. government enacted the Tax Act, which made significant changes to the Internal Revenue Code of 1986, as amended, including, but not limited to, reducing the U.S. corporate statutory tax rate and the net operating loss incurred after December 31, 2017 can be carried forward indefinitely and the two year net operating loss carried back was eliminated (prohibited).

Reverse Stock Split

On September 18, 2024, we filed a Certificate of Change with the Nevada Secretary of State to effect a reverse stock split of our common stock at a rate of 1-for-20 (the "Reverse Stock Split"), which became effective as of October 3, 2024 (the "Effective Date"). The Reverse Stock Split was approved by the board of directors in accordance with Nevada law. The Reverse Stock Split did not have any impact on the par value of common stock.

On the Effective Date, every twenty shares of Common Stock issued and outstanding were automatically combined into one share of Common Stock, without any change in the par value per share. As the per-share par value did not change, we reclassified $19,860 from Common Stock to Additional Paid-in-Capital on the Effective Date. The exercise prices and the number of shares issuable upon exercise of outstanding stock options, equity awards and warrants, and the number of shares available for future issuance under the equity incentive plans were adjusted in accordance with their respective terms. The Reverse Stock Split affected all stockholders uniformly and did not alter any stockholder's percentage interest in our Common Stock. We did not issue any fractional shares in connection with the Reverse Stock Split. Instead, fractional shares were initially rounded up to the next largest whole number, resulting in the issuance of 8 shares on October 3, 2024, the Effective Date, and an additional issuance of 38 shares on October 8,2024. On October 10, 2024, the transfer agent received additional requests to issue a total of 202,183 shares of common stock for round up of fractional shares. These shares were issued on October 23, 2024 and on October 30, 2024 we were notified that the shares were returned to the Company's transfer agent. Although the Company did receive the common stock back after issuance, the potential dilution remains a risk, and is the subject of a complaint filed by the Company in the United States District Court for the District of Nevada with the purpose of eliminating any said risk. The Reverse Stock Split did not modify the relative rights or preferences of the Common Stock.

Unless otherwise indicated, all issued and outstanding shares of common stock and all outstanding securities entitling their holders to purchase shares of our common stock or acquire shares of our common stock, including stock options, restricted stock units, and warrants per share data, share prices and exercise prices, as required by the terms of those securities, have been adjusted retroactively to reflect the Reverse Stock Split.

On October 17, 2024, Company received written notice (the "Compliance Notice") from The Nasdaq Stock Market LLC ("Nasdaq") informing the Company that it has regained compliance with Nasdaq Listing Rule 5550(a)(2), which requires that companies listed on the Nasdaq Stock Market maintain a minimum bid price of $1.00 per share. Nasdaq notified the Company in the Compliance Notice that, from October 3, 2024 to October 16, 2024, the closing bid price of the Company's common stock had been $1.00 per share or greater and, accordingly, the Company had regained compliance with Nasdaq Listing Rule 5550(a)(2) and that the matter was now closed.

Earnings (loss) per Share - Basic earnings (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted average common shares outstanding for the period. Diluted income (loss) per share is computed giving effect to all potentially dilutive common shares. Potentially dilutive common shares may consist of incremental shares issuable upon the exercise of stock options and warrants and upon the conversion of notes. For the year ended, the dilutive common shares are as follows:

	June 30, 2024	June 30, 2023
Stock options	200,714	241,964
Warrants	52,530	11,015
Preferred stock	13,889	13,889
Convertible debt	15,500	57,883
Restricted stock grants	12,500	-
Total potential dilutive weighted average shares outstanding	295,133	324,750

The dilutive effect of potentially dilutive securities is reflected in diluted earnings per common share by application of the treasury stock method. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities. During the year ended June 30, 2024 and 2023, the Company reported a net loss, so the potential effect is not reflected in the consolidated financial statements.

Deferred Revenue - The Company records deposits as deferred revenue when a customer pays in advance of shipping the product. Once the product is shipped, the deposit is recorded as revenue and the related commissions are paid. All products were shipped related to deposits in deferred revenue, in less than one year.

Convertible Debt and Securities - The Company follows beneficial conversion feature guidance in ASC 470-20, which applies to convertible stock as well as convertible debt. A beneficial conversion feature is defined as a nondetachable conversion feature that is in the money at the commitment date. The beneficial conversion feature guidance requires recognition of the conversion option's in-the-money portion, the intrinsic value of the option, in equity, with an offsetting reduction to the carrying amount of the instrument. The resulting discount is amortized as interest over the life of the instrument, if a stated maturity date exists, or to the earliest conversion date, if there is no stated maturity date. If the earliest conversion date is immediately upon issuance, the expense must be recognized at inception. When there is a subsequent change to the conversion ratio based on a future occurrence, the new conversion price may trigger the recognition of an additional beneficial conversion feature on occurrence.

Non-controlling Interests in Consolidated financial statements - In December 2007, the FASB issued ASC 810-10-65, "Non-controlling Interests in consolidated financial statements". This ASC clarifies that a non-controlling (minority) interest in subsidiaries is an ownership interest in the entity that should be reported as equity in the consolidated financial statements. It also requires consolidated net income to include the amounts attributable to both the parent and non-controlling interest, with disclosure on the face of the consolidated income statement of the amounts attributed to the parent and to the non-controlling interest. In accordance with ASC 810-10-45-21, those losses attributable to the parent and the non-controlling interest in subsidiaries may exceed their interests in the subsidiary's equity. The excess and any further losses attributable to the parent and the non-controlling interest shall be attributed to those interests even if that attribution results in a deficit non-controlling interest balance.

Reclassifications - Certain reclassifications have been made to the consolidated financial statements as of and for the year ended June 30, 2023 to conform to the presentation as of and for the year ended June 30, 2024.

Recent Accounting Pronouncements – From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board, ("FASB"), or other standard setting bodies and adopted by us as of the specified effective date. Unless otherwise discussed, the impact of recently issued standards that are not yet effective will not have a material impact on the Company's financial position or results of operations upon adoption. The Company has considered all other recently issued accounting pronouncements, including the new provisions of ASC 326 ("Financial Instruments – Credit Losses") pertaining to "current expected credit losses. ASC 326 was adopted for fiscal year 2024 and did not have a material effect to the accompanying consolidated financial statements.

Note 3. Acquisitions

Cygnet Online, LLC

The Company acquired 55% of Cygnet Online, LLC, on April 1, 2022. The purchase price was $5,515,756, as amended.

The following table summarizes the consideration transferred to acquire Cygnet and the amount of identified assets acquired, and liabilities assumed at the acquisition date.

Fair value of consideration transferred:

Cash	$	1,500,000
Convertible note payable, convertible at $6.00 per common share		1,050,000
Common stock, 555,489 shares valued at $5.34 per common share, the closing price on April 1, 2022.		2,965,756
	$	5,515,756

Recognized amounts of identifiable assets acquired and liabilities assumed:

Cash	$	471,237
Accounts receivable		860,882
Inventory		2,337,208
Prepaid expenses		6,900
Property and equipment		7,602
Right to use asset		410,365
Other asset		6,545
Online sales channels		1,800,000
Vendor relationships		6,000,000
Accrued liabilities		(701,606)
Notes payable		(7,298,353)
Operating lease		(422,479)
Total identifiable net assets	$	3,478,301
Goodwill	$	2,037,455

55% of the business was acquired through a stock purchase agreement on March 31, 2022. The purchase agreement provided for an increase in the purchase price of up to $700,000 based on the attainment of certain sales threshold in the first year. Our management believed that the attainment of those sales threshold at the time of acquisition was unlikely and valued the contingency at $0. The sales thresholds were not met, and no consideration was recorded for the contingency. The equity interest purchase agreement has standard provisions to adjust the purchase price based on the final working capital transferred to the Company. The purchase price was decreased by $950,000 and was repaid to the Company with the reduction in the loan to the seller. The 55% purchase price allocation is final and is no longer subject to change.

On September 1, 2023, the Company completed the acquisition of the remaining 45% interest for structured cash payments equaling $800,000, the forgiveness of advances of $89,416 and 4,505 shares of the Company's common stock valued at $162,727. As of June 30, 2024, the Company has not released the 4,505 shares or paid the remaining $300,000 owed related to this additional acquisition. The seller had access to one of the Company's bank accounts and withdrew $39,348 and refused to return the funds. The Company recorded this as a reduction of the $300,000, although there is no right of offset in the purchase agreement.

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.

An impairment of $3,300,000, related to the Cygnet vendor list, was recorded as the Company no longer purchases products from the majority of the original vendors Cygnet was using at the time purchased Cygnet. In addition, it was determined by management that the goodwill related to Cygnet was completely impaired at June 30, 2024 based on the strategic decision to exit the recommerce business. An impairment of goodwill in the amount of $3,594,745 was recorded at June 30, 2024 eliminating all of the goodwill related to Cygnet.

LuckyTail

On August 13, 2022, the Company acquired the pet product brand and the rights to the products of LuckyTail from GA Solutions, LLC.

The following table summarizes the consideration transferred to acquire LuckyTail and the amount of identified assets acquired, and liabilities assumed at the acquisition date.

Fair value of consideration transferred:

Cash	$ 2,000,000
Cash payment, 90 days after close	484,729
Cash payment, 180 days after close	469,924
Contingent consideration	112,685
Cash payment, working capital adjustment	460,901
	$ 3,528,239
Recognized amounts of identifiable assets acquired, and liabilities assumed:	
Inventory	$ 460,901
Trade name	383,792
Customer list	1,834,692
Total identifiable net assets	$ 2,679,385
Goodwill	$ 848,854

The business was acquired through an asset purchase agreement, that acquired all elements of a business, including all of the tangible and intangible assets of the LuckyTail business. The purchase agreement provided for an increase in the purchase price based on the attainment of certain sales thresholds in the first six months. The Company estimated the value of this at approximately $150,000 at the time of purchase. The sales calculated to a $112,685 payout and the purchase price was adjusted. The asset purchase agreement has standard provisions to adjust the purchase price based on the final working capital transferred to the Company. The purchase price was increased by $460,901 for the excess working capital that was transferred in the business and the final purchase price allocation was completed by an independent consulting firm and is no longer subject to change.

