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, 2022**

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

For the transition period from _____ to _____

Commission file number **333-255266**

UPEXI, INC.

(Exact name of registrant as specified in its charter)

Nevada	**83-3378978**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
17129 US Hwy 19 N. Clearwater, FL	**33760**
(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, 2021 (the last business day of the registrant's most recently completed second fiscal quarter) was approximately $35,105,610, based upon the closing sale price of such stock on the Nasdaq Capital Market. The registrant has no non-voting common equity.

As of September 27, 2022, the registrant had 16,713,345 shares of common stock, par value $0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Upexi, Inc.
Form 10-K
For the Fiscal Year Ended June 30, 2022

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

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

Upexi, Inc. (the "Company") is a Nevada corporation with fourteen active subsidiaries, including thirteen wholly owned subsidiaries and one subsidiary, Cygnet Online, LLC, a Delaware limited liability company, that is majority owned with 55% ownership by the Company. The Company's fourteen active subsidiaries are as follows:

- HAVZ, LLC, d/b/a/ Steam Wholesale, a California limited liability company
  - SWCH, LLC, a Delaware limited liability company
  - Cresco Management, LLC, a California limited liability company
- Trunano Labs, Inc., a Nevada corporation
- Infusionz, Inc., a Nevada corporation
- Upexi Holding, LLC, a Delaware limited liability company
  - Upexi Pet Products, LLC, a Delaware limited liability company
- Infusionz LLC ("Infusionz"), a Colorado limited liability company
- Grove Acquisition Subsidiary, Inc. ("VitaMedica"), a Nevada corporation
- Upexi Enterprise, LLC, a Delaware limited liability company
  - Upexi Property & Assets, LLC, a Delaware limited liability company
    - Upexi 17129 Florida, LLC, a Delaware limited liability company
- Interactive Offers, LLC ("Interactive"), a Delaware limited liability company
- Cygnet Online, LLC ("Cygnet"), a Delaware limited liability company, 55% owned

In addition, the Company has four wholly owned subsidiaries that had no activity during the year ended June 30, 2022.

- 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

Consolidations

On July 1, 2020, the noncontrolling shareholders of the Company's subsidiary, Trunano Labs Inc., converted 1,761,261 shares of Trunano Labs, Inc. stock, representing all the outstanding stock held by minority interest holders, into 1,277,778 shares of Upexi Inc. common stock, 10.8% of our then outstanding shares. As of July 1, 2020, Trunano Labs, Inc. is a wholly owned subsidiary of Upexi Inc.

Business Acquisitions

On July 1, 2020, the Company entered into an Agreement and Plan of Merger with Infusionz LLC (the "Infusionz Agreement") with the members of Infusionz LLC (the "Sellers"). Pursuant to the terms of the Infusionz Agreement, on July 1, 2020, the Company acquired 100% of the outstanding membership interests of Infusionz LLC, a Colorado limited liability company ("Infusionz").

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

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

On April 1, 2022, the Company entered into a securities purchase agreement with the single investor to purchase 55% of the equity interest in Cygnet Online, LLC, a Delaware limited liability company, and agreements to enable the Company to purchase the remaining 45% over the following two years.

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

On August 17, 2022, the Company changed its name from Grove, Inc. to Upexi, Inc. to better reflect the evolution of the business from a single focus to the overall product distribution of product brands owned by the Company and other select brands that align with our overall product distribution strategy.

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

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

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

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

VitaMedica operates mainly from our California location with product development, fulfillment and day to day operations from that location

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

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

Lucky Tail operates from our Clearwater, Florida location 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 Las Vegas, Nevada supporting our health and wellness products, including those products manufactured with hemp ingredients and our overall distribution operations. We have continued to manage these operations with our corporate focus moving towards other larger opportunities and investments for the future.

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

The global ecommerce growth rate for 2022 is forecast at 12.2 percent, bringing global ecommerce sales worldwide to $5.542 trillion. Online shopping trend is expected to grow 50 percent in the US in the next few years. Ecommerce sales there are forecast to increase by a whopping 50 percent from $907.9 billion in 2022 to $1.4 trillion in 2025. The industry saw exponential growth during the pandemic, as consumers were more apt to buy online than go into stores, but while the CAGR has dipped from 2020, the industry continues to grow steadily.

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.

Each of our brands creates new opportunities for us to target additional markets and consumers. Our goal through this diverse portfolio is to create products that can be cross-sold between brands to help take advantage of our growing list of consumer data.

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 diverse portfolio of consumer products.

Diversification of Product Offerings. As an aggregator, our research and development team carefully tracks the growth rates for various consumer products, which serves as the first means of identifying profitable brands that have significant opportunities for scale. While many companies continue to spend on growth at all costs, we have spent to increase our profitability and build a foundation for profits in the toughest of times. We remained patient when other aggregators were over-extending their means which has provided us for better opportunities at more favorable valuations.

Advertising Technology. We understand that advertising and consumer data is the key to growth when it comes to any eCommerce business. Our investment in such technology helps lowering our advertising costs, while providing a revenue stream from others who we outsource this programmatic SAAS to. This ownership of data allows us to help cross-sell any brand we acquire or launch.

Logistical Expertise. 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 or costs and overhead, thus increasing profit margins on all of our products.

Liquidation Markets. Resellers on and off Amazon represent a significant part of our business, which allows us to use our capital to buy in bulk with quick resale opportunities, whether it be direct Amazon listings or through partnerships with the likes of Walmart, BJ's, Costco, Sam's Club, etc. We are able to expand our network, build new relationships, and sell branded products without added cost of advertising.

Retail Partnerships. While eCommerce is our direct line of business, we have grown and continue to expand our relationships with big box retailers in order to sell branded products as resellers or to place our in-house brands in those stores. With longstanding accounts that we've taken ownership of through acquisitions, we have grown our network and have untapped additional revenue streams.

Professionalism and Entrepreneurial Culture. Our professionalism and entrepreneurial culture foster highly dedicated employees who provide our customers with unsurpassed customer service. We continue to invest in our talent by providing every employee with an extensive and ongoing education and have successfully developed programs that provide comprehensive product knowledge and the tools needed to have a unique understanding of our customers' personalities and decision-making processes.

Experienced and Proven Management Team Driving Growth through Organic and Accretive Acquisition Opportunities. We believe our management team has extensive experience in the industry. Our senior management team brings experience in accounting, mergers and acquisitions, financial services, consumer packaged goods, retail operations and third-party logistics.

Our Growth Strategy

Our growth will focus on the expansion of our brand portfolio through organic growth and strategic acquisitions.

Direct-to-Consumer Expansion. Our direct-to-consumer business is expected to be our growth driver for the next several years, driven by acquisitions of profitable Amazon and eCommerce businesses. This allows us to tap into multiple markets and helps us acquire proven brands that are at a stage in their lifecycle when they lack the resources (capital and personnel) to grow rapidly on their own. Our model helps inject those resources into the business in hopes to scale the business efficiently.

Resellers & liquidators. While direct-to-consumer brands represent a major part of our growth, our company has realized the potential of acquiring profitable resellers who sell on/to Amazon, Walmart, Costco, BJ's, Sam's Club, and more. Our first acquisition in the space, Cygnet Online, sells branded OTC products on Amazon. A letter of intent was signed on August 2, 2022 for the acquisition of E-Core, Inc. and its subsidiaries to further expand this segment of our business. We believe this is a lucrative industry that also helps establish strong, big box retail partnerships.

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.

Advertising technology. With online sales increasing, so has the cost of advertising. Our in-house, programmatic advertising technology, Interactive Offers, not only acts as a revenue stream for our business, but provides us with endless research, consumer data, and allows us to achieve lower advertising costs for our brands. The business has a growing list of publishers and advertisers who also utilize our technology to monetize their data, achieve better CPMs, and even increase their average order values.

International expansion. Our primary focus has been on the US eCommerce market which, as mentioned, is forecasted to grow stronger than others. However, with recently acquired brands and their presence in international markets, we expect nearly all of our products to be offered worldwide over the next few years.

Acquiring Aggregators. The aggregation craze took off in 2019 to 2020, but many found themselves overpaying for brands and not being able to support the growth they had forecasted. Recently, these aggregators have been looking for funding and/or selling their assets. We seek to take advantage of this opportunity to bring on additional brands and talent that, for better or worse, were overwhelmed and unprepared.

Competition

There is heavy competition in the aggregation market, but each company seems to be trying to carve their own niche in the space. We compete against several national and international companies, most of which have substantially greater resources than we do. Our principal competitors consist of large, well-known and funded, private companies. Our goal is never to compete against these aggregators, but to do our own research, focus on profitability, and grow efficiently, rather than overextend ourselves and pay up for valuations that don't make sense.

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 and 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 130 full-time employees working out of its headquarters in Clearwater Florida, its Henderson, Nevada, manufacturing facility, its offices and distribution warehouses in Southern, Florida and Los Angeles California 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 secret, 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 used 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 US federal securities laws, which can be expensive.

We will be 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 financial statements to stockholders will cause our expenses to be higher than they would be if we had remained privately held. In addition, it may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. 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 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, including:

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 beginning with the Annual Report on Form 10-K for the fiscal year ending June 30, 2022. 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 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.

The COVID-19 pandemic and the efforts to mitigate its impact may have an adverse effect on our business, liquidity, results of operations, financial condition and price of our securities.

The pandemic involving the novel strain of coronavirus and related respiratory disease (which we refer to asCOVID-19) and the measures taken to combat it, have had an adverse effect on our business. Public health authorities and governments at local, national and international levels have announced various measures to respond to this pandemic. Some measures that directly or indirectly impact our business include:

- voluntary or mandatory quarantines;
- restrictions on travel; and
- limiting gatherings of people in public places.

We have undertaken measures in an effort to mitigate the spread of COVID-19 including limiting company travel and in-person meetings. We also have enacted our business continuity plans, including implementing procedures requiring employees working remotely where possible which may make maintaining our normal level of corporate operations, quality controls and internal controls difficult. Notwithstanding these efforts, our results of operations have been adversely impacted by COVID-19 and this may continue.

Moreover, the COVID-19 pandemic has previously caused some temporary delays in the delivery of our inventory, although recently we are no longer experiencing such delays. In addition, the travel restrictions imposed as a result of COVID-19 have impacted our ability to visit customer and potential customers for sales presentations, which have been substituted with on-line conference calls. Further, the COVID-19 pandemic and mitigation efforts have also adversely affected our customers' financial condition, resulting in reduced spending for the products we sell.

As events are rapidly changing, we do not know how long the COVID-19 pandemic, or localized outbreaks or recurrences of COVID-19, and the measures that have been introduced to respond to COVID-19 will disrupt our operations or the full extent of that disruption. Further, once we are able to restart normal operations doing so may take time and will involve costs and uncertainty. We also cannot predict how long the effects of COVID-19 and the efforts to contain it will continue to impact our business after the pandemic is under control. Governments could take additional restrictive measures to combat the pandemic that could further impact our business or the economy in the geographies in which we operate. It is also possible that the impact of the pandemic and response on our suppliers, customers and markets will persist for some time after governments ease their restrictions. These measures have negatively impacted, and may continue to impact, our business and financial condition as the responses to control COVID-19 continue.

A prolonged economic downturn, particularly in light of the COVID-19 pandemic, could adversely affect our business.

Uncertain global economic conditions, in particular in light of the COVID-19 pandemic, could adversely affect our business. Negative global and national economic trends, such as decreased consumer and business spending, high unemployment levels and declining consumer and business confidence, pose challenges to our business and could result in declining revenues, profitability and cash flow. Although we continue to devote significant resources to support our brands, unfavorable economic conditions may negatively affect demand for our products.

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 an 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 aluminum. 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, after this offering, 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 to 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 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 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 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 enters 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 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.

Loss of key customers could harm our business.

For the year ended June 30, 2021, a significant portion of our sales were to two large customers, but we do not have contracts for future purchases in place with either of these customers. As such, we do not have any purchase commitments from these customers, and there can be no assurance that they will continue to purchase our products. If these customers do not purchase our products in the future, and we are not able to generate a similar volume of sales from other customers, it could have a material effect on our total sales and result in a material adverse effect on our financial condition and business.

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 separate 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.

We are subject to risks arising from the recent global outbreak of the COVID-19 coronavirus.

The recent outbreak of the COVID-19 coronavirus has spread across the globe and is impacting worldwide economic activity. A pandemic, including COVID-19 or other public health epidemic, poses the risk that we or our employees, suppliers, manufacturers and other partners may be prevented from conducting business activities for an indefinite period of time, including due to the spread of the disease or shutdowns that may be requested or mandated by governmental authorities. While it is not possible at this time to estimate the full impact that COVID-19 could have on our business, the continued spread of COVID-19 could disrupt our clinical trials, supply chain and the manufacture or shipment of our cyclodextrin products, and other related activities, which could have a material adverse effect on our business, financial condition and results of operations. COVID-19 has also had an adverse impact on global economic conditions which could impair our ability to raise capital when needed. While we have not yet experienced any disruptions in our business or other negative consequences relating to COVID-19, the extent to which the COVID-19 pandemic impacts our results will depend on future developments that are highly uncertain and cannot be predicted.

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 of 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 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 17129 US Highway North, Clearwater, FL 33764. We also maintain a warehouse located at 1710 Whitney Mesa Drive, Henderson, NV 89014 under a month-to-month agreement, a warehouse at 1051 Mary Crest Rd. Suite G, Henderson NV, 89074 under a three-year lease that will expire on April 30, 2024, a warehouse at 15000 S. Avalon Blvd., Gardena, CA 90248 under a three year lease that will expire on September 30, 2024, a warehouse at 601 North Congress Ave, Suite 209 and 210, Delray Beach, FL 33445 under a five year lease that will expire September 30, 2026 and office space at 327 Plaza Real, Suite 2319, Boca Raton, FL 33432 under a three year, two month lease that will expire September 30, 2024.

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.

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 2022:				
High	$ 5.99	$ 5.17	$ 9.36	$ 7.40
Low	3.90	3.93	3.84	3.86
Fiscal 2021:				
High	$ 7.79	$ -	$ -	$ -
Low	2.81	-	-	-

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 3,487 holders of record of the Company's common stock on June 30, 2022.

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, and you may not be able to sell your shares at or above the price you paid for them.

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

In June of 2021, the Company issued 274,330 shares of common stock pursuant to convertible notes that automatically converted when the Company completed its initial public offering. The total of the notes and accrued interest was $1,028,740. The funds were used for working capital.

In July of 2021, the Company issued 35,000 shares of common stock for a consulting agreement. The shares were valued at $175,000 or $5.00 per share, based on the price of the services to be rendered. The shares were issued for services from a consultant pursuant to a consulting agreement.

In August of 2021, the Company issued 100,000 shares of common stock for the acquisition of VitaMedica and 7,000 shares of common stock as a finder's fee for the completion of the transaction. The shares were valued at $515,740 or $4.82 per share, as this was the closing price of the stock on August 4, 2021.

In September of 2021, the Company issued 306,945 shares of common stock for the acquisition of Infusionz. The shares were valued at $1,764,876 or $5.75 per share, as this was the remaining acquisition liability for the Infusionz purchase.

In October of 2021, the Company issued 666,667 shares of common stock for the acquisition of Interactive, the shares were valued at $4,000,000 of $6.00 per share. Subsequently the Company clawed back 106,497 shares of common stock related to the working capital deficit at the time of the acquisition, the shares were valued at $638,982 or $6.00 per share.

In January of 2022, the Company issued 467,765 shares of common stock to employees and a consultant for services, valued at $649,230 or $4.02 per share.

In March of 2022, the Company issued 36,582 shares of common stock for the cashless exercise of an option, valued at $163,887 or $4.48 per share.

In April of 2022, the Company issued 555,489 shares of common stock for the acquisition of Cygnet Online, LLC valued at $2,550,000 or $4.59 per share.

In May of 2022, the Company issued 36,238 shares of common stock for the cashless exercise of an option, valued at $159,447 or $4.40 per share.

In May of 2022, the Company issued 119,792 shares of common stock for the cashless exercise of a warrant, valued at $651,668 or $5.44 per share. The warrant was issued for services from a consultant pursuant to a consulting agreement.

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, 2021 the consolidated financial statements of Upexi, Inc. include the accounts of the Company and its wholly-owned subsidiaries; Trunano Labs, Inc., a Nevada corporation, Infusionz, Inc. a Nevada corporation, Steam Distribution, LLC, a California limited liability company; One Hit Wonder, Inc., a California corporation; Havz, LLC, d/b/a Steam Wholesale, a California limited liability company, One Hit Wonder Holdings, LLC a California corporation; SWCH LLC, a Delaware limited liability company; Cresco Management LLC, a California limited liability company, and Infusionz LLC, a Colorado limited liability company.

For the year ended June 30, 2022, 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, 2021, and include the subsidiaries in which the Company holds a controlling financial interest as of June 30, 2022, which include Grove Acquisition Subsidiary, Inc. d/b/a/ VitaMedica a Nevada corporation as of August 1, 2021, Interactive Offers, LLC a Delaware limited liability corporation as of October 1, 2021 and Cygnet Online, LLC a Delaware limited liability corporation, as of April 1, 2022.

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

Operating Segments

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

Results of Operations

Year Ended June 30, 2022, as compared to June 30, 2021:

The following summary of our results of operations should be read in conjunction with our consolidated financial statements for the years ended June 30, 2022, and 2021, which are included herein.

	June 30,		
	2022	**2021**	**Change**
Revenue	$ 44,584,996	$ 24,095,025	$ 20,489,971
Cost of revenue	19,396,123	12,196,123	7,200,000
Operating Expenses	27,841,203	10,472,165	17,369,038
Other expense (income), net	(87,902)	(269,396)	181,494
Net income (loss)	$ (2,046,030)	$ 2,978,948	$ (5,024,978)

Revenues increased by $20,489,971 or 85% for the fiscal year ended June 30, 2022, compared with the fiscal year ended June 30, 2021. $14,950,919 or 73% of the increase was related to the acquisition of VitaMedica, Interactive and Cygnet and $5,539.052 or 23% was related to the core business compared to the prior year period. The core business increase was related to increased manufacturing and the Company's own brands increased direct to consumer sales. Management expects revenue to increase in the 2023 fiscal year through both organic growth of the core business, acquisitions completed during the 2022 fiscal year and additional strategic acquisitions that align with managements long-term growth strategies.

Cost of revenue increased by $7,200,000 or 59% compared with the prior year. $6,827,937 was related to the acquisition of VitaMedica, Interactive and Cygnet and $372,063 was related to the core business. The gross profit margin improved 7% to 56%, compared to the prior year gross profit margin of 49%. The gross profit of the core business improved 9% to 58% compared to the prior year. The gross margin improvement for the core business was primarily related to the consolidation of manufacturing, additional equipment purchased during the year, efficiency improvement in the manufacturing process and an increase in direct-to-consumer sales. Management expects to continue to improve gross margins as the Company consolidates acquisitions and control direct costs.

Operating expenses increased by $17,369,038 or 166% compared with the prior fiscal year. $7,834,649 was related to the sales, marketing and general administrative expenses of the acquisition of VitaMedica, Interactive and Cygnet. The core business sales and marketing increased by $2,269,751 due to the increased spending on marketing of direct-to-consumer products and the growth of the sales and marketing team to support the current and expected future sales and product growth. The core business general and administrative expenses increased $2,841,050 due to increased infrastructure, acquisition costs and employee related costs. The core business, non-cash expenses of share-based compensation, amortization and depreciation, increased $4,423,588. The Company's management is continuing to control operating expenses while also implementing management growth strategies.

Other expense (income), net increased by $181,494 or 67% compared with the prior fiscal year. There was a decrease in interest expense of approximately $315,149 which was offset by a decrease of $102,282 related to the gain on the forgiveness of the SBA PPP loan and the gain on the settlement of a canceled lease for the year ended June 30, 2021.

The Company had net loss of $2,046,030 compared to net income of $2,978,948 for the prior year. The change in net income primarily related to the $745,042 change of income tax benefit compared to the prior year and a $4,423,588 increase in non-cash expenses.

Liquidity and Capital Resources

Working Capital

	As of June 30, 2022	As of June 30, 2021
Current assets	$ 17,061,622	$ 18,293,083
Current liabilities	$ 10,127,748	$ 5,819,161
Working capital	$ 6,933,874	$ 12,473,922

Cash Flows

	Years Ended June 30,	
	2022	2021
Cash flows provided by operating activities	$ 521,872	$ 2,939,306
Cash flows used in investing activities	(11,606,021)	(1,281,007)
Cash flows provided by financing activities	3,699,744	11,988,395
Net increase (decrease) in cash during period	$ (7,384,405)	$ 13,646,694

On June 30, 2022, the Company had cash of $7,149,806 or a decrease of $7,384,405 from June 30, 2021. The decrease in cash was primarily used for investing in acquisition of new entities and the purchase of property and equipment. The Company financed some of the investment through financing activities.

The net cash provided by operating activities of $521,872 was primarily from the $2,046,030 net loss, the $2,447,038 increase in inventory, $629,153 increase to deferred revenue and offset by $5,874,087 of non-cash expenses and $229,994 of other net changes in assets and liabilities.

Net cash used in investing activities for the years ended June 30, 2022, and 2021 was $11,606,021 and $1,281,007, respectively. For the year ended June 30, 2022, the use of cash was primarily related to the investment of $5,457,545 in three acquisitions, $4,515,735 for the purchase of a building in Clearwater Florida and the related remodel of the acquired building and the $1,638,741 acquisition of equipment. For the year ended June 30, 2021, cash of $62,122 was provided from the acquisition of Infusionz, Inc., $1,422,129 was used to purchase equipment and $79,000 from the sale of property and equipment.

Net cash flows provided by financing activities for the year ended June 30, 2022, was $3,699,744 compared to $11,988,395 for the year ended June 30, 2021. The Company had proceeds of $6,678,506 from a convertible note and used $1,975,888 for the repurchase of the Company's common stock and $1,002,874 in the repayment of debt.

During October of 2019, the Company entered into convertible promissory notes (the "October 2019 Notes") for total proceeds of $1,500,000. The principal and interest of the October 2019 Notes are payable in full at the maturity date of April 2021, if not previously converted. The October 2019 Notes have an interest rate of 8%, total accrued interest is to be repaid at maturity, and are convertible into common stock if the Company enters an initial public offering arrangement which results in the Company's common stock becoming listed or trading. The conversion rate was set at $5.00 which is equal to the price of the Company's common stock sold in the prospectus. On June 29, 2021, the Company issued 348,309 shares of the Company's common stock for the full payment of principal and interest of these loans.

On April 28, 2020, the Company entered a Paycheck Protection Program loan for $398,945 in connection with COVID-19. The loan and accrued interest amounted to $403,277 which was forgiven on June 11, 2021 and recognized as a gain on the extinguishment of debt.

On May 13, 2020, Infusionz entered a Paycheck Protection Program loan for $297,100 in connection with COVID-19. The loan is classified as a current liability on the balance sheet on June 30, 2021. The loan and accrued interest amounted to $300,995 and was forgiven on August 30, 2021.

On June 3, 2020, the Company entered a loan for $150,000 with the Small Business Administration. The promissory note as a fixed payment schedule commencing on June 3, 2021, consisting of principal and interest payments of $731 monthly. The balance of the principal of $150,000 and interest of $6,876 was paid on August 30, 2021 and classified as a current liability on the balance sheet at June 30, 2021.

During December 2020, the Company entered into a note agreement for total proceeds of $750,000 with the Chief Executive Officer of the Company, a related party. The principal and interest of the note is payable was repaid during the year ended June 30, 2021.

During the year ended June 30, 2021, the Company entered into convertible promissory notes (the "March 2021 Notes") for total proceeds of $1,000,080. The term of the March 2021 Notes is two years and bear interest at a rate 8% per annum, compounded annually. The principal amount and accrued interest of the March 2021 Notes are automatically converted into capital stock of the company upon an initial public offering by the Company at a rate of seventy five percent of the initial public offering price of the shares of capital stock of the Company sold in the initial public offering. As of June 30, 2021, all of these notes have been converted to common stock.

During 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 a Convertible Notes in the original principal amount of $7,500,000 (the "Convertible Notes"), representing the original purchase amount, less fees, costs and a $500,000 holdback by the investors. In addition to the Convertible Notes, the investors received Common Stock Purchase Warrants (the "Warrants") to acquire an aggregate of 56,250 shares of common stock. The Warrants are exercisable for five years at an exercise price of $4.44 per share, provide for customary anti-dilution protection, and an investor put right to require the Company to redeem the Warrants for a total of $250,000. The Company has the option until June 28, 2023, to draw down up to an additional $7,500,000 of Convertible Notes under the Securities Purchase Agreement to provide financing for acquisitions, pursuant to certain underwriting conditions set forth in the Securities Purchase Agreement. The Company is subject to customary covenants, financial and otherwise, under the Securities Purchase Agreement.

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

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 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 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, 2022. No impairment charge was identified in connection with the annual goodwill impairment test

Revenue Recognition - The Company analyzes its contracts and purchase orders to assess that revenue is properly recognized. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, whether for goods and services or licensing, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company acts as a principal in its revenue transactions as the Company is the primary obligor in the transactions. Generally, the Company recognizes revenue for its products when ownership is transferred to the customer, provided no significant obligations remain and collection is probable.

Product Revenue - Most of the Company's revenue contracts are from domestic sales and represent a single performance obligation related to the fulfillment of customer orders for the purchase of its products. Net sales reflect the transaction prices for these contracts based on the Company's selling list price, which is then reduced by estimated costs for trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness.

The Company recognizes revenue at the point in time that control of the ordered product is transferred to the customer, which is upon shipment to the customer or other customer-designated delivery point. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

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 does not accrue for estimated sales returns as historical sales returns have been minimal. The Company records deferred revenues when cash payments are received or due in advance of performance, including amounts which are refundable. Substantially all the deferred revenue as of June 30, 2021 was recognized as revenue in the year ended June 30, 2022.

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

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 did not recognize impairment on its long-lived assets during the years ended June 30, 2022, or 2021.

Stock Based Compensation - The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense in the 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 greater, 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 the 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.

Non-GAAP Measures (unaudited)

Reconciliation of Non-GAAP Adjusted EBITDA to GAAP Net Income (Net Loss)
Year Ended June 30,

	2022	2021
Net income (Net loss) GAAP	$ (2,046,030)	$ 2,978,948
Income tax	(518,398)	(1,282,815)
Interest expense, net	215,300	530,449
Depreciation and amortization	2,733,455	1,030,021
Stock compensation	2,755,016	611,432
Stock issued for services	576,774	127,500
Change in derivative liability	3,293	-
Gain on lease settlement	-	(387,860)
Gain on SBA PPP loan forgiveness	(300,995)	(403,277)
Gain on sale of asset	(5,500)	(8,708)
Non-GAAP adjusted EBITDA	$ 3,412,915	$ 3,195,690

Use of Non-GAAP Financial Measures

The Company discloses and uses the above-mentioned non-GAAP financial measures internally as a supplement to GAAP financial information to evaluate its operating performance, for financial planning purposes, to establish operational goals, for compensation plans, to measure debt service capability, for capital expenditure planning and to determine working capital needs and believes that these are useful financial measures also used by investors. Non-GAAP adjusted EBITDA is defined as GAAP net income or net loss before interest, taxes, depreciation and amortization (EBITDA) adjusted for the non-cash stock compensation and stock option expense, acquisition, integration & restructuring expenses, charges and gains or losses from extinguishment of debt and other non-cash items. Non-GAAP EBITDA and non-GAAP adjusted EBITDA are not terms defined by GAAP and, as a result, the Company's measure of non-GAAP EBITDA and non-GAAP adjusted EBITDA might not be comparable to similarly titled measures used by other companies. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flow that either excludes or includes amounts that are not normally included in the most directly comparable measure calculated and presented in accordance with GAAP. The non-GAAP financial measures discussed above, however, should be considered in addition to, and not as a substitute for, or superior to net income or net loss as reported for GAAP on the Consolidated Statements of Operations, cash and cash flows on the Consolidated Statement of Cash Flows or other measures of financial performance prepared in accordance with GAAP, and as reflected on the Company's financial statements prepared in accordance with GAAP. These non-GAAP financial measures are not a substitute for or presented in lieu of financial measures provided by GAAP and all measures and disclosures of financial information pursuant to GAAP should be read to obtain a comprehensive and thorough understanding of the Company's financial results. The reconciliations of non-GAAP EBITDA and non-GAAP adjusted EBITDA to GAAP operating income (loss) and/or GAAP net income (net loss) referred to in the highlights or elsewhere are provided in the schedules that are a part of this document.

