

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

FORM 10-Q

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

For the quarterly period ended **March 31, 2025**

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number **001-40535**

**UPEXI, INC.**

(Exact name of registrant as specified in its charter)

**Nevada**

(State or other jurisdiction of  
incorporation or organization)

**83-3378978**

(IRS Employer  
Identification No.)

**3030 North Rocky Point Drive  
Tampa, FL**

(Address of principal executive offices)

**33607**

(Zip Code)

**(701) 353-5425**

(Registrant's telephone number, including area code)

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

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

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated Filer

Smaller reporting company

Emerging growth company

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

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

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

As of May 14, 2025 the registrant had 37,253,373 shares of common stock, par value \$0.001 per share, outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Interim Condensed Consolidated Financial Statements</u>	4
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	34
<u>Item 4.</u>	<u>Controls and Procedures</u>	34

PART II - OTHER INFORMATION

<u>Item 1.</u>	<u>Legal Proceedings</u>	35
<u>Item 1A.</u>	<u>Risk Factors</u>	35
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	35
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	35
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>	35
<u>Item 5.</u>	<u>Other Information</u>	35
<u>Item 6.</u>	<u>Exhibits</u>	36
<u>SIGNATURES</u>		37

## **FORWARD-LOOKING STATEMENTS**

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

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

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

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

**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**UPEXI, INC.**

**Interim Unaudited Condensed Consolidated Financial Statements**

	<u>Page</u>
<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2025 (Unaudited) and June 30, 2024</a>	5
<a href="#">Condensed Consolidated Statements of Operations for the Three and Nine Months Ended March 31, 2025 and 2024 (Unaudited)</a>	6
<a href="#">Condensed Consolidated Statements of Stockholders' Equity for the Three and Nine Months Ended March 31, 2025 and 2024 (Unaudited)</a>	7
<a href="#">Condensed Consolidated Statements of Cash Flows for the Nine Months Ended March 31, 2025 and 2024 (Unaudited)</a>	8
<a href="#">Notes to the Unaudited Condensed Consolidated Financial Statements</a>	9

**UPEXI, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>March 31, 2025</b>	<b>June 30, 2024</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ 230,392	\$ 661,415
Accounts receivable, net	180,897	606,885
Inventory, net	1,324,540	1,431,556
Due from VitaMedica transition	-	212,358
Prepaid expenses and other receivables	232,328	502,188
Assets available for sale - Building	-	4,005,516
Purchase price receivable - VitaMedica	2,000,000	2,000,000
Purchase price receivable - E-core	-	2,000,000
Total current assets	<u>3,968,157</u>	<u>11,419,918</u>
Property and equipment, net	1,972,522	2,356,556
Intangible assets, net	182,300	239,871
Goodwill	848,854	848,854
Deferred tax asset	5,948,858	5,948,858
Digital assets	44,732	-
Other assets	192,122	278,435
Right-of-use asset, net	1,909,769	2,418,596
Total other assets	<u>11,099,157</u>	<u>12,091,170</u>
Total assets	<u>\$ 15,067,314</u>	<u>\$ 23,511,088</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,414,929	\$ 481,647
Accrued compensation	1,098,146	1,098,856
Deferred revenue	23,914	235,255
Accrued liabilities	223,535	736,407
Accrued interest	834,056	476,018
Acquisition payable	260,652	413,152
Related party advances, net	75,000	100,000
Current portion of note payable	420,000	-
Current portion of convertible notes payable	525,000	-
Current portion of related party note payable	375,000	-
Current portion of Cygnet subsidiary notes payable	5,380,909	5,447,565
Note payable on building for sale	-	2,634,538
Current portion of operating lease payable	165,060	1,031,714
Total current liabilities	<u>10,796,201</u>	<u>12,655,152</u>
Operating lease payable, net of current portion	1,844,233	1,732,606
Related party note payable	125,000	500,000
Note payable	140,000	557,429
Convertible notes payable	311,170	1,550,000
Total long-term liabilities	<u>2,420,403</u>	<u>4,340,035</u>
<b>Stockholders' equity</b>		
Preferred stock, \$0.001 par value, 100,000,000 shares authorized, and 25,000 and 25,000 shares issued and outstanding, respectively	150	25
Common stock, \$0.001 par value, 100,000,000 shares authorized, and 1,430,429 and 1,045,429 shares issued and outstanding, respectively	1,430	1,045
Additional paid in capital	55,467,290	53,374,444
Accumulated deficit	(53,618,160)	(46,859,613)
Total stockholders' equity attributable to Upexi, Inc.	<u>1,850,710</u>	<u>6,515,901</u>
Total stockholders' equity	<u>1,850,710</u>	<u>6,515,901</u>
Total liabilities and stockholders' equity	<u>\$ 15,067,314</u>	<u>\$ 23,511,088</u>