The acquisition of LuckyTail provided the Company with 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. The purchase price allocation was performed by a third party and is no longer subject to change.

The Company's consolidated financial statements for the year ended June 30, 2023, include the actual results of LuckyTail from August 13, 2022 through June 30, 2023. The Company recorded interest on the consideration of $63,282 during the year ended June 30, 2023 and no interest was recorded for the year ended June 30, 2024.

Management determined a $974,680 impairment was necessary based on the rapid decline of the direct-to-consumer during the year ended June 30, 2024.

Revenue from acquisitions included in the consolidated financial statements.

Net revenue included in the consolidated financial statements:

	June 30,	
	2024	2023
Cygnet	12,154,831	23,996,086
LuckyTail	3,098,552	4,489,384
	$ 15,253,383	$ 28,485,470

Consolidated pro-forma unaudited consolidated financial statements.

The following unaudited pro forma combined financial information is based on the historical consolidated financial statements of the Company and LuckyTail after giving effect to the Company's acquisitions as if the acquisitions occurred on July 1, 2022.

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, 2022, 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 year ended June 30, 2023, as if the acquisitions occurred on July 1, 2022. The results of operations for LuckyTail are included in the year ended June 30, 2024 and the results of operations for LuckyTail are included from August 13, 2022 to June 30, 2023.

Operating expenses have been increased for the amortization expense associated with the fair value adjustment of definite lived intangible assets of LuckyTail at $44,620 per month.

Pro Forma, Unaudited **Year ended June 30, 2023**	**Upexi, Inc.**	**LuckyTail**	**Proforma Adjustments**	**Proforma**
Net sales	$ 36,441,695	$ 892,270	$ -	$ 37,333,965
Cost of sales	$ 15,421,715	$ 137,088	$ -	$ 15,558,803
Operating expenses	$ 29,554,402	$ 383,476	$ 66,930	$ 30,004,808
Net income (loss) from continuing operations	$ (13,907,590)	$ 371,706	$ (66,930)	$ (13,602,814)
Basic income (loss) per common share	$ (15.56)	$ -	-	$ (15.22)
Weighted average shares outstanding	893,943	-	-	893,943

The Company estimated the annual LuckyTail amortization expense at $535,428 annually and $44,620 monthly, based on the purchase price allocation. For the year ended June 30, 2023, the proforma adjustment included $66,930 of amortization expense for one and a half months.

Acquisition-related costs are included in the general and administrative expenses on the Company's condensed consolidated statements of operations. These costs are primarily external legal, accounting and consulting services directly related to completed acquisitions, due diligence, and review of possible target acquisitions.

Note 4. Inventory

Inventory consisted of the following:

	June 30, 2024	**June 30, 2023**
Raw materials	$ 465,535	$ -
Finished goods	966,021	4,804,299
	$ 1,431,556	$ 4,804,299

The Company writes off the value of inventory deemed excessive or obsolete. During the years ended June 30, 2024 and 2023, the Company wrote off inventory valued at $1,812,319 and $118,990, respectively. The Company had inventory reserves at June 30, 2024 and 2023 of $605,470 and $154,400, respectively.

Note 5. Property and Equipment

Property and equipment consist of the following:

	June 30, 2024	June 30, 2023
Furniture and fixtures	$ 127,050	$ 172,663
Computer equipment	112,397	156,283
Internal use software	570,645	608,949
Manufacturing equipment	1,927,974	3,325,525
Leasehold improvements	767,418	-
Building	4,005,516	4,611,248
Vehicles	89,359	261,362
Property and equipment, gross	7,600,360	9,136,030
Less accumulated depreciation	(1,268,288)	(1,693,407)
Less building classified as available for sale	(4,005,516)	(4,611,248)
	$ 2,356,556	$ 2,831,375

Depreciation expense for the years ended June 30, 2024 and 2023 was $1,268,355 and $913,246, respectively.

Note 6. Intangible Assets

Intangible assets as of June 30, 2024:

	Estimated Life	Cost	Accumulated Amortization	Net Book Value
Customer relationships	4 years	$ 1,834,692	$ 1,834,692	$ -
Trade name	5 years	383,792	143,921	239,871
Online sales channels	2 years	1,800,000	1,800,000	-
Vender relationships	5 years	6,000,000	6,000,000	-
		$ 10,018,484	$ 9,778,613	$ 239,871

For the years ended June 30, 2024 and 2023, the Company amortized approximately $2,410,400, and $2,568,500, respectively. For the year ended June 30, 2024 the Company impaired approximately $3,300,000 related to the vendor relationships of Cygnet and impaired approximately $974,700 related to the customer relationships of LuckyTail.

Intangible assets as of June 30, 2023:

	Estimated Life	Cost	Accumulated Amortization	Net Book Value
Customer relationships	4 years	$ 1,834,692	$ 401,339	$ 1,433,353
Trade name	5 years	383,792	67,163	316,629
Online sales channels	2 years	1,800,000	1,125,000	675,000
Vender relationships	5 years	6,000,000	1,500,000	4,500,000
		$ 10,018,484	$ 4,237,814	$ 6,924,982

The following intangible assets were added during the year ended June 30, 2023, from the acquisitions noted below:

LuckyTail:

Customer relationships	$	1,834,692
Trade name		383,792
Intangible Assets from Purchase	$	2,218,484

Future amortization of intangible assets at June 30, 2024 are as follows:

June 30, 2025	$	76,758
June 30, 2026		76,758
June 30, 2027		76,758
June 30, 2028		9,596
	$	239,871

Note 7. Prepaid Expense and Other Current Assets

Prepaid and other receivables consist of the following:

		June 30, 2024		June 30, 2023
Insurance	$	116,074	$	187,949
Prepayment to vendors		203,556		138,653
Deposits on services		25,550		45,678
Prepaid monthly rent		60,041		27,813
Subscriptions and services being amortized over the service period		32,500		-
Other deposits		-		70,826
Stock issued for prepaid interest on convertible note payable		64,320		465,595
Other prepaid expenses		-		31,000
Other receivables		148		144,765
Total	$	502,188	$	1,112,280

All prepaid expenses will be expensed during the following 12 months.

Note 8. Operating Leases

We have entered into various non-cancellable operating and finance lease agreements for certain of our offices, manufacturing, technology, and equipment. We determine if an arrangement is a lease, or contains a lease, at inception, and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor. Our lease terms may include one or more options to extend the lease terms, for periods from one year to 20 years, when it is reasonably certain that we will exercise that option. As of June 30, 2024, no option to extend the lease was recognized as right-of-use ("ROU") assets and lease liabilities. We have lease agreements with lease and non-lease components, and non-lease components are accounted for separately and not included in our ROU assets and corresponding liabilities. We have elected not to present short-term leases on the Consolidated Balance Sheets as these leases have a lease term of 12 months or less at lease inception.

During November 2019, the Company entered into a lease for a Nevada facility that commenced on November 13, 2019, and recorded a right of use asset and corresponding lease liability. The Company uses this leased facility for office, manufacturing, and warehouse space. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases. Lease expenses for the year ended June 30, 2023 was approximately $723,000 and are included discontinued operations. The operating lease expired during the year ended June 30, 2023 and the Company continued to occupy the facility and pays rent on a month-to-month basis. During the year ended June 30, 2024 the Company used the facility for ongoing operations and recognized approximately $670,200 of expense during the year. The Company moved out of the facility in July 2024.

During May 2021, the Company entered into a lease for an additional Nevada facility that commenced on May 1, 2021, and recorded a right of use asset and corresponding lease liability. The Company uses this leased facility for additional warehouse space. The minimum lease payments were $95,548 and $111,796 for the years ended June 30, 2024 and 2023, respectively. The lease expense, including all additional lease expenses was approximately $106,100 and $134,700, respectively. The Company moved out of the facility April of 2024 when the lease term ended.

During November 2018, the Company entered into a lease for equipment that commenced on November 1, 2018, and recorded a right of use asset and corresponding lease liability. Lease expenses were $7,640 and $6,744 for the years ended June 30, 2024 and June 30, 2023, respectively.

On April 1, 2022, the Company acquired Cygnet which had entered into a lease for a Florida facility that commenced on October 8, 2021, and Cygnet had recorded a right of use asset and corresponding lease liability. The lease expires on October 8, 2026. The Company uses this leased facility for warehouse and office space. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. Lease expenses were $43,180 and $102,228 for the years ended June 30, 2024 and 2023, respectively. The Company abandoned the facility in October of 2023 and recognized a lease impairment of $289,969.

On March 15, 2023, the Company entered into a lease for approximately 20,400 square feet of warehouse and office space, located in Tampa, Florida, to be used as the Company’s distribution center. The initial term of the lease is thirty-eight months and was not completed when the lease was signed. The Company moved into the facility in July 2023 and started operations. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. During the year ended June 30, 2024, the Company recognized approximately $374,500 of expense and approximately $27,800 for the year ended June 30, 2023.

On July 25, 2023, the Company entered into a lease for approximately 5,700 square feet of office space, located in Tampa, Florida, to be used as the Company’s corporate headquarters. The initial term of the lease is sixty-one months. During the year ended June 30, 2024, the Company recognized approximately $140,658 of expense and no expense for the year ended June 30, 2023.

On April 1, 2024, the Company entered into a lease agreement with MFA 2510 Merchant LLC, which is owned by our CEO, Allan Marshall. The lease is for approximately 10,000 square feet of warehouse and office space, located in Odessa, Florida for $20,060 per month. The initial term of the lease is five years. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. The Company spent $611,768 in leasehold improvements to prepare the facility for product manufacturing, which will be amortized over the five year lease term. At June 30, 2024 there was $100,004 accrued for the deposit, three months rent, and three months estimated expenses, that was paid in July 2024 and is now kept current. Product manufacturing was at full capacity and fully moved from the Nevada facility as of August 1, 2024. During the year ended June 30, 2024 the Company recognized approximately $79,950 of expense.