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. Financial Statements and Supplementary Data.

UPEXI INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022, AND 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Upexi, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Upexi, Inc. ("the Company") as of June 30, 2022 and 2021, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended June 30, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upexi, Inc. as of June 30, 2022 and 2021, and the results of its operations and its cash flows for each of the two years in the period ended June 30, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

/s/ B F Borgers CPA PC

We have served as the Company's auditor since 2020.
Lakewood, Colorado

September 28, 2022
PCAOB ID Number 5041

UPEXI, INC.
CONSOLDIATED BALANCE SHEETS

	June 30, 2022	June 30, 2021
ASSETS		
Current assets		
Cash	$ 7,149,806	$ 14,534,211
Accounts receivable, net of allowance for doubtful accounts of $57,500 and $45,000, respectively	2,155,125	1,277,662
Inventory	6,454,428	2,094,952
Deferred tax asset, current	462,070	-
Prepaid expenses and other receivables	840,193	386,258
Total current assets	17,061,622	18,293,083
Property and equipment, net	8,046,486	2,832,400
Intangible assets, net	12,052,020	1,845,166
Goodwill	8,301,206	2,413,813
Deferred tax asset	2,002,759	1,403,591
Other assets	100,372	49,068
Right-of-use asset	926,570	417,443
Total other assets	31,429,413	8,961,481
Total assets	$ 48,491,035	$ 27,254,564
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 2,591,149	$ 1,604,723
Accrued compensation	556,547	1,020,936
Deferred revenue	335,205	485,973
Accrued liabilities	952,249	296,021
Acquisition payable	-	1,764,876
Current portion of notes payable	5,424,752	447,100
Current portion of operating lease payable	267,846	199,532
Total current liabilities	10,127,748	5,819,161
Notes payable, net of current portion	8,876,132	-
Operating lease payable, net of current portion	700,411	217,430
Total long-term liabilities	9,576,543	217,430
Commitments and contingencies	-	-
Stockholders' equity		
Preferred stock, $0.001 par value, 100,000,000 shares authorized, and 500,000 and 500,000 shares issued and outstanding, respectively	500	500
Common stock, $0.001 par value, 100,000,000 shares authorized, and 16,713,345 and 15,262,394 shares issued and outstanding, respectively	16,713	15,262
Additional paid in capital	34,985,597	25,372,247
Accumulated deficit	(6,270,886)	(4,170,036)
Total stockholders' equity attributable to Upexi, Inc.	28,731,924	21,217,973
Non-controlling interest in subsidiary	54,820	-
Total stockholers' equity	28,786,744	21,217,973
Total liabilities and stockholders' equity	$ 48,491,035	$ 27,254,564

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended June 30, 2022	2021
Revenue		
Revenue	$ 44,584,996	$ 24,095,025
Cost of Revenue	19,396,123	12,196,123
Gross profit	25,188,873	11,898,902
Operating expenses		
Sales and marketing	7,628,932	2,388,211
General and administrative expenses	14,147,230	6,442,501
Share-based compensation	3,331,586	611,432
Amortization of acquired intangible assets	2,159,146	726,525
Depreciation	574,309	303,496
	27,841,203	10,472,165
(Loss) income from operations	(2,652,330)	1,426,737
Other expense (income), net		
Interest expense (income), net	215,300	530,449
Gain on sale of assets	(5,500)	(8,708)
Gain on SBA PPP loan forgiveness	(300,995)	(403,277)
Change in derivative liability	3,293	-
Settlement of cancelled lease	-	(387,860)
Other (income) expense, net	(87,902)	(269,396)
(Loss) income before income tax	(2,564,428)	1,696,133
Income tax (expense) benefit	518,398	1,282,815
Net (loss) income	(2,046,030)	2,978,948
Net loss attributable to noncontrolling interest	(54,820)	-
Deemed dividend related to the issuance of Series A Preferred Stock	-	(50,000)
Net (loss) income attributable to Upexi, Inc.	$ (2,100,850)	$ 2,928,948
Basic (loss) income per share	$ (0.13)	$ 0.25
Diluted (loss) income per share	$ (0.13)	$ 0.21
Weighted average shares outstanding	16,224,520	11,930,378
Fully diluted weighted average shares outstanding	16,224,520	14,257,934

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Preferred Stock Shares	Preferred Stock Par	Common Stock Shares	Common Stock Par	Additional Paid In Capital	Accumulated Deficit	Non-controlling Interest	Total Shareholders' Equity
Balance, June 30, 2020	-	$ -	10,222,223	$ 10,223	$ 7,314,341	$ (7,098,984)	$ 1,953,801	$ 2,179,381
Conversion of Trunano subsidiary stock into Grove common stock	-	-	1,277,778	1,278	1,952,523	-	(1,953,801)	-
Issuance of common stock for acquisition	-	-	526,415	525	1,234,599	-	-	1,235,124
Issuance of common stock for acquisition costs	-	-	83,334	83	127,417	-	-	127,500
Stock based compensation	-	-	-	-	611,432	-	-	611,432
Issuance of common stock for cash	-	-	2,530,000	2,530	10,947,785	-	-	10,950,315
Issuance of common stock for conversion of notes payable and accrued interest	-	-	622,644	623	3,084,650	-	-	3,085,273
Issuance of preferred stock for cash	500,000	500	-	-	49,500	-	-	50,000
Deemed dividend for Series A preferred stock issuance	-	-	-	-	50,000	(50,000)		-
Net income	-	-	-	-	-	2,978,948	-	2,978,948
Balance, June 30, 2021	500,000	$ 500	15,262,394	$ 15,262	$ 25,372,247	$ (4,170,036)	$ -	$ 21,217,973
Issuance of common stock for acquisitions	-	-	1,522,604	1,523	7,945,292	-	-	7,946,815
Common stock repurchase	-	-	(467,765)	(468)	(1,975,420)	-	-	(1,975,888)
Issuance of common stock for services	-	-	203,500	203	717,271	-	-	717,474
Stock based compensation	-	-	-	-	2,755,016	-	-	2,755,016
Issuance of common stock for exercise of warrants	-	-	119,792	120	(120)	-	-	-
Issuance of common stock for exercise of options	-	-	72,820	73	(73)	-	-	-
Warrant issued related to debt	-	-	-	-	171,384	-	-	171,384
Net loss	-	-	-	-	-	(2,100,850)	-	(2,100,850)
Balance, June 30, 2022	500,000	$ 500	16,713,345	$ 16,713	$ 34,985,597	$ (6,270,886)	$ -	$ 28,731,924

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

UPEXI, INC.
CONSOLIDATED STATEMENTS OF CASH FLOW

	Year Ended June 30,	
	2022	**2021**
Cash flows from operating activities		
Net (loss) income	$ (2,046,030)	$ 2,978,948
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	2,733,455	1,030,021
Inventory write-offs	1,044,607	375,000
Gain on settlement of cancelled lease	-	(387,860)
Gain on change in deferred tax allowance	(1,061,238)	(1,282,815)
Amortization of beneficial conversion feature on convertible notes		342,813
Shares issued for services	-	127,500
Bad debt expense	131,968	78,185
Gain on sale of equipment	(5,500)	(8,708)
Gain on forgiveness of SBA PPP loan	(300,995)	(403,277)
Stock based compensation	3,331,586	611,432
Changes in assets and liabilities, net of acquired amounts		
Accounts receivable	(17,312)	(1,138,228)
Inventory	(2,447,038)	(846,659)
Prepaid expenses and other assets	217,824	(313,206)
Accounts payable and accrued liabilities	(430,506)	1,966,806
Accrued liabilities related to acquisition	-	(90,876)
Deferred revenue	(629,153)	(99,770)
Net cash provided by operating activities	521,872	2,939,306
Cash flows from investing activities		
Acquisition of Infusionz, Inc., net of cash acquired	-	62,122
Acquisition of VitaMedica, Inc., net of cash acquired	(2,574,589)	-
Acquisition of Interactive Offers, Inc., net of cash acquired	(1,854,193)	-
Acquisition of Cygnet, Inc., net of cash acquired	(1,028,763)	-
Proceeds from sale of property and equipment	6,000	79,000
Acquisition of property and equipment	(6,154,476)	(1,422,129)
Net cash used in investing activities	(11,606,021)	(1,281,007)
Cash flows from financing activities		
Proceeds from issuance of common stock	-	10,950,315
Stock repurchase program	(1,975,888)	-
Proceeds from issuance of preferred stock	-	50,000
Proceeds from issuance of related party note payable	-	750,000
Repayment of related party note payable	-	(750,000)
Payment of note payable	(1,002,874)	(12,000)
Proceeds from issuance of notes payable	6,678,506	1,000,080
Net cash provided by financing activities	3,699,744	11,988,395
Net (decrease) increase in cash	(7,384,405)	13,646,694
Cash, beginning of period	14,534,211	887,517
Cash, end of period	$ 7,149,806	$ 14,534,211
Supplemental cash flow disclosures		
Interest paid	$ 64,460	$ -
Income tax paid	$ 656,000	$ -
Issuance of common stock for acquisition of Infusionz	$ 1,764,876	$ 650,255
Issuance of common stock for conversion of notes payable and accrued interest	$ 482,000	$ 3,085,273
Repayment of Infusionz LLC debt to Upexi, Inc.	$ -	$ 72,000
Liabilities assumed from acquisition of Infusionz	$ -	$ (680,480)
Liabilities assumed from acquisition of VitaMedica	$ (309,574)	
Issuance of stock for acquisition of Interactive	$ 2,733,628	
Issuance of stock for acquisition of Cygnet	$ 2,965,756	
Liabilities assumed from acquisition of Cygnet	$ 9,472,438	
Stock issued for construction services	$ 140,700	$ -

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

Upexi, Inc.
Notes to the Consolidated Financial Statements
June 30, 2022 and 2021

Note 1. Background Information

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

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

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

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

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

VitaMedica operates mainly from our California location with product development, fulfillment and day to day operations from that location

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

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

Lucky Tail operates from our Clearwater, Florida location 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 Henderson, Nevada supporting our health and wellness products, including those products manufactured with hemp ingredients and our overall distribution operations. We have continued to manage these operations with corporate focus on larger opportunities that have warranted the majority of corporate focus and investments for the future.

Consolidations

On July 1, 2020, the noncontrolling shareholders of the Company's subsidiary, Trunano Labs Inc., converted 1,761,261 shares of Trunano Labs, Inc. stock, representing all the outstanding stock held by minority interest holders, into 1,277,778 shares of Upexi Inc. common stock, 10.8% of the then outstanding shares. As of July 1, 2020, Trunano Labs, Inc. is a wholly owned subsidiary of Upexi Inc.

Business Acquisitions

On July 1, 2020, the Company entered into an Agreement and Plan of Merger with Infusionz LLC (the "Infusionz Agreement") with the members of Infusionz LLC (the "Sellers"). Pursuant to the terms of the Infusionz Agreement, on July 1, 2020, the Company acquired 100% of the outstanding membership interests of Infusionz LLC, a Colorado limited liability company ("Infusionz").

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

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

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

Basis of Presentation and Principles of Consolidation

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The consolidated financial statements include the accounts of all subsidiaries in which the Company holds a controlling financial interest as of the June 30, 2022 and 2021.

Note 2. Significant Accounting Policies

The significant accounting policies followed are:

Use of Estimates - The preparation of 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 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 and Cash Equivalents - The Company considers all highly liquid investment instruments with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are 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 - The Company regularly reviews accounts receivable for any bad debts based on an analysis of the Company's collection experience, customer credit worthiness and current economic trends. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Based on management's review of accounts receivable, the Company recorded $57,500 and $45,000 as allowance for doubtful accounts at June 30, 2022 and 2021, respectively. The Company had bad debt expense of $131,968 and $78,185 for the years ended June 30, 2022 and 2021, respectively, including write-offs of accounts receivables $131,968 and $45,185, for the years ended June 30, 2022 and 2021, respectively.

Inventory - Inventory consists of raw materials, work-in-process 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.

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 2022 and 2021 which resulted in gains on the sales as 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, 2022. No impairment charge was identified in connection with the annual goodwill impairment test

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 did not recognize impairment on its long-lived assets during the years ended June 30, 2022 or 2021.

Revenue Recognition - The Company analyzes its contracts and purchase orders to assess that revenue is properly recognized. In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, whether for goods and services or licensing, the Company performs the following steps: (i) identification of the promised goods or services in the contract; (ii) determination of whether the promised goods or services are performance obligations including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations based on estimated selling prices; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation. The Company acts as a principal in its revenue transactions as the Company is the primary obligor in the transactions. Generally, the Company recognizes revenue for its products when ownership is transferred to the customer, provided no significant obligations remain and collection is probable.

Product Revenue - Most of the Company's revenue contracts are from domestic sales and represent a single performance obligation related to the fulfillment of customer orders for the purchase of its products. Net sales reflect the transaction prices for these contracts based on the Company's selling list price, which is then reduced by estimated costs for trade promotional programs, consumer incentives, and allowances and discounts used to incentivize sales growth and build brand awareness.

The Company recognizes revenue at the point in time that control of the ordered product is transferred to the customer, which is upon shipment to the customer or other customer-designated delivery point. Taxes collected from customers that are remitted to governmental agencies are accounted for on a net basis and not included as revenue.

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 does not accrue for estimated sales returns as historical sales returns have been minimal. The Company records deferred revenues when cash payments are received or due in advance of performance, including amounts which are refundable. Substantially all the deferred revenue as of June 30, 2021 was recognized as revenue in the year ended June 30, 2022.

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

Loyalty Program - The Company grants customers loyalty points for each purchase on the website and at the time of the sale, accrues the estimated cost related to fulfilling the future purchase in accrued liabilities. When the points are redeemed, the Company does not recognize any revenue related to the purchase and reduces the accrued liability related to the cost of the purchase.

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 the continual investment in advertising is critical to the development and sale of its branded products. Advertising costs of $3,225,256 and $771,546 were expensed as incurred during the years ended June 30, 2022 and 2021, respectively.

Stock Based Compensation - The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense in the 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 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 is 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 Accounting Standards Codification (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 and cash equivalents, 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. 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 of 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 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.

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 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 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, 2021.

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).

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, 2022	June 30, 2021
Stock options	4,279,888	1,697,889
Warrants	106,850	129,667
Preferred stock	277,778	277,778
Total potential dilutive weighted average shares outstanding	4,414,516	2,105,334

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, 2022 the Company reported a net loss so the potential affect is not reflected on the financial statements.

The following table shows the computation of basic and diluted earnings per share for the year ended:

	June 30, 2021
Numerator:	
Net income attributable to Upexi, Inc.	$ 2,928,948
Denominator:	
Weighted-average basic shares outstanding	11,930,378
Effect of dilutive securities	2,327,556
Fully diluted weighted average shares outstanding	14,257,556
Basic earnings per share	$ 0.25
Diluted earnings per share	$ 0.21

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.

Recent Accounting Pronouncements - There are new accounting pronouncements issued by the Financial Accounting Standards Board ("FASB") which are not yet effective as follows:

In August 2020, the FASB issued ASU 2020-06-*Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity*, which simplifies the guidance for certain convertible debt instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company expects the primary impacts of this new standard will be to increase the carrying value of its Convertible Debt and reduce its reported interest expense. In addition, the Company will be required to use the if-converted method for calculating diluted earnings per share. The Company is currently evaluating the impact the adoption of this standard will have on its consolidated financial statements.

No other recent accounting pronouncements were issued by FASB and the SEC that are believed by management to have a material impact on the Company's present or future unaudited consolidated financial statements.

Note 3. Acquisition

Infusionz LLC

On July 1, 2020, the Company entered into an Agreement and Plan of Merger with Infusionz LLC (the "Infusionz Agreement") with the Members of Infusionz LLC ("Sellers"). Pursuant to the terms of the Infusionz Agreement on July 1, 2020, the Company acquired 100% of the outstanding interest of Infusionz LLC, a Colorado corporation ("Infusionz").

Infusionz LLC was incorporated in the state of Colorado in May 2016. The Infusionz, Inc. develops, manufactures, and markets products based on Hemp-based Cannabidiol ("CBD") including, but not limited to edibles, tinctures, topicals, capsules and pet products, similar to the same products Upexi, Inc. manufactures and markets. Infusionz Inc. will also manufacture CBD products for other businesses under their brand and specifications, similar to Upexi, Inc.

Under the purchase method of accounting, the transaction was valued at an estimated fair value of $3,350,000. The estimate was based on the consideration paid or payable, consisting of $3,000,000 of equity consideration payable in the form of the Company's common stock and cash consideration of approximately $350,000, paid based on terms of the Infusionz Agreement. The Company will issue a minimum of 833,334 shares of common stock Per the Infusionz Agreement, the number of shares of the Company's Common Stock to be issued to the Sellers will be based on $3.60 per share; provided however, that in the event of and upon any public offering of the Company's common stock, if the 'offering price' of the Company's successful underwritten initial public offering of the Company's Common Stock is lower than $3.60 per share (post reverse split), the Company shall promptly issue such additional shares proportionately to each of the Sellers necessary to bring the value of the equity consideration to a total of $3,000,000.

On July 1, 2020, the closing of the acquisition, the Company issued 222,223 shares of Common Stock (post-reverse split) to the Sellers, based on the most recent price of $1.53 per share of Common Stock. The Company has an accrued acquisition payable of $2,424,745 accrued for the cash and stock to be issued related to the Infusionz Agreement.

Since the closing of the acquisition, the Company has issued an additional304,181 shares of common stock to the Sellers based on the most recent price of $1.53 per share of Common Stock. Based on this valuation, the Company will issue an additional 1,535,781 shares of Common Stock to the Sellers in equity consideration, as adjusted based on the initial public offering price, pursuant to the Infusionz Agreement as set forth below.

On November 1, 2020 the Company issued 101,389 shares of Common Stock in relations to the acquisition of Infusionz LLC. The shares were issued at a $1.53 per common share with adjustments to the final number of shares and value based on the acquisition agreement.

On January 4, 2021 the Company paid the former members of Infusionz LLC $75,000 as per the acquisition agreement.

On February 1, 2021 the Company issued 101,392 shares of Common Stock in relations to the acquisition of Infusionz LLC. The shares were issued at a $1.53 per common share with adjustments to the final number of shares and value based on the acquisition agreement.

On June 25, 2021 the Company issued 101,400 shares of Common Stock in relations to the acquisition of Infusionz LLC. The shares were issued at a $5.75 per common share with adjustments to the final number of shares and value based on the acquisition agreement.

The Company's equity and cash consideration payment schedule pursuant to the Infusionz Agreement is as follows:

Date	Cash	Shares of Common Stock
July 1, 2020	$ 300,000	222,223
December 31, 2020 (paid January 4, 2021)	75,000	-
November 1, 2020	-	101,392
February 1, 2021	-	101,392
March 31, 2021 (paid April 2, 2021)	$ 75,000	-
June 1, 2021 (issued June 25, 2021)	-	101,392
September 1,2021	-	306,935
Total Consideration	$ 450,000	833,334

Acquisition payable:

Date	Consideration
Acquisition	$ 3,350,000
July 1, 2020 – cash	(200,000)
July 1, 2020 - equity consideration (222,222 common shares of the acquirer) *	(340,000)
November 1, 2020 - equity consideration (101,389 common shares of the acquirer) *	(155,125)
January 4, 2021 – cash	(75,000)
February 1, 2021 - equity consideration (101,932 common shares of the acquirer) *	(155,130)
March 31, 2021	(75,000)
June 1, 2021 - equity consideration (101,400 common shares of the acquirer)	(584,869)
Acquisition payable **	$ 1,764,876

* Stock consideration was valued at $1.53 per common share as that was the last purchase price of the stock.

** 306,945 shares of the Company's common stock were issued on September 1, 2021, in consideration for this liability.

The assets and liabilities of Infusionz are recorded at their respective fair values as of the closing date of the Infusionz Agreement, and the following table summarizes these values based on the balance sheet at July 1, 2020, the effective closing date.

Tangible Assets	$	778,331
Intangible Assets		1,920,720
Goodwill		1,331,429
Liabilities Acquired		(680,480)
Total Purchase Price	$	3,350,000

The acquisition of Infusionz LLC provided the Company with additional expertise in the industry, expanded the branded product offerings of the Company, additional manufacturing resources and improved gross margin through synergies recognized with the consolidation of the two companies manufacturing and distribution. These are the factors of the goodwill recognized in the acquisition.

VitaMedica Corporation

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

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

A finder's fee of $103,740 was paid by the Company, $70,000 in cash and 7,000 shares of common stock, valued at $33,740, $4.82 per common share, the closing market price on August 4, 2021 (close date of the transaction). These fees were expensed in the nine-month period ended March 31, 2022.

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

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

The Company's consolidated financial statements, include the actual results of VitaMedica for the period August 1, 2021 to June 30, 2022.

Interactive Offers, LLC

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

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

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

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

The Company's consolidated financial statements for the year ended June 30, 2022, include the actual results of Interactive for the period October 1, 2021, to June 30, 2022.

Cygnet Online, LLC

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

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

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

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

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

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

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

The Company's consolidated financial statements for the year ended June 30, 2022, include the actual results of Cygnet for the period April 1, 2022, to June 30, 2022.

Consolidated pro-forma unaudited financial statements.

The following unaudited pro forma combined financial information is based on the historical financial statements of the Company, VitaMedica, Interactive and Cygnet after giving effect to the Company's acquisitions of the companies as if the acquisitions occurred on July 1, 2020.

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, 2020, 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 June 30, 2022 and June 30, 2021, as if the acquisition occurred on July 1, 2020. Operating expenses for the year ended June 30, 2022 and June 30, 2021 have been increased for the amortization expense associated with the fair value adjustment of definite lived intangible assets of VitaMedica, Interactive and Cygnet by $1,767,350 and $3,200,304 per year, respectively.

Pro Forma, Unaudited **Year ended June 30, 2022**	**Upexi, Inc.**	**VitaMedica**	**Interactive**	**Cygnet**	**Proforma Adjustments**	**Proforma**
Net sales	$ 44,584,996	$ 384,391	$ 416,700	$ 22,583,781	$	$ 67,969,868
Cost of sales	$ 19,396,123	$ 93,509	$ -	$ 19,117,296	$	$ 38,606,928
Operating expenses	$ 27,841,203	$ 255,286	$ 795,507	$ 2,086,722	$ 1,767,350	$ 32,746,068
Net income (loss)	$ (2,046,030)	$ 35,596	$ (378,807)	$ 1,117,971	$ (1,767,350)	$ (3,038,620)
Basic income (loss) per common share	$ (0.13)	$ 0.36	$ (0.68)	$ 2.01	$	$ (0.17)
Weighted average shares outstanding	16,224,520	100,000	560,170	555,489		17,440,179

Pro Forma, Unaudited Year ended June 30, 2021	Upexi, Inc.	VitaMedica	Interactive	Cygnet	Proforma Adjustments	Proforma
Net sales	$ 24,095,025	$ 4,109,443	$ 1,790,714	$ 30,111,708	$	$ 29,995,182
Cost of sales	$ 12,196,123	$ 1,117,547	$ -	$ 25,489,728	$	$ 13,313,670
Operating expenses	$ 10,472,165	$ 2,743,824	$ 2,683,937	$ 2,782,296	$ 3,200,304	$ 19,100,230
Net income (loss)	$ 2,978,948	$ 380,047	$ (783,342)	$ 1,485,628	$ (3,200,304)	$ (624,651)
Basic income (loss) per common share	$ 0.25	$ 3.80	$ (1.40)	$ 2.67	$	$ (0.05)
Weighted average shares outstanding	11,930,378	100,000	560,170	555,489		12,590,548

The Company estimated the annual VitaMedica amortization expense at $496,356 annually and $41,363 monthly, based on the allocation of the purchase price. For the year ended June 30, 2022, the proforma adjustment included $41,363, one month of amortization expense. For the year ended June 30, 2021, the proforma adjustment includes $496,356 twelve months of amortization expense.

The Company's consolidated financial statements for the year ended June 30, 2022 include the actual results of VitaMedica for the period August 1, 2021 to June 30, 2022. Revenue for VitaMedica included in the statements of operations for the year ended June 30, 2022 was $5,124,583. Net income for VitaMedica included in the statements of operations for the year June 30, 2022, was $224,735. This includes amortization of intangible assets of $454,988.

The Company estimated the annual Interactive amortization expense at $603,948 annually and $50,329 monthly, based on the allocation of the purchase price. For year ended, 2022, the proforma adjustment included $150,987, three months of amortization expense. For the year ended June 30, 2021, the proforma adjustment includes $603,948, twelve months of amortization expense.

The Company's consolidated financial statements for the year ended June 30, 2022, include the actual results of Interactive for the period October 1, 2021, to June 30, 2022. Revenue and net loss for Interactive included in the statement of operations for the year ended June 30, 2022, was $2,192,183 and $1,160,160, respectively and includes amortization of intangible assets of $452,963.

The Company estimated the annual Cygnet amortization expense at $2,100,000 annually and $175,000 monthly, based on management's preliminary allocation of the purchase price. For the year ended June 30, 2022, the proforma adjustment included $1,575,000, nine months of amortization expense. For the year ended June 30, 2021, the proforma adjustment includes $2,100,000, twelve months of amortization expense.

The Company's consolidated financial statements for the year ended June 30, 2022, include the actual results of Cygnet for the period April 1, 2022 to June 30, 2022. Revenue and net income for Cygnet included in the statements of operations for the year ended June 30, 2022, was $7,634,153 and $152,981, respectively. This includes amortization of intangible assets of $525,000.

Note 4. Inventory

Inventory consisted of the following:

	June 30, 2022	June 30, 2021
Raw materials	$ 1,725,801	$ 1,680,471
Finished goods	4,728,627	414,481
Total	$ 6,454,428	$ 2,094,952

The Company writes-off the value of inventory deemed excessive or obsolete. The Company wrote off $1,044,607 and $375,000 of inventory during the year ended June 30, 2022, and 2021, respectively.

Note 5. Property and Equipment

Property and equipment consist of the following:

	June 30, 2022	June 30, 2021
Furniture and fixtures	$ 51,273	$ 20,173
Computer equipment and software	103,615	62,430
Manufacturing equipment	1,903,719	1,867,509
Leasehold improvements	2,144,341	764,225
Building	4,656,435	-
Vehicles	253,229	98,859
Property and equipment, gross	9,112,612	2,813,196
Less accumulated depreciation	(1,066,126)	(515,990)
	8,046,486	2,297,206
Deposits on equipment	-	535,194
Property and equipment, net	$ 8,046,486	$ 2,832,400

During the year ended June 30, 2022, the Company sold vehicles with a carrying value of approximately $500 for cash proceeds of $6,000 which resulting in a gain on the disposal of approximately $5,500.

During the year ended June 30, 2021, the Company sold manufacturing equipment with a carrying value of approximately $70,292 for cash proceeds of $79,000 which resulting in a gain on the disposal of approximately $8,708.

Depreciation expense for the years ended June 30, 2022, and 2021 was $574,309 and $303,496, respectively.