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

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

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2025	2024	2025	2024
<b>Revenue</b>				
Revenue	\$ 3,160,480	5,223,242	\$ 11,522,487	20,960,812
Cost of Revenue	1,601,374	3,955,559	4,059,207	9,696,598
Gross profit	<u>1,559,106</u>	<u>1,267,683</u>	<u>7,463,280</u>	<u>11,264,214</u>
<b>Operating expenses</b>				
Sales and marketing	1,039,299	1,275,974	3,030,687	4,578,950
Distribution costs	990,049	2,061,469	3,722,196	6,693,573
General and administrative expenses	2,642,654	1,790,611	5,558,934	4,953,300
Unrealized (gain) loss on digital assets	5,268	-	5,268	-
Share-based compensation	521,353	212,758	695,229	965,229
Amortization of acquired intangible assets	19,191	658,858	57,571	1,976,574
Depreciation	198,519	306,185	658,986	901,521
Lease impairment (gain on settlement)	(269,994)	-	(269,994)	289,969
	<u>5,146,339</u>	<u>6,305,855</u>	<u>13,458,877</u>	<u>20,359,116</u>
Loss from operations	<u>(3,587,233)</u>	<u>(5,038,172)</u>	<u>(5,995,597)</u>	<u>(9,094,902)</u>
<b>Other income (expense), net</b>				
Other	676	(10,376)	676	(30,063)
Interest (expense) income, net	(245,103)	(736,551)	(763,626)	(2,612,359)
Other income (expense), net	<u>(244,427)</u>	<u>(746,927)</u>	<u>(762,950)</u>	<u>(2,642,422)</u>
Loss on operations before income tax	(3,831,660)	(5,785,099)	(6,758,547)	(11,737,324)
Income tax benefit (expense)	<u>-</u>	<u>1,501,595</u>	<u>-</u>	<u>2,668,769</u>
<b>Net loss from continuing operations</b>	<u>(3,831,660)</u>	<u>(4,283,504)</u>	<u>(6,758,547)</u>	<u>(9,068,555)</u>
<b>Gain (loss) from the sale of:</b>				
Interactive Offers	-	(103,263)	-	237,670
	<u>-</u>	<u>(103,263)</u>	<u>-</u>	<u>237,670</u>
<b>Income (loss) on discontinued operations</b>				
Interactive offers	-	-	-	(193,040)
VitaMedica	-	81,978	-	239,908
E-core	-	186,177	-	871,098
<b>Income (loss) income from discontinued operations</b>	<u>-</u>	<u>268,155</u>	<u>-</u>	<u>917,966</u>
<b>Net income (loss) attributable to Upexi, Inc.</b>	<u>\$ (3,831,660)</u>	<u>(4,118,612)</u>	<u>\$ (6,758,547)</u>	<u>\$ (7,912,919)</u>
<b>Basic income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ (2.87)	\$ (4.19)	\$ (5.92)	\$ (8.75)
(Loss) income per share from discontinued operations	\$ -	\$ 0.26	\$ -	\$ 0.89
<b>Total income (loss) per share attributable to Upexi shareholders</b>	<u>\$ (2.87)</u>	<u>\$ (4.03)</u>	<u>\$ (5.92)</u>	<u>\$ (7.64)</u>
<b>Diluted income (loss) per share:</b>				
Income (loss) per share from continuing operations	\$ (2.87)	\$ (4.19)	\$ (5.92)	\$ (8.75)
(Loss) income per share from discontinued operations	\$ -	\$ 0.26	\$ -	\$ 0.89
<b>Total income (loss) per share attributable to Upexi shareholders</b>	<u>\$ (2.87)</u>	<u>\$ (4.03)</u>	<u>\$ (5.92)</u>	<u>\$ (7.64)</u>
Basic weighted average shares outstanding	<u>1,336,373</u>	<u>1,021,210</u>	<u>1,140,995</u>	<u>1,036,182</u>
Fully diluted weighted average shares outstanding	<u>1,336,373</u>	<u>1,021,210</u>	<u>1,140,995</u>	<u>1,036,182</u>