Operating leases are included in operating ROU assets, current and non-current operating lease liabilities, and finance leases are included in property, plant and equipment, accrued expenses and other current liabilities, and other liabilities on the Consolidated Balance Sheets. As of June 30, 2024, our finance leases are not material.

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 consolidated balance sheet as of June 30, 2024:

2025	$ 1,031,714
2026	762,364
2027	504,795
2028	486,733
2029	221,715
Total undiscounted future minimum lease payments	3,007,321
Less: Imputed interest	(243,001)
	2,764,320
Less: current portion	(1,031,714)
Present value of operating lease obligation	$ 1,732,606

The liability for the Cygnet lease is included in the undiscounted future minimum lease payments for 2025. The Company continues to work with the lessor to resolve the disputed lease payments.

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of June 30, 2024 are:

Weighted average remaining lease term	47 Months
Weighted average incremental borrowing rate	5.0%

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of June 30, 2023 are:

Weighted average remaining lease term	29 Months
Weighted average incremental borrowing rate	5.0%

For the years ended June 30, 2024 and 2023, the components of lease expense, included general and administrative expenses and interest expense in the condensed consolidated statement of operations, are as follows:

	June 30, 2024	June 30, 2023
Finance lease expense:		
Amortization of ROU assets	$ 669,260	$ 228,147
Interest expense	99,633	28,043
Operating lease cost	16,181	16,804
Short-term lease expense	670,173	772,929
Variable lease expense	169,309	29,113
Total lease cost	$ 1,624,556	$ 1,075,036

Note 9. Accrued Liabilities and Acquisition Payable

Accrued liabilities consist of the following:

	June 30, 2024	June 30, 2023
Accrued professional fees	312,500	666,495
Accrued sales tax	28,539	37,429
Accrued expenses from sale of manufacturing operations	-	1,360,000
Other accrued liabilities	395,368	375,870
	$ 736,407	$ 2,439,794

Acquisition Payable consists of the following:

	June 30, 2024	June 30, 2023
Payments related to the acquisition of Cygnet	$ 413,152	$ 152,500
	$ 413,152	$ 152,500

These payables are amounts estimated by management that are due to the sellers of the 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 10. Convertible Promissory Notes and Notes Payable

Convertible promissory notes and notes payable outstanding as of June 30, 2024 and 2023 are summarized below:

	Maturity Date	June 30, 2024	June 30, 2023
Convertible Notes:			
Promissory Note, 21- month term, as amended, 18.11% interest payable with common stock and subordinate to the Convertible Notes. This note was amended as of November 15, 2023, extending the note to June 1, 2026 and adjusted the interest rate to 12%, paid in cash monthly.	June 1, 2026	$ 1,550,000	$ 2,150,000
Less current portion of notes payable		-	1,254,167
Notes payable, net of current portion		$ 1,550,000	$ 895,833
Acquisition Notes:			
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, 2024	-	5,750,000
Total		$ -	$ 15,000,000
Acquisition notes payable		-	5,750,000
Discount on acquisition notes payable, current		-	(93,380)
Acquisition notes payable, current		-	5,656,620
		-	9,250,000
Discount on acquisition notes payable, long-term		-	(1,644,915)
Acquisition notes payable, net of current and discount		$ -	$ 7,605,085
Notes payable, Cygnet subsidiary:			
SBA note payable, 30-year term note, 6% interest rate and collateralized with all assets of the Company	October 6, 2021	3,761,376	3,910,767
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	1,002,221	1,099,592
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	683,968	683,968
Total		$ 5,447,565	$ 5,694,327
Notes payable, Cygnet subsidiary, current		5,447,565	795,778
Notes payable, Cygnet subsidiary, net of current		$ -	$ 4,898,549
Notes Payable on Building for sale:			
Mortgage Loan, 10-year term note, 4.8% interest, collateralized by land and warehouse building	September 26, 2032	$ 2,634,538	$ 2,841,566
Note Payable:			
Promissory Note, 21-month term note, 10% cash interest and subordinate to the Convertible Notes. This note was amended as of November 15, 2023, extending the note to June 1, 2026 and adjusted the interest rate to 12%, paid in cash monthly.	June 1, 2026	560,000	560,000
Notes payable, current		-	362,667
Discount on notes payable, current		-	(24,193)
Notes payable, current net of discount		$ 2,634,538	$ 338,474
Notes payable, long-term		560,000	197,333
Discount on notes payable, long-term		(2,571)	(23,521)
Notes payable, long-term, net		$ 557,429	$ 173,812
Related Notes Payable:			
Marshall Loan, 2-year term note, 12% cash interest, 3.5% PIK interest and subordinate to the Convertible Notes. November of 2023 extended to June 1, 2026 and interest was adjusted to 12% cash interest, paid monthly	June 1, 2026	$ 500,000	$ 1,500,000
Discount on related party note payable, current		-	(70,644)
Notes payable, current, net of discount		$ -	$ 1,429,356
Discount on related party note payable, long term		-	-
Notes payable, long term, net		$ 500,000	$ -
Total convertible notes payable, acquisition notes payable, notes payable and related party note payable		$ 10,689,532	$ 25,889,239

Future payments on notes payable are as follows:

For the year ended June 30:

	Note Payable	Related Party Note Payable	Convertible Notes	Cygnet Subsidiary Notes Payable	Total
2025	$ 2,634,538	$ -	$ -	$ 5,447,565	$ 8,082,103
2026	560,000	500,000	1,550,000	-	2,610,000
	3,194,538	500,000	1,550,000	5,447,565	10,692,103
Note original discount	(2,571)	-	-	-	(2,571)
	$ 3,191,967	$ 500,000	$ 1,550,000	$ 5,447,565	$ 10,689,532

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 $120.00 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 2,813 shares of common stock. The Warrants are exercisable for five years at an exercise price of $88.80 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 canceled. 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 November 15, 2023, the Company executed an amendment to the promissory note with Mr. Marshall, providing for the payment of interest only for 18 months at an interest rate of 12% per annum and thereafter the amortization of the note over a 12 month period, starting in June of 2025. The principal currently outstanding is $500,000. In addition to this, the Company issued Mr. Marshall a warrant to purchase up to 18,750 shares of the Company's common stock for five years at a per share price of $22.00. The note has been classified as long-term in the consolidated financial statements. $1,000,000 of the promissory note was used by the investor in the purchase of VitaMedica.

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. As of March 31, 2023, the Company was not in compliance with the debt service ratio. The Company received a forbearance agreement from the bank until June 30, 2024 to return to compliance of the debt service ratio of 1.25 to 1, until that time the Company will pay an interest rate of 10% instead of the contractual terms of 4.8% and has paid the original principal and adjusted interest through this report. The building was sold for $4,300,000 on July 8, 2024.

On February 22, 2023, the Company executed a promissory note with an investor, in the original principal amount of $560,000. On November 15, 2023, the Company executed an amendment to the promissory note with the investor, providing for the payment of interest only for 18 months at 12% per annum and thereafter the amortization of the note over a 12-month period, starting in June of 2025. The principal currently outstanding is $560,000. In addition to this, the Company issued the investor a warrant to purchase up to 6,250 shares of the Company's common stock for five years at a per share price of $22.00. The note has been classified as long-term in the consolidated financial statements.

On February 22, 2023, the Company executed a promissory note with an investor, in the original principal amount of $2,150,000. In November of 2023, the Company executed an amendment to the promissory note with the investor, providing for the payment of interest only for 18 months at 12% per annum and thereafter the amortization of the note over a 12-month period, starting in June of 2025. The principal currently outstanding is $2,150,000. In addition to this, the Company issued the investor a warrant to purchase up to 25,000 shares of the Company's common stock at a per share price of $22.00. In addition, $100,000 of the promissory note was used by the investor in the purchase of VitaMedica. The note has been classified as long-term in the consolidated financial statements.

Note 11. Related Party Transactions

In June 2024, Allan Marshall, the Company's CEO advanced the Company $100,000 to enable the Company to purchase equipment needed for the new warehouse facility. This advance was paid in July 2024. No interest or other fees were paid related to this transaction.

On April 1, 2024, the Company entered into a lease agreement with MFA 2510 Merchant LLC, which is owned by our CEO, Allan Marshall. The lease is for approximately 10,000 square feet of warehouse and office space, located in Odessa, Florida for $20,060 per month on a triple net basis. The initial term of the lease is five years. The Company spent $611,768 in leasehold improvements to prepare the facility for product manufacturing, which will be amortized over the five year lease term. At June 30, 2024 there was $100,004 accrued for the deposit, 3 months' rent, and 3 months estimated expenses, this was paid in July 2024 and is now kept current. Product manufacturing was at full capacity and fully moved from the Nevada facility as of August 1, 2024.

On June 13, 2024, the Company entered into a Stock Purchase Agreement ("SPA") pursuant to which the Company sold one hundred percent (100%) of the issued and outstanding equity (the "Interests") of its wholly owned subsidiary VitaMedica, Inc. to three investors (the "Buyers"). One of the minority interest buyers is Allan Marshall, the Company's CEO. The purchase price for the stock was Six Million Dollars ($6,000,000), subject to certain customary post-closing adjustments. The proceeds of the transaction will be used for working capital, the reduction of debt and the reduction of other liabilities currently outstanding.