Note 6. Intangible Assets

Intangible assets as of June 30, 2022:

	Cost	Accumulated Amortization	Net Book Value
Customer relationships, amortized over four years	$ 4,167,347	$ 1,810,152	$ 2,357,195
Trade name, amortized over five years	1,454,305	545,940	908,365
Non-compete agreements, amortized over the term of the agreement	351,592	191,632	159,960
Online sales channels, amortized over two years	1,800,000	225,000	1,575,000
Vender relationships, amortized over five years	6,000,000	300,000	5,700,000
Software, amortized over five years	1,590,000	238,500	1,351,500
	$ 15,363,244	$ 3,311,224	$ 12,052,020

As of June 30, 2021

	Cost	Accumulated Amortization	Net Book Value
Customer relationships, amortized over four years	$ 2,075,347	$ 843,636	$ 1,231,711
Trade name, amortized over five years	845,305	270,147	575,158
Non-compete agreements, amortized over term of the agreement	76,592	38,295	38,297
	$ 2,997,244	$ 1,152,078	$ 1,845,166

For the years ended June 30, 2022, and 2021, the Company amortized approximately $2,159,146 and $726,525, respectively. The customer list is being amortized on a straight-line basis over 4 years. The trade names are being amortized on a straight-line basis over5 years.

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

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

Future amortization of intangible assets are as follows:

June 30, 2023	$ 3,948,748
June 30, 2024	3,155,530
June 30, 2025	2,238,249
June 30, 2026	1,715,176
June 30, 2027	994,317
	$ 12,052,020

Note 7. Prepaid Expense and Other Current Assets

Prepaid and other assets consist of the following:

	June 30, 2022	June 30, 2021
Insurance	$ 32,045	$ 100,307
Prepayment to vendors	175,378	118,283
Deposits on services	13,762	3,225
Prepaid monthly rent	6,900	66,551
Subscriptions and services being amortized over the service period	274,959	-
Other deposits	337,149	97,892
Total	$ 840,193	$ 386,258

Note 8. Operating Leases

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

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. Therefore, all lease and non-lease components are combined and accounted for as single lease component. Lease expense was $568,031 and $227,967 for the years ended June 30, 2022 and 2021, respectively.

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. Lease expense was $117,992 and $19,665 for the years ended June 30, 2022, and 2021, respectively.

During July 2019, the Company entered a lease for a California facility that commenced on July 1, 2019 and recorded a right of use asset and corresponding lease liability. In March 2020, the Company consolidated operations to its Nevada facility and abandoned its manufacturing and sales facility in Costa Mesa. For the year ended June 30, 2020, the Company recorded an impairment loss of $558,918 and subsequently negotiated a settlement for this liability and recognized a gain of $387,860 in December of 2020.

During September 2020, the Company entered into a one-year lease for a Colorado facility that commenced on September 1, 2020 and recorded a right of use asset and corresponding lease liability. The Company uses this facility for office and manufacturing space. Lease expense was $22,803 and $62,000 for the years ended June 30, 2022, and June 30, 2021, respectively.

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 expense was $6,428 and $6,428 for the years ended June 30, 2022, and June 30, 2021, respectively.

During October 2021, the Company entered into a 3-year lease for a California warehouse. The Company recorded a right of use asset and corresponding lease liability of $295,305. The Company will use this leased facility for assembly and distribution of finished goods. Lease expense was $71,042 for the year ended June 30, 2022.

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. Therefore, all lease and non-lease components are combined and accounted for as single lease component. Lease expense was $21,800 for the year ended June 30, 2022.

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of June 30, 2022, are:

Weighted average remaining lease term	35 Months
Weighted average incremental borrowing rate	5.0%

For the years ended June 30, 2022 and June 30, 2021, the components of lease expense, included in general and administrative expenses and interest expense in the consolidated statements of operations income, are as follows:

	June 30, 2022	June 30, 2021
Operating lease cost:		
Operating lease cost	$ 368,680	$ 316,060
Amortization of ROU assets	273,746	302,268
Interest expense	38,290	13,946
Total lease cost	$ 680,716	$ 632,274

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, 2022:

2023	$ 333,684
2024	326,952
2025	231,142
2026	113,633
2027	28,684
Total undiscounted future minimum lease payments	1,034,095
Less: Imputed interest	(65,838)
Present value of operating lease obligation	$ 968,257

Note 9. Accrued Liabilities

Accrued liabilities consist of the following:

	June 30, 2022	June 30, 2021
Accrued expenses for loyalty program	$ 6,418	$ 24,768
Accrued interest	147,887	9,817
Accrued federal and state tax	-	120,776
Accrued expenses on credit cards	108,735	111,700
Accrued sales tax	108,425	-
Derivative liability	81,909	-
Other accrued liabilities	498,875	28,960
	$ 952,249	$ 296,021

Note 10. Convertible Promissory Notes and Notes Payable

During October of 2019, the Company entered into convertible promissory notes (Notes) for total proceeds of $1,500,000. The principal and interest of the Notes are payable in full at the maturity date of April 2021, if not previously converted. The Notes have an interest rate of 8%, total accrued interest is to be repaid at maturity, and are convertible into common stock if the Company enters a financing arrangement which results in the Company's common stock becoming listed or trading. The conversion rate would be equal to the price of the Company's common stock sold in the financing arrangement. During the year ended June 30, 2021, the Notes and related accrued interest were converted into 348,310 shares of the Company's common stock.

On April 28, 2020, the Company entered into a Paycheck Protection Program loan for $398,945 in connection with COVID-19. The promissory note has a fixed payment schedule, commencing seven months following the funding of the note and consisting of seventeen monthly payments of principal and interest, with the principal component of each payment based upon the level of amortization of principal over a two year period from the funding date. A final payment for the unpaid principal and accrued interest will be payable no later than April 28, 2022. The note bears interest at a rate of 1.00% per annum and is deferred for the first six months of the loan. Certain portions of the loan may qualify for loan forgiveness based on the terms of the program. During the year ended June 30, 2021, the Company submitted its PPP Loan Forgiveness Application to the SBA. On June 11, 2021, the SBA confirmed that application for forgiveness had been approved and that its PPP loan, in the amount of $398,945 plus accrued interest of $4,551, had been forgiven.

On May 13, 2020, Infusionz entered a Paycheck Protection Program loan for $297,100 in connection with COVID-19. The promissory note has a fixed payment schedule, commencing seven months following the funding of the note and consisting of seventeen monthly payments of principal and interest, with the principal component of each payment based upon the level of amortization of principal over a two year period from the funding date. A final payment for the unpaid principal and accrued interest will be payable no later than May 13, 2022. The note bears interest at a rate of 1.00% per annum and is deferred for the first six months of the loan. Certain portions of the loan may qualify for loan forgiveness based on the terms of the program. The Company has not been required to make installment payments as of the date of this report and has submitted its PPP Loan Application to the SBA. On August 30, 2021, the SBA confirmed that application for forgiveness had been approved and that its PPP loan, in the amount of $297,100 plus accrued interest of $3,895, had been forgiven.

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

On December 7, 2020, the Company entered into a note agreement for total proceeds of $750,000 with a related party. The principal and interest of the note is payable in full in December 2022. The note bears interest at 2% and is unsecured. The Company repaid the note in full during February 2021.

In February and March 2021, the Company entered into convertible promissory notes ("Convertible Notes") for total proceeds of $1,000,080. The term of the Convertible Notes is two years and bear interest at the rate of 8% per annum, compounded annually. The Convertible Notes and accrued interest are automatically converted into any initial public offering by the Company at a rate of seventy five percent of the initial public offering price of the shares of capital stock of the Company sold in the initial public offering. During the year ended June 30, 2021, the Convertible Notes and related accrued interest were converted into 274,330 shares of the Company's common stock. The Company recorded interest expense of $342,813 for the beneficial conversion of the Convertible Note.

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

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

In June 2022, the Company entered into a Securities Purchase Agreement with two accredited investors pursuant to which the Company could receive up to $15,000,000 during the following twelve months of the agreement. The Company received $6,678,506 for a Convertible Notes in the original principal amount of $7,500,000 (the "Convertible Notes"), representing the original purchase amount, less fees, costs and a $500,000 holdback by the investors. In addition to the Convertible Notes, the investors received Common Stock Purchase Warrants (the "Warrants") to acquire an aggregate of 56,250 shares of common stock. The Warrants are exercisable for five years at an exercise price of $4.44 per share, provide for customary anti-dilution protection, and an investor put right to require the Company to redeem the Warrants for a total of $250,000. The Company has the option until June 28, 2023, to draw down up to an additional $7,500,000 of Convertible Notes under the Securities Purchase Agreement to provide financing for acquisitions, pursuant to certain underwriting conditions set forth in the Securities Purchase Agreement. The Company is subject to customary covenants, financial and otherwise, under the Securities Purchase Agreement.

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 3-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.

Convertible promissory notes and notes payable outstanding as of June 30, 2022, are summarized below:

	Maturity Date	June 30, 2022
Convertible Notes, 3-year term note, 8.5% cash interest, 3.5% PIK interest and collateralized with all the assets of the Company	June 28, 2025	$ 6,305,406
Marshall Loan, 3-year term note, 8.5% cash interest, 3.5% PIK interest and subordinate to the Convertible Notes	June 28, 2025	-
VitaMedica Loan, 1-year term note, 6% interest and is convertible at $5.00 per share. The note was fully repaid in August 2022.	August 1, 2022	500,000
Cygnet Loan, 1-year term note, 6% interest and is convertible at $6.00 per share.	April 15, 2023	1,050,000
SBA note payable, 30-year term note, 6% interest rate and collateralized with all assets of the Company	October 6, 2031	4,216,248
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	1,379,230
GF Note, 6 annual payments, with first payment due December 31, 2022, 3.5% interest rate and no security interest in the assets of the business	November 7, 2026	850,000
Total notes payable		14,300,884
Less current portion of notes payable		5,424,752
Notes payable, net of current portion		$ 8,876,132

Future payments on notes payable are as follows:

For the year ended June 30:	
2022	$ 5,424,752
2023	4,574,305
2024	3,066,787
2025	872,940
2026	764,673
Thereafter	2,292,021
	$ 16,995,478
Marshall Loan, related party and received July 31, 2022	(1,500,000)
Convertible note, remaining holdback not received	(500,000)
Convertible note, original discount and related fees and costs	(694,594)
	$ 14,300,884

Note 11. Related Party Transactions

During the year ended June 30, 2021, the Company received a note from one of the members of management. The loan was $750,000, two years and has an interest rate of 2%. Management repaid the loan during the three months ended March 31, 2021.

During the year ended June 30, 2021, the Company repaid a note from one of the members of management. The loan was $12,000 and was due upon demand.

During the year ended June 30, 2021, a member of management purchased 500,000 shares of preferred stock for $50,000 cash. The Company recognized $50,000 for the beneficial conversion feature as a deemed preferred stock dividend in the Consolidated Statements of Operations. 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 maters to which shareholders of the Company are entitled to vote at the rate of ten votes per share of preferred stock.

Effective October 1, 2021, the Company entered into an Equity Interest Purchase Agreement (the "I/O Agreement") with Gyprock Holdings LLC, a Delaware limited liability company, MFA Holdings Corp., a Florida corporation and Sherwood Ventures, LLC, a Texas limited liability company (each an "I/O Seller" and collectively the "I/O Sellers"). The I/O Sellers owned all the membership interests in Interactive Offers, LLC, a Delaware limited liability company ("Interactive"). The Company's CEO and Chairman, Allan Marshall, is the controlling stockholder and the president of MFA Holdings Corp., which owned 20% of the outstanding membership interests in Interactive.

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's Board of Directors has authorized 1,000,000 shares of preferred stock with a par value of $0.001 and issued 500,000 shares of preferred stock for a purchase price of $50,000. This preferred stock is convertible into shares of common stock at a ratio of 1.8 shares of preferred stock for a single share of the Company's common stock with additional terms and conditions determined by the Board of Directors. During the year ended June 30, 2020, an investor converted 500,000 shares of preferred stock into 277,778 shares of common stock.

On February 2, 2021, the Company sold the 500,000 shares of Preferred Stock to Allan Marshall, CEO for net proceeds of $50,000. 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

On February 8, 2021, the Shareholders consented, and the Board of Directors approved the Reverse Stock Split at the rate of 1 share of Common Stock for each 1.8 shares of Common Stock of the Company issued and outstanding (rounded up to the nearest whole number after giving effect to the Reverse Stock Split) on the Record Date of February 5, 2021.

On February 8, 2021, the Board of Directors approved the officers of the Company to file a Registration Statement on Form S-1 (the "Registration Statement") to be prepared for the purposes of registering (i) up to $20,000,000 of Common Stock at a purchase price of no less than $4.50 per share (post reverse split), including an over-allotment option for the underwriter named therein (the "Underwriter") to purchase additional shares of Common Stock amounting to 15% of the number of shares of Common Stock offered to the public; and (ii) a warrant to be issued to the Underwriter for the purchase of shares of Common Stock (the "Underwriter Warrant"); and (iii) the shares of Common Stock underlying the Underwriter Warrant (collectively, the "Securities").

On June 28, 2021, and the Company completed the sale of 2,530,000 shares of Common Stock to the Underwriters, which includes 330,000 shares sold upon the full exercise of the option, for total gross proceeds of approximately $12,650,000. After deducting the underwriting commissions, discounts, and offering expenses payable by the Company, the Company received net proceeds of $10,950,315.

During the year ended June 30, 2021, the Company issued 526,404 shares of common stock for the acquisition of Infusionz. The shares were valued at $1,235,124 and the Company issued 306,935 of the Company's stock on September 1, 2021, for the remaining acquisition liability of $1,764,876. In addition, the Company issued 83,334 shares of common stock valued at $127,500 for acquisition costs.

Trunano Labs, Inc. Common Stock

On July 1, 2020, the noncontrolling shareholders of the Company's subsidiary, Trunano Labs Inc., converted 1,761,261 shares of Trunano Labs, Inc. stock, representing all the outstanding stock by minority interest holders, into 1,277,778 shares of the Company's Common Stock, 10.8% of the then outstanding shares. As of July 1, 2020, Trunano Labs, Inc. is a wholly owned subsidiary of Upexi Inc.

Trunano Labs, Inc. has 10,000,000 shares of common stock authorized with a par value of $0.001. As of June 30, 2020, Trunano Labs, Inc, had 7,261,261 issued and outstanding shares of common stock, of which 5,500,000 is owned by the Company. During the year ended June 30, 2019, Trunano Labs, Inc. issued 1,490,991 shares of common stock for cash proceeds of approximately $1,655,000. During the year ended June 30, 2020, Trunano Labs, Inc. issued 270,270 shares of common stock for cash proceeds of approximately $300,000. Primarily due to the decline in CBD isolate price, there were no operations during the year ended June 30, 2019 for Trunano Labs, Inc. During the year ended June 30, 2020, Trunano Labs, Inc. had a net loss of $5,850.

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 2,777,778 Shares to 5,555,555 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 5,555,555 Shares to 10,000,000 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 year ended June 30, 2022, and 2021:

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, 2020	1,000,667	$ 1.53	8.5	$ -
Granted	1,092,222	1.58	10	-
Forfeited	(3,889)	3.60	10	-
Outstanding at June 30, 2021	2,089,000	$ 1.55	7.49	$ 9,689,865
Granted	2,302,000	4.36	10	-
Exercised	(111,112)	1.53	-	-
Outstanding at June 30, 2022	4,279,888	$ 3.05	7.42	$ 4,919,182
Options exercisable at June 30, 2022 (vested)	2,987,772	$ 2.43	7.57	$ 7,977,353
Options exercisable at June 30, 2021 (vested)	1,334,005	$ 1.55	7.89	$ 6,189,783

The average fair value of stock options granted was estimated to be $4.36 per share for the period ended June 30, 2022, and the closing stock price on June 30, 2022, was $4.20 per common share.

The average fair value of stock options granted was estimated to be $1.58 per share for the period ended June 30, 2021, and the closing stock price on June 30, 2021, was $6.19 per common share.

Stock-based compensation expense attributable to stock options was approximately $2,755,016 and $611,432 for the years ended June 30, 2022, and 2021, respectively. As of June 30, 2022, there was approximately $3,935,458 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, 2022, and 2021.

	June 30, 2022	June 30, 2021
Dividend rate	-	-
Risk free interest rate	0.69%-2.91%	0.23%-0.87%
Expected term	6.5	6.5
Expected volatility	69%	71%-72%
Grant date stock price	$ 4.18 – 5.34	$ 0.85 – 2.00

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 Charlotte's Web Holdings, Inc. (CWBHF) stock prices for periods prior to the date the Company's trading information was available. Management selected Charlotte's Web Holdings, Inc. for its length of time as a publicly trading company and the similarities of the business and industry.

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, 2022, and 2021, respectively.

There were 4,642,888 shares available for issuance as of September 26, 2022, under the 2019 Plan as amended.

14. Income Taxes

One Hit Wonder, Inc. has elected S Corporation status for federal income tax and California corporation business tax purposes, Steam Distribution, LLC, Havz, LLC and One Hit Wonder Holdings, LLC elected partnership status for federal income tax and California corporation business tax purposes. Under these elections, the Company is not a taxpaying entity for federal and state income tax purposes and, accordingly, no provision has been made for such income taxes, except for a minimum state corporate business tax. The stockholders' allocable share of the Company's income or loss is reportable on his or her income tax return through May 31, 2019. These entities under Upexi, Inc. are tax paying entities and the period from June 1, 2019 to June 30, 2019 remains open and subject to examination by the Internal Revenue Service.

Cresco Management, LLC and SWCH, LLC elected partnership status for federal income tax and California and Delaware corporation business tax purposes, respectively. Under these elections, these Subsidiaries are not a taxpaying entity for federal and state income tax purposes and, accordingly, no provision has been made for such income taxes, except for a minimum state corporate business tax through December 31, 2018. The stockholders' allocable share of the Company's income or loss is reportable on his or her income tax return through December 31, 2018. The Company's 2019 through 2020 tax years remain open and subject to examination by the Internal Revenue Service. Upexi had no operations through December 31, 2018. On January 1, 2019, Cresco Management LLC and SWCH, LLC were contributed to Upexi, Inc. in a non-taxable transaction. Upexi, Inc. consolidated from 2018 to current. The first consolidated tax return for all entities was filed for the tax year December 31, 2019.

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

	2022	2021
Current tax provision	$ 80,769	$ 120,776
Deferred tax asset valuation allowance adjustment	(599,167)	(1,403,594)
Provision for income taxes (benefit)	$ (518,398)	$ (1,282,815)

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:

	2022	2021
Income tax provision at statutory federal and state tax rate	21.00%	21.00%
State taxes, net of federal benefit	(2.70)%	5.80%
Nondeductible expense	2.79%	2.16%
Other, net	0.72%	(11.52)%
Valuation allowance	-%	(95.37)%
Provision for income taxes	20.37%	(77.93)%

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

	2022	2021
Net operating losses	$ 296,352	$ 573,464
Deferred tax provision (credit) related to:		
Reward points	1,536	17,677
Inventory write off	11,965	106,275
Adverse lease		
Intangible assets	691,411	245,677
Stock Options	887,550	278,980
Allowance for doubtful accounts	13,760	12,753
Accrued compensation	19,970	30,024
Deferred revenue	80,215	137,725
Other, net	-	1,015
Valuation allowances	-	-
Deferred tax asset	$ 2,002,758	$ 1,403,591

There were approximately $1,411,198 and $2,730,782 of losses available to reduce federal taxable income in future years and can be carried forward indefinitely as of June 30, 2022 and June 30, 2021 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, 2021 and 2020, 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 eliminated the valuation allowance on the deferred tax asset and recognized a benefit of $1,282,815 during the year ended June 30, 2021. The eliminated of the valuation allowance was based on the historical income of the Company for the fourth quarter ended June 30, 2021, the Company's performance and expected taxable income for the year ended June 30, 2022 and the known gain on SBA PPP loan extinguishment during the first quarter ended September 30, 2021. The Company used $1,319,584 of the net operating loss carryover during the year ended June 30, 2022.

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.

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies and, as such, the Company is unable to predict with certainty the potential impact of COVID-19 on its business, results of operations, financial condition and cash flows.

Note 16. Significant Customers

The Company had no significant customers during the year ended June 30, 2022. The Company had significant customers during the year ended June 30, 2021. A significant customer is defined as one that makes up ten percent or more of total revenues in a particular year or ten percent of outstanding accounts receivable balance as of the year end.

Net revenues for the year ended June 30, 2021, include revenues from significant customers in the product segment as follows:

	June 30, 2021
Customer A	12%
Customer B	15%

Accounts receivable balances as of June 30, 2021, from significant customers are as follows:

	June 30, 2021
Customer A	7%
Customer B	30%

Note 17. Subsequent Events

Issuance of Equity

The Company granted stock options to purchase 363,000 shares of the Company's common stock at an exercise prices between $4.59 and $4.86 per share, with a vesting period of three years and a term of five years.

Acquisition of assets for the Lucky Tail brand

On August 12, 2022, Grove, Inc. (the "Company"), and its indirect wholly owned subsidiary Upexi Pet Products, LLC, a Delaware limited liability company ("UPP") entered into an Asset Purchase Agreement (the "APA") with GA Solutions, LLC, a Delaware limited liability company ("LuckyTail"), pursuant to which UPP acquired substantially all of the assets of LuckyTail. The base consideration paid by the Company in the transaction totals Three Million Dollars ($3,000,000), subject to adjustment, and consists of: (i) Two Million Dollars ($2,000,000) less a broker fee and other Transaction expenses totaling Three Hundred Fourteen Thousand Five Hundred Dollars ($14,500) that was paid into escrow, to be released upon the transfer of certain assets from Seller to UPP, (ii) Five Hundred Thousand Dollars ($500,000) payable on the latter of the release from escrow and 90 days post closing, and (iii) Five Hundred Thousand Dollars ($500,000) payable on the latter of the release from escrow and 180 days post closing. In addition, the Company has agreed to purchase certain inventory from the Seller upon its valuation having been determined. There is a two way post-closing working capital adjustment based on target working capital of Zero Dollars ($0.00). The APA also provides for a two way post-closing adjustment based on a target adjusted revenue for the business acquired of One Million Four Hundred Ninety-Two Thousand Three Hundred Twenty-Nine Dollars ($1,492,329) for the period of August 1, 2022 through December 31, 2022.

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

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 effective such that the information relating to us required to be disclosed in our Securities and Exchange Commission (""SEC"" or "Commission") 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 Disclosure Controls and Procedures

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 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 were effective as of June 30, 2022.

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.

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, 2022, 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	55	May 17, 2019
Robert Hackett(1)	President	36	August 5, 2018
Andrew Norstrud	Chief Financial Officer, Director	49	April 1, 2020
Gene Salkind	Director	68	January 1, 2021
Thomas C. Williams	Director	62	January 1, 2021
Lawrence H Dugan	Director	55	January 1, 2021

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(1) Robert Hackett resigned all positions with the Company on September 26, 2022.

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, 55, 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, 49, 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, 68, 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 is currently the Chief of Neurosurgery at Holy Redeemer Hospital and has also been the Chief of Neurosurgery at 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 is and has been an employee and shareholder of Leonard A. Bruno MD/ Gene Salkind MD for the past five years. 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, 62, has over 35 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 on 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 acting member of the Risk Committee of Wyndham, a large Bermuda based captive. Additionally, he has formed three insurance operations: JTRM, GIH and Arculius. Their lines of business range from Directors and Officers Liability Coverage, Life Extension Risk and Workers Compensation. He has extensive experience in the Offshore and European Union insurance markets in both developing the structure and implementing corporate governance.

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, 55, 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 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 the Company's Form S-1 as filed with the SEC on May 21, 2021.

The audit committee met five times during the year ended June 30, 2022

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, 2022.

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 year ended June 30, 2022.

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 ($)	Option Awards ($)(4)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Allan Marshall, CEO, and Director	2022	840,000	1,096,000		2,977,300			90,000	5,003,300
	2021	284,615	741,910	-	-	-	-	-	1,026,525(1)
	2020	300,000	-	-	1,325,600	-	-	-	1,625,600(2)
Andrew Norstrud, Chief Financial Officer	2022	250,000	200,000		476,400			30,000	956,400
	2021	210,000	50,000	-	344,900	-	-	-	644,900
	2020	184,230	-	-	198,840				383,070(3)
Robert Hackett, President(1)	2022	125,000	50,000						175,000
	2021	125,000	50,000						175,000
	2020	130,913	-	-		-	-	-	130,913

(1) Robert Hackett resigned all positions with the Company on September 26, 2022.

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.

(1) At June 30, 2021 Allan Marshall had an accrual of $486,200 for 2021 bonus that was subsequently paid in August of 2021.
(2) At June 30, 2020 Allan Marshall had an accrual of $72,692 of earned compensation that had not been paid.
(3) For the fiscal year 2020, Andrew Norstrud received compensation through a consulting contract $175,000 and at June 30, 2020 there was an accrual of $7,500 owed to Andrew Norstrud for compensation.
(4) 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, 2023, 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, 2022:

	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	572,917	677,083		$ 4.18	7/21/2031				
	833,333	-		$ 1.53	6/1/2029				
Andrew Norstrud, Chief Financial Officer and Director	91,667	108,333		$ 4.18	7/21/2031				
	356,481	32,408		$ 1.53	2/1/2021				
Robert Hackett, President(1)	275,463	113,426		$ 1.53	1/1/2031				
Gene Salkind, Director	22,917	27,083		$ 4.18	7/21/2031				
	27,778	-		$ 1.53	2/1/2031				
Tomas C. Williams, Director	22,917	27,083		$ 4.18	7/21/2031				
	27,778	-		$ 1.53	2/1/2031				
Lawrence H Dugan, Director	22,917	27,083		$ 4.18	7/21/2031				
	27,778	-		$ 1.53	2/1/2031				

(1) Robert Hackett resigned all positions with the Company on September 26, 2022.

Option Exercises and Stock Vested

In October 2019, Allan Marshall exercised an option to purchase 277,778 shares of Common Stock at a $1.53 per common share. The Company received $400,000 of cash and was relieved of $25,000 in payables to Allan Marshall for the shares of Common Stock.

Directors Compensation

We do not have any agreements for compensating our directors for their services in their capacity as directors, although such directors are expected in the future to receive cash compensation and stock options to purchase shares of our Common Stock as awarded by our board of directors.

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 September 27, 2022, 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 September 27, 2022, there were 16,713,345 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., 1710 Whitney Mesa Drive, Henderson, NV 89014.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Class[(1)]
Allan Marshall	4,472,222(2)	23.97%
Gene Salkind	2,414,052(3)	14.39%
Robert Hackett(1)	1,444,444(4)	8.64%
Andrew Norstrud	962,037(5)	5.54%
Lawrence Dugan	88,889(6)	*%
Thomas Williams	61,111(7)	*%
Directors and Executive Officers as a Group	9,442,755	**56.50%**
5% or more Stockholders		
Jeffrey Bishop	1,198,730	7.17%

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

(1) Robert Hackett resigned all positions with the Company on September 26, 2022.

(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 September 27, 2021. As of September 27, 2021, there were 15,711,339 shares of our company's Common Stock issued and outstanding.

(2) Represents (i) 2,527,778 shares of Common Stock, (ii) 1,666,666 shares issuable upon the exercise of stock options that are exercisable within 60 days, (iii) 277,778 shares issuable upon the conversion of preferred stock. Does not include 416,667 shares issuable upon vesting and exercise of remaining stock option.

(3) Represents (i) 2,352,941 shares of Common Stock and (ii) 61,111 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 16,667 shares issuable upon vesting and exercise of remaining stock option.

(4) Represents 1,444,444 shares of Common Stock.

(5) Represents (i) 305,556 shares of Common Stock and (ii) 755,556 shares issuable upon the exercise of stock options that are exercisable within 60 days. Does not include 99,075 shares issuable upon vesting and exercise of remaining stock options.

(6) Represents (i)27,778 shares of Common Stock and (ii) 61,111 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 16,667 shares issuable upon vesting and exercise of remaining stock option.

(7) Represents 61,111 shares issuable upon the exercise of stock option that are exercisable within 60 days. Does not include 16,667 shares issuable upon vesting and exercise of remaining stock option.