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

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

	<u>Preferred Stock Shares</u>	<u>Preferred Stock Par</u>	<u>Common Stock Shares</u>	<u>Common Stock Par</u>	<u>Additional Paid In Capital</u>	<u>Accumulated Deficit</u>	<u>Non- controlling Interest</u>	<u>Total Shareholders' Equity</u>
Balance, June 30, 2023	25,000	\$ 25	1,010,843	\$ 1,011	\$ 51,541,909	\$ (23,201,175)	\$ (505,147)	\$ 27,836,623
Issuance of stock and equity for purchase of Cygnet			4,505	5	162,722		505,147	667,874
Stock based compensation	-	-	-	-	421,887	-	-	421,887
Net loss for the three months ended September 30, 2023	-	-	-	-	-	(1,355,388)	-	(1,355,388)
Balance, September 30, 2023	25,000	\$ 25	1,015,348	\$ 1,016	\$ 52,126,518	\$ (24,556,563)	\$ -	\$ 27,570,996
Stock based compensation	-	-	-	-	330,584	-	-	330,584
Net loss for the three months ended December 31, 2023	-	-	-	-	-	(2,438,919)	-	(2,438,919)
Balance, December 31, 2023	25,000	\$ 25	1,015,348	\$ 1,016	\$ 52,457,102	\$ (26,995,482)	\$ -	\$ 25,462,661
Issuance of stock for conversion of debt	-	-	25,000	25	499,975	-	-	500,000
Stock based compensation	-	-	5,000	4	212,754	-	-	212,758
Net loss for the three months ended March 31, 2024	-	-	-	-	-	(4,118,612)	-	(4,118,612)
Balance, March 31, 2024	<u>25,000</u>	<u>\$ 25</u>	<u>1,045,348</u>	<u>\$ 1,045</u>	<u>\$ 53,169,831</u>	<u>\$ (31,114,094)</u>	<u>\$ -</u>	<u>\$ 22,056,807</u>
<b>2025</b>								
Balance, June 30, 2024	25,000	\$ 25	1,045,429	\$ 1,045	\$ 53,374,444	\$ (46,859,613)	\$ -	\$ 6,515,901
Stock based compensation	-	-	-	-	141,298	-	-	141,298
Net loss for the three months ended September 30, 2024	-	-	-	-	-	(1,625,577)	-	(1,625,577)
Balance, September 30, 2024	25,000	\$ 25	1,045,429	\$ 1,045	\$ 53,515,742	\$ (48,485,190)	\$ -	\$ 5,031,622
Stock based compensation					32,578			32,578
Net loss for the three months ended December 31, 2024						(1,301,310)		(1,301,310)
Balance, December 31, 2024	25,000	\$ 25	1,045,429	\$ 1,045	\$ 53,548,320	\$ (49,786,500)	\$ -	\$ 3,762,890
Issuance of preferred series A stock	125,000	125			324,875			325,000
Issuance of stock for the conversion of debt			385,000	385	849,615			850,000
Issuance of beneficial conversion feature and warrants					223,127			223,127
Stock based compensation					521,353			521,353
Net loss for the three months ended March 31, 2025						(3,831,660)		(3,831,660)
Balance, March 31, 2025	<u>150,000</u>	<u>\$ 150</u>	<u>1,430,429</u>	<u>\$ 1,430</u>	<u>\$ 55,467,290</u>	<u>\$ (53,618,160)</u>	<u>\$ -</u>	<u>\$ 1,850,710</u>