In June 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 an interest rate of 8.5% per annum with an additional PIK of 3.5% per annum. On November 15, 2023, the Company executed an amendment to the promissory note with Mr. Marshall, providing for the payment of interest only for 18 months at an interest rate of 12% per annum and thereafter, the amortization of the note over a 12-month period, starting in June of 2025. $1,000,000 of the principal was used as part of the VitaMedica purchase price. The principal outstanding and accrued interest at June 30, 2024 was $500,000 and $169,662, respectively. The accrued interest was paid in July of 2024. In addition, the Company issued Mr. Marshall a warrant to purchase up to 18,750 shares of the Company's common stock for five years at a per share price of $22.00. The note has been classified as long-term in the consolidated financial statements.

The above related party transactions are not necessarily indicative of the amounts and terms that would have been incurred had comparable transactions been entered into with independent parties.

Note 12. Equity Transactions

Convertible Preferred Stock

The Company has 25,000 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 year ended June 30, 2023:

The Company issued 62,370 shares of common stock for the acquisition of E-Core Technologies Inc., a Florida corporation, valued at $6,000,000.

The Company issued 6,700 shares of common stock for prepayment of interest on a note payable. The shares were valued at $607,020 or $90.60 per common share and recorded as prepaid interest as the shares were issued at that time.

The Company agreed to sell 100,061 shares of common stock for a purchase price of approximately $7,000,000. After deducting the underwriter's commissions, discounts, and offering expenses payable by the company, the Company expects to receive net proceeds of approximately $6,060,000. In addition, the Company issued warrants to purchase approximately 8,450 shares of the Company's common stock at a purchase price of $95.48 per common share.

In September of 2023, the Company issued 4,505 shares of common stock for the purchase of the remaining 45% of Cygnet Online, LLC. The shares were valued at $162,727 or $36.12 per common share. These shares were held due to a dispute with the seller.

On January 18, 2024, the Company issued 25,081 shares of common stock as repayment of $500,000 of the Company's long-term debt. The shares were valued at $500,000 or 19.94 per common share.

On March 18, 2024, the Company issued 5,000 shares of common stock as an incentive-restricted stock grant to certain employees. The shares were valued at $85,000 or $17 per common share.

The Company effectuated a reverse stock split, at a rate of 20 to 1, effective at 12:01 am ET, October 3, 2024. The total issued and outstanding shares of the Company's common stock, post reverse stock split was 1,040,886. The Depository Trust Company ("DTC") has requested an additional 202,183 shares of the Company's common stock to round up, pursuant to the terms of the reverse stock split, the holdings of DTC's beneficial holders. These shares were issued on October 23, 2024 and on October 30, 2024 we were notified that the shares were returned to the Company's transfer agent. Although the Company did receive the common stock back after issuance, the potential dilution remains a risk, and is the subject of a complaint filed by the Company in the United States District Court for the District of Nevada with the purpose of eliminating any said risk. The Reverse Stock Split did not modify the relative rights or preferences of the Common Stock.

Note 13. Stock Based Compensation

The Company has established a Company an incentive plan, 2019 Equity Incentive Plan (the "2019 Plan"). The plan grants incentives to select persons who can make, are making and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons and to encourage and reward such contributions by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restructured stock. The 2019 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2019 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2019 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an award made under the 2019 Plan. On February 8, 2021, the Shareholders consented, and the Board of Directors approved, the amendment of the 2019 Plan to increase the maximum number of Shares that may be issued thereunder by 138,889 Shares to 277,778 Shares. On May 24, 2022, the Shareholders consented, and the Board of Directors approved the amendment of the 2019 Plan to increase the maximum number of Shares that may be issued thereunder by 222,222 Shares to 500,000 Shares.

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 years ended June 30, 2024 and 2023:

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	213,994	$ 61.00	7.42	$ 4,919,182
Granted	52,150	92.60	10	-
Forfeited	(24,180)	30.60	-	-
Outstanding at June 30, 2023	241,964	$ 66.20	6.23	$ 1,342,280
Granted	23,900	26.59	5	-
Forfeited	(65,150)	79.56	-	-
Outstanding at June 30, 2024	200,714	$ 57.40	5.83	$ 0.00
Options exercisable at June 30, 2024 (vested)	196,972	58.20	5.85	$ 0.00
Options exercisable at June 30, 2023(vested)	217,490	62.40	6.41	$ 3,131,855

The average fair value of stock options granted was estimated to be $3.40 per share for the period ended June 30, 2024, and the closing stock price on June 30, 2024, was $7.20 per common share.

The average fair value of stock options granted was estimated to be $92.60 per share for the period ended June 30, 2023, and the closing stock price on June 30, 2023, was approximately $45.00 per common share.

Stock-based compensation expense attributable to stock options was approximately $1,169,803 and $3,664,500 for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024, there was approximately $265,200 unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was 2 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 years ended June 30, 2024 and 2023:

	June 30, 2024	June 30, 2023
Dividend rate	-	-
Risk free interest rate	3.95%-4.53%	2.70%-4.38%
Expected term	5	6.5
Expected volatility	58%-107%	68%-117%
Grant date stock price	$ 0.53-1.47	$ 1.62 – 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 years ended June 30, 2024 and 2023, respectively.

There were 213,214 shares available for issuance as of November 11, 2024, under the 2019 Plan as amended.

14. Income Taxes

The components of the provision for income taxes are as follows:

	2024	2023
Current tax provision	$ 12,700	$ 349,260
Deferred tax provision	(344,801)	(3,601,298)
Provision for income taxes (benefit)	$ (332,101)	$ (3,049,293)

The differences between income taxes calculated at the statutory US federal income tax rate and the Company's provision for income taxes are as follows:

	2024	2023
Income tax provision at statutory federal and state tax rate	21%	21.00%
State taxes, net of federal benefit	0.27%	5.04%
Nondeductible expense	(0.05)%	(0.24)%
Tax return to provision	0.00%	(2.67)%
State tax rate change	.07%	1.81%
Other, net	5.53%	0.90%
Valuation allowance	(25.43)%	-%
Provision for income taxes	1.38%	25.83%

The net deferred income tax asset balance related to the following:

	2024	2023
Net operating losses carry forward	$ 4,405,547	$ 752,863
Right of use assets	98,987	-
Inventory write off	981,758	-
Impairment loss	3,159,477	1,015,997
Intangible assets	1,034,959	1,741,870
Stock Options	2,323,784	1,999,688
Allowance for doubtful accounts	16,797	56,112
Accrued compensation	27,540	19,323
Deferred revenue	-	18,196
Other, net	7	7
Valuation allowances	(6,100,000)	-
Deferred tax asset	$ 5,948,858	$ 5,604,056

There were approximately $44,916,500 and $21,258,000 of losses available to reduce federal taxable income in future years and can be carried forward indefinitely as of June 30, 2024 and June 30, 2023, respectively.

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. As of June 30, 2024 and 2023, the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. 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. The Company used $2,506,514 of the federal net operating loss carryover during the year ended June 30, 2022. During the years ended June 30, 2024 and June 30, 2023 the federal net operating loss increased significantly and management recorded a valuation reserve of $6,100,000.

We file federal and state income tax returns in jurisdictions with varying statutes of limitations. Income tax returns generally remain subject to examination by federal and most state tax authorities. We are not currently under examination in any federal or state jurisdiction.

Note 15. 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.

Note 16. 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 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 $8,500,000 and a valuation allowance of $8,500,000.

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 was not moved from the Henderson, Nevada location to the buyers location in Daytona, Florida.

At closing, the Company provided working capital, in the form of inventory, in excess of the working capital agreement and during the transition period, there are certain expenses and purchases incurred that are to be netted against funds collected on behalf of the buyer. At June 30, 2023, there was a receivable balance from the buyer of 845,443, net of a reserve of $1,179,498.

Advance for payroll	$	50,000
Operating expense		652,891
Management fees		685,600
Excess working capital		388,565
Accrued Interest		247,885
Subtotal due from Bloomios	$	2,024,941
Reserve		1,179,498
Total due from Bloomios	$	845,443

For several reasons, including but not limited to the non-payment per the terms of several agreements and the continuous delay in getting the business transitioned, the Company notified Bloomios of its termination of the transition agreement. Management accrued a reserve on the receivable balance of $1,179,498 leaving a receivable balance of $845,443 on June 30, 2023. Accrued interest and the gain from the original issue discount were reversed and the remaining balance was expensed to loss from discontinued operations during the year ended June 30, 2023. For the year ended June 30, 2024, the Company had accrual for wind down expenses of employee compensation, travel expenses and others for the expected shutdown of the facility in Henderson, Nevada after the transition was completed to Bloomios. The final reconciliation of all these accrued expenses resulting in and over accrual of $71,976 and was recognized as income from discontinued operations for the year ended June 30, 2024.

Summary of discontinued operations:

	Years ended June 30,	
	2024	2023
Discontinued Operations		
Revenue	$ -	$ 3,042,878
Cost of sales	$ -	$ 1,803,643
Sales, general and administrative expenses	$ (71,976)	$ 1,300,102
Depreciation and amortization	$	$ 10,576
Income (loss) from discontinued operations, net of tax	$ 71,976	$ (338,418)

The investments originally recorded at the date of the sale were fully reserved as of June 30, 2023.

Investments - Bloomios:

Senior secured convertible debenture, net of unamortized original issue discount	$ 5,218,209
Series D convertible preferred stock	8,500,000
Convertible Secured Subordinate Promissory Note	5,000,000
Reserve on Investments - Bloomios	(18,718,209)
Total Investments - Bloomios	$ -

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

We received 85,000 shares of Series D preferred stock. The preferred shares have a stated 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 to40% of the net proceeds received by Bloomios in connection with any offering of securities conducted in connection with an up listing. Interest is due monthly 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.

Note 17. Discontinued Operations – Sale of Interactive Offers

On August 31, 2023, the Company sold Interactive offers to Amplifyir Inc. The purchase price is $1,250,000 with a provision to adjust the final purchase price based on the business being transferred to Amplifyer Inc. with a net zero working capital. In addition, the Buyer is obligated to pay the Company two-and-one-half percent (2.5%) of certain advertising revenues of Interactive for a two-year period post-closing. Accordingly, the results of the business were classified as discontinued operations in our statements of operations and excluded from both continuing operations and segment results for all periods presented.