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 4,444,445 Shares to 10,000,000 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	4,279,888	$ 3.05	5,208,014
Total	4,279,888	$ 3.05	5,208,014

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

Except as disclosed herein, 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, 2022 and June 30, 2021, 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, 2022, and 2021 for professional services rendered by the principal accountant for the audit of our annual financial statements and review of the 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, 2022	June 30, 2021
Audit Fees	$ 160,000	$ 114,000
Audit Related Fees and Acquisition Audit Fees	137,800	
Tax Fees	122,500	63,981
All Other Fees		
Total	$ 420,300	$ 177,981

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) Financial Statements

(1) 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 financial statements or notes thereto.

(b) Exhibits

Exhibit Index

Exhibit No.	Description	Incorporation by Reference			Filing Date	Filed or Furnished Herewith
		Form	File No.	Exhibit		
3.1(a)	Amended and Restated Articles of Incorporation	S-1	333-255266	3.1	4/15/2021	
3.1(b)	Certificate of Amendment to Articles of Incorporation	8-K	001-40535	3.1	8/17/2022	
3.2	Amended Bylaws	S-1	333-255266	3.2	4/15/2021	
4.1	Specimen of Stock Certificate	S-1	333-255266	4.6	4/15/2021	
4.2	2019 Convertible Note issued by Registrant in favor Jeff M. Bishop	S-1	333-255266	4.1	4/15/2021	
4.3	2019 Convertible Note issued by Registrant in favor Kyle Dennis	S-1	333-255266	4.2	4/15/2021	
4.4	2019 Convertible Note issued by Registrant in favor Jason Bond	S-1	333-255266	4.3	4/15/2021	
4.5	Promissory Note, Paycheck Protection Program, dated April 28, 2020, issued by Registrant in favor of Bank of the West	S-1	333-255266	4.4	4/15/2021	
4.6	Loan Authorization and Agreement, dated May 30, 2020, by and between Registrant and the U.S. Small Business Administration	S-1	333-255266	4.5	4/15/2021	
4.7	Promissory Note, Paycheck Protection Program, dated May 13, 2020, issued by Infusionz LLC in favor of Newtek Small Business Finance, LLC	S-1	333-255266	4.7	4/15/2021	
4.8	Form of Representative's Warrant Agreement	S-1	333-255266	4.8	4/15/2021	
4.9	Form of 2021 Convertible Promissory Note	S-1	333-255266	4.9	4/15/2021	
4.10	Form of Senior Secured Convertible Note	8-K	001-40535	10.2	7/1/2022	
4.11	Form of Common Stock Purchase Warrant by and between the Registrant and certain of its investors.	8-K	001-40535	10.3	7/1/2022	
4.12	Note Conversion Agreement dated June 29, 2021	8-K	011-40535	10.1	7/2/2021	
4.13	Registration Rights Agreement dated June 28, 2022	8-K	001-40535	10.5	7/1/2022	
10.1	Upexi, Inc. 2019 Incentive Stock Plan (Amended and Restated as of February 8, 2021)	S-1	333-255266	10.1	4/15/2021	
10.2	Form of Nonqualified Stock Option Agreement	S-1	333-255266	10.2	4/15/2021	
10.3	Agreement and Plan of Merger Infusionz LLC	S-1	333-255266	2.1	4/15/2021	
10.4	Securities Purchase Agreement, dated as of February 2, 2021, by and between the Registrant and Allan Marshall	S-1	333-255266	10.4		
10.5	Securities Purchase Agreement, dated June 28, 2022, by and among the Registrant and certain of its investors.	8-K	001-40535	10.1	7/1/2022	
10.6	Promissory Note dated June 28, 2022, by and between Registrant and Allan Marshall	8-K	001-40535	10.4	7/1/2022	
10.7	Equity Interest Purchase Agreement, dated October 19, 2021, by and among Grove, Inc., Gyprock Holdings LLC, MFA Holdings Corp. and Sherwood Ventures, LLC.	8-K	001-40535	2.1	10/21/2021	
10.8	Asset Purchase Agreement, dated August 1, 2021, by and among Registrant, Grove Acquisition Subsidiary, Inc., VitaMedica Corporation, David Rahm and Yvette La-Garde.	8-K	001-40535	2.1	8/6/2021	
10.9+	Employment Agreement, dated February 1, 2021, between Registrant and Andrew J. Norstrud	S-1	333-255266	10.5	4/15/2021	
10.10+	Employment Agreement, dated March 15, 2021, between Registrant and Allan Marshall	S-1	333-255266	10.6	4/15/2021	
10.11+	Executive Employment Agreement dated May 3, 2021 between the Company and Robert Hackett	S-1	333-255266	10.7	4/15/2021	
10.12	Securities Purchase Agreement, effective April 1, 2022, by and among Registrant, Eric Hanig and Cygnet Online, LLC.					X
10.13	Asset Purchase Agreement, dated August 12, 2022, by and among Upexi Pet Products and GA Solutions, LLC					X
21.1	List of Subsidiaries of Registrant					X
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

* 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: September 28, 2022

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

Dated: September 28, 2022

/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: September 28, 2022

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

Dated: September 28, 2022

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

Dated: September 28, 2022

/s/ Gene Salkind
Gene Salkind
Director

Dated: September 28, 2022

/s/ Thomas C. Williams
Thomas C. Williams
Director

Dated: September 28, 2022

/s/ Laurence H. Dugan
Laurence H. Dugan
Director

EXHIBIT 10.12

EQUITY PURCHASE AGREEMENT

by and among

GROVE, INC.;

CYGNET ONLINE, LLC;

AND

ERIC HANIG

Dated as of April 1, 2022

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SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is made and entered into as of April 1, 2022, by and among Grove, Inc., a Nevada corporation ("**Buyer**"), Cygnet Online, LLC, a Deleware limited liability company (the "**Company**"), and Eric Hanig (the "**Seller**"). The Buyer, the Seller, and the Company are sometimes each referred to herein as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, the Company is engaged in the business of operating as a third-party reseller focused on the sale of health products, over-the-counter-medicines, and nutritional supplements (the "**Business**");

WHEREAS, the Seller owns one hundred percent (100%) of the issued and outstanding Equity Securities of the Company (the "**Company Securities**");

WHEREAS, the Company owes approximately $6,400,000 as of February 28, 2022, of seller debt and prior seller debt on the business to Get Fit Fast Supplements, LLC and to Umpqua Bank (the "**Indemnified Debt**"), as specially identified on Section 4.04 of the Disclosure Schedules;

WHEREAS, upon the terms and subject to the conditions set forth in this Agreement, the Buyer desires to purchase from Seller, and the Seller desires to sell to Buyer, certain of the Company Securities, free and clear of all Liens and in exchange for the consideration more particularly described herein; and

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

ARTICLE I.
DEFINITIONS

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

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

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

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

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

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

"**Allocation Schedule**" has the meaning set forth in Section 2.04.

"**Allocation Statement**" has the meaning set forth in Section 2.04.

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

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

"**Balance Sheet**" has the meaning set forth in Section 4.04.

"**Balance Sheet Date**" has the meaning set forth in Section 4.04.

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

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

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

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

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

"**Buyer-Prepared Tax Returns**" has the meaning set forth in Section 7.14(e).

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

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

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

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

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

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

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

"**Company Parties**" means the Seller and the Acquired Company.

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

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

"Convertible Note" has the meaning set forth in Section 2.02(a)(iii).

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

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

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

"Earn-Out Payment" has the meaning set forth in Section 2.07(a).

"**Earn-Out Period**" means the twelve (12) month period ending December 31, 2022.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"**Intended Tax Treatment**" has the meaning set forth in Section 2.06.

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

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

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

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

"**Key Employees**" means Eric Hanig, Melanie Hanig, Melanie Heaton and Rubin Ambergey.

"**Key Employee Agreements**" has the meaning set forth in Section 3.02(a)(i).

"**Knowledge of Seller**" or "**Seller's Knowledge**" or any other similar knowledge qualification, means the actual or constructive knowledge of the Seller after due inquiry.

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

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

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

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

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

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

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

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

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

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

"**Net Revenue**" has the meaning of total revenue minus discounts, returns and intercompany sales.

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

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

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

"**Owned Real Property**" has the meaning set forth in Section 4.11(a).

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

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

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

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

"**Post-Closing Straddle Period**" has the meaning set forth in Section 7.14(a).

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

"**Pre-Closing Straddle Period**" has the meaning set forth in Section 7.14(a).

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

"**Privilege Period**" has the meaning set forth in Section 7.14(c).

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

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

"**Purchased Securities**" has the meaning set forth in Section 2.01.

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

"**Real Property**" means, collectively, the Owned Real Property and the Leased Real Property.

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

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

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

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

"**Restricted Business**" means any of the following: (i) the Business; and (ii) any business selling goods or services which are the same or substantially the same as goods or services sold by the Company during the five (5) year period immediately preceding the Closing Date ("**Competitive Goods and Services**").

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

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

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

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

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

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

"**Seller-Prepared Tax Returns**" has the meaning set forth in Section 7.14(d).

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

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

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

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

"**Straddle Period**" has the meaning set forth in Section 7.14(a).

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

"**Target Closing Working Capital**" means One Million One Hundred Thousand ($1,100,000) Dollars.

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

"**Tax Matter**" has the meaning set forth in Section 7.14(i).

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

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

"**Territory**" means the United States.

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

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

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

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

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

ARTICLE II.
PURCHASE, SALE AND CONTRIBUTION

Section 2.01. Purchase and Sale of the Purchased Securities On the terms and subject to the conditions set forth in this Agreement, at the Closing, the Buyer shall purchase and acquire from the Seller, and the Seller shall sell, transfer, convey and deliver to the Buyer, Fifty-Five (55.00%) Percent of the issued and outstanding Company Securities (the "**Purchased Securities**"), free and clear of all Encumbrances.

Section 2.02. Purchase Price. Subject to adjustment pursuant to Section 2.03 the aggregate consideration for the Purchased Securities shall be Six Million Fifty Thousand Dollars ($6,050,000) plus the Earn-Out Payment, if any (the "**Purchase Price**").

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

(i) One Million Five Hundred Thousand Dollars ($1,500,000) less: (i) Seller Transaction Expenses as of the Closing Date (which Buyer shall instead pay to the parties and in the amounts described in the Payment Schedule) (collectively, the "**Cash Consideration Amount**");

(ii) Two Million Five Hundred Fifty Thousand Dollars ($2,550,000) payable in the aggregate to Seller by the issuance of shares of restricted common stock of Buyer (the "**Rollover Equity**"), valued at the 5-day trailing weighted average closing price of the Buyer's common stock as quoted on Nasdaq on the Closing Date;

(iii) A non-negotiable convertible promissory note in the original principal amount of Two Million Dollars ($2,000,000) issued by the Buyer to the Seller (the "**Convertible Note**"), which Convertible Note is convertible into shares of restricted common stock of Buyer at a price of Six Dollars ($6.00) per share and is payable in full, to the extent not previously converted, on February 15, 2023;

(iv) The Earn-Out Payment, payable to Seller upon the achievement of certain Net Revenue milestones pursuant to the terms of Section 2.07.

(v) At the Closing , Buyer shall deliver or cause to be delivered to (on behalf of the Seller) to each Person identified on the Payment Schedule (i) the amount of Indebtedness owed by the Seller to such Persons as set forth in payoff letters delivered by Seller to Buyer at least 2 Business Days prior to the Closing Date and (ii) the amount of Seller Transaction Expenses due to such Persons as identified in the Payment Schedule as set forth in payoff letters or final invoices delivered by Seller to Buyer at least 2 Business Days prior to the Closing Date.

Section 2.03. PurchasePrice Adjustment.

(a) *Post-Closing Adjustment.*

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

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

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

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

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

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

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

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

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

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

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

Section 2.04. Allocation of Purchase Price. Not later than 90 days after the Closing Date, the Buyer shall prepare and deliver to Seller a schedule (the "**Allocation Statement**") allocating the Purchase Price (and any other amounts properly taken into account in the amount realized by Seller or cost basis to the Buyer) among the assets of the Company for all purposes (including Tax and financial accounting) in accordance with Code Section 1060 and applicable Treasury Regulations and following the guidelines and principles set forth in Exhibit B hereto (the "**Allocation Schedule**"). If the Seller notifies the Buyer in writing within 30 days following Seller's receipt of the Allocation Statement that the Seller objects to one or more items reflected in the Allocation Statement, then Seller and the Buyer shall negotiate in good faith to resolve such dispute; provided, however, that if the Seller and the Buyer are unable to resolve any dispute with respect to the Allocation Statement within 30 days following Seller's objection, such dispute shall be resolved by the Independent Accountant. The fees and expenses of the Independent Accountant shall be borne equally by the Seller, on the one hand, and the Buyer, on the other hand. The Buyer will prepare and deliver to Seller from time to time revised copies of the Allocation Statement so as to report any matters that may need updating (including purchase price adjustments, if any) and such revised Allocation Statement shall be subject to review by Seller in accordance with the terms of this Section 2.04. The parties hereto (and their Affiliates) shall prepare and file all Tax Returns and reports, including IRS Form 8594, on a basis consistent with the final Allocation Statement and shall make consistent use of the allocation as set forth on the Allocation Statement for all Tax purposes, unless otherwise required by applicable Law. None of the parties hereto, nor any of their respective Affiliates, shall take any position on any Tax Return (including IRS Form 8594), before any Taxing Authority, Governmental Authority or in any judicial or other Action which is inconsistent with such allocation of the Purchase Price unless required to do so by applicable Law, including determining the portion of the gain or loss recognized by the Seller that is attributable to "unrealized receivables" and "inventory items" as such terms are defined in Code Section 751.

Section 2.05.Withholding Tax. Buyer shall be entitled to deduct and withhold from the Purchase Price all Taxes that Buyer may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Seller hereunder.

Section 2.06.Intended Tax Treatment. The parties hereto agree that the transactions contemplated by this Agreement shall be treated for federal income Tax purposes (and, where applicable, state income Tax purposes) as (the "**Intended Tax Treatment**") as a sale by the Seller of the Purchased Securities in exchange for the Purchase Price, to be reported for Tax purposes in accordance with Revenue Ruling 99-6, 1999-1 C.B. 432. The Parties agree to report the consummation of the transactions contemplated hereby in a manner consistent with the Intended Tax Treatment in all respects.[1]

Section 2.07. Earn Out.

(a) **Earn-Out Payments.** As additional consideration for the Purchased Securities, Buyer shall pay to Seller with respect to the Earn-Out Period an amount, if any (the "**Earn-Out Payment**"), equal to Seven (7.00%) Percent of the amount by which Company's Net Revenue during such Earn-Out Period exceeds Forty Million Dollars ($40,000,000), capped at Seven Hundred Thousand Dollars ($700,000).

(b) **Procedures Applicable to Determination of the Earn-out Payment**.

(i) On or before the date which is one hundred twenty (120) days after the last day of the Earn-Out Period (such date, the "**Earn-Out Calculation Delivery Date**"), Buyer shall prepare and deliver to Seller a written statement (the "**Earn-Out Calculation Statement**") setting forth in reasonable detail its determination of Net Revenue for the Earn-Out Period and the resulting Earn-Out Payment (the "**Earn-Out Calculation**").

(ii) Seller shall have thirty (30) days after receipt of the Earn-Out Calculation Statement (the "**Earn-Out Review Period**") to review the Earn-Out Calculation Statement and the Earn-Out Calculation set forth therein. During the Earn-Out Review Period, Seller and its accountants shall have the right to inspect Buyer's books and records during normal business hours at Buyer's offices, upon reasonable prior notice and solely for purposes reasonably related to the determinations of Net Revenue and the resulting Earn-Out Payment. Prior to the expiration of the Earn-Out Review Period, Seller may object to the Earn-Out Calculation set forth in the Earn-Out Calculation Statement by delivering a written notice of objection (an "**Earn-Out Calculation Objection Notice**") to Buyer. Any Earn-Out Calculation Objection Notice shall specify the items in the applicable Earn-Out Calculation disputed by Seller and shall describe in reasonable detail the basis for such objection, as well as to the extent reasonably determinable the amount in dispute. If Seller fail to deliver an Earn-Out Calculation Objection Notice to Buyer prior to the expiration of the Earn-Out Review Period, then the Earn-Out Calculation set forth in the Earn-Out Calculation Statement shall be final and binding on the parties hereto. If Seller timely delivers an Earn-Out Calculation Objection Notice, Buyer and Seller shall negotiate in good faith to resolve the disputed items and agree upon the resulting amount of the Net Revenue and the Earn-Out Payment. If Buyer and Seller are unable to reach agreement within thirty (30) days after such an Earn-Out Calculation Objection Notice has been given, all unresolved disputed items shall be promptly referred to the Independent Accountant (as defined below). The Independent Accountant shall be directed to render a written report on the unresolved disputed items with respect to the applicable Earn-Out Calculation as promptly as practicable, but in no event greater than thirty (30) days after such submission to the Independent Accountant, and to resolve only those unresolved disputed items set forth in the Earn-Out Calculation Objection Notice. If unresolved disputed items are submitted to the Independent Accountant, Buyer and Seller shall each furnish to the Independent Accountant such work papers, schedules and other documents and information relating to the unresolved disputed items as the Independent Accountant may reasonably request. Each of Buyer and Seller also may deliver to the Independent Accountant such information as each may deem appropriate for such accountant's consideration of the disputed items. The Independent Accountant shall resolve the disputed items based solely on the applicable definitions and other terms in this Agreement and the presentations or information provided by Buyer and Seller, and not by independent review. The resolution of the dispute and the calculation of Net Revenue that is the subject of the applicable Earn-Out Calculation Objection Notice by the Independent Accountant shall be final and binding on the parties hereto absent manifest error. The fees and expenses of the Independent Accountant shall be borne by Seller and Buyer in proportion to the amounts by which their calculation of Net Revenue differs from Net Revenue, as finally determined by the Independent Accountant.

(iii) **Timing of Payment of Earn-Out Payments**. Subject to Section 2.07(b)(v), with respect to any Earn-Out Payment that Buyer is required to pay pursuant to Section 2.07(a) hereof, Buyer shall, within five (5) Business Days following the date upon which the determination of the Earn-Out Payment becomes final and binding upon the parties (including any final resolution of any dispute raised by Seller in an Earn-Out Calculation Objection Notice), make payment to Seller of Fifty (50.00%) Percent of said Earn-Out Payment by wire transfer of immediately available funds to an account or accounts designated by the Seller, and Fifty (50.00%) Percent of said Earn-Out Payment in additional Rollover Equity in Buyer valued at the lower of Six Dollars ($6.00) per share or the 5-day trailing average closing price of the Buyer's common stock on Nasdaq on the 90th day after the close of the Company's 2022 calendar year.

(iv) **Post-closing Operation of the Business**. Subject to the terms of this Agreement, subsequent to the Closing, Buyer shall have sole discretion with regard to all matters relating to the operation of the Business; *provided,* that Buyer shall not, directly or indirectly, take any actions in bad faith that would have the effect of avoiding or reducing any of the Earn-Out Payment hereunder. Notwithstanding the foregoing, Buyer has no obligation to operate the Business in order to achieve any Earn-Out Payment or to maximize the amount of any Earn-Out Payment.

(v) **Right of Set-off**. Buyer, upon at least 10 days advance written notice to Seller setting forth the grounds for such set-off, shall have the right to withhold and set off against any amount otherwise due to be paid pursuant to this Section or Section 2.02(a)(iii) the amount of any Losses to which any Buyer Indemnified Party may be entitled under ARTICLE IX of this Agreement or any other Transaction Document.

(vi) **No Security**. The parties hereto understand and agree that (i) the contingent rights to receive any Earn-Out Payment shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of Laws relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Buyer, (ii) Seller shall not have any rights as a securityholder of Buyer as a result of Seller's contingent right to receive any Earn-Out Payment hereunder, and (iii) no interest is payable with respect to any Earn-Out Payment, unless the same is not paid timely, in which event interest shall accrue on the unpaid amount from the date due until the date paid at that per annum interest rate which is the variable prime rate, as published from time to time in the Wall Street Journal (or if not so published, then Bank of America's variable prime rate), plus three percent.

ARTICLE III.
CLOSING

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

Section 3.02. Closing Deliverables.

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

(i) employment agreements, in a form acceptable to the Buyer (collectively, the "**Key Employee Agreements**"), executed by each of the Key Employees and the Company.

(ii) duly executed unit powers or similar instruments of assignment and conveyance, transferring the Purchased Securities from the Seller to the Buyer, in form and substance reasonably satisfactory to the Buyer.

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

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

(v) payoff letters or final invoices from those third parties, if any, to whom Seller Transaction Expenses are to be paid pursuant to the Payment Schedule;

(vi) resignations from any Persons identified on Schedule 3.02(a)(viii);

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

(viii) releases from each of the Key Employees in a form reasonably acceptable to Buyer, dated as of the Closing Date, duly executed by each of the Key Employees releasing the Company from any and all Liabilities with respect to their existing employment agreements; and

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

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

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

(ii) certificates representing the Rollover Equity issuable at Closing;

(iii) the Convertible Note executed by the Buyer; and

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

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES CONCERNING THE COMPANY

Subject to and except as set forth in the Disclosure Schedules, the Seller hereby represents and warrants to the Buyer that the statements contained in this Article IV are true and correct as of the Closing Date.

Section 4.01. Organization and Qualification

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

Section 4.02. Capitalization and Related Matters.

(a) Seller is the record owner of all of the Company Securities. All such Company Securities were duly authorized and validly issued.

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

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

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

The parties agree and acknowledge that the Company is required to receive consent from Umpqua Bank (the "**Bank**") prior to Closing pursuant to the Loan Agreement and Promissory Note between Company and the Bank dated October 6, 2021 (the "**Loan Documents**"), and that such consent has not been obtained as of the Closing Date. The lack of such consent constitutes an Event of Default under the Loan Documents and could lead to an acceleration of the Company's debt to the Bank. Buyer is entering into this Agreement despite that and agrees to indemnify Seller for any and all amounts Seller may owe the Bank under the Loan Documents, whether arising from Seller's retained ownership in the Company or any personal guaranty under the Loan Documents.

Section 4.04. Financial Statements. Complete copies of the unaudited financial statements consisting of the balance sheet of the Company as at December 31 in each of the years 2020 and 2021, and the related income statements for the years then ended (the "Un**audited Financial Statements**"), and unaudited financial statements consisting of the balance sheet of the Company as of February 28, 2022, and the related income statements for the period then ended (the "**Interim Financial Statements**" and together with the Unaudited Financial Statements, the "**Financial Statements**") have been delivered to Buyer. Except as set forth in Section 4.04 of the Disclosure Schedules, the Financial Statements have been prepared in accordance with GAAP on a consistent basis throughout the period involved, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse). The Financial Statements are based on the books and records of the Company, and fairly present in all material respects the financial condition of the Company as of the respective dates they were prepared and the results of the operations of the Company for the periods indicated. The balance sheet of the Company as of February 28, 2022, is referred to herein as the "**Interim Balance Sheet**" and the date thereof as the "**Interim Balance Sheet Date**". Section 4.04 of the Disclosure Schedules sets forth all of the Indebtedness of the Company.

Section 4.05. Undisclosed Liabilities. Except as set forth inSection 4.05 of the Disclosure Schedules, the Company has no Liabilities except (a) those which are adequately reflected or reserved against in the Interim Balance Sheet as of the Interim Balance Sheet Date, (b) those which have been incurred in the Ordinary Course of Business, or (c) Liabilities reasonably expected not to have a Material Adverse Effect.

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

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

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

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

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

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

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

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

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

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

(j) material capital expenditures (i.e., in excess of $100,000.00 in the aggregate) which would constitute an Assumed Liability;

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

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

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

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

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

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

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

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

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

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

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

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

Section 4.07. Material Contracts.

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

(i) all Contracts (which are not Contracts suppliers, materialmen or vendors) involving aggregate consideration in excess of $500,000;

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

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

(iv) all Contracts (other than Contracts with customers) that provide for the indemnification of any Person or the assumption of any Tax, environmental or other Liability of any Person;

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

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

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

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

(ix) all Contracts with any Governmental Authority;

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

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

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

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

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

(xv) each Contract with a Material Customer;

(xvi) each Contract with a Material Supplier;

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

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

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

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

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

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

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

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

Section 4.11. Real Property.

(a) Section 4.11(a) of the Disclosure Schedules sets forth each parcel of Real Property owned by the Company and used in or necessary for the conduct of the business of the Company as currently conducted (together with all buildings, fixtures, structures and improvements situated thereon and all easements, rights-of-way and other rights and privileges appurtenant thereto, collectively, the "**Owned Real Property**"), including with respect to each property, the address location and use. Company has delivered to Buyer copies of the deeds and other instruments (as recorded) by which Company acquired such parcel of Owned Real Property, and copies of all title insurance policies, opinions, abstracts and surveys in the possession of the Company with respect to such parcel. With respect to each parcel of Owned Real Property:

(b) the Company has good and marketable fee simple title to any Owned Real Property, free and clear of all Encumbrances, except (A) Permitted Encumbrances and (B) those Encumbrances set forth on Section 4.11(a)(i) of the Disclosure Schedule;

(c) except as set forth on Section 4.11(a)(ii) of the Disclosure Schedules, Company has not leased or otherwise granted to any Person the right to use or occupy such Owned Real Property or any portion thereof; and

(d) there are no unrecorded outstanding options, rights of first offer or rights of first refusal to purchase such Owned Real Property or any portion thereof or interest therein.

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

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

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

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

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

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

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

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

Section 4.12. Intellectual Property.

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

(b) Section 4.12(b) of the Disclosure Schedules lists all Intellectual Property Agreements, which are considered Material Contracts and, except as set forth on Section 4.12(b) of the Disclosure Schedules, comply with Section 4.07(b). The Company has provided Buyer with true and complete copies of all such Intellectual Property Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. The Company has the valid right to assign to Buyer the Intellectual Property Agreements, for use in the manner required for the business of the Company as currently conducted, and free and clear of all Encumbrances other than Permitted Encumbrances.

(c) Except as set forth in Section 4.12(c) of the Disclosure Schedules, the Company is the sole and exclusive legal and beneficial, and with respect to the Intellectual Property Registrations, record, owner of all right, title and interest in and to the Intellectual Property Assets, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the business of the Company as currently conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances. Without limiting the generality of the foregoing, the Company has entered into binding, written agreements with every current and former employee of the Company, and with every current and former independent contractor, whereby such employees and independent contractors (i) assign to the Company any ownership interest and right they may have in the Intellectual Property Assets; and (ii) acknowledge the Company's exclusive ownership of all Intellectual Property Assets. The Company has provided Buyer with true and complete copies of all such agreements. The Company has not granted to any third party any exclusive rights relating to its Intellectual Property Assets.

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

(e) The Company's rights in the Intellectual Property Assets are valid, subsisting and enforceable. The Company has taken all reasonable steps to maintain the Intellectual Property Assets and to protect and preserve the confidentiality of all trade secrets included in the Intellectual Property Assets, including requiring all Persons having access thereto to execute written non-disclosure agreements.

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

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

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

(i) Except as set forth inSection 4.12(i) of the Disclosure Schedule, the Company has not embedded, linked to or otherwise incorporated any Software (in source or object code form) licensed from another party under a license commonly referred to as an open source, free Software, copyleft or community source code license corresponding to the requirements defined in the Open Source Definition (available on the URL: http://opensource.org/osd) by the Open Source Initiative, or by the Free Software Foundation (available on the URL: http://www.fsf.org/?set_language=fr), which the Company acknowledged to have read and understood (such Software "**Open Source Software**") in any of its Software generally available or in development or otherwise used Open Source Software in a manner that obligates the Company to disclose, make available, offer or deliver the source code of any Software other than such Open Source Software.

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

Section 4.13. Inventory. All Inventory, whether or not reflected in the Interim Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established.. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Company.

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

Section 4.15. Suppliers and Customers.