Summary of discontinued operations:

	Years ended June 30,			
		2024		2023
Discontinued Operations				
Revenue	$	158,147	$	1,442,279
Cost of sales	$	11,982	$	446,332
Sales, general and administrative expenses	$	333,168	$	2,118,480
Depreciation and amortization	$	-	$	607,103
Loss from discontinued operations	$	(187,003)	$	(1,729,636)
Accounts receivable net of allowance for doubtful accounts	$	-	$	67,467
Fixed assets, net of accumulated depreciation	$	-	$	2,835
Total assets	$	-	$	1,026,043
Total liabilities	$	-	$	-

Note 18. Discontinued Operations – Sale of VitaMedica

On June 13, 2024, the Company sold VitaMedica, Inc. to three investors and had an effective day of June 1, 2024. One of the minority interest investors is Allan Marshall, the Company's Chief Executive Officer. The purchase price for the stock was $ 6,000,000, subject to certain customary post-closing adjustments. In addition, the Buyers are obligated to pay the Company for services provided according to the Transition Services Agreement. Accordingly, the results of the business were classified as discontinued operations in our statements of operations and excluded from both continuing operations and segment results for all periods presented. Discontinued operations of VitaMedica included in the consolidated financial statements ended June 30, 2024 are for the period from July 1, 2023 to May 31, 2024.

Summary of discontinued operations:

	Years ended June 30,			
		2024		2023
Discontinued Operations				
Revenue	$	8,707,268	$	7,610,949
Cost of sales	$	2,051,854	$	1,362,036
Sales, general and administrative expenses	$	6,076,257	$	5,891,301
Depreciation and amortization	$	425,263	$	527,634
Other expenses	$	(59,742)	$	212,427
Income (loss) from discontinued operations	$	213,636	$	(382,449)
Accounts receivable net of allowance for doubtful accounts	$	-	$	289,416
Fixed assets, net of accumulated depreciation	$	-	$	83,840
Total assets	$	-	$	4,875,757
Total liabilities	$	-	$	

Fair value of consideration the Company was paid:

Cash	$	2,100.000
Reduction of liabilities		1,900,000
Note payable		1,000,000
Working capital payment		1,000,000
	$	6,000,000

Recognized amounts of identifiable assets, liabilities and intangible assets transferred:

Cash	$	37,267
Accounts receivable		416,374
Inventory		1,747,150
Prepaid expenses		518,280
Fixed assets		111,305
Other assets		184,800
Liabilities		(512,926)
Total identifiable assets		2,502,250
Total goodwill and intangible assets		1,549,212
Total assets transferred		4,051,462
Purchase price	$	6,000,000
Gain on sale of VitaMedica	$	1,948,538

Note 19. Discontinued Operations – Sale of E-Core

E-Core, Technology Inc. and its subsidiaries

On October 21, 2022, the Company acquired E-Core Technology, Inc. ("E-Core") d/b/a New England Technology, Inc., a Florida corporation ("New England Technology").

The following table summarizes the consideration transferred to acquire E-Core and the amount of identified assets acquired, and liabilities assumed at the acquisition date.

Fair value of consideration transferred:

Cash	$	100,000
Cash payment, 120 days		3,000,000
Note payable		5,189,718
Note payable 2		4,684,029
Convertible note payable, convertible at $4.81 per common share		2,418,860
Common stock, 1,247,402 shares valued at $4.81 per common share, the calculated closing price on October 21, 2022		6,000,000
	$	21,039,765

Recognized amounts of identifiable assets acquired, and liabilities assumed:

Cash	$	1,014,610
Accounts receivable		6,699,945
Inventory		7,750,011
Prepaid expenses		75,721
Trade name		1,727,249
Customer relationships		5,080,305
Accrued liabilities		(192,051)
Line of credit		(7,201,079)
Total identifiable net assets	$	14,635,673
Goodwill	$	6,404,092

The business was acquired through membership interest purchase agreement on October 21, 2022. There was no contingent consideration payable under the asset purchase agreement, although a provision was used to adjust the purchase price based on the final working capital transferred to the Company. The purchase price was decreased by $33,803, net and was repaid to the Company with an adjustment to the $3,000,000 cash payment. The final purchase price allocation was completed by an independent consulting firm and is no longer subject to change.

The three notes payable were discounted by $2,707,393. The discount amortization for the year ended June 30, 2024 and June 30, 2023 was $1,112,676 and $969,098, respectively.

On August 1, 2024, the Company closed a sale transaction in which, effective as of June 30, 2024, it sold100% of the outstanding stock of its wholly owned subsidiary E-Core Technology, Inc., a Florida corporation (d/b/a New England Technology, Inc.) ("E-core"), to E-Core Holdings, LLC, a Florida limited liability company (the "Buyer") pursuant to the terms of an Agreement to Unwind Securities Purchase Agreement dated July 31, 2024 (the "Agreement"). The principals of the Buyer are the three individuals from whom the Company acquired E-core in October 2022. The purchase price in the transaction was $2,000,000 paid by the Buyer to the Company at closing. In addition, in connection with the closing of the transaction (i) the Company was released as a guarantor from E-core's commercial loan facility, and (ii) all subordinated promissory notes issued by the Company in connection with the Company's initial acquisition of E-core were cancelled and any outstanding principal and interest thereunder was deemed paid in full. The Agreement contains standard representations and warranties, conditions to closing, and covenants, for a transaction of this nature.

Summary of discontinued operations:

	Years ended June 30,	
	2024	**2023**
Discontinued Operations		
Revenue	$ 8,707,268	$ 36,623,864
Cost of sales	$ 2,051,854	$ 30,334,483
Sales, general and administrative expenses	$ 6,076,257	$ 4,026,910
Depreciation and amortization	$ 425,263	$ 1,144,313
Other expenses	$ (59,742)	$ 37,824
Income from discontinued operations	$ 213,636	$ 1,080,379
Accounts receivable net of allowance for doubtful accounts	$ -	$ 5,796,903
Fixed assets, net of accumulated depreciation	$ -	$ -
Total assets	$ -	$ 22,400,484
Total liabilities	$ -	$ 3,401,983

Fair value of consideration the Company was paid:

Acquisition payable, paid August 5, 2024	$ 2,000.000
Assumption of debt and accrued interest	10,636,309
	$ 12,636,309

Recognized amounts of identifiable assets, liabilities and intangible assets transferred:

Cash	$ 51,976
Accounts receivable	5,301,212
Inventory	1,870,687
Prepaid expenses	56,476
Fixed assets	-
Liabilities	(3,428,549)
Total identifiable assets	3,851,802
Total goodwill and intangible assets	10,521,833
Total assets transferred	14,373,635
Purchase price	$ 12,636,309
Loss on sale of E-core	$ 1,737,326

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Management's Report on 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 the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on this evaluation, our chief executive officer and chief financial 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 chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management's Report on Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) that is designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

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 Exchange Act, as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date"). Based on this evaluation, our chief executive officer and chief financial 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 chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002. Our management, with the participation of our principal executive officer and principal financial officer have conducted an assessment, including testing, using the criteria in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013). Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. This assessment included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, management concluded that our internal control over financial reporting was not effective as of June 30, 2024. The ineffectiveness of the Company's internal control over financial reporting was due to the following material weaknesses, which are indicative of many small companies with small staff:

(i) inadequate segregation of duties consistent with control objectives; and

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

We are currently reviewing our disclosure controls and procedures related to these material weaknesses and expect to implement changes in the current fiscal year, including identifying specific areas within our governance, accounting and financial reporting processes to add adequate resources to potentially mitigate these material weaknesses.

Our management will continue to monitor and evaluate the effectiveness of our internal controls and procedures and our internal controls over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management's Remediation Plan

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 annual report on Form 10-K, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the following changes in the current fiscal year as resources allow:

(i) We have added additional qualified personnel to address inadequate segregation of duties and are in the process of implementing modifications to our financial controls through our newly implemented ERP that will enforce these controls systematically and enable tracking of the multiple review process; and

(ii) We will add several workflow review processes with the new ERP and we expect to finalize these efforts by the end of the 2025 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 consolidated financial statements for the year ended June 30, 2024 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 that occurred during the year ended June 30, 2024, that have materially or are reasonably likely to materially affect, our internal controls over financial reporting. The Company has added significant qualified resources to ensure proper segregation of duties and proper review of the financial reporting policies and procedures.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

All directors of our company hold office until the next annual meeting of the security holders or until their successors have been elected and qualified. The officers of our company are appointed by our board of directors and hold office until their death, resignation or removal from office. Our directors and executive officers, their ages, positions held, and duration as such, are as follows:

Name	Position Held with the Company	Age	Date First Elected or Appointed
Allan Marshall	Chief Executive Officer, Chairman of the Board	57	May 17, 2019
Andrew Norstrud	Chief Financial Officer, Director	51	April 1, 2020
Gene Salkind	Director	70	January 1, 2021
Thomas C. Williams	Director	64	January 1, 2021
Lawrence H Dugan	Director	57	January 1, 2021

Business Experience

The following is a brief account of the education and business experience during at least the past five years of each director, executive officer and key employee of our company, indicating the person's principal occupation during that period, and the name and principal business of the organization in which such occupation and employment were carried out.

Allan Marshall, 57, Chief Executive Officer, Director. Mr. Marshall joined the Company as CEO in May of 2019 and was previously retired prior to joining the Company working as a serial entrepreneur with a focus on development stage companies in hyper growth industries, with the past several years focusing on the technology and cannabis industries. Mr. Marshall is often the driving force behind the organization for its initial growth and funding strategies. Mr. Marshall began his career in the transportation and logistics industry. Mr. Marshall founded Segmentz, Inc. in November of 2000 and served as the Chief Executive Officer, successfully acquiring five distinct logistic companies, raised more than $25,000,000 of capital, creating the infrastructure and business foundation that is now XPO Logistics, Inc. (NYSE: XPO) with revenues in excess of $17 billion. Prior to Segmentz, Mr. Marshall founded U.S. Transportation Services, Inc. ("UST") in 1995, whose main focus was third party logistics. UST was sold to Professional Transportation Group, Inc. in January 2000 and Professional Transportation Group ceased business in November 2000. Prior to 1995, Mr. Marshall served as Vice President of U.S. Traffic Ltd, a Canadian company, where he founded their United States logistics division and had previously founded a successful driver leasing company in Toronto, Ontario, Canada.