(a) Section 4.15(a) of the Disclosure Schedules sets forth (i) each supplier to whom the Company has paid consideration for goods or services rendered in an amount greater than or equal to $250,000 for the period October 15, 2021 through February 28, 2022 (collectively, the "**Material Suppliers**"). Except as set forth on Section 4.15(a) of the Disclosure Schedules, the Company has not received any notice, and has no reason to believe, that any of the Material Suppliers has ceased, or intends to cease, to supply goods or services to the Company or to otherwise terminate or materially reduce its relationship with the Company.

(b) Section 4.15(b) of the Disclosure Schedules sets forth with respect to the Company (i) each customer who has paid aggregate consideration to the Company for goods or services rendered in an amount greater than or equal to $25,000 for the most recent fiscal year (collectively, the "**Material Customers**"); and (ii) the amount of revenues from each Material Customer during such period. Except as set forth on Section 4.15(b) of the Disclosure Schedules, the Company has not received any notice, and has no reason to believe, that any of the Material Customers has ceased, or intends to cease, to purchase goods or services from the Company or to otherwise terminate or materially reduce its relationship with the Company.

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

Section 4.17. Intentionally Left Blank.

Section 4.18. Legal Proceedings; Governmental Orders.

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

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

Section 4.19. Compliance with Laws; Permits.

(a) Except as set forth in Section 4.19(a) of the Disclosure Schedules, the Company has complied, and is now complying in all material respects, with all Laws and Safety Requirements that noncompliance of such would have a Material Adverse Effect applicable to the conduct of the business of the Company as currently conducted or the ownership and use of the assets and properties of the Company.

(b) All Permits required for the Company to conduct the business of the Company as currently conducted or for the ownership and use of the assets and properties of the Company have been obtained by the Company and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 4.19(b) of the Disclosure Schedules lists all current Permits issued to the Company which are related to the conduct of the business of the Company as currently conducted or the ownership and use of the assets and properties of the Company, including the names of the Permits and their respective dates of issuance and expiration. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 4.19(b) of the Disclosure Schedules.

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

Section 4.20. Environmental Matters.

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

(b) The Company has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Section 4.20(b) of the Disclosure Schedules) necessary for the conduct of the Company's business as currently conducted or the ownership, lease, operation or use of the assets or properties of the Company and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by the Company through the Closing Date in accordance with Environmental Law, and the Company is not aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the conduct of the business of the Company as currently conducted or the ownership, lease, operation or use of the assets or properties of the Company. With respect to any such Environmental Permits, the Company has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and the Company is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same, and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

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

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

(e) Section 4.20(e) of the Disclosure Schedules contains a complete and accurate list of all active or abandoned aboveground or underground storage tanks owned or operated by the Company.

(f) Section 4.20(f) of the Disclosure Schedules contains a complete and accurate list of all off-site Hazardous Substances treatment, storage, or disposal facilities or locations used by the Company and any predecessors as to which the Company may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and the Company has not received any Environmental Notice regarding potential Liabilities with respect to such off-site Hazardous Substances treatment, storage, or disposal facilities or locations used by the Company.

(g) Except as set forth on Section 4.20(g) of the Disclosure Schedules: (i) the Company has not assumed, provided an indemnity with respect to, or otherwise become subject to, any material liability of any other Person under any Environmental Law; and (ii) the Company has furnished to Buyer all material environmental assessments, audits, investigations, reports, and other material environmental documents relating to the Company, including its business as presently conducted or any assets property or facility of the Company (including the Leased Real Property) in its possession or under its reasonable control.

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

(i) The Company has provided or otherwise made available to Buyer and listed in Section 4.18(i) of the Disclosure Schedules: (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents related to the Company or the business as presently conducted by the Company, or any Real Property currently or formerly owned, leased or operated by the Company which are in the possession or control of the Company related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Substances; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

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

(k) The Company owns and controls all Environmental Attributes (a complete and accurate list of which is set forth in Section 4.20(k) of the Disclosure Schedules) and has not entered into any contract or pledge to transfer, lease, license, guarantee, sell, mortgage, pledge or otherwise dispose of or encumber any Environmental Attributes as of the date hereof. The Company is not aware of any condition, event or circumstance that might prevent, impede or materially increase the costs associated with the transfer (if required) to Buyer of any Environmental Attributes after the Closing Date.

Section 4.21. Employee Benefit Matters.

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

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

(c) Except as set forth inSection 4.21(c) of the Disclosure Schedules, each Benefit Plan and any related trust (other than any multiemployer plan within the meaning of Section 3(37) of ERISA (each a "**Multiemployer Plan**")) has been established, administered and maintained in accordance with its terms and in compliance with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a "**Qualified Benefit Plan**") is so qualified and received a favorable and current determination letter from the Internal Revenue Service with respect to the most recent five year filing cycle, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and nothing has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan. Nothing has occurred with respect to any Benefit Plan that has subjected or could reasonably be expected to subject the Company or any of its ERISA Affiliates or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to a tax or penalty under Sections 4975 or 4980H of the Code.

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

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

(f) With respect to each Benefit Plan (i) no such plan is a Multiemployer Plan/except as set forth in of the Disclosure Schedules, no such plan is a Multiemployer Plan, and (A) all contributions required to be paid by the Company or its ERISA Affiliates have been timely paid to the applicable Multiemployer Plan, (B) neither the Company nor any ERISA Affiliate has incurred any withdrawal liability under Title IV of ERISA which remains unsatisfied, and (C) a complete withdrawal from all such Multiemployer Plans at the Effective Time would not result in any material liability to the Company and no Multiemployer Plan is in critical, endangered or seriously endangered status or has suffered a mass withdrawal; (ii) except as set forth in Section 4.21(f) of the Disclosure Schedules, no such plan is a "multiple employer plan" within the meaning of Section 413(c) of the Code or a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA); (iii) no Action has been initiated by the Pension Benefit Guaranty Corporation to terminate any such plan or to appoint a trustee for any such plan; (iv) no such plan or the plan of any ERISA Affiliate maintained or contributed to within the last six (6) years is a Single Employer Plan subject to Title IV of ERISA; and (v) no "reportable event," as defined in Section 4043 of ERISA, with respect to which the reporting requirement has not been waived, has occurred with respect to any such plan.

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

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

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

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

(k) Except as set forth in Section 4.21(k) of the Disclosure Schedules, neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Company to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation (including stock-based compensation) due to any such individual; (iii) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; (iv) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; or (v) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code. The Company has made available to Buyer true and complete copies of any Section 280G calculations prepared (whether or not final) with respect to any disqualified individual in connection with the transactions.

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

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

Section 4.22. Employment Matters.

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

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

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

(d) The Company has complied with the WARN Act, and it has no plans to undertake any action in the future that would trigger the WARN Act.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(o) [Reserved].

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

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

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

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

Section 4.24. Affiliate Transactions. Except as set forth in Section 4.24 of the Disclosure Schedules, the Company is not is a party to any contract, loan, account receivable, accounts payable or other business arrangement with Seller or any member, officer, manager, employee or independent contractor of the Company (nor any Affiliate or immediate family member of Seller or of any of the foregoing) with respect or relating in whole or in part to any of the business as presently conducted by the Company, any assets or properties of in use by or leased by the Company, or Leased Real Property.

Section 4.25. Brokers. Except for Website Closers, LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of the Company. These fees are the responsibility of Seller.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES CONCERNING THE SELLER

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

Section 5.01. [Reserved].

Section 5.02. Authorization. The Seller has full power and authority to enter into this Agreement and the other Transaction Documents to which the Seller is a party, to carry out the Seller's obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by the Seller of this Agreement and any other Transaction Document to which the Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by the Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by the Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms. When each other Transaction Document to which the Seller is a party has been duly executed and delivered by the Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of the Seller enforceable against it in accordance with its terms.

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

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

ARTICLE VI.
REPRESENTATIONS AND WARRANTIES OF BUYER

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

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

Section 6.02. Authority of Buyer. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by each other party hereto) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each other Transaction Document to which Buyer is a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

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

Section 6.04. Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 6.05. Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

ARTICLE VII.
COVENANTS

Section 7.01. [Reserved]

Section 7.02. [Reserved]

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

Section 7.04. Non-competition; Non-solicitation.

(a) For a period of five (5) years commencing on the Closing Date (the "**Restricted Period**"), and except as an employee or independent contractor of Buyer and for Buyer's benefit, Seller shall not, and shall not permit any of his Affiliates to, directly or indirectly, (i) engage in or assist others in engaging in the Restricted Business in the Territory; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, shareholder, member, employee, principal, agent, trustee or consultant; or (iii) cause, induce or encourage any material actual or prospective client, customer, supplier or licensor of the Company (including any existing or former client or customer of Seller and any Person that becomes a client or customer of the Company after the Closing), or any other Person who has a material business relationship with the Company, to terminate or modify any such actual or prospective relationship. Notwithstanding the foregoing, Seller may own, directly or indirectly, solely as an investment, securities of any Person traded on any national securities exchange if Seller is not a controlling Person of, or a member of a group which controls, such Person and do not, directly or indirectly, whether individually or collectively, own 5% or more of any class of securities of such Person.

(b) During the Restricted Period, Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, hire or solicit any Person who is offered employment by Buyer pursuant to Section 7.04(a), or is or was employed by the Company during the Restricted Period, or encourage any such employee to leave such employment or hire any such employee who has left such employment, except pursuant to a general solicitation which is not directed specifically to any such employees.

(c) During the Restricted Period, Seller shall not, and shall not permit any of its Affiliates to, directly or indirectly, solicit or induce or attempt to solicit or induce any Person, who is or was a customer, supplier, vendor, distributor, or other business relation of the Company, to cease, reduce, or adversely modify its manner of, doing business with the Company, or in any way adversely interfere with the relationship between any supplier, vendor, distributor or other business relation, on the one hand, and the Company, on the other hand.

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

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

Section 7.05. Governmental Approvals and Consents; Closing Conditions.

(a) Each party hereto shall, as promptly as possible, (i) make, or cause or be made, all filings and submissions required under any Law applicable to such party or any of its Affiliates; and (ii) use reasonable best efforts to obtain, or cause to be obtained, all consents, authorizations, orders and approvals from all Governmental Authorities that may be or become necessary for its execution and delivery of this Agreement and the performance of its obligations pursuant to this Agreement and the other Transaction Documents, except as described in Section 4.03. Each party shall cooperate fully with the other party and its Affiliates in promptly seeking to obtain all such consents, authorizations, orders and approvals. The Parties hereto shall not willfully take any action that will have the effect of delaying, impairing or impeding the receipt of any required consents, authorizations, orders and approvals.

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

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

Section 7.07. Post-Closing Audit. Following the Closing, Buyer and Seller agree to cooperate fully and provide access to the books and records of the Company and to the assets under 2.1 (j) of the asset purchase agreement dated September 9, 2021 by and among Cygnet Online, LLC and Get Fit Fast Supplements, LLC, and to direct their third party accountants and consultants to do the same, including "All books and records and all data, files, documents, papers, agreements, books of account and other records pertaining to the Assets or the Business which are used in connection therewith, including records relating to current employees of Seller, client and customer lists and records, financial records, and accounting records" to such persons as required for the purpose of an accounting firm conducting an audit of the Company compliant with applicable Federal securities laws. Such audit shall be initiated as soon as reasonably practicable after the Closing Date. The costs of such post-closing audit shall be borne by the Buyer.

Section 7.08. Receivables. From and after the Closing, if Seller or any of its Affiliates receives or collects any funds relating to any Accounts Receivable the Seller or its Affiliate shall remit such funds to the Company within five (5) Business Days after its receipt thereof.

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

Section 7.10. Release. Effective as of the Closing, except for any rights or obligations under this Agreement or the other Transaction Documents, the Seller, for itself and its Affiliates and each of its current, former and future advisors, successors and assigns (collectively, the "Releasing Parties"), hereby irrevocably and unconditionally releases and forever discharges Buyer, the Company, and its Affiliates and each of their respective current, former and future officers, directors, employees, partners, members, advisors, successors and assigns (collectively, the "Released Parties") of and from, and forever waives and relinquishes all Actions, causes of action, suits, proceedings, executions, judgments, duties, debts, dues, accounts, bonds, and covenants (whether express or implied), claims and demands whatsoever, whether in law or in equity, which the Releasing Parties may have against each of the Released Parties, now has or in the future may have, in respect of any cause, matter or thing relating to the Company or operations of the Company prior to Closing, or the transactions contemplated by this Agreement. Each Releasing Party, on behalf of itself and each Releasing Party, covenants and agrees that no Releasing Party shall assert any such claim or Action against the Released Parties.

Section 7.11. Certain Tax Matters.

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

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

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

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

(e) The Buyer will prepare, or cause to be prepared, and timely file (with applicable extensions), or cause to be timely filed (with applicable extensions), all Tax Returns of the Company required to be filed after the Closing Date (i) with respect to any Pre-Closing Tax Periods, other than those Tax Returns that are prepared by the Seller pursuant to Section 7.14(a) and (ii) with respect to any Straddle Period (the "**Buyer-Prepared Tax Returns**"). The Buyer-Prepared Tax Returns will be prepared in a manner consistent with the past practices, procedures and accounting methods applied by the Company, unless otherwise required by applicable Law. At least forty-five (45) days prior to the date on which each such Buyer-Prepared Tax Return is due (with applicable extensions), the Buyer will submit such Buyer-Prepared Tax Return to the Seller for review and comment. The Seller will provide any written comments to the Buyer no later than twenty (20) days after receiving any such Buyer-Prepared Tax Return and, if the Seller does not provide any written comments within such 20-day period, the Seller will be deemed to have accepted such Buyer-Prepared Tax Return. The Buyer and Seller will attempt in good faith to resolve any dispute with respect to any such Buyer-Prepared Tax Return. If the Buyer and Seller are unable to resolve any such dispute at least fifteen (15) days before the date (with applicable extensions) for any such Buyer-Prepared Tax Return, the Buyer and the Seller will jointly engage the Independent Accountant to resolve such dispute. The Buyer and the Seller will share equally the fees and expenses of the Independent Accountant. If the Independent Accountant is unable to resolve any such dispute prior to the due date (with applicable extensions) for any such Buyer-Prepared Tax Return, such Buyer-Prepared Tax Return will be filed as prepared by the Buyer subject to amendment, if necessary, to reflect the resolution of the dispute by the Independent Accountant.

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

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

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

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

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

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

(l) If requested by Buyer, Seller shall, at no cost to Seller, cooperate with Buyer in requesting the Company make a Code Section 754 election effective for the taxable year that includes the Closing Date, or take any other action as may be reasonably necessary and as reasonably requested by Buyer to cause the Company to make such election.

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

ARTICLE VIII.
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ARTICLE IX.
INDEMNIFICATION

Section 9.01. Survival. Subject to the limitations and other provisions of this Agreement, the representations and warranties contained herein shall survive the Closing and shall remain in full force and effect until the date that is twelve (12) months from the Closing Date; provided, that the representations and warranties in (i) Section 4.01 (Organization and Qualification), Section 4.02 (Capitalization and Related Matters), Section 4.03 (No Conflicts; Consents) Section 4.08 (Title to Assets), Section 4.19 (Compliance with Laws; Permits), Section 4.23 (Taxes), Section 6.01 (Organization of Buyer), Section 5.02 (Authorization); Section 5.03 (No Conflicts; Consents), Section 6.02 (Authority of Buyer) and Section 6.04 (Brokers) (collectively, the "**Fundamental Representations**") shall survive indefinitely, and (ii) Section 4.20 (Environmental Matters), Section 4.21 (Employee Benefit Matters) and Section 4.22 (Employment Matters) shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof) plus sixty (60) days. All covenants and agreements of the parties contained herein shall survive the Closing indefinitely or for the period explicitly specified therein. Notwithstanding the foregoing, any claims asserted in good faith with reasonable specificity (to the extent known at such time) and in writing by notice from the non-breaching party to the breaching party prior to the expiration date of the applicable survival period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

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

(a) any inaccuracy in or breach of any of the representations or warranties of Seller contained in this Agreement, the other Transaction Documents or in any certificate or instrument delivered by or on behalf of Seller pursuant to this Agreement;

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

(c) any Indebtedness or Seller Transaction Expenses not included in either (1) the Payment Schedule or (2) in Indemnified Debt and set forth on Section 4.04 of the disclosure Schedule;

(d) all amounts set forth in the Payment Schedule and any claims by any Persons to such amounts;

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

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

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

(g) any inaccuracy in or breach of any of the representations or warranties of Buyer contained in this Agreement or in any certificate or instrument delivered by or on behalf of Buyer pursuant to this Agreement;

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

(i) any acceleration, payments, costs, or expenses incurred related to the lack of consent from the Bank, as acknowledged in Section 4.03; or

(j) the Indemnified Debt.

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

(a) For purposes of this ARTICLE IX, determination of any inaccuracy in or breach of any representation or warranty, and the calculation of damages in respect thereof, shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(b) *Seller Indemnity Basket.* Seller shall have no liability for indemnification with respect to claims under Section 9.02 until the total Losses with respect to such matters exceed $50,000.00 (the "**Threshold**"), at which point, excepted as limited by the Liability Cap, Buyer shall be entitled to recover for any and all Losses incurred hereunder beginning with the first dollar after the Threshold (the "**Seller Deductible**").

(c) *Seller Maximum.* In no event shall the aggregate indemnification obligations of Seller hereunder exceed $4,500,000.00 ("**Liability Cap**"), except with respect to fraud or willful misconduct.

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

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

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

(c) *Direct Claims*. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such 30 day period, the claim specified by the Indemnified Party in such notice shall be conclusively deemed a liability of the Indemnifying Party under this ARTICLE IX, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the claim (or any portion of the claim) is estimated, on such later date when the amount of such claim (or such portion of such claim) becomes finally determined.

Section 9.06. Payments. Any Losses payable to a Buyer Indemnitee pursuant to this Article shall first be satisfied from the following sources in the following order: (i) set off (or repurchase) of the Rollover Equity, based on the greater of (A) the value of such Rollover Equity as of the Closing Date or (B) the value of such Rollover Equity, as determined in good faith by the board of directors of the Buyer, as of the date the amount of the indemnity amount was finally agreed or determined, then (ii) set off against any amounts owed under the Convertible Note, then (iii) set off against any Earn-Out Payment, then (iv) from the Seller in cash. Any payments required to be made by any Indemnifying Party in cash hereunder shall be satisfied within ten (10) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds.

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

Section 9.08. Insurance; Other Adjustments.

(a) Without limiting Section 9.08(b), the obligation of the Indemnifying Party to indemnify the Indemnified Party against any specific Losses under this ARTICLE IX shall be reduced by (a) the amount of any insurance proceeds actually paid to such Indemnified Party with respect to such Losses, net however of any deductibles or other actual out-of-pocket costs or expenses to or incurred by the Indemnified Party to obtain such proceeds; and (b) the amount of any indemnification, contribution, and other similar payment proceeds actually recovered by such Indemnified Party from a person or entity other than the Indemnifying Party in respect of such Losses, net of any reasonable costs associated with obtaining such proceeds and incurred by such Indemnified Party.

(b) Notwithstanding anything herein to the contrary, no Indemnified Party shall be entitled to indemnification or reimbursement under any provision of this Agreement for specific Losses to the extent such person has actually been indemnified or reimbursed for such Losses by the Indemnifying Party or any other third party. If an Indemnified Party recovers an amount from a third party with respect to any Losses that is the subject of indemnification hereunder after all or a portion of such Losses has been paid or deemed paid by an Indemnifying Party pursuant to this ARTICLE IX, the Indemnified Party shall promptly remit to the Indemnifying Party in immediately available funds the difference, if any, between (i) the total amount received or deemed received from all sources for such Losses, minus (ii) the amount of such Losses, it being agreed that with respect to such Losses, the Indemnified Party shall not be entitled to receive and retain more than the amount of such Losses.

ARTICLE X.
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ARTICLE XI.
MISCELLANEOUS

Section 11.01. Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 11.02. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) one day following deposit with a nationally recognized overnight delivery carrier for next day delivery; or (c) on the date sent by e-mail, including portable document format (*.pdf) (with confirmation of transmission) if sent prior to 8 p.m. eastern time, and on the next Business Day if sent after 8 p.m. eastern time. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.02):

If to Seller:	Eric Hanig 13872 Degas Dr. East Palm Beach Gardens, FL 33410 E-mail:
with a copy (which alone shall not constitute notice) to:	BrownWinick Law 666 Grand Avenue, Suite 2000 Des Moines, IA 50309 Attention: Drew Larson Email:
If to Buyer:	1710 Whitney Mesa Drive Henderson, NV 89014 Attention: Andrew Norstrud, CFO E-mail:
with a copy (which alone shall not constitute notice) to:	Dickinson Wright PLLC 350 E. Las Olas Blvd., Ste. 1750 Ft. Lauderdale, FL 33308 Attention: Clint J. Gage E-mail:

Section 11.03. Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 11.04. Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 11.05. Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Except as provided in Section 7.04(d), upon such determination that any term or other provision is invalid, illegal or unenforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

Section 11.06. Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 11.07. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither party may assign its rights or obligations hereunder without the prior written consent of the other party; provided that Buyer may assign its right or obligations hereunder to an Affiliate of Buyer or to the benefit of any senior lender pursuant to existing contractual requirements. No assignment shall relieve the assigning party of any of its obligations hereunder.

Section 11.08. No Third-party Beneficiaries. Except as provided in ARTICLE IX, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 11.09. Amendment and Modification; Waiver. This Agreement may only be amended, restated, amended and restated, supplemented, or otherwise modified by an agreement in writing signed by Seller on one hand and Buyer on the other hand. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 11.10. Governing Law; Submission to Jurisdiction; Waiver of Jury Trial

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

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

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 11.10(c).

Section 11.11. Specific Performance. The parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at law or in equity.

Section 11.12. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

BUYER:

Grove, Inc.

By: _____
Name: _____
Its: _____

SELLER:

Signature: _____
Name: Eric Hanig

COMPANY:

Cygnet Online, LLC

By: _____
Name: _____
Its: _____

EXHIBIT 10.13

Execution Version

ASSET PURCHASE AGREEMENT

BY AND AMONG

UPEXI PET PRODUCTS, LLC,

GA SOLUTIONS, LLC,

GERBERT DORONIN KOLTAN,

AND

ANDZEJ SAKEVIC

DATED AS OF AUGUST 12, 2022

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("**Agreement**") is dated August 12, 2022, by and among Upexi Pet Products, LLC, a Delaware limited liability company ("**Buyer**"); Grove, Inc., a Nevada corporation ("**Parent**" and collectively with the Buyer, the "**Buyer Parties**"); GA Solutions, LLC, a Delaware limited liability company ("**Seller**"); Gerbert Doronin Koltan, an individual residing at Liepkalnio street 10-4; Vilnius, Lithuania 02104 ("**Founder 1**"); Andzej Sakevic, an individual residing at Kalvariju Street 272-67, Vilnius, Lithuania 08339 ("**Founder 2**" and collectively with Founder 1 and the Seller, the "**Owner Parties**"); and Gerbert Doronin Koltan, in the capacity of the representative of the Owner Parties ('**Seller's Representative**. The Buyer, the Parent, the Seller, Founder 1, and Founder 2 are collectively referred to herein as the "**Parties**" and individually as a "**Party**".

RECITALS

WHEREAS, Seller is engaged in the business of selling electronic nail grinders for dogs under the name "LuckyTail", which is conducted through certain websites, including Amazon and luckytail.com (the "**Business**");

WHEREAS, Buyer is an indirect wholly owned subsidiary of Parent;

WHEREAS, Founder 1 and Founder 2 are the ") of the Business, subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

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

"2021 Stub Period Net Revenue" is an amount equal to One Million Four Hundred Ninety-Two Thousand Three Hundred Twenty-Nine Dollars ($1,492,329).

"2022 Stub Period Advertising Expenses" means all reasonable and documented out-of-pocket costs incurred during the 2022 Stub Period promoting the entity, brands and products of the business during said period.

"2022 Stub Period Cost of Sales" means the total of all reasonable and documented out-of-pocket costs incurred during the 2022 Stub Period related to the products sold during said period.

"2022 Stub Period Fulfillment Expense" means all reasonable and documented out-of-pocket costs involved in the course of handing the products sold from receiving to distribution and any reasonable and documented out-of-pocket costs related to the return of products sold during the 2022 Stub Period.

"2022 Stub Period Net Margin" means the percentage equal to the (2022 Stub Period Revenue minus 2022 Stub Period Cost of Sales, minus 2022 Stub Period Fulfillment Expense, minus 2022 Stub Period Refunds, minus 2022 Stub Period Payment of Fees and minus 2022 Stub Period Advertising Expenses) divided by the 2022 Stub Period Revenue.

"2022 Stub Period Net Revenue" means the 2022 Stub Period Revenue minus 2022 Stub Period Refunds, minus 2022 Stub Period Payment of Fees.

"2022 Stub Period Payment of Fees" means all reasonable and documented out-of-pocket fees paid to third party payment systems, including, but not limited to Stripe, PayPal, Braintree, etc.

"2022 Stub Period Refunds" means the total amount of money for a returned product or to a dissatisfied customer during the 2022 Stub Period.

"2022 Stub Period Revenue" means the total amount of income generated by the sale of goods or services related to the company's primary operations during the 2022 Stub Period.

"2022 Stub Period" means the period from August 1, 2022, through and including December 31, 2022.

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

"**Active Transferred Employees**" has the meaning set forth in Section 6.1(a).

"**Affiliate**" of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

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

"**Assigned Contracts**" has the meaning set forth in Section 2.1(c).

"**Assumed Liabilities**" has the meaning set forth in Section 2.3.

"**Balance Sheet**" has the meaning set forth in Section 4.4.

"**Balance Sheet Date**" has the meaning set forth in Section 4.4.

"**Base Purchase Price**" has the meaning set forth in Section 2.5.

"**Base Purchase Price Final Determination**" has the meaning set forth in Section 2.6(b)(vi).

"**Benefit Plan**" has the meaning set forth in Section 4.19(a).

"**Bill of Sale**" has the meaning set forth in Section 3.2(a)(iv).

"**Broker**" means Acquisitions Direct, Inc.

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

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

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

"**Buyer Indemnitees**" has the meaning set forth in Section 7.2.

"**CARES Act**" means, collectively, the Coronavirus Aid, Relief and Economic Security Act, as amended from time to time, including amendments thereto enacted by the Paycheck Protection Program and Health Care Enhancement Act and the Paycheck Protection Program Flexibility Act of 2020, and any current or future rules, regulations or official interpretations of any of the foregoing.

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

"**Change of Control**" means (a) the acquisition in one or more transactions by any individual, entity or group within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended, of 50% or more of (i) the then outstanding equity interests of the Buyer, the Parent, or any of their parent companies, or (ii) the combined voting power of the then outstanding securities of the Buyer, the Parent, or any of their parent companies entitled to vote generally in the election of directors or managers (the "**Voting Stock**"); (b) the closing of a sale or other conveyance of 50% or more of the assets of the Buyer, the Parent, or any of their parent companies; or (c) the effective time of any merger, share exchange, consolidation, or other business combination involving the Buyer, the Parent, or any of their parent companies, if immediately after such transaction persons who hold a majority of the outstanding voting securities entitled to vote generally in the election of directors of the surviving entity (or the entity owning 100% of such surviving entity) are not the same persons who, immediately prior to such transaction, held the Voting Stock. For the purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**Closing**" has the meaning set forth in Section 3.1.

"**Closing Date**" has the meaning set forth in Section 3.1.

"**Closing Working Capital**" means an amount equal to: (a) Current Assets, less (b) Current Liabilities, determined as of the open of business on the Closing Date and calculated according to GAAP.

"**Closing Working Capital Statement**" has the meaning set forth in Section 2.6(b)(i).

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

"**Confidential Information**" has the meaning set forth in Section 6.2(a).

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

"**Current Assets**" means the current assets of the Business included in Purchased Assets, calculated according to GAAP, provided, however, Current Assets shall not include any Inventory of the Business.

"**Current Liabilities**" means the current liabilities of the Business included in Assumed Liabilities, calculated according to GAAP.

"**Direct Claim**" has the meaning set forth in Section 7.5(c).

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

"**Dollars or $**" means the lawful currency of the United States.

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

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

"**Environmental Law**" means any applicable Law, and any Governmental Order or binding agreement with any Governmental Authority: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Materials. The term "Environmental Law" includes, without limitation, the following (including their implementing regulations and any state analogs): the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 *et seq.*; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. §§ 6901 *et seq.*; the Federal Water Pollution Control Act of 1972, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 *et seq.*; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. §§ 2601 *et seq.*; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 *et seq.*; the Clean Air Act of 1966, as amended by the Clean Air Act Amendments of 1990, 42 U.S.C. §§ 7401 *et seq.*; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 *et seq.*

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

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

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

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

"**Escrow Agreement**" means that certain Escrow Agreement by and among Buyer, Seller, and ELG, dated concurrently herewith.

"**Escrow Amount**" has the meaning set forth in Section 2.5(b).

"**Excluded Assets**" has the meaning set forth in Section 2.2.

"**Excluded Contracts**" has the meaning set forth in Section 2.2(b)

"**Excluded Liabilities**" has the meaning set forth in Section 2.4.

"**ELG**" means Ecommerce Law Group, Seller's attorneys.

"**Financial Statements**" has the meaning set forth in Section 4.4.

"**Fundamental Representation**" has the meaning set forth in Section 7.1(c).

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

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

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

"**Hazardous Materials**" means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation and polychlorinated biphenyls.

"**Indebtedness**" of any Person means, without duplication, (a) the principal, accreted value, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments the payment of which such Person is responsible or liable; (b) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current Liabilities); (c) all leases of (or other Contracts conveying the right to use) any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, either would be required to be accounted for as a capital lease on the balance sheet of such Person or would otherwise be disclosed as such in a note to such balance sheet; (d) all non-contingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit, banker's acceptance or similar instrument; (e) all obligations of the type referred to in clauses (a) through (d) of any other Persons the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise; and (f) all obligations of the type referred to in clauses (a) through (e) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"**Indemnified Party**" has the meaning set forth in Section 7.5.

"**Indemnifying Party**" has the meaning set forth in Section 7.5.

"**Independent Accountant**" has the meaning set forth in Section 2.6(c)(iii).

"**Insurance Policies**" has the meaning set forth in Section 4.15.

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

"**Intellectual Property Agreements**" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other Contracts (including any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to any Intellectual Property that is used in or necessary for the conduct of the Business as currently conducted to which Seller is a party, beneficiary or otherwise bound.

"**Intellectual Property Assets**" means all Intellectual Property that is owned by Seller and used in or necessary for the conduct of the Business as currently conducted.

"**Intellectual Property Assignments**" has the meaning set forth in Section 3.2(a)(vi).

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

"**Interim Balance Sheet**" has the meaning set forth in Section 4.4.

"**Interim Balance Sheet Date**" has the meaning set forth in Section 4.4.

"**Interim Financial Statements**" has the meaning set forth in Section 4.4.

"**Inventory**" has the meaning set forth in Section 2.1(b).

"**Knowledge of Seller or Seller's Knowledge**" or any other similar knowledge qualification means the actual knowledge of any Member, and such knowledge that would reasonably be expected to have been acquired by such Persons after making due inquiry.

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

"**Leased Real Property**" has the meaning set forth in Section 4.10(a).

"**Leases**" has the meaning set forth in Section 4.10(a).

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

"**Losses**" means losses, damages, liabilities, deficiencies, Actions, judgments, interest, awards, penalties, fines, costs or expenses of whatever kind, including reasonable attorneys' fees and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers; *provided, however,* that "Losses" shall not include consequential, incidental, indirect, special or punitive damages, except in the case of fraud or to the extent actually awarded to a Governmental Authority or other third party.

"**Material Adverse Effect**" means any event, occurrence, fact, condition or change that is materially adverse to, or could reasonably be expected to have a materially adverse effect on: (a) the Business, results of operations, financial condition or assets of Seller, taken as a whole, or (b) the ability of Seller to consummate the Transactions; provided, however, that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) conditions generally affecting the industries in which Seller operates; (iii) any changes in financial, banking or securities markets in general, including any disruption thereof; (iv) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof; (v) any action taken (or omitted to be taken) with the written consent of or at the written request of Buyer; (vi) any changes in applicable Laws or accounting rules; or (vii) any natural or man-made disaster or acts of God, including the COVID-19 virus (including any Governmental Orders requiring Sellers to temporarily cease or limit their operations); except in the cases of the foregoing clauses (i), (ii), (iii), (iv), (v) and (vi), to the extent such events, occurrences, facts, conditions or changes have or could reasonably be expected to have a disproportionate effect on the Parties as compared to other Persons engaged in the same or substantially similar business

"**Material Contracts**" has the meaning set forth in Section 4.7(a).

"**Material Customers**" has the meaning set forth in Section 4.14(a).

"**Material Suppliers**" has the meaning set forth in Section 4.14(b).

"**Negative Post-Closing Adjustment Amount**" has the meaning set forth in Section 2.6(a)(ii).

"**Offset Amounts**" has the meaning set forth in Section 7.7.

"**Ordinary Course of Business**" means ordinary course of business consistent with past practice.

"**Owner Party**" and "**Owner Parties**" has the meaning set forth in the preamble.

"**Paycheck Protection Program**" the Paycheck Protection Program available to certain eligible applicants pursuant to section 1102 and 1106 of the CARES Act.

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

"**Permitted Encumbrances**" has the meaning set forth in Section 4.8.

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

"**Positive Post-Closing Adjustment Amount**" has the meaning set forth in Section 2.6(a)(iii).

"**Post-Closing Adjustment Amount**" has the meaning set forth in Section 2.6(b)(ii).

"**Post-Closing Tax Period**" means any taxable period ending after the Closing Date and, with respect to any taxable period beginning before and ending after the Closing Date, the portion of such taxable period beginning on the Closing Date.

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

"**Purchase Price**" has the meaning set forth in Section 2.5.

"**Purchase Price Allocation**" has the meaning set forth in Section 2.7.

"**Purchased Assets**" has the meaning set forth in Section 2.1.

"**Qualified Benefit Plan**" has the meaning set forth in Section 4.19(c).

"**Real Property**" means, collectively, the Owned Real Property and the Leased Real Property.

"**Regulatory Representation**" has the meaning set forth in Section 7.1(a).

"**Release**" means any actual or threatened release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, abandonment, disposing or allowing to escape or migrate into or through the environment (including, without limitation, ambient air (indoor or outdoor), surface water, groundwater, land surface or subsurface strata or within any building, structure, facility or fixture).

"**Representation Survival Date**" means the applicable survival date for any article, section, or representation and warranty in this Agreement.

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

"**Resolution Period**" has the meaning set forth in Section 2.6(c)(ii). "**Review Period**" has the meaning set forth in Section 2.6(c)(i).

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

"**Seller Indemnitees**" has the meaning set forth in Section 7.3.

"**Seller's Representative**" has the meaning set forth in the preamble.

"**Statement of Objections**" has the meaning set forth in Section 2.6(c)(ii).

"**Tangible Personal Property**" has the meaning set forth in Section 2.1(e).

"**Target Closing Working Capital**" has the meaning set forth in Section 2.6(a)(ii).

"**Tax**" or "**Taxes**" means all federal, state, local, foreign and other income, gross receipts, sales, use, production, ad valorem, transfer, documentary, franchise, registration, profits, license, lease, service, service use, withholding, payroll, employment, unemployment, estimated, excise, severance, environmental, stamp, occupation, premium, property (real or personal), real property gains, windfall profits, customs, duties or other taxes, fees, abandoned property or escheat taxes, assessments or charges of any kind whatsoever, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties, whether disputed or not, and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

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

"**Taxing Authority**" shall mean a Governmental Authority having jurisdiction over the assessment, determination, collection, or other imposition of any Tax.

"**Third Party Claim**" has the meaning set forth in Section 7.5(a).

"**Total Purchase Price**" has the meaning set forth in Section 2.5.

"**Transaction Documents**" means this Agreement, the Escrow Agreement, the Bill of Sale, Intellectual Property Assignments, Assignment and Assumption of Leases, the Transition Services Agreement, and the other agreements, instruments and documents required to be delivered at the Closing.

"**Transaction Expenses**" means, without duplication, the aggregate amount of all out of pocket costs and expenses incurred by Seller and Member or on their behalf, in each case in connection with the transactions contemplated by this Agreement, including without limitation (a) the fees and expenses of any brokers, finders, counsel, advisors, consultants, investment bankers, accountants, data room hosting providers, auditors or experts, and (b) any sale, change in control bonus or transaction bonus to be made to any employee, director or officer of Seller that becomes payable as a result of the Closing (including the employer portion of any related payroll Taxes in connection therewith).

"**Transaction Expense Amount**" has the meaning set forth in Section 2.5(a).

"Transition Services Agreement" means that certain Transition Services Agreement between Buyer and Seller dated concurrently herewith.

"Transition Services Adjustment" means the product of (i) the 2022 Stub Period Net Margin, and (ii) the sum of the 2022 Stub Period Net Revenue minus the 2021 Stub Period Net Revenue.

"**Transfer Taxes**" means all transfer, sales, use, excise, value-added, documentary, registration, conveyancing, reporting, recording, filing, and other similar fees, taxes, and charges arising out of or in connection with the transaction to be effected pursuant to this Agreement, but, for the avoidance of doubt, shall exclude any income or franchise Taxes or other Taxes imposed on, or measured by, net income, gross receipts, or revenue or any similar Taxes.

"**Transferred Employees**" has the meaning set forth in Section 6.1(a).

"**Union**" has the meaning set forth in Section 4.20(b).

"**WARN Act**" means the federal Worker Adjustment and Retraining Notification Act of 1988, and similar state, local and foreign laws related to plant closings, relocations, mass layoffs and employment losses.

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets. Subject to the terms and conditions set forth herein, at the Closing, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller, free and clear of any Encumbrances other than Permitted Encumbrances, all of Seller's right, title and interest in, to and under all of the assets, properties and rights of every kind and nature, whether real, personal or mixed, tangible or intangible (including goodwill), wherever located and whether now existing or hereafter acquired (other than the Excluded Assets), which relate to, or are used or held for use in connection with, the Business (collectively, the "**Purchased Assets**"), including, without limitation, the following:

(a) all inventories of dog nail grinders, regular, soft and hard heads, clippers, wooden sticks, paw soothers and similar items owned by Seller as of the Closing Date, and any such items which have been ordered by Seller but which have not been received by Seller on the Closing Date, as set forth in Section 2.1(a) of the Disclosure Schedule (collectively, the "**Inventory**");

(b) all Contracts, including without limitation (a) those set forth on Section 2.1(c) of the Disclosure Schedules; and (b) all customer purchase orders outstanding as of the Closing Date for the purchase of goods or services by Seller and all unfilled orders outstanding as of the Closing Date for the sale of goods or services by Seller (the "**Assigned Contracts**");

(c) all Intellectual Property Assets;

(d) all Permits, including Environmental Permits, which are held by Seller and required for the conduct of the Business as currently conducted or for the ownership and use of the Purchased Assets, including, without limitation, those listed on Section 4.17(b) and Section 4.18(b) of the Disclosure Schedules;

(e) all rights to any Actions of any nature available to or being pursued by Seller to the extent related to the Business, the Purchased Assets or the Assumed Liabilities, whether arising by way of counterclaim or otherwise;

(f) all prepaid expenses, credits, advance payments, claims, security, refunds, rights of recovery, rights of set-off, rights of recoupment, deposits, charges, sums and fees (including any such item relating to the payment of Taxes);

(g) all of Seller's rights under warranties, indemnities and all similar rights against third parties to the extent relating to the Business, the Purchased Assets or the Assumed Liabilities;

(h) all insurance benefits, including rights and proceeds, arising from or relating to the Business, the Purchased Assets or the Assumed Liabilities;

(i) originals, or where not available, copies, of all books and records, including, but not limited to, books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authority), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to the Intellectual Property Assets and the Intellectual Property Agreements;

(j) all telephone numbers, facsimile numbers, website domains, and social media accounts and handles of the Seller;

(k) all goodwill and the going concern value of the Business; and

(l) all other assets, properties and rights owned by Seller or in which Seller has an interest and which are not otherwise Excluded Assets.

Section 2.2 Excluded Assets. Notwithstanding the foregoing, the Purchased Assets shall not include the following assets (collectively, the "**Excluded Assets**"):

(a) cash and cash equivalents;

(b) all bank accounts associated with the Business;

(c) Contracts that are not Assigned Contracts or as otherwise described on Section 2.2(c) of the Disclosure Schedules (the "**Excluded Contracts**");

(d) the corporate seals, organizational documents, minute books, stock books, Tax Returns, books of account or other records having to do with the corporate organization of Seller;

(e) all Benefit Plans and assets attributable thereto;

(f) the equity interests of the Member;

(g) the assets, properties and rights specifically set forth on Section 2.2(g) of the Disclosure Schedules;

(h) the rights which accrue or will accrue to Seller under the Transaction Documents;

(i) the cash reserve accounts held with merchant banks and other vendors;

(j) accounts receivable;

(k) furniture, fixtures, and equipment.

Section 2.3 Assumed Liabilities. Subject to the terms and conditions set forth herein, Buyer shall assume and agree to pay, perform and discharge only the following Liabilities of Seller (collectively, the "**Assumed Liabilities**"), and no other Liabilities:

(a) all Liabilities in respect of the Assigned Contracts but only to the extent that such Liabilities thereunder are required to be performed after the Closing Date, were incurred in the Ordinary Course of Business, and do not relate to any failure to perform, improper performance, warranty or other breach, default or violation by Seller on or prior to the Closing, including, but not limited to, those Liabilities set forth on Section 2.3(a) of the Disclosure Schedules; and

(b) any Liabilities arising out of or relating to the Buyer's operation of the Business or the ownership or operation of the Purchased Assets after the Closing Date.

Section 2.4 Excluded Liabilities. Notwithstanding the provisions of Section 2.3 or any other provision in this Agreement to the contrary, Buyer shall not assume and shall not be responsible to pay, perform or discharge any Liabilities of Seller or any of its Affiliates of any kind or nature whatsoever other than the Assumed Liabilities (the "**Excluded Liabilities**"). Seller shall, and shall cause each of its Affiliates to, pay and satisfy in due course all Excluded Liabilities which they are obligated to pay and satisfy. Without limiting the generality of the foregoing, the Excluded Liabilities shall include, but not be limited to, the following:

(a) any Liabilities of Seller arising or incurred in connection with the negotiation, preparation, investigation and performance of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby, including, without limitation, fees and expenses of counsel, accountants, consultants, advisers and others;

(b) any Liability for (i) Taxes of Seller (or any Member or Affiliate of Seller) or relating to the Business, the Purchased Assets or the Assumed Liabilities for any Pre-Closing Tax Period; or (ii) Taxes that arise out of the consummation of the transactions contemplated hereby that are the responsibility of Seller pursuant to Section 6.8;

(c) any Liabilities relating to or arising out of the Excluded Assets;

(d) any Liabilities in respect of any pending or threatened Action arising out of, relating to or otherwise in respect of the operation of the Business or the Purchased Assets to the extent such Action relates to such operation on or prior to the Closing Date;

(e) any product Liability or similar claim for injury to a Person or property which arises out of or is based upon any express or implied representation, warranty, agreement or guaranty made by Seller, or by reason of the improper performance or malfunctioning of a product, improper design or manufacture, failure to adequately package, label or warn of hazards or other related product defects of any products at any time manufactured or sold or any service performed by Seller prior to the Closing Date;

(f) any recall, design defect or similar claims of any products manufactured or sold or any service performed by Seller prior to the Closing Date;

(g) any Liabilities of Seller arising under or in connection with any Benefit Plan providing benefits to any present or former employee of Seller;

(h) any Liabilities of Seller for any present or former employees, officers, directors, retirees, independent contractors or consultants of Seller, including, without limitation, any Liabilities associated with any claims for wages or other benefits, bonuses, accrued vacation, workers' compensation, severance, retention, termination or other payments;

(i) any Environmental Claims, or Liabilities under Environmental Laws, to the extent arising out of or relating to facts, circumstances or conditions existing on or prior to the Closing or otherwise to the extent arising out of any actions or omissions of Seller;

(j) other than Assumed Liabilities, all trade accounts payable of Seller to third parties in connection with the Business including without limitation, those (i) which remain unpaid as of the Closing Date, regardless of whether such accounts payable are reflected on the Interim Balance Sheet Date or arose in the Ordinary Course of Business; (ii) which constitute intercompany payables owing to Affiliates of Seller; or (iii) which constitute debt, loans or credit facilities to financial institutions.

(k) any Liabilities of the Business relating or arising from unfulfilled commitments, quotations, purchase orders, customer orders or work orders that (i) do not constitute part of the Purchased Assets issued by the Business' customers to Seller on or before the Closing; (ii) did not arise in the Ordinary Course of Business; or (iii) are not validly and effectively assigned to Buyer pursuant to this Agreement;

(l) any Indebtedness of the Seller; and

(m) any Liabilities arising out of, in respect of or in connection with the failure by Seller or any of its Affiliates to comply with any Law or Governmental Order.

Section 2.5 Purchase Price. The aggregate purchase price for the Purchased Assets (other than Inventory) shall be $3,000,000, subject to adjustment pursuant to Section 2.6 and Section 2.5(f) hereof (the "**Base Purchase Price**"), plus the assumption of the Assumed Liabilities, plus the value of the Inventory included in Purchased Assets, plus the payment of the Transitional Services Bonus (collectively with the Base Purchase Price the "**Total Purchase Price**"). Except as otherwise provided herein, the Total Purchase Price shall be paid as follows:

(a) The aggregate amount of the Transaction Expenses (including, ELG's attorney fees and costs in the amount of $14,500, and Acquisitions Direct's broker fee in the amount of $300,000) shall be paid in full to each relevant payee thereof (the "**Transaction Expense Amount**"); and

(b) $2,000,000, *less* the Transaction Expense Amount (the "**Escrow Amount**") shall be placed in escrow with ELG, to be held and distributed pursuant to the terms of the Escrow Agreement;

(c) Upon the later of (i) fifteen (15) days of the Closing Date, (ii) the release of the Escrow Amount to Seller, and (iii) the agreement of the Parties as to the value of the Inventory included in the Purchased Assets, which value shall equal the cost of sellable Inventory, Buyer shall (y) pay to Seller said value (less any commission due to Broker) via wire transfer of immediately available funds to the account designated in writing by Seller's Representative, and (z) pay to Broker its commission on the Inventory value via wire transfer of immediately available funds to the account designated in writing by Broker;

(d) $500,000 shall be paid by Buyer to Seller via wire transfer of immediately available funds to the account designated by Seller's Representative upon the latter of the following: (i) ninety (90) days after the Closing Date; and (ii) the release of the Escrow Amount to Seller; and

(e) $500,000 (subject to reduction pursuant to Section 2.5(f)) shall be paid by Buyer to Seller via wire transfer of immediately available funds to the account designated by Seller's Representative upon the latter of the following: (i) one hundred eighty (180) days after the Closing Date; and (ii) the release of the Escrow Amount to Seller.

(f) At the latter of (i) January 31, 2023, and (ii) the release of the Escrow Amount to Seller: (y) if the Transition Services Adjustment (less any commission due to Broker) is a positive amount, said amount shall be paid by the Buyer to Seller via wire transfer of immediately available funds to the account designated by the Seller's Representative; or (z) if the Transition Services Adjustment is a negative amount, said amount shall be offset against and shall reduce the amount payable by Buyer to Seller pursuant to Section 2.5(e). Concurrent with the payment of the foregoing amount, any commission due to Broker on the Transition Services Adjustment shall be paid by the Buyer to Broker via wire transfer of immediately available funds to the account designated by the Broker.

(g) Parent absolutely and unconditionally guaranties to the Seller the full and prompt payment of the Total Purchase Price when and as the components of the same shall become due and payable.

Section 2.6 Purchase Price Adjustment.

(a) Post-Closing Adjustment.

(i) Within thirty (30) days after the Closing Date, Buyer shall prepare and deliver to Seller's Representative a statement setting forth its calculation of Closing Working Capital (the "**Closing Working Capital Statement**").

(ii) If the Closing Working Capital is less than $0.0, (the "**Target Closing Working Capital**") then the Base Purchase Price shall be reduced by an amount equal to the amount by which the Closing Working Capital is less than the Target Closing Working Capital (the "**Negative Post-Closing Adjustment Amount**").

(iii) If the Closing Working Capital is more than the Target Closing Working Capital, then the Base Purchase Price shall be increased by an amount equal to the amount by which the Closing Working Capital exceeds the Target Closing Working Capital (the " **Positive Post-Closing Adjustment Amount**").

(b) Examination and Review.

(i) Examination. After receipt of the Closing Working Capital Statement, Seller shall have thirty (30) days (the "**Review Period**") to review the Closing Working Capital Statement. During the Review Period, Buyer will provide the Seller's Representative with reasonable access during normal business hours with at least forty-eight (48) hours prior written notice to any working papers, documents, and data from the Buyer that were used to prepare the Closing Working Capital Statement, provided, that such access shall be in a manner that does not interfere with the normal business operations of Buyer.

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

(iii) Resolution of Disputes. If Seller and Buyer fail to reach an agreement with respect to all of the matters set forth in the Statement of Objections before expiration of the Resolution Period, then any amounts remaining in dispute (the "**Disputed Amounts**") shall be submitted for resolution to Grant Thornton (the "**Independent Accountant**") who, acting as experts and not arbitrators, shall resolve the Disputed Amounts only and make any adjustments to the Post-Closing Adjustment Amount, as the case may be, and the Closing Working Capital Statement. The parties hereto agree that all adjustments shall be made without regard to materiality. The Independent Accountant shall only decide the specific items under dispute by the parties and their decision for each Disputed Amount must be within the range of values assigned to each such item in the Closing Working Capital Statement and the Statement of Objections, respectively.

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

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

(vi) Upon the latter of (i) the final determination of the Post-Closing Adjustment Amount pursuant to this Section 2.6(b) (the "**Base Purchase Price Final Determination**"), and (ii) the release of the Escrow Amount to Seller, if such final determination results in a Negative Post-Closing Adjustment Amount, said amount shall be immediately paid by the Seller to the Buyer, and, if such final determination results in a Positive Post-Closing Adjustment Amount, said amount shall be immediately paid by the Buyer to the Seller.

(c) Adjustments for Tax Purposes. Any payments made pursuant to Section 2.6 shall be treated as an adjustment to the Purchase Price by the parties for Tax purposes, unless otherwise required by Law.

Section 2.7 Allocation of Purchase Price. Within ninety (90) days following the date of the Base Purchase Price Final Determination, Buyer shall provide the Seller's Representative with a proposed allocation of the Base Purchase Price (including all applicable liabilities and other relevant items), prepared in accordance with the applicable principles of Section 1060 of the Code and Treasury Regulations promulgated thereto (and any similar provision of state, local or foreign Law, as appropriate) (the "**Purchase Price Allocation**"). The Seller's Representative shall, within thirty (30) days after receipt of the proposed determination of the Purchase Price Allocation from the Buyer, notify the Buyer if the Seller disagrees with such proposed determination, and if the Seller's Representative does not so notify the Buyer within such thirty (30) days, the proposed Purchase Price Allocation shall be final and binding on the Parties. If the Seller disagrees with such proposed Purchase Price Allocation, the Seller's Representative and the Buyer shall make a good faith effort to resolve the dispute. If the Seller's Representative and the Buyer have been unable to resolve their differences within thirty (30) days after the Buyer has been notified of the Seller's disagreement with the proposed Purchase Price Allocation, then any remaining disputed issues shall be submitted to the Independent Accountant, who shall resolve the disagreement in the manner described in Section 2.6(b). All determinations made by the Independent Accountant will be final, conclusive and binding on the Parties. The Parties agree (i) to be bound by the Purchase Price Allocation, (ii) to act in accordance with the Purchase Price Allocation in the preparation and filing of all Tax Returns (including Internal Revenue Service Form 8594, amended returns, and claims for refund) and in the course of any Tax audit, Tax review, Tax hearing, Tax litigation, or other proceeding relating to the determination of any Tax, and (iii) to take no position and to cause their Affiliates to take no position inconsistent with the Purchase Price Allocation for Tax purposes, except as may otherwise be required pursuant to a final determination within the meaning of Section 1313(a) of the Code or any corresponding provision of state, local or foreign Law.

Section 2.8 [Reserved].

Section 2.9 Withholding Tax. Buyer shall be entitled to deduct and withhold from the Total Purchase Price all Taxes that Buyer may be required to deduct and withhold under any provision of Tax Law. All such withheld amounts shall be treated as delivered to Seller hereunder.

Section 2.10 Third Party Consents. To the extent that Seller's rights under any Contract or Permit constituting a Purchased Asset, or any other Purchased Asset, may not be assigned to Buyer without the consent of another Person which has not been obtained, this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Seller, at its expense, shall use its reasonable best efforts to obtain any such required consent(s) as promptly as possible. If any such consent shall not be obtained or if any attempted assignment would be ineffective or would impair Buyer's rights under the Purchased Asset in question so that Buyer would not in effect acquire the benefit of all such rights, Seller, to the maximum extent permitted by law and the Purchased Asset, shall act after the Closing as Buyer's agent in order to obtain for it the benefits thereunder and shall cooperate, to the maximum extent permitted by Law and the Purchased Asset, with Buyer in any other reasonable arrangement designed to provide such benefits to Buyer.

Section 2.11 Payment of Excluded Liabilities. After the Closing, Buyer may deliver to Seller promptly following receipt thereof any invoices Buyer receives pertaining to any Excluded Liabilities (each a "**Post-Closing Invoice**", and collectively the "**Post-Closing Invoices**"). Upon Seller's receipt of any such Post-Closing Invoice, Owner Parties shall promptly pay such Post-Closing Invoices in accordance with their terms and shall provide evidence of such payment to Buyer. Notwithstanding the foregoing, Buyer in its sole discretion may elect to pay any such Post-Closing Invoice with or without notice to Seller. For avoidance of doubt, any Post-Closing Invoices paid by Buyer will not constitute Assumed Liabilities of Buyer, and Buyer shall be entitled to reimbursement from the Owner Parties, jointly and severally, at the election of the Buyer: (i) in cash, or (ii) via an offset against any amounts due Seller from Buyer under this Agreement or the Transition Services Agreement.

Section 2.12 Transition Services Adjustment.

(a) Delivery of Reports.

(i) On or before the latter of (A) January 31, 2022, and (B) the release of the Escrow Amount to Seller, the Buyer shall prepare or cause to be prepared and shall deliver or cause to be delivered to the Seller a statement (the "**Bonus Statement**") setting forth the 2022 Stub Period Net Revenue and, based thereon, Buyer's calculation of the Transition Services Adjustment, if any. For purposes of complying with the terms set forth in this Section 2.12, each Party agrees to: (i) reasonably cooperate with other Parties and the Independent Accountant; (ii) make available all information, records, data and working papers reasonably requested by any other Party, or actually requested by the Independent Accountant, and (iii) permit reasonable access to its personnel who are knowledgeable about the information contained in any such information, records, data and working papers and the preparation thereof, in each case as may be reasonably required to prepare or analyze the Bonus Statement or to resolve any disputes with respect to same.

(ii) If the Seller believes that the Bonus Statement is inaccurate, was not properly prepared, or is otherwise objectionable for any reason, the Seller shall so notify the Buyer in writing by the Bonus Objection Date. Any such notice must set forth the Seller's objections to the Bonus Statement and the Seller's proposed revisions to the Bonus Statement. For purposes of this Agreement, "**Bonus Objection Date**" means the later of (i) thirty (30) days after the Seller's receipt of the Bonus Statement or (ii) fifteen (15) Business Days after Seller's receipt of all information or personnel access requested in accordance with Section 2.12(a)(i) to verify the Bonus Statement.