Andrew J. Norstrud, 51, Chief Financial Officer, Director. Mr. Norstrud joined Upexi, Inc. in July of 2019 as a consultant and became the Chief Financial Officer in April of 2020 and a Director as of January 2020. Prior to joining Upexi, Inc., Mr. Norstrud worked as a consultant through his own consulting firm. Mr. Norstrud served as the Chief Financial Officer for Gee Group Inc. from March 2013 until June 2018. Mr. Norstrud also served Gee Group as CEO from March 7, 2014 until April 1, 2015. Mr. Norstrud served as a director of GEE Group Inc. from March 7, 2014 until August 16, 2017. Prior to GEE Group Inc., Mr. Norstrud was a consultant with Norco Accounting and Consulting from October 2011 until March 2013. From October 2005 to October 2011, Mr. Norstrud served as the Chief Financial Officer for Jagged Peak. Prior to his role at Jagged Peak, Mr. Norstrud was the Chief Financial Officer of Segmentz, Inc. (XPO Logistics), and played an instrumental role in the company achieving its strategic goals by pursuing and attaining growth initiatives, building a financial team, completing and integrating strategic acquisitions and implementing the structure required of public companies. Previously, Mr. Norstrud worked for Grant Thornton LLP and PricewaterhouseCoopers LLP and has extensive experience with young, rapid growth public companies. Mr. Norstrud earned a BA in Business and Accounting from Western State College and a Master of Accounting with a systems emphasis from the University of Florida. Mr. Norstrud is a Florida licensed Certified Public Accountant.

Gene Salkind, 70, Director. Gene Salkind, M.D. has been a practicing neurosurgeon for more than 35 years outside of Philadelphia, PA. He graduated from the University of Pennsylvania in 1974 with a B.A., Cum Laude, and received his medical degree from the Lewis Katz School of Medicine in 1979. He returned to the University of Pennsylvania for his neurosurgical residency and in 1985 was selected as the Chief Resident in Neurosurgery at the Hospital of the University of Pennsylvania. Since that time, he has been in a university affiliated practice of general neurological surgery. He has served as the Chief of Neurosurgery at Holy Redeemer Hospital, Albert Einstein Medical Center, and Jeanes Hospital in Philadelphia. He has authored numerous peer reviewed journal articles and has given lectures throughout the country on various neurosurgical topics. He has held professorships at the University of Pennsylvania, the Allegheny Health Education and Research Foundation, and currently at the Lewis Katz School of Medicine.

Dr. Salkind is a prominent investor in the pharmaceutical arena. Past investments include Intuitive Surgical, Pharmacyclics, which grew from less than $1 per share to subsequently being acquired by Abbvie for $250 per share, and Centocor, one of the nation's largest biotechnology companies, which was acquired by Johnson & Johnson for $4.9 billion in stock. Dr. Salkind currently sits on the boards of Cure Pharmaceuticals, a leader in the biotechnology field through its continual pursuit of redefining traditional drug delivery, and Mobiquity Technologies, Inc., a digital engagement provider. Mobiquity owns and operates a national location based mobile advertising network. The company's suite of technologies allows clients to execute personalized and relevant experiences, driving brand awareness and incremental revenue. He was previously a board member of Derm Tech International, a global leader in non-invasive dermatological molecular diagnostics.

Dr. Salkind in 2019 joined the Strategic Advisory Board of Bio Symetrics, a company that has built data services tools for automated pre-processing, integrated analytics, and predictive modeling to make machine learning accessible to scientists and providers. Their technology serves health and hospital systems, biopharma, drug discovery and precision medicine. Dr. Salkind, a member of our audit committee, currently owns greater than ten percent (10%) of the outstanding voting securities of the Company.

Thomas Williams, 64, has over 40 years of experience in the insurance industry. He has served in multiple roles in both originations and the administration side of operations. Mr. Williams has a specialization in providing securitization mechanisms of illiquid insurance assets. Thomas was with Smith Barney for his training in the capital markets and insurance industries.
Mr. Williams is currently an officer and director in several Ireland based holding companies with a focus in the insurance industry. He is an active member of the Risk Committee of Wyndham, a large Bermuda based captive. He has extensive experience in the Offshore and European Union insurance markets in both developing the structures and implementing corporate governance. His current role includes providing risk management services to a Section 110 Investment platform in both Luxembourg and Ireland for CSM Securities. Mr. Williams was the intermediary in the sale of Associate Industries of Florida, one of the largest insurance companies in workers' compensation. He facilitated the sale to Am Trust, a New York publicly traded company in 2009.
Mr. Williams has served on the board of directors of two public companies:

- GEE Group, an American Stock Exchange Company from 2008 to 2018. At this company, he chaired the nominating committee and was a member of the Corporate Governance Committee and Audit Committee.
- Two Rivers Water and Farming from 2019 to 2020.

Mr. Williams completed a training program at Northwestern's Kellogg Business School for Corporate Governance in Public Companies in 2013.

Lawrence H Dugan, 57, Director. Mr. Dugan is a partner with the accounting firm Dorra & Dugan and has been since 1996. Mr. Dugan graduated from the University of Central Florida in 1989. Mr. Dugan is a Florida licensed Certified Public Accountant.

Family Relationships

There are no family relationships between any of our directors, executive officers and proposed directors or executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our directors or executive officers has, during the past ten years:

1. been convicted in a criminal proceeding or been subject to a pending criminal proceeding (excluding traffic violations and other minor offences);
2. had any bankruptcy petition filed by or against the business or property of the person, or of any partnership, corporation or business association of which he was a general partner or executive officer, either at the time of the bankruptcy filing or within two years prior to that time, other than the filings of voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Nevada by Steam Distribution, LLC, One Hit Wonder, Inc., Havz, LLC, d/b/a Steam Wholesale, and One Hit Wonder Holdings, LLC, of which Mr. Robert Hackett was an equity holder, managing member and/or officer;
3. been subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction or federal or state authority, permanently or temporarily enjoining, barring, suspending or otherwise limiting, his involvement in any type of business, securities, futures, commodities, investment, banking, savings and loan, or insurance activities, or to be associated with persons engaged in any such activity;
4. been found by a court of competent jurisdiction in a civil action or by the SEC or the Commodity Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended, or vacated;
5. been the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree, or finding, not subsequently reversed, suspended or vacated (not including any settlement of a civil proceeding among private litigants), relating to an alleged violation of any federal or state securities or commodities law or regulation, any law or regulation respecting financial institutions or insurance companies including, but not limited to, a temporary or permanent injunction, order of disgorgement or restitution, civil money penalty or temporary or permanent cease-and-desist order, or removal or prohibition order, or any law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or
6. been the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Exchange Act (15 U.S.C. 78c(a)(26)), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act (7 U.S.C. 1(a)(29)), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or persons associated with a member.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics which is filed as Exhibit 14.1 of Form S1 as filed with the SEC on May 21, 2021. We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, officers, employees and all persons performing similar functions. A copy of that code is attached as Exhibit 14.1 to the Company's Registration Statement on Form S-1 filed with the SEC on May 21, 2021. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed in our public filings with the Commission.

Term of Office of Directors

Our directors are elected at each annual meeting of stockholders and serve until the next annual meeting of stockholders or until their successor has been duly elected and qualified, or until their earlier death, resignation or removal.

Audit Committee and Financial Expert

On January 27, 2021, our Board established an audit committee that operates under a written charter as approved by our Board. The members of our audit committee are Dr. Gene Salkind, Mr. Thomas Williams, and Mr. Lawrence Dugan. Mr. Dugan serves as chairman of the audit committee and our Board has determined that he is an "audit committee financial expert" as defined by applicable SEC rules. The Board has determined that Dr. Salkind, Mr. Williams and Mr. Dugan are independent directors as that term is defined in Rule 5605(a)(2) of the Nasdaq Listing Rules, and has determined that Dr. Salkind, Mr. Williams and Mr. Dugan as audit committee members meet the more stringent requirements under Rule 5605(c)(2) of the Nasdaq Listing Rules.

Our audit committee is responsible for: (1) the integrity of the Company's consolidated financial statements, (2) the effectiveness of the Company's internal control over financial reporting, (3) the Company's compliance with legal and regulatory requirements, (4) the independent registered public accounting firm's qualifications and independence, (5) and the performance of the Company's independent registered public accountants and (6) preparation of the audit committee report as required to be included in the Company's annual proxy statement. The Audit Committee Charter is filed as Exhibit 10.8 to this form 10K.

The audit committee met five times during the years ended June 30, 2024 and 2023.

Compensation Committee

On January 27, 2021, our Board established a compensation committee that operates under a written charter as approved by our Board. The members of our compensation committee are Dr. Gene Salkind, Mr. Thomas Williams, and Mr. Lawrence Dugan. Dr. Salkind serves as chairman of the compensation committee.

Our compensation committee is responsible for the oversight of, and the annual and ongoing review of, the Chief Executive Officer, the compensation of the senior management team, and the bonus programs in place for employees, which includes: (1) reviewing the performance of the Chief Executive Officer and other senior officers, and determining the bonus entitlement for such officer or officers on an annual basis, (2) determining and approving proposed annual compensation and incentive opportunity level of executive officers for each fiscal year, and recommending such compensation to the Board, (3) administration of determination of proposed grants of stock options to directors, employees, consultants and advisors with the Chief Executive Officer, (4) reviewing and recommending to the Board the compensation of the Board and committee members, (5) administering and approving any general benefit plans in place for employees , (6) engaging and setting the compensation for independent counsel and other advisors and consultants, (7) preparing any reports on director and officer compensation to be included in the Company's proxy statements , (8) assessing the Company's competitive positions for each component of officer compensation and making recommendations to the Board regarding such positions and (9) reviewing and assessing the adequacy of its charter and submitting any recommended changes to our Board for its consideration and approval. The Compensation Committee Charter is filed as Exhibit 10.9 hereto.

The compensation committee met twice during the year ended June 30, 2024 and three times during the year ended June 30, 2023.

Nomination and Governance Committee

On January 27, 2021, our Board established a nomination and governance committee that operates under a written charter as approved by our Board. The members of our nomination committee are Dr. Gene Salkind, Mr. Thomas Williams, and Mr. Lawrence Dugan. Mr. Williams serves as chairman of the nomination and governance committee.

Our nomination and corporate governance committee is responsible for assisting the Board in (1) proposing a slate of qualified nominees for election to the Board by the shareholders or in the event of a Board vacancy, (2) evaluating the suitability of potential nominees for membership on the Board, (3) determining the composition of the Board and its committees, (4) monitoring a process to assess Board, committee and management effectiveness, (5) aiding and monitoring management succession planning and (6) developing, recommending to the Board, implementing and monitoring policies and processes related to the Company's corporate governance guidelines. The Nominating Committee Charter is filed as Exhibit 10.10 to the Company's Form S-1 as filed with the SEC on May 21, 2021.

The nomination committee met twice during the years ended June 30, 2024 and 2023.

Nominations to the Board of Directors

We do not have any defined policy or procedural requirements for shareholders to submit recommendations or nominations for directors. Our Board believes that, given the stage of our development, a specific nominating policy would be premature and of little assistance until our business operations develop to a more advanced level. We do not currently have any specific or minimum criteria for the election of nominees to the Board. The Board, with the help of its nomination and corporate governance committee, will assess all candidates, whether submitted by management or shareholders, and make recommendations for election or appointment.

Stockholder Communications

We do not have a formal policy regarding stockholder communications with our Board. A shareholder who wishes to communicate with our Board may do so by directing a written request addressed to our Chief Executive Officer, at the address appearing on the first page of this filing.

Item 11. Executive Compensation

The particulars of the compensation paid to the following persons:

(a) our principal executive officers;

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Allan Marshall, CEO, and Director (2)	2024	840,000	250,769	-	-	-	-	-	1,090,769
	2023	840,000	341,068					90,000	1,271,068
Andrew Norstrud, Chief Financial Officer (3)	2024	250,000	-	-	-	-	-	-	250,000
	2023	250,000	150,000					30,000	430,000
Anthony Bazan, COO (1)	2023	294,800							294,800

(1) Anthony Bazan resigned all positions with the Company on June 15, 2023.
(2) At June 30, 2024, Allan Marshall had an accrued and unpaid bonus of $399,231 not included in this compensation table.
(3) At June 30, 2024, Andrew Norstrud had an accrued and unpaid bonus of $375,000 not included in this compensation table.

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. Our directors and executive officers may receive share options at the discretion of our board of directors in the future. We do not have any material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that share options may be granted at the discretion of our board of directors. The value of the option awards is based on the intrinsic value at date of grant.

(3) Represents equity-based compensation expense calculated in accordance with the provisions of Accounting Standards Codification Section 718 – Compensation – Stock Compensation, using the Black-Scholes option pricing model as set forth in Notes to our consolidated financial statements in Item 13.

Employment Agreements

On March 15, 2021, the Company entered a new employment agreement that superseded all previous agreements with Allan Marshall, Chairman and Chief Executive Officer (the "Marshall Employment Agreement"). The Marshall Employment Agreement provides for a three-year term ending on March 15, 2025, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard 1-year automatic extension clause if there is no notice by the Company of termination. Mr. Marshall received a starting base salary at the rate of $460,000 per year which can be adjusted by the Compensation Committee. In the previous contract Mr. Marshall was granted an option to purchase 1,111,112 shares of Common Stock at a price of $1.53 per share with 555,556 shares vesting immediately and 555,556 shares vesting ratably over a two-year period. The options are exercisable for 10 years and provide for cashless exercise. Mr. Marshall is entitled to receive an annual bonus based on criteria to be agreed to by Mr. Marshall and the Compensation Committee. The Marshall Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions.

On February 1, 2021, the Company entered an employment agreement with Andrew Norstrud, Chief Financial Officer (the "Norstrud Employment Agreement"). The Norstrud Employment Agreement provides for a three-year term ending on February 1, 2024, unless employment is earlier terminated in accordance with the provisions thereof and after the initial term has a standard 1-year automatic extension clause if there is no notice by the Company of termination. Mr. Norstrud received a starting base salary at the rate of $250,000 per year which can be adjusted by the Compensation Committee. Mr. Norstrud was granted an option to purchase 388,889 shares of Common Stock at a price of $1.53 per share vesting ratably over a two-year period. The options are exercisable for 10 years and provide for cashless exercise. Mr. Norstrud is entitled to receive an annual bonus based on criteria to be agreed to by Mr. Norstrud and the Chief Executive Officer and the Compensation Committee. The Norstrud Employment Agreement contains standard termination, change of control, non-compete and confidentiality provisions.

Outstanding Equity Awards at Fiscal Year- End Table

The following table summarizes equity awards granted to Named Executive Officers and directors that were outstanding as of June 30, 2024:

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options: # Exercisable	Number of Securities Underlying Unexercised Options: # Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unearned and Unexercisable Options:	Option Exercise Price $	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested #	Market Value of Shares or Units of Stock That Have Not Vested $	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested #	Equity Incentive Plan Awards: Market of Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested $
Allan Marshall, CEO, and Director	62,500	-	-	$ 83.60	7/21/2031	-	-	-	-
	41,667	-	-	$ 30.60	6/1/2029	-	-	-	-
Andrew Norstrud,	10,000	-	-	$ 83.60	7/21/2031	-	-	-	-
Chief Financial Officer and Director	8.334	-	-	$ 30.60	2/1/2031	-	-	-	-
	19,445	-	-	$ 30.60	6/1/2029	-	-	-	-
Gene Salkind, Director	2,500	-	-	$ 77.40	9/30/2027	-	-	-	-
	2,500	-	-	$ 83.60	7/21/2031	-	-	-	-
	1,389	-	-	$ 30.60	2/1/2031	-	-	-	-
Tomas C. Williams, Director	2,500	-	-	$ 77.40	9/30/2027	-	-	-	-
	2,500	-	-	$ 83.60	7/21/2031	-	-	-	-
	1,389	-	-	$ 30.60	2/1/2031	-	-	-	-
Lawrence H Dugan, Director	2,500	-	-	$ 77.40	9/30/2027	-	-	-	-
	2,500	-	-	$ 83.60	7/21/2031	-	-	-	-
	1,389	-	-	$ 30.60	2/1/2031	-	-	-	-

Directors Compensation

Our directors also receive cash compensation of $5,000 per quarterly board meeting and receive $5,000 up to $7,000 per year for being committee chair.

Pension, Retirement or Similar Benefit Plans

There are no arrangements or plans in which we provide pension, retirement or similar benefits for directors or executive officers. We have no material bonus or profit-sharing plans pursuant to which cash or non-cash compensation is or may be paid to our directors or executive officers, except that stock options may be granted at the discretion of the board of directors or a committee thereof.

Indebtedness of Directors, Senior Officers, Executive Officers and Other Management

None of our directors or executive officers or any associate or affiliate of our company during the last two fiscal years, is or has been indebted to our company by way of guarantee, support agreement, letter of credit or other similar agreement or understanding currently outstanding.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the ownership, as of December 16, of our Common Stock by each of our directors, by all of our executive officers and directors as a group and by each person known to us who is the beneficial owner of more than 5% of any class of our securities. As of December 16, there were 1,040,924 shares of our Common Stock issued and outstanding. All persons named have sole or shared voting and investment control with respect to the shares, except as otherwise noted. The number of shares described below includes shares which the beneficial owner described has the right to acquire within 60 days of the date of the prospectus. Unless otherwise indicated, the address for each beneficial owner is c/o Upexi, Inc., 3030 North Rocky Point Drive Suite 420, Tampa, Florida 33607.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class[(1)]
Allan Marshall	288,229(2)	22.57%
Gene Salkind	130,287(3)	12.51%
Andrew Norstrud	53,057(4)	5.04%
Lawrence Dugan	7,778(5)	0.74%*
Thomas Williams	6,389(6)	0.61%*
Directors and Executive Officers as a Group	291,988	**40.26%**

* Represents less than 1% of the number of shares of our Common Stock outstanding

(1) Under Rule 13d-3, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares: (i) voting power, which includes the power to vote, or to direct the voting of shares; and (ii) investment power, which includes the power to dispose or direct the disposition of shares. Certain shares may be deemed to be beneficially owned by more than one person (if, for example, persons share the power to vote or the power to dispose of the shares). In addition, shares are deemed to be beneficially owned by a person if the person has the right to acquire the shares (for example, upon exercise of an option) within 60 days of the date as of which the information is provided. In computing the percentage ownership of any person, the amount of shares outstanding is deemed to include the number of shares beneficially owned by such person (and only such person) by reason of these acquisition rights. As a result, the percentage of outstanding shares of any person as shown in this table does not necessarily reflect the person's actual ownership or voting power with respect to the number of shares of Common Stock actually outstanding on November 8, 2024. As of November 8, 2024, there were 1,045,429 shares of our company's Common Stock issued and outstanding.

(2) Represents (i) 151,423 shares of Common Stock, (ii) 104,167 shares issuable upon the exercise of stock options that are exercisable within 60 days, (iii) 13,889 shares issuable upon the conversion of preferred stock and (iv) 18,750 shares issuable upon the exercise of warrant.