(iii) If the Seller notifies the Buyer of an objection by the Seller to the Bonus Statement, and if the Seller and the Buyer are unable to resolve such objection through good faith negotiations within fifteen (15) days after the Seller's delivery of such notice of objection, then either the Seller or the Buyer may submit a demand to, and upon submission of such demand the Seller and the Buyer shall mutually engage and submit their dispute to, the Independent Accountant acting as an arbitrator for the final resolution of such dispute in accordance with the provisions of this Agreement. The dispute resolution provisions of Section 2.6(b) shall apply.

(iv) Upon the final determination of the Transition Services Adjustment pursuant to the terms of this Section, the Transition Services Adjustment shall be paid within three (3) Business Days of such determination pursuant to the provisions of Section 2.5(f).

(b) From and after the Closing until and including payment in full of all amounts pursuant to this Agreement, including the Transition Services Adjustment, Parent and Buyer shall:

(i) Operate the Business in a commercially reasonable manner consistent in all material respects with the practices of the Owner Parties prior to Closing;

(ii) Not take any action or omit to take any commercially reasonable action the purpose or effect of which is to reduce the Transition Services Adjustment;

(iii) Not take any action that materially adversely impacts, or omit to take any commercially reasonable action that would enhance or improve, the ability of the Business to generate 2022 Stub Period Net Revenue following the Closing;

(iv) Maintain complete and accurate books and records that will facilitate the recording, compiling and analysis of all information relevant to the determination and calculation of the Transition Services Adjustment;

(v) Not take any action that would have the effect of, or omit to take any commercially reasonable action that would prevent, shifting revenues, billings or bookings into or out of any period from periods in which such revenues, billings or bookings would otherwise be recognized or recorded, consistent with the Owner Parties' historic accounting practices; and

(vi) Not divert any existing business opportunities of the Business to any other person in a manner that would cause 2022 Stub Period Net Revenue to be diverted from the Business.

In the event of a breach of any of the foregoing covenants in this Section 2.12(b) or a Change in Control of the Buyer or Parent, the Transition Services Adjustment will be accelerated and any amount then accrued with be due and payable to the Seller within three (3) Business Days thereof by wire transfer of immediately available funds to the account(s) specified by the Seller in writing.

(c) During any period of time during which the Transition Services Adjustment or any other payment pursuant to this Agreement (or any portion thereof) is not fully paid when due, interest shall accrue on the unpaid portion at five percent (5%) per annum.

ARTICLE III
CLOSING

Section 3.1 Closing. The consummation of the transactions contemplated by this Agreement (the "**Closing**") will take place electronically by the mutual exchange of facsimile or portable document format (.PDF) signatures on the date hereof (the "**Closing Date**"). The Closing will be effective as of 12:01 a.m. Eastern Time on the Closing Date.

Section 3.2 Closing Deliverables.

(a) At the Closing, Seller shall deliver to Buyer the following:

(i) payoff letters and lien releases from each holder of Seller's Indebtedness, specifying the amount owed to such Person and, upon such Person's receipt of the applicable payoff amount, providing for the release of any Encumbrances upon the Purchased Assets;

(ii) payoff letters or final invoices from those third parties to whom Seller Transaction Expenses are to be paid;

(iii) All certificates of title or origin (or similar documents), duly endorsed with respect to any of the Purchased Assets for which a certificate of title or origin is required to transfer title;

(iv) a bill of sale and assignment and assumption agreement in form and substance satisfactory to Buyer (the "**Bill of Sale**") and duly executed by Seller, transferring the tangible personal property included in the Purchased Assets to Buyer and effecting the assignment to and assumption by Buyer of the Assumed Liabilities;

(v) an assignment in form and substance satisfactory to Buyer (the "**Intellectual Property Assignments**") and duly executed by Seller, transferring all of Seller's right, title and interest in and to the Intellectual Property Assets to Buyer;

(vi) an officer's certificate containing an incumbency, consent resolution of the Seller approving the transactions set forth herein, a good standing certificate, and copies of the Seller's organizational documents, in form and substance satisfactory to Buyer, executed by Seller;

(vii) the Transition Services Agreement executed by Seller

(viii) the Escrow Agreement executed by Seller; and

(ix) such other customary instruments of transfer, assumption, filings or documents, in form and substance reasonably satisfactory to Buyer, as may be required to give effect to this Agreement.

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

(i) the Escrow Amount to ELG in accordance with Section 2.5;

(ii) the Bill of Sale duly executed by Buyer;

(iii) the Escrow Agreement duly executed by Buyer; and

(iv) the Transition Services Agreement duly executed by Buyer.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES WITH RESPECT TO SELLER

Except as set forth in the correspondingly numbered Section of the Disclosure Schedules (or, if applicable, all other representations and warranties made in any other Section, to the extent its applicability to such Section is reasonably apparent on its face), the Owner Parties jointly and severally represent and warrant to Buyer that the statements contained in this Article IV are true and correct as of the date hereof. The information contained in the Disclosure Schedules is disclosed solely for the purposes of this Agreement, and no information contained in the Disclosure Schedules shall be deemed to be an admission by any party hereto to any third Person of any matter whatsoever including an admission of any violation of any laws or breach of any agreement.

Section 4.1 Organization and Qualification of Seller.

(a) Seller is a limited liability company duly organized, validly existing and in good standing under the Laws of the state of Delaware and has full limited liability company power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as currently conducted. Section 4.1 of the Disclosure Schedules sets forth each jurisdiction in which Seller is licensed or qualified to do business, and Seller is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the ownership of the Purchased Assets or the operation of the Business as currently conducted makes such licensing or qualification necessary, other than any failure to be qualified, licensed or in good standing which would not reasonably be expected to have a Material Adverse Effect.

(b) The outstanding and issued equity of the Seller is owned as set forth on Section 4.1 of the Disclosure Schedules. There are no outstanding or authorized proxies, options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character obligating any Seller to admit, sell or transfer any membership or voting interest in such Seller (whether debt, equity or a combination thereof). No Seller has any authorized or outstanding bonds, debentures, notes or other indebtedness, the holders of which have the right to vote (or which are convertible into, exchangeable for, or evidence the right to subscribe for or acquire the right to vote) with such Seller on any matter.

Section 4.2 Authority of Seller. Seller has full limited liability company power and authority to enter into this Agreement and the other Transaction Documents to which Seller is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Seller of this Agreement and any other Transaction Document to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller, and (assuming due authorization, execution and delivery by Buyer) this Agreement constitutes a legal, valid and binding obligation of Seller enforceable against Seller in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). When each other Transaction Document to which Seller is or will be a party has been duly executed and delivered by Seller (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Seller enforceable against it in accordance with its terms.

Section 4.3 No Conflicts; Consents. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of organization, operating agreement or other organizational documents of Seller; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Seller, the Business or the Purchased Assets; (c) except as set forth in Section 4.3 of the Disclosure Schedules, require the consent, notice or other action by any Person under, conflict with, result in a violation or breach of, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, result in the acceleration of or create in any party the right to accelerate, terminate, modify or cancel any Contract or Permit to which Seller is a party or by which Seller or the Business is bound or to which any of the Purchased Assets are subject (including any Assigned Contract); or (d) result in the creation or imposition of any Encumbrance other than Permitted Encumbrances on the Purchased Assets; except, in all cases, as would not have a Material Adverse Effect. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Seller in connection with the execution and delivery of this Agreement or any of the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 4.4 Financial Statements. Complete copies of the unaudited financial statements consisting of the balance sheet of the Business as at December 31 in each of the years 2020 and 2021, and the related statements of income and retained earnings, equity and cash flow for the years then ended (the "**Financial Statements**") are attached to Section 4.4 of the Disclosure Schedules. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. The Financial Statements are based on the books and records of the Business, and fairly present in all material respects the financial condition of the Business as of the respective dates they were prepared and the results of the operations of the Business for the periods indicated. The balance sheet of the Business as of December 31, 2021 is referred to herein as the "**Balance Sheet**" and the date thereof as the "**Balance Sheet Date**". Seller maintains a standard system of accounting for the Business established and administered in accordance with GAAP. Section 4.4 of the Disclosure Schedules sets forth all the Indebtedness of the Seller or the Business.

Section 4.5 Undisclosed Liabilities. Seller has no Liabilities with respect to the Business, except (a) those which are adequately reflected or reserved against in the Balance Sheet, and (b) those which have been incurred in the Ordinary Course of Business consistent with past practice since the Balance Sheet Date and which are not, individually or in the aggregate, material in amount.

Section 4.6 Absence of Certain Changes, Events and Conditions. Since the Balance Sheet Date, and other than in the Ordinary Course of Business consistent with past practice, there has not been any:

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

(b) declaration or payment of any dividends or distributions on or in respect of any of Seller's equity or redemption, purchase or acquisition of Seller's equity;

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

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

(e) incurrence, assumption or guarantee of any indebtedness for borrowed money in connection with the Business except unsecured current obligations and Liabilities incurred in the Ordinary Course of Business consistent with past practice;

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

(g) cancellation of any debts or claims or amendment, termination or waiver of any rights constituting Purchased Assets;

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

(i) material damage, destruction or loss, or any material interruption in use, of any Purchased Assets, whether or not covered by insurance;

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

(k) material capital expenditures which would constitute an Assumed Liability;

(l) imposition of any Encumbrance upon any of the Purchased Assets;

(m) (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Business, other than as provided for in any written agreements or required by applicable Law, (ii) change in the terms of employment for any employee of the Business or any termination of any employees, or (iii) action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, consultant or independent contractor of the Business;

(n) adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant of the Business, (ii) Benefit Plan, or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(o) any loan to (or forgiveness of any loan to), or entry into any other transaction with, any current or former directors, officers or employees of the Business;

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

(q) purchase, lease or other acquisition of the right to own, use or lease any property or assets in connection with the Business for an amount in excess of $25,000, individually (in the case of a lease, per annum) or $100,000 in the aggregate (in the case of a lease, for the entire term of the lease, not including any option term), except for purchases of Inventory or supplies in the Ordinary Course of Business consistent with past practice; or

(r) any Contract to do any of the foregoing, or any action or omission that would result in any of the foregoing.

Section 4.7 Material Contracts.

(a) Section 4.7(a) of the Disclosure Schedules lists each of the following Contracts (x) by which any of the Purchased Assets are bound or affected or (y) to which Seller is a party or by which it is bound in connection with the Business or the Purchased Assets (such Contracts, together with all Contracts concerning the occupancy, management or operation of any Real Property listed or otherwise disclosed in Section 4.10(a) of the Disclosure Schedules and all Intellectual Property Agreements set forth in Section 4.11(b) of the Disclosure Schedules, being "**Material Contracts**"):

(i) all Contracts involving aggregate consideration in excess of $10,000 and which, in each case, cannot be cancelled without penalty or without more than ninety (90) days' notice;

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

(iii) all Contracts that provide for the indemnification of any Person or the assumption of any Tax, environmental or other Liability of any Person;

(iv) all Contracts with any Material Customer;

(v) all Contracts with any Material Supplier;

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

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

(viii) all employment agreements and Contracts with independent contractors or consultants (or similar arrangements) and which are not cancellable without material penalty or without more than ninety (90) days' notice;

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

(x) all Contracts with any Governmental Authority;

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

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

(xiii) all Contracts for the sale of any of the Purchased Assets or for the grant to any Person of any option, right of first refusal or preferential or similar right to purchase any of the Purchased Assets;

(xiv) all powers of attorney with respect to the Business or any Purchased Asset;

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

(xvi) all customer supply chain finance agreements and factoring arrangements or agreements; and

(xvii) all other Contracts that are material to the Purchased Assets or the operation of the Business and not previously disclosed pursuant to this Section 4.7.

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

Section 4.8 Title to Purchased Assets. Seller has good and valid title to, or a valid leasehold interest in, all of the Purchased Assets. All such Purchased Assets (including leasehold interests) are free and clear of Encumbrances except for the following (collectively referred to as "**Permitted Encumbrances**"):

(a) those items set forth in Section 4.8 of the Disclosure Schedules;

(b) liens for Taxes not yet due and payable;

(c) mechanics', carriers', workmen's, repairmen's or other like liens arising or incurred in the Ordinary Course of Business consistent with past practice or amounts that are not delinquent and which are not, individually or in the aggregate, material to the Business or the Purchased Assets;

(d) easements, rights of way, zoning ordinances and other similar encumbrances affecting Real Property which are not, individually or in the aggregate, material to the Business or the Purchased Assets, which do not prohibit or interfere with the current operation of any Real Property and which do not render title to any Real Property unmarketable; or

(e) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business consistent with past practice which are not, individually or in the aggregate, material to the Business or the Purchased Assets.

Section 4.9 Condition and Sufficiency of Assets. The Purchased Assets are sufficient for the continued conduct of the Business after the Closing in substantially the same manner as conducted prior to the Closing and constitute all of the rights, property and assets necessary to conduct the Business as currently conducted. None of the Excluded Assets are material to the Business.

Section 4.10 Real Property. Seller does not own or lease any real property.

Section 4.11 Intellectual Property.

(a) Section 4.11(a) of the Disclosure Schedules lists all (i) Intellectual Property Registrations and (ii) Intellectual Property Assets, including software, that are not registered but that are material to the operation of the Business. All required filings and fees related to the Intellectual Property Registrations have been timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Intellectual Property Registrations are otherwise in good standing. Seller has provided Buyer with true and complete copies of file histories, documents, certificates, office actions, correspondence and other materials related to all Intellectual Property Registrations.

(b) Section 4.11(b) of the Disclosure Schedules lists all Intellectual Property Agreements. Seller has provided Buyer with true and complete copies of all such Intellectual Property Agreements, including all modifications, amendments and supplements thereto and waivers thereunder. Each Intellectual Property Agreement is valid and binding on Seller in accordance with its terms and is in full force and effect. None of Seller or, to Seller's Knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any notice of breach or default of or any intention to terminate, any Intellectual Property Agreement. To Seller's Knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any Intellectual Property Agreement or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder.

(c) Seller is the sole and exclusive legal and beneficial, and with respect to the Intellectual Property Registrations, record, owner of all right, title and interest in and to the Intellectual Property Assets, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the Business as currently conducted, in each case, free and clear of Encumbrances other than Permitted Encumbrances.

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

(e) Seller's rights in the Intellectual Property Assets are valid, subsisting and enforceable. Seller has taken all reasonable steps to maintain the Intellectual Property Assets and to protect and preserve the confidentiality of all trade secrets included in the Intellectual Property Assets, including requiring all Persons having access thereto to execute written non-disclosure agreements.

(f) Except as set forth on Section 4.11(g) of the Disclosure Schedules, the conduct of the Business as currently and formerly conducted, and the Intellectual Property Assets and Intellectual Property licensed under the Intellectual Property Agreements as currently or formerly owned, licensed or used by Seller, have not infringed, misappropriated, diluted or otherwise violated, and have not, do not and will not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property or other rights of any Person. To Seller's Knowledge, no Person has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Intellectual Property Assets.

(g) Except as set forth on Section 4.11(f) of the Disclosure Schedules, there are no Actions (including any oppositions, interferences or re-examinations) settled, pending or, to Seller's Knowledge, threatened (including in the form of offers to obtain a license): (i) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any Person by Seller in connection with the Business; (ii) challenging the validity, enforceability, registrability or ownership of any Intellectual Property Assets or Seller's rights with respect to any Intellectual Property Assets; or (iii) by Seller or any other Person alleging any infringement, misappropriation, dilution or violation by any Person of any Intellectual Property Assets. Seller is not subject to any outstanding or prospective Governmental Order (including any motion or petition therefor) that does or would restrict or impair the use of any Intellectual Property Assets.

Section 4.12 Inventory. All Inventory, whether or not reflected in the Balance Sheet, consists of a quality and quantity usable and salable in the Ordinary Course of Business consistent with past practice and may reasonably be expected to be used and sold within one (1) year following the Closing Date. All Inventory is owned by Seller free and clear of all Encumbrances, and, except as set forth in Section 4.12 of the Disclosure Schedules, no Inventory is held on a consignment basis. The quantities of each item of Inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of Seller.

Section 4.13 [Reserved].

Section 4.14 Customers and Suppliers.

(a) Section 4.14(a) of the Disclosure Schedules sets forth with respect to the Business (i) each customer of the Seller who has paid an aggregate consideration to Seller for goods or services rendered in an amount greater than or equal to $25,000 for each of the two (2) most recent fiscal years and the trailing twelve (12) month period prior to the Closing Date (collectively, the "**Material Customers**"); and (ii) the amount of consideration paid by each Material Customer during such periods. Seller has not received any notice, and has no reason to believe, that any of the Material Customers has ceased, or intends to cease after the Closing, to use the goods or services of the Business or to otherwise terminate or materially reduce its relationship with the Business.

(b) Section 4.14(b) of the Disclosure Schedules sets forth with respect to the Business (i) the top twenty-five (25) suppliers to whom Seller has paid consideration for goods or services rendered for each of the two (2) most recent fiscal years (collectively, the "**Material Suppliers**"); and (ii) the amount of purchases from each Material Supplier during such periods. Seller has not received any notice, and has no reason to believe, that any of the Material Suppliers has ceased, or intends to cease, to supply goods or services to the Business or to otherwise terminate or materially reduce its relationship with the Business.

Section 4.15 Insurance. Section 4.15 of the Disclosure Schedules sets forth (a) a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, fiduciary liability and other casualty and property insurance maintained by Seller or its Affiliates and relating to the Business, the Purchased Assets or the Assumed Liabilities (collectively, the "**Insurance Policies**"); and (b) with respect to the Business, the Purchased Assets or the Assumed Liabilities, a list of all pending claims and the claims history for Seller for the years ending 2020 and 2021, and since. There are no claims related to the Business, the Purchased Assets or the Assumed Liabilities pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither Seller nor any of its Affiliates has received any written notice of cancellation of, premium increase with respect to, or alteration of coverage under, any of such Insurance Policies. All premiums due on such Insurance Policies have either been paid or, if not yet due, accrued. All such Insurance Policies (a) are in full force and effect and enforceable in accordance with their terms; (b) are provided by carriers who are financially solvent; and (c) have not been subject to any lapse in coverage. None of Seller or any of its Affiliates is in default under, or has otherwise failed to comply with, in any material respect, any provision contained in any such Insurance Policy. The Insurance Policies are of the type and in the amounts customarily carried by Persons conducting a business similar to the Business and are sufficient for compliance with all applicable Laws and Contracts to which Seller is a party or by which it is bound. True and complete copies of the Insurance Policies have been made available to Buyer.

Section 4.16 Legal Proceedings; Governmental Orders.

(a) There are no Actions pending or, to Seller's Knowledge, threatened against or by Seller (a) relating to or affecting the Business, the Purchased Assets or the Assumed Liabilities; or (b) that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Seller's Knowledge, no event has occurred or circumstances exist that may give rise to, or serve as a basis for, any such Action.

(b) There are no outstanding Governmental Orders and no unsatisfied judgments, penalties or awards against, relating to or affecting the Business. To Seller's Knowledge, no event has occurred or circumstances exist that may constitute or result in (with or without notice or lapse of time) a violation of any such Governmental Order.

Section 4.17 Compliance With Laws; Permits.

(a) Except for as disclosed on Section 4.17 of the Disclosure Schedules, Seller has complied, and is now complying, in all material respects with all Laws applicable to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets.

(b) All Permits required for Seller to conduct the Business as currently conducted or for the ownership and use of the Purchased Assets have been obtained by Seller and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. Section 4.17(b) of the Disclosure Schedules lists all current Permits issued to Seller which are related to the conduct of the Business as currently conducted or the ownership and use of the Purchased Assets, including the names of the Permits and their respective dates of issuance and expiration. To Seller's Knowledge, no event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any Permit set forth in Section 4.17(b) of the Disclosure Schedules.

Section 4.18 Environmental Matters.

(a) The operations of Seller with respect to the Business and the Purchased Assets are currently and have been in compliance with all Environmental Laws. Seller has not received from any Person, with respect to the Business or the Purchased Assets, any: (i) Environmental Notice or Environmental Claim; or (ii) written request for information pursuant to Environmental Law, which, in each case, either remains pending or unresolved, or is the source of ongoing obligations or requirements as of the Closing Date.

(b) Seller has obtained and is in material compliance with all Environmental Permits (each of which is disclosed in Section 4.18(b) of the Disclosure Schedules) necessary for the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Purchased Assets and all such Environmental Permits are in full force and effect and shall be maintained in full force and effect by Seller through the Closing Date in accordance with Environmental Law, and Seller is not aware of any condition, event or circumstance that might prevent or impede, after the Closing Date, the conduct of the Business as currently conducted or the ownership, lease, operation or use of the Purchased Assets. With respect to any such Environmental Permits, Seller has undertaken, or will undertake prior to the Closing Date, all measures necessary to facilitate transferability of the same, and Seller is not aware of any condition, event or circumstance that might prevent or impede the transferability of the same, and has not received any Environmental Notice or written communication regarding any material adverse change in the status or terms and conditions of the same.

(c) None of the Business or the Purchased Assets or any real property currently or formerly owned, leased or operated by Seller in connection with the Business is listed on, or has been proposed for listing on, the National Priorities List (or CERCLIS) under CERCLA, or any similar state list.

(d) There has been no Release of Hazardous Materials in contravention of Environmental Law with respect to the Business or the Purchased Assets or any real property currently or formerly owned, leased or operated by Seller in connection with the Business, and Seller has not received an Environmental Notice that any of the Business or the Purchased Assets or real property currently or formerly owned, leased or operated by Seller in connection with the Business (including soils, groundwater, surface water, buildings and other structure located thereon) has been contaminated with any Hazardous Material which could reasonably be expected to result in an Environmental Claim against, or a violation of Environmental Law or term of any Environmental Permit by, Seller.

(e) There are no active or abandoned aboveground or underground storage tanks owned or operated by Seller in connection with the Business or the Purchased Assets.

(f) There are no off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller and any predecessors in connection with the Business or the Purchased Assets as to which Seller may retain liability, and none of these facilities or locations has been placed or proposed for placement on the National Priorities List (or CERCLIS) under CERCLA, or any similar state list, and Seller has not received any Environmental Notice regarding potential liabilities with respect to such off-site Hazardous Materials treatment, storage, or disposal facilities or locations used by Seller.

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

(h) To the extent in Seller's possession or control, Seller has provided or otherwise made available to Buyer (i) any and all environmental reports, studies, audits, records, sampling data, site assessments, risk assessments, economic models and other similar documents with respect to the Business or the Purchased Assets or any real property currently or formerly owned, leased or operated by Seller in connection with the Business which are in the possession or control of Seller related to compliance with Environmental Laws, Environmental Claims or an Environmental Notice or the Release of Hazardous Materials; and (ii) any and all material documents concerning planned or anticipated capital expenditures required to reduce, offset, limit or otherwise control pollution and/or emissions, manage waste or otherwise ensure compliance with current or future Environmental Laws (including, without limitation, costs of remediation, pollution control equipment and operational changes).

(i) Seller is not aware of or reasonably anticipates, as of the Closing Date, any condition, event or circumstance concerning the Release or regulation of Hazardous Materials that might, after the Closing Date, prevent, impede or materially increase the costs associated with the ownership, lease, operation, performance or use of the Business or the Purchased Assets as currently carried out.

Section 4.19 [Reserved].

Section 4.20 Employment Matters. Seller is and has been in compliance with all applicable Laws pertaining to employment and employment practices to the extent they relate to employees of the Business, including all Laws relating to labor relations, equal employment opportunities, fair employment practices, employment discrimination, harassment, retaliation, reasonable accommodation, disability rights or benefits, immigration, wages, hours, overtime compensation, child labor, hiring, promotion and termination of employees, working conditions, meal and break periods, privacy, health and safety, workers' compensation, leaves of absence and unemployment insurance. All individuals characterized and treated by Seller as consultants or independent contractors of the Business are properly treated as independent contractors under all applicable Laws. All employees of the Business classified as exempt under the Fair Labor Standards Act and state and local wage and hour laws are properly classified. There are no Actions against Seller pending, or to the Seller's Knowledge, threatened to be brought or filed, by or with any Governmental Authority or arbitrator in connection with the employment of any current or former applicant, employee, consultant, volunteer, intern or independent contractor of the Business, including, without limitation, any claim relating to unfair labor practices, employment discrimination, harassment, retaliation, equal pay, wages and hours or any other employment related matter arising under applicable Laws.

Section 4.21 Taxes. Except as set forth in Section 4.21 of the Disclosure Schedules:

(a) All Tax Returns required to be filed by Seller for any Pre-Closing Tax Period have been, or will be, timely filed (taking into account applicable extensions of time to file). Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by Seller (whether or not shown on any Tax Return) have been, or will be, timely paid.

(b) No deficiency or proposed adjustment for any amount of Tax has been proposed, asserted or assessed by any Taxing Authority against the Seller or with respect to the Purchased Assets that has not been paid, settled or otherwise resolved. There is no proceeding, audit or other Action now pending, proposed or, to Seller's Knowledge, threatened against the Seller or with respect to the Purchased Assets with respect to any Taxes. There has not been, within the past five (5) calendar years, an examination or written notice of potential examination of the Tax Returns filed by or with respect to either the Seller or the Purchased Assets by any Taxing Authority.

(c) Seller has withheld and paid each Tax required to have been withheld and paid in connection with amounts paid or owing to any Employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(d) All deficiencies asserted, or assessments made, against Seller as a result of any examinations by any Taxing Authority have been fully paid.

(e) No claim has ever been made by any Taxing Authority in a jurisdiction where the Seller does not file Tax Returns that Seller or the Purchased Assets is or may be subject to taxation by that jurisdiction.

(f) There are no Encumbrances for Taxes upon any of the Purchased Assets nor is any Taxing Authority in the process of imposing any Encumbrances for Taxes on any of the Purchased Assets (other than statutory liens for current Taxes not yet due and payable).

(g) Seller is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2. Nor a "united States real property holding corporation" within the meaning of Section 897(c)(2) of the Code.

(h) Seller is not, and has not been, a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011 4(b), and Seller is not, and has not been a party to a "listed transaction" within the meaning of Section 6707A of the Code.

(i) Seller is not a party to any Tax allocation, sharing, indemnity, or reimbursement agreement or arrangement, and is not liable for the Taxes of any other Person as a transferee or successor, or by contract.

(j) Seller has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to any Tax or any Tax assessment or deficiency, which waiver or extension is currently in effect.

(k) None of the Purchased Assets is tax-exempt use property within the meaning of Section 168(h) of the Code.

Section 4.22 Brokers. Except for the Broker, as set forth on Section 4.22 of the Disclosure Schedules, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Seller.

Section 4.23 Stimulus Funds, Etc.

(a) There are no CARES Act stimulus fund programs or other programs related to the COVID-19 pandemic in which any of the Owner Parties are participating.

(b) The Seller has not applied for or taken any Paycheck Protection Program Loan.

(c) None of the Owner Parties has deferred any Taxes under the authority of Section 2302 of the CARES Act.

Section 4.24 Full Disclosure. No representation or warranty by any Owner Party in this Agreement and no statement contained in the Disclosure Schedules to this Agreement or any certificate or other document furnished or to be furnished to Buyer pursuant to this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements contained therein, in light of the circumstances in which they are made, not misleading.

Section 4.25 Disclaimer of Warranties. EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ARTICLE IV OF THIS AGREEMENT (AS MODIFIED BY THE DISCLOSURE SCHEDULES HERETO, AS THE SAME MAY BE OWNER PARTIES EXPRESSLY DISCLAIM ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, STATUTORY, EXPRESS OR IMPLIED, INCLUDING AS TO THE CONDITION, VALUE, QUALITY, PROJECTION, FORECAST OR INFORMATION OF THE BUSINESS OR THE SELLER OR THE ASSETS OF THE BUSINESS OR THE SELLER, OR ANY PART THEREOF, AND THE OWNER PARTIES SPECIFICALLY DISCLAIM ANY REPRESENTATION OR WARRANTY OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS, AND ANY REPRESENTATION OR WARRANTY ARISING FROM ANY COURSE OF DEALING, USAGE OR TRADE PRACTICES. OTHER THAN AS EXPRESSLY SET FORTH HEREIN, THE OWNER PARTIES MAKE NO REPRESENTATIONS OR WARRANTIES TO THE BUYER OR ANY OF ITS AFFILIATES REGARDING THE PROBABLE SUCCESS OR PROFITABILITY OF THE BUSINESS OR THE PURCHASED ASSETS.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller that the statements contained in this Article V are true and correct as of the date hereof.