(3) Represents (i) 123,898 shares of Common Stock and (ii) 6,389 shares issuable upon the exercise of stock option that are exercisable within 60 days.

(4) Represents (i) 15,278 shares of Common Stock and (ii) 37,779 shares issuable upon the exercise of stock options that are exercisable within 60 days.

(5) Represents (i) 1,389 shares of Common Stock and (ii) 6,389 shares issuable upon the exercise of stock option that are exercisable within 60 days.

(6) Represents 6,389 shares issuable upon the exercise of stock option that are exercisable within 60 days.

Securities Authorized for Issuance under Equity Compensation Plans

The Company has established a Company an incentive plan, 2019 Equity Incentive Plan as amended (the "2019 Plan"). The plan grants incentives to select persons who can make, are making and continue to make substantial contributions to the growth and success of the Company, to attract and retain the employment and services of such persons and to encourage and reward such contributions by providing these individuals with an opportunity to acquire or increase stock ownership in the Company through either the grant of options or restructured stock. The 2019 Plan is administered by the Compensation Committee or such other committee as is appointed by the Board of Directors pursuant to the 2019 Plan (the "Committee"). The Committee has full authority to administer and interpret the provisions of the 2019 Plan including, but not limited to, the authority to make all determinations with regard to the terms and conditions of an award made under the 2019 Plan. On May 24, 2022, the Shareholders consented, and the Board of Directors approved the amendment of the 2019 Plan to increase the maximum number of Shares that may be issued thereunder by 222,223 Shares to 500,000 Shares.

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.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	200,714	$ 57.47	213,214
Total	200,714	$ 57.47	213,214

Item 13. Certain Relationships and Related Transactions, and Director Independence

On April 1, 2024, the Company entered into a lease agreement with MFA 2510 Merchant LLC, which is owned by our CEO, Allan Marshall. The lease is for approximately 10,000 square feet of warehouse and office space, located in Odessa, Florida for $20,060 per month on a triple net basis. The initial term of the lease is five years. The Company spent $611,768 in leasehold improvements to prepare the facility for product manufacturing, which will be amortized over the five year lease term. At June 30, 2024 there was $100,004 accrued for the deposit and 2 months' rent, this was paid in June 2024 and is now kept current. Product manufacturing was at full capacity and fully moved from the Nevada facility as of August 1, 2024.
On June 13, 2024, (the Company entered into a Stock Purchase Agreement ("SPA") pursuant to which the Company sold one hundred percent (100%) of the issued and outstanding equity (the "Interests") of its wholly owned subsidiary VitaMedica, Inc. to three investors (the "Buyers"). One of the minority Interest Buyers is Allan Marshall, the Company's Chief Executive Officers. The purchase price for the stock was Six Million Dollars ($6,000,000), subject to certain customary post-closing adjustments. The proceeds of the transaction will be used for working capital, the reduction of debt and the reduction of other liabilities currently outstanding.

Except as disclosed above, no director, executive officer, shareholder holding at least 5% of shares of our Common Stock, or any family member thereof, had any material interest, direct or indirect, in any transaction, or proposed transaction during the year ended June 30, 2024 and June 30, 2023, in which the amount involved in the transaction exceeded or exceeds the lesser of $120,000 or one percent of the average of our total assets at the year-end for the last three completed fiscal years.

Director Independence

The Board of Directors has determined that Gene Salkind, Lawrence Dugan and Thomas Williams are independent directors under the listing standards. Gene Salkind owns greater than ten percent (10%) of the voting securities of the Company.

Item 14. Principal Accountant Fees and Services

The aggregate fees billed for the most recently completed fiscal year ended June 30, 2024, and 2023 for professional services rendered by the principal accountant for the audit of our annual consolidated financial statements and review of the consolidated financial statements and services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for these fiscal periods were as follows:

	Year Ended	
	June 30, 2024	**June 30, 2023**
Audit Fees	$ 402,000	$ 188,000
Audit Related Fees and Acquisition Audit Fees	-	189,420
Tax Fees	203,550	136,600
All Other Fees		
Total	$ 605,550	$ 514,020

Our Board of Directors pre-approves all services provided by our independent auditors. All of the above services and fees were reviewed and approved by the Board of Directors either before or after the respective services were rendered.

Our Board of Directors has considered the nature and amount of fees billed by our independent auditors and believes that the provision of services for activities unrelated to the audit is compatible with maintaining our independent auditors' independence.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) Consolidated financial statements

(1) Consolidated financial statements for our company are listed in the index under Item 8 of this document.

(2) All financial statement schedules are omitted because they are not applicable, not material or the required information is shown in the consolidated financial statements or notes thereto.

(b) Exhibits

Exhibit Index

		Incorporation by Reference				Filed or Furnished
Exhibit No.	Description	Form	File No.	Exhibit	Filing Date	Herewith
3.1(a)	Amended and Restated Articles of Incorporation	S-1	333-255266	3.1	4/15/21	
3.1(b)	Certificate of Amendment to Articles of Incorporation	8-K	001-40535	3.1	8/17/22	
3.1(c)	Certificate of Change, dated September 11, 2024	8-K	001-30535	3.1	9/27/24	
3.1(d)	Certificate of Correction, dated September 18, 2024	8-K	001-30535	3.2	9/27/24	
3.2	Amended Bylaws	S-1	333-255266	3.2	4/15/21	
4.1	Specimen of Stock Certificate	S-1	333-255266	4.6	4/15/21	
10.1	Upexi, Inc. 2019 Incentive Stock Plan (Amended and Restated as of February 8, 2021)	S-1	333-255266	10.1	4/15/21	
10.2	Form of Nonqualified Stock Option Agreement	S-1	333-255266	10.2	4/15/21	
10.3	Stock Purchase Agreement, dated June 1, 2024	8-K	001-40535	10.1	6/17/24	
10.4	Agreement to Unwind Securities Purchase Agreement, dated July 31, 2024	8-K	001-40535	10.1	8/5/24	
10.5+	Employment Agreement, dated February 1, 2021, between Registrant and Andrew J. Norstrud	S-1	333-255266	10.5	4/15/21	
10.6+	Employment Agreement, dated March 15, 2021, between Registrant and Allan Marshall	S-1	333-255266	10.6	4/15/21	
10.7+	Executive Employment Agreement dated May 3, 2021 between the Company and Robert Hackett	S-1	333-255266	10.7	4/15/21	
10.8	Equity Interest Purchase Agreement, dated August 31, 2023, between Registrant and Amplifyir Inc.	8-K	001-40535	2	9/6/23	

10.9	Exercise of Option to Acquire Cygnet Online, LLC, dated September 1, 2023, between Registrant and Eric Hanig	10-K	001-40535	10.23	10/3/23	
10.10	Grove Inc. 2019 Amended and Restated Stock Incentive Plan, effective May 24, 2022	S-8	333-273859	4.7	8/9/23	
10.11	Audit Committee Charter	10-K	001-40535	10.25	10/3/23	
10.12	Compensation Committee Charter	10-K	001-40535	10.26	10/3/23	
10.13	Nominating Committee Charter	10-K	001-40535	10.27	10/3/23	
14.1	Code of Business Conduct and Ethics	10-K	001-40535	14.1	10/3/23	
14.2	Whistleblower Policy	10-K	001-40535	14.2	10/3/23	
21.1	List of Subsidiaries of Registrant	10-K	001-40535	21.1	10/3/23	
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					x
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-14a and 15d-14a, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					x
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
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).					x
101.SCH	Inline XBRL Taxonomy Extension Schema Document					x
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					x
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					x
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					x
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					x
104	Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101)					x

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* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Upexi, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

+ Indicates a management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, there unto duly authorized.

	UPEXI INC. (Registrant)
Dated: December 16, 2024	*/s/ Allan Marshall* **Allan Marshall** President, Chief Executive Officer and Director (Principal Executive Officer)
Dated: December 16, 2024	*/s/ Andrew J. Norstrud* **Andrew J. Norstrud** Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Dated: December 16, 2024	*/s/ Allan Marshall* **Allan Marshall** President, Chief Executive Officer and Director (Principal Executive Officer)
Dated: December 16, 2024	*/s/ Andrew J. Norstrud* **Andrew J. Norstrud** Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
Dated: December 16, 2024	*/s/ Gene Salkind* **Gene Salkind** Director
Dated: December 16, 2024	*/s/ Thomas C. Williams* **Thomas C. Williams** Director
Dated: December 16, 2024	*/s/ Laurence H. Dugan* **Laurence H. Dugan** Director

EXHIBIT 31.1

CERTIFICATION

I, Allan Marshall, certify that:

1. I have reviewed this Form 10-K annual report for the year ended June 30, 2024, 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 consolidated 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 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 consolidated 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; and

5. The registrant's other certifying officer and I have disclosed, based on our 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.

Dated: December 16, 2024

/s/ Allan Marshall
Allan Marshall, President,
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION

I, Andrew J. Norstrud, certify that:

1. I have reviewed this Form 10-K annual report for the year ended June 30, 2024 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 consolidated 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 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 consolidated 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; and

5. The registrant's other certifying officer and I have disclosed, based on our 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.

Dated: December 16, 2024

/s/ Andrew J. Norstrud
Andrew J. Norstrud,
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT 32.1

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Annual Report of Upexi, Inc. (the “Company”) on Form 10-K for the year ended June 30, 2024, filed with the Securities and Exchange Commission (the “Report”), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) 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 the operations of the Company.

Dated: December 16, 2024

By: */s/ Allan Marshall*
Allan Marshall, President,
Chief Executive Officer and Director
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Annual Report of Upexi, Inc. (the "Company") on Form 10-K for the year ended June 30, 2024, filed with the Securities and Exchange Commission (the "Report"), the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

(1) 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 the operations of the Company.

Dated: December 16, 2024

By: */s/ Andrew J. Norstrud*
Andrew J. Norstrud
Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)