Section 5.1 Organization of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware.

Section 5.2 Authority of Buyer. Buyer has full corporate power and authority to enter into this Agreement and the other Transaction Documents to which Buyer is a party, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Buyer of this Agreement and any other Transaction Document to which Buyer is a party, the performance by Buyer of its obligations hereunder and thereunder and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer, and (assuming due authorization, execution and delivery by Seller) this Agreement constitutes a legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms. When each other Transaction Document to which Buyer is or will be a party has been duly executed and delivered by Buyer (assuming due authorization, execution and delivery by each other party thereto), such Transaction Document will constitute a legal and binding obligation of Buyer enforceable against it in accordance with its terms.

Section 5.3 No Conflicts; Consents. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the certificate of incorporation, by-laws or other organizational documents of Buyer; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to Buyer; or (c) require the consent, notice or other action by any Person under any Contract to which Buyer is a party. No consent, approval, Permit, Governmental Order, declaration or filing with, or notice to, any Governmental Authority is required by or with respect to Buyer in connection with the execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby.

Section 5.4 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any other Transaction Document based upon arrangements made by or on behalf of Buyer.

Section 5.5 Legal Proceedings. There are no Actions pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. No event has occurred or circumstances exist that may give rise or serve as a basis for any such Action.

Section 5.6 Buyer's Investigation and Reliance. ARTICLE VITHE BUYER IS A SOPHISTICATED PURCHASER AND HAS MADE ITS OWN INDEPENDENT INVESTIGATION, REVIEW AND ANALYSIS REGARDING THE BUSINESS AND THE TRANSACTIONS CONTEMPLATED HEREBY, WHICH INVESTIGATION, REVIEW AND ANALYSIS WERE CONDUCTED BY THE BUYER TOGETHER WITH EXPERT ADVISORS THAT IT HAS ENGAGED FOR SUCH PURPOSE. THE BUYER HAS BEEN PROVIDED WITH FULL AND COMPLETE ACCESS TO THE REPRESENTATIVES, PROPERTIES, OFFICES, AND OTHER FACILITIES, BOOKS AND RECORDS OF THE SELLER AND OTHER INFORMATION THAT THEY HAVE REQUESTED IN CONNECTION WITH THEIR INVESTIGATION OF THE BUSINESS AND THE TRANSACTIONS CONTEMPLATED HEREBY. THE BUYER IS NOT RELYING ON ANY STATEMENT, REPRESENTATION OR WARRANTY, ORAL OR WRITTEN, EXPRESS OR IMPLIED, MADE BY ANY OWNER PARTY, EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE IV, THE DISCLOSURE SCHEDULES, AND THE OTHER TRANSACTION DOCUMENTS. NO OWNER PARTY IS MAKING, DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO ANY ESTIMATES, PROJECTIONS OR FORECASTS INVOLVING THE BUSINESS. THE BUYER ACKNOWLEDGES THAT THERE ARE INHERENT UNCERTAINTIES IN ATTEMPTING TO MAKE SUCH ESTIMATES, PROJECTIONS, AND FORECASTS AND THAT IT TAKES FULL RESPONSIBILITY FOR MAKING ITS OWN EVALUATION OF THE ADEQUACY AND ACCURACY OF ANY SUCH ESTIMATES, PROJECTIONS, OR FORECASTS (INCLUDING THE REASONABLENESS OF THE ASSUMPTIONS UNDERLYING ANY SUCH ESTIMATES, PROJECTIONS AND FORECASTS). THE BUYER ACKNOWLEDGES THAT, SHOULD THE CLOSING OCCUR, THE BUYER SHALL ACQUIRE THE PURCHASED ASSETS WITHOUT ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THEIR RESPECTIVE ASSETS, ON AN "AS IS" AND "WHERE IS" BASIS, EXCEPT AS EXPRESSLY SET FORTH IN ARTICLE IV AND THE DISCLOSURESCHEDULES.

ARTICLE VI
COVENANTS

Section 6.1 [Reserved].

Section 6.2 Confidentiality. Without the prior written consent of Buyer, none of the Owner Parties, directly or indirectly, shall disclose (and will direct its representatives not to disclose) any Confidential Information. The term "**Confidential Information**" means any information of or relating to the Buyer, the Seller, the Purchased Assets or the Assumed Liabilities not generally known to the public (other than as a result of disclosure in violation of this Agreement) in spoken, printed, electronic or any other form or medium, including, but not limited to, business processes, practices, methods, policies, plans, publications, documents, research, operations, services, strategies, techniques, agreements, Contracts, transactions, potential transactions, know-how, trade secrets, databases, manuals, records, supplier information, financial information, accounting information, legal information, marketing information, pricing information, payroll information, personnel information, patient information, patient lists and supplier lists.

Section 6.3 Non-competition; Non-solicitation.

(a) In consideration for, and as a necessary condition of the sale and contribution of the Assets, and to assure that Buyer will realize the benefits of the acquisition of the Assets, Owner Parties in their capacities as sellers or contributors of the Assets and not as employees and Buyer acknowledges and agree that the covenants in this Section are necessary to protect the legitimate business interests of Buyer, are reasonable with respect to duration, geographical area, and proscription and will not prevent Owner Parties from practicing his, her or its profession or earning a living. Therefore, the Owner Parties agree that for a period of five (5) years following the Closing Date, none of Owner Parties nor any of their respective Affiliates shall, directly or indirectly:

(b) Engage in or participate in or be involved in any capacity, or own any shares or interests in, manage, operate, control, finance, Contract with, or be employed or engaged by or associated with, serve in any capacity or provide services or advice nor lend or permit their name to be used in connection with any business, enterprise, facility or other Person that participates in (a) any business that engages in the Business; or (b) any business that deals in any of the products and services sold, manufactured, or distributed by the Business as of the Closing, within North America or anywhere else worldwide in which the Buyer engages in such Competitive Businesses Activities. For purposes of this Agreement, the term "participate in" shall include, without limitation, having any direct or indirect interest in any Person, whether as a sole proprietor, owner, stockholder, partner, joint venturer, creditor or otherwise, or rendering any direct or indirect service or assistance to any individual, corporation, partnership, joint venture and other business entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise). Ownership of five percent (5%) or less of any class of securities of a Person whose securities are registered under the Exchange Act will not be deemed to be a violation of this Section 6.3.

(c) Solicit, or induce or attempt to solicit or induce any person, who at such time is or, at any time during the five (5) year period immediately preceding such solicitation, inducement, or attempt, was an employee, independent contractor, or agent of Buyer or any Owner Party (each, a "**Protected Party**"), to terminate his, her, or its employment or other relationship with such Protected Party or otherwise interfere with such employment or other relationship, or directly or indirectly employ, hire, provide work to, or retain the services of any such person;

(d) Solicit or induce or attempt to solicit or induce any Person, who is or was a customer, supplier, vendor, distributor, or other business relation of any Protected Party, to cease, reduce, or adversely modify its manner of, doing business with such Protected Party, or in any way adversely interfere with the relationship between any supplier, vendor, distributor or other business relation, on the one hand, and such Protected Party, on the other hand.

(e) If any provision contained in this Section 6.3 shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Section 6.3, but this Section shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. It is the intention of the Parties that if any of the restrictions or covenants contained herein is held to cover a geographic area or to be for a length of time which is not permitted by applicable Law, or in any way construed to be too broad or to any extent invalid, such provision shall not be construed to be null, void and of no effect, but to the extent such provision would be valid or enforceable under applicable Law, a court of competent jurisdiction shall construe and interpret or reform this to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained herein) as shall be valid and enforceable under such applicable Law.

Section 6.4 Mutual Non-Disparagement. Each of the Parties, together with their respective Affiliates, agents and representatives, shall not, directly or indirectly, publish on any medium (including any social media platform or internet site) or communicate to any person or entity any disparaging remarks, comments, or statements (including any false remarks, comments, or statements) which impugn the character, honesty, or integrity of any other Party or their respective affiliates, successors, or assigns, or any of their respective members, shareholders, directors, officers, employees, professionals, or agents, or (b) take any action that would tend to diminish the value of the Assets or the Business on and after the Closing Date or that would interfere with the business of any of the Parties to be engaged in on and after the Closing Date.

Section 6.5 Public Announcements. Unless otherwise required by applicable Law (based upon the reasonable advice of counsel), none of the Owner Parties shall make any public announcements in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the Buyer.

Section 6.6 Bulk Sales Laws. The parties hereby waive compliance with the provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Purchased Assets to Buyer; it being understood that any Liabilities arising out of the failure of Seller to comply with the requirements and provisions of any bulk sales, bulk transfer or similar Laws of any jurisdiction which would not otherwise constitute Assumed Liabilities shall be treated as Excluded Liabilities.

Section 6.7 Receivables. From and after the Closing, if Seller or any of its Affiliates receives or collects any funds relating to any accounts receivable pertaining to the post-Closing period or any other Purchased Asset, Seller or its Affiliate shall remit such funds to Buyer within five (5) Business Days after its receipt thereof. From and after the Closing, if Buyer or its Affiliate receives or collects any funds relating to any accounts receivable pertaining to the pre-Closing period or any other Excluded Asset, Buyer or its Affiliate shall remit any such funds to Seller within five (5) Business Days after its receipt thereof.

Section 6.8 Tax Matters.

(a) Transfer Taxes. Seller shall be responsible for, and shall pay, all Transfer Taxes resulting from the transactions contemplated by this Agreement (other than any state sales tax which Seller and Buyer shall divide evenly and pay). Buyer and Seller shall (and Owner Parties shall cause Seller to) cooperate in timely making all filings, returns, reports and forms as may be required to comply with the provisions of applicable Laws in connection with the payment of any such Taxes described in the immediately preceding sentence. Buyer and Seller shall (and Owner Parties shall cause Seller to) cooperate in providing each other with appropriate resale exemption certification and other similar tax and fee documentation.

(b) Cooperation. Buyer and Seller shall (and Owner Parties shall cause Seller to) cooperate fully with, and as and to the extent reasonably requested by, the other in connection with the preparation and filing of any Tax Return, statement, report or form or any audit, litigation or other similar proceeding with respect to Taxes. Such cooperation shall include the retention of all Tax Returns (including supporting work papers) and (upon request) the provision of records and information which are reasonably relevant to any such audit, litigation or similar proceeding or any tax planning. Seller shall (and Owner Parties shall cause Seller to) (i) retain for the period required by applicable Law all Tax Returns and other records with respect to Tax matters pertinent to Seller relating to any taxable period or portion thereof ending prior to the Closing Date, and to abide by all record retention agreements entered into with any Taxing Authority, and (ii) give Buyer reasonable written notice prior to destroying or discarding any such records and in such case, if Buyer so requests, allow Buyer to take possession of such Tax Returns and other records.

(c) Proration of Taxes. All ad valorem personal property and similar Taxes, if any, relating to the Purchased Assets which shall have accrued and become payable prior to the Closing Date shall be paid by Seller. All such Taxes relating to periods beginning before and ending after the Closing Date (without regard to the lien, status or assessment date) shall be prorated between Buyer and Sellers by multiplying the amount of the tax attributable to the period encompassing the Closing Date by a fraction, the numerator of which is the number of days in the portion of the period and the denominator of which is the total number of days in the entire period.

Section 6.9 Name Change. Seller hereby acknowledges that following the Closing, it shall have no rights in the name "LuckyTail". Except in connection with routine corporate filings and preparation of Tax returns, Seller shall not conduct business under the foregoing name or otherwise use any similar words that would raise a reasonable likelihood of confusion with such term for any purpose.

Section 6.10 Prorations. Utilities, rents, payments to vendors (other than with respect to Inventory), and other expenses related to the operation of the Business for periods within which the Closing Date falls, if any, will be prorated between Seller on the one hand, and Buyer on the other hand, as of the Closing Date. The parties will settle such expenses as mutually agreed upon, either as of, or as soon as reasonably practicable following the Closing Date, with Seller bearing the portion of such expenses allocable to all periods ending on or before the Closing Date, and Buyer bearing the portion of such expenses allocable to all periods following the Closing Date.

Section 6.11 Post Closing Covenants. On or before the date that is sixty (60) days after the Closing Date, Seller shall (i) effectuate the transfer to Buyer of all accounts, websites and other assets, set forth on Section 6.11 of the Disclosure Schedules, and (ii) execute and deliver to Buyer any transfer or assignment agreements reasonably requested by Buyer to effectuate the transfer of Seller's Intellectual Property Assets to Buyer.

Section 6.12 Further Assurances. Following the Closing, each of the parties hereto shall, and shall cause their respective Affiliates to, execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and give effect to the transactions contemplated by this Agreement and the other Transaction Documents.

ARTICLE VII
INDEMNIFICATION

Section 7.1 Survival. Notwithstanding the Closing of the transactions under this Agreement, the articles, sections, and representations and warranties in this Agreement and in any certificate, instrument or writing delivered by the Buyer or the Owner Parties at the Closing shall survive the Closing as follows:

(a) The representations and warranties in Section 4.21 (Taxes) and Section 4.19 (Employee Benefit Matters) (each a "**Regulatory Representation**") will survive until the date that is sixty (60) days after the expiration of the applicable statute of limitations with respect to the underlying claim;

(b) The representations and warranties in Section 4.1 (Organization and Qualification of Seller), Section 4.2 (Authority of Seller), Section 4.3 (No Conflicts; Consents), Section 4.8 (Title to Purchased Assets), Section 4.22 (Brokers), Section 5.1 (Organization of Buyer), Section 5.2 (Authority of Buyer), Section 5.3 (No Conflicts; Consents), and Section 5.4 (Brokers) shall survive indefinitely (each a "**Fundamental Representation**"); and

(c) All other representations and warranties contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing and shall remain in full force and effect until the date that is twelve (12) months after the Closing Date.

If a Party hereto gives notice of a breach or potential breach prior to Representation Survival Date, the Representation Survival Date for such claim shall be deemed extended until the final resolution of all claims related thereto. No proceeding arising out of, resulting from or in connection with the breach of any article, section, representation or warranty contained in this Agreement may be made by any Party hereto unless notice of such proceeding is given to the applicable Party prior to the applicable Representation Survival Date. All covenants and agreements of the Parties contained in this Agreement shall survive the Closing until fully performed or for the period explicitly specified therein. Notwithstanding anything to the contrary set forth in this Agreement, the rights and remedies under this Section 7.1 with respect to any proceeding for which written notice has been given prior to the applicable Representation Survival Date will survive until such proceeding has been resolved.

Section 7.2 Indemnification By Owner Parties. Subject to the other terms and conditions of this Article VII, Owner Parties, jointly and severally, shall indemnify and defend Buyer and each of its Affiliates and their respective Representatives (collectively, the "**Buyer Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Buyer Indemnitees based upon, arising out of, with respect to or by reason of:

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

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

(c) any (i) Taxes related to a Pre-Closing Tax Period, (ii) Taxes attributable to periods beginning before and ending after the Closing Date apportioned to the Seller under this Agreement, and (iii) Transfer Taxes owed by an Owner Party;

(d) any Excluded Asset or any Excluded Liability; or

(e) any Third Party Claim based upon, resulting from or arising out of the business, operations, properties, assets or obligations of Seller or any of its Affiliates (other than the Purchased Assets or Assumed Liabilities) conducted, existing or arising on or prior to the Closing Date.

Section 7.3 Indemnification By Buyer. Subject to the other terms and conditions of this Article VII, Buyer and Parent, jointly and severally, shall indemnify and defend each of Seller and its Affiliates and their respective Representatives (collectively, the "**Seller Indemnitees**") against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Seller Indemnitees based upon, arising out of, with respect to or by reason of:

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

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

(c) any Assumed Liability;

(d) any (i) Taxes related to a Post-Closing Tax Period, and (ii) Taxes attributable to periods beginning before and ending after the Closing Date apportioned to the Buyer under this Agreement; or

(e) the Buyer's operation of the Business, the Purchased Assets or any claim for services rendered by the Buyer or any Affiliates of Buyer from and after the Closing.

Section 7.4 [Reserved].

Section 7.5 Indemnification Procedures. The party making a claim under this Article VII is referred to as the "**Indemnified Party**", and the party against whom such claims are asserted under this Article VII is referred to as the "**Indemnifying Party**".

(a) Third Party Claims. If any Indemnified Party receives notice of the assertion or commencement of any Action made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a " **Third Party Claim**") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice of such Third Party Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Third Party Claim in reasonable detail. The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; *provided, that* if the Indemnifying Party is any one or more of the Owner Parties, such Indemnifying Party(ies) shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a Person that is a supplier or customer of the Business, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 7.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, *provided, that* if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 7.5(b), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third Party Claim. Seller and Buyer shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim, including making available (subject to the provisions of Section 6.6) records relating to such Third Party Claim and furnishing, without expense (other than reimbursement of actual out-of-pocket expenses) to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third Party Claim.

(b) Settlement of Third Party Claims. Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party, except as provided in this Section 7.5(b). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within thirty (30) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 7.5(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed).

(c) Direct Claims. Any Action by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "**Direct Claim**") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail. The Indemnifying Party shall have fifteen (15) days after its receipt of such notice to respond in writing to such Direct Claim. If the Indemnifying Party does not so respond within such fifteen (15) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 7.6 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article VII, the Indemnifying Party shall satisfy its obligations within five (5) Business Days of such final adjudication by wire transfer of immediately available funds. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such five (5) Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final adjudication and including the date such payment has been made at a rate per annum equal to five (5%) percent.

Section 7.7 Remedies; Right of Set Off. In addition to any other rights and remedies available to Buyer Indemnitees under applicable law, if Buyer Indemnitees have a right to indemnification under this Article VII, then Buyer Indemnitees may recover their undisputed Losses (the "**Offset Amounts**") from and against any payments which may become due to Seller from Buyer under this Agreement or the Transition Services Agreement. The amount of any Losses that are disputed in good faith by Seller shall be placed into third-party escrow until such Losses are agreed to by the Seller or finally adjudicated to be payable pursuant to this Article VII.

Section 7.8 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the parties as an adjustment to the Purchase Price for Tax purposes, unless otherwise required by Law.

Section 7.9 Effect of Investigation. The representations, warranties and covenants of the Indemnifying Party, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by reason of any investigation made by or on behalf of the Indemnified Party (including by any of its Representatives) or by reason of the fact that the Indemnified Party or any of its Representatives knew or should have known that any such representation or warranty is, was or might be inaccurate.

Section 7.10 Exclusive Remedy. Other than claims for fraud or willful misconduct, the indemnification provisions of this Article VII shall be the sole and exclusive remedy of the Indemnified Parties and their respective Affiliates with respect to claims under, or otherwise relating to the transactions that are the subject of, this Agreement, whether sounding in contract, tort, fraud, or otherwise. Without limiting the generality of the foregoing, in no event shall any party, its successors or permitted assigns be entitled to claim or seek rescission of the transactions contemplated by this Agreement. Each of the Parties hereto, on behalf of itself and its equity owners, directors, managers, officers, employees, and Affiliates, agrees not to bring any actions or proceedings, at Law, equity or otherwise, against any other Party or its and its equity owners, directors, managers, officers, employees, and Affiliates, in respect of any breach or alleged breach of any representation, warranty, covenant and agreement in this Agreement, except pursuant to the express provisions of this Article VII. Notwithstanding the foregoing restrictions, each Party to this Agreement shall be entitled to bring an action for injunctive or other equitable relief to enforce the terms of this Agreement, including specific performance, and no limitation or condition of liability provided in this Article VII shall apply to any claim arising from fraud or criminal misconduct by a Party.

Section 7.11 Buyer Knowledge. Notwithstanding anything to the contrary elsewhere in this Agreement, the Owner Parties shall not be liable under this Agreement for any Losses based upon or arising out of any inaccuracy in or breach of any of the representations or warranties of the Owner Parties contained in this Agreement if Buyer had knowledge of such inaccuracy or breach prior to the Closing.

Section 7.12 Insurance Proceeds and Other Recoveries. The amount of Losses recoverable by an Indemnified Party pursuant to this Article VII with respect to an indemnity claim shall be reduced by the amount of insurance proceeds or other amounts actually recovered by such Indemnified Party with respect to the Losses to which such indemnity claim relates, net of any expenses related to the receipt of such payment, including retrospective premium adjustments, if any, occasioned by such Losses; provided, that this Section 7.12 shall not be construed to require any Person to obtain any insurance coverage or to make a claim under any insurance coverage.

Section 7.13 Cooperation and Mitigation. The Indemnifying Party and the Indemnified Party shall reasonably cooperate with each other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party hereunder, including by making all reasonable best efforts to mitigate or resolve any such claim or liability. In the event that an Indemnified Party fails to make such reasonable best efforts to mitigate or resolve any such claim or liability, then notwithstanding anything else to the contrary contained herein, the Indemnifying Party shall not be required to indemnify the Indemnified Party for any Losses that would reasonably be expected to have been avoided if the Indemnified Party had made such efforts.

Section 7.14 Limitations on Indemnification.

(a) The Buyer Indemnitees shall have no right to recover any amounts pursuant to Section 7.2 until the total amount of such Losses incurred by the Buyer Indemnitees, in the aggregate, exceeds $20,000 (the "**Deductible**"), in which case the Buyer Indemnitees will be entitled to recover Losses in excess of the Deductible; provided, however, the Deductible shall apply not in the case of fraud or intentional misrepresentation.

(b) The aggregate liability of the Owner Parties for Losses under Section 7.2(a) shall not exceed $650,000 (the "**Standard Cap**"); provided, however, the foregoing Standard Cap shall not apply to a breach of the Fundamental Representations or in the case of fraud or intentional misrepresentation. The aggregate liability of the Owner Parties under Section 7.2, including for Losses in respect of a breach of a Fundamental Representations, shall not exceed the Purchase Price (the "**Indemnification Cap**"); provided, however, the foregoing Indemnification Cap shall not apply in the case of fraud or intentional misrepresentation.

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Termination. In addition to any other rights and remedies of Buyer under this Agreement or applicable law, in the event Seller fails to satisfy the covenant set forth in Section 6.11, Buyer may, by written notice to Seller, void this Agreement and all other Transaction Documents ab initio, in which case the Parties shall use their best efforts to promptly unwind all transactions set forth in this Agreement and the other Transaction Documents so as to put the Parties in the position the Parties were in prior to the Closing of the transactions set forth in this Agreement and the other Transaction Documents.

Section 8.2 Expenses. Except as otherwise expressly provided herein, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

Section 8.3 Specific Performance. The Parties agree that irreparable damage would occur if any provision of Section 6.2, Section 6.3, or Section 6.4 of this Agreement were not performed in accordance with the terms thereof and that the Parties shall be entitled to injunctive relief to prevent breaches of this Agreement and to enforce specifically the provisions of, in addition to any other remedy to which they are entitled at law or in equity. In particular, the Parties acknowledge that Buyer's operation of the Business is unique and recognize and affirm that in the event any Party breaches Section 6.2, Section 6.3, or Section 6.4, money damages could be inadequate and the other Parties could have no adequate remedy at law, so that the non-breaching Parties shall have the right, in addition to any other rights and remedies existing in its favor, to enforce its rights and the obligations of the other parties hereunder not only by action for damages, but also by action for specific performance, injunctive, and/or other equitable relief.

Section 8.4 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given (a) when delivered by hand (with written confirmation of receipt); (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by facsimile or e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next Business Day if sent after normal business hours of the recipient or (d) on the third day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 8.4):

If to Seller or Seller's Representative: Paneriu Street 39
Vilnius, Lithuania 03202
E-mail:
Attention: Gerbert Doronin Koltan

with a copy to: ECOMMERCE LAW GROUP
Facsimile:
E-mail:
Attention: Pinky Herao or Amelia Rendeiro Las Heras

If to Buyer or Parent: 17129 US Hwy 19 N
Clearwater, FL 33760
E-mail:
Attention: Andrew Norstrud, Chief Financial Officer

Dickinson Wright PLLC
350 East Las Olas Blvd., Ste. 1750
Ft. Lauderdale, FL 33301
E-mail:
Attention: Clint J. Gage

Section 8.5 Interpretation. For purposes of this Agreement, (a) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation"; (b) the word "or" is not exclusive; and (c) the words "herein," "hereof," "hereby," "hereto" and "hereunder" refer to this Agreement as a whole. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Disclosure Schedules and Exhibits mean the Articles and Sections of, and Disclosure Schedules and Exhibits attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The Disclosure Schedules and Exhibits referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein.

Section 8.6 Headings. The headings in this Agreement are for reference only and shall not affect the interpretation of this Agreement.

Section 8.7 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 8.8 Entire Agreement. This Agreement and the other Transaction Documents constitute the sole and entire agreement of the parties to this Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Agreement and those in the other Transaction Documents, the Exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of this Agreement will control.

Section 8.9 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. None of the Owner Parties may assign its rights or obligations hereunder without the prior written consent of the Buyer.

Section 8.10 No Third-party Beneficiaries. Except as provided in Article VII, this Agreement is for the sole benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

Section 8.11 Amendment and Modification; Waiver. This Agreement may only be amended, modified or supplemented by an agreement in writing signed by each party hereto. No waiver by any party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

Section 8.12 Governing Law; Arbitration.

(a) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction)

(b) The Parties will submit all disputes arising under this agreement to arbitration in London, England, before a single arbitrator of the American Arbitration Association ("AAA"). The arbitrator shall be selected by application of the rules of the AAA, or by mutual agreement of the Parties. No Party will challenge the jurisdiction or venue provisions as provided in this Section. Nothing contained herein shall effect either Party's right to seek and/or enforce equitable remedies, including, without limitation, injunctive relief, under this Agreement.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT OR THE OTHER TRANSACTION DOCUMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY TO THIS AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (B) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.10(c).

Section 8.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[SIGNATURE PAGE FOLLOWS]

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

BUYER:

UPEXI PET PRODUCTS, LLC,
a Delaware limited liability company

By: _____
Name: Andrew Norstrud
Title: Chief Financial Officer

OWNER PARTIES:

GA SOLUTIONS LLC,
a Delaware limited liability company

By: _____
Name: Gerbert Doronin Koltan
Title: President

_____
Gerbert Doronin Koltan, individually

_____
Andzej Sakevic, individually

SELLER'S REPRESENTATIVE:

_____
Gerbert Doronin Koltan

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

HAVZ, LLC	California limited liability company
Upexi Holdings, LLC	Delaware limited liability company
Infusionz Inc.	Nevada corporation
Infusionz LLC	Colorado limited liability company
Trunano Labs, Inc.	Nevada corporation
Grove Acquisition Subsidiary, Inc.	Nevada corporation
Interactive Offers, LLC	Delaware limited liability company
Upexi Enterprise, LLC	Delaware limited liability company
Cygnet Online, LLC	Delaware limited liability company
Vape Estate, Inc.	Nevada corporation
One Hit Wonder Holding, LLC	California limited liability company
One Hit Wonder, Inc.	California corporation
Stem Distribution, LLC	California limited liability company
SWCH, LLC	Delaware limited liability company
Cresco Management, LLC	California limited liability company
Upexi Pet Products, LLC	Delaware limited liability company
Upexi Property & Assets, LLC	Delaware limited liability company
Upexi 17129 Florida, LLC	Delaware limited liability company

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, 2022, of Upexi Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 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.

Date: September 28, 2022

/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, 2022 of Upexi, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; 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.

Date: September 28, 2022

/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, 2022, 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.

Date: September 28, 2022

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, 2022, 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.

Date: September 28, 2022

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