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

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

	<b>Nine Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows from operating activities</b>		
Net loss from operations	\$ (6,758,547)	\$ (7,912,922)
Adjustments to reconcile net loss from continuing operations to net cash (used in) provided by operating activities:		
Depreciation and amortization	716,557	2,635,560
Amortization of loan costs	11,868	81,602
Amortization of consideration discount	358,038	900,339
Change in deferred tax asset	-	(2,668,769)
Inventory write off for Amazon Inventory	499,924	-
Provision for credit losses for Amazon receivable	554,260	-
Reduction of acquisition payable	(152,500)	-
Unrealized (gain) loss on digital assets	5,268	-
Lease impairment (gain on settlement)	(269,994)	-
Stock based compensation	695,229	965,229
Changes in assets and liabilities, net of acquired amounts		
Accounts receivable	(128,272)	459,747
Inventory	(392,908)	2,251,230
Prepaid expenses and other assets	491,578	642,111
Operating lease payable	23,794	301,492
Accounts payable and accrued liabilities	419,700	(1,333,894)
Deferred revenue	(211,341)	(22,431)
Net cash used in by operating activities - Continuing Operations	(4,137,346)	(3,700,706)
Net cash provided by operating activities - Discontinued Operations	-	879,614
Net cash used in operating activities	(4,137,346)	(2,821,092)
<b>Cash flows from investing activities</b>		
Proceeds from the sale of the building, net	4,005,516	-
Proceeds from the sale of E-core	2,000,000	-
Proceeds from the sale of Interactive Offers, net of liabilities paid	-	147,592
Acquisition and sale of digital assets	(50,000)	-
Acquisition of Cygnet Online LLC, net	-	(500,000)
Acquisition of property and equipment	(197,999)	(663,057)
Net cash provided by (used in) investing activities - Continuing Operations	5,757,517	(1,015,465)
Net cash (used in) investing activities - Discontinued Operations	-	(70,000)
Net cash provided by (used in) investing activities	5,757,517	\$ (1,085,465)
<b>Cash flows from financing activities</b>		
Payment on acquisition notes payable	-	(280,972)
Payment on acquisition notes payable for E-core	-	(3,184,089)
Issuance of preferred stock series A	325,000	-
Repayment of Cygnet notes payable	(66,656)	-
Proceeds from related party advance	75,000	-
Proceeds from issuance of convertible notes	350,000	-
Repayment of related party advance	(100,000)	-
Repayment on note payable on building	(2,634,538)	(180,887)
Net cash used in financing activities - Continuing Operations	(2,051,194)	(3,645,948)
Net cash (used in) provided by financing activities - Discontinued Operations	-	3,284,532
Net cash used in financing activities	(2,051,194)	(361,416)
<b>Net decrease in cash - Continuing Operations</b>	<b>\$ (431,023)</b>	<b>\$ (8,362,119)</b>
<b>Net (decrease) increase in cash - Discontinued Operations</b>	<b>\$ -</b>	<b>\$ 4,094,146</b>
<b>Cash, beginning of period</b>	<b>\$ 661,415</b>	<b>\$ 4,492,291</b>
<b>Cash, end of period</b>	<b>\$ 230,392</b>	<b>\$ 224,318</b>
<b>Supplemental Cash Flow Disclosures</b>		
Interest paid	\$ 329,102	\$ 1,505,162
Income tax paid	\$ -	\$ -
<b>Non-cash Investing and Financing Activities</b>		
Issuance of common stock for acquisition of Cygnet	\$ -	\$ 162,727
Issuance of common stock for the repayment of convertible note payable	\$ 850,000	\$ 500,000
Issuance of debt for acquisition of Cygnet	\$ -	\$ 300,000
Bloomios non-cash payment of receivables, net	\$ -	\$ 845,443

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

**UPEXI, INC.**

**Notes to Unaudited Condensed Consolidated Financial Statements**

**Note 1. Background Information**

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

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

The following subsidiaries had no activity during the three and nine months ended March 31, 2025 and 2024:

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

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

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

In addition, the Company has six wholly owned subsidiaries that had no activity during the years ended March 31, 2025 and 2024. All of the entities were dissolved or cancelled as of March 31, 2025.

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

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

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

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

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

**Gummy Labs, LLC** operates manufacturing and/or distribution centers in Odessa, Florida, supporting our health and wellness products, including those products manufactured with hemp ingredients and our overall distribution operations. We have continued to manage these operations with corporate focus on larger opportunities that have warranted the majority of corporate focus and investments for the future. While in Nevada, the business operated under the corporation HAVZ, LLC d/b/a/ Steam Wholesale.

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

## **Note 2. Significant Accounting Policies**

The accompanying condensed consolidated financial statements do not include any adjustments related to the recoverability or classification of asset-carrying amounts or the amounts and classification of liabilities that may result should the Company be unable to continue as a going concern.

The significant accounting policies followed are:

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

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

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

**Accounts Receivable** - Amounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within a specified time from the invoice date. The trade terms vary based on the customer and typically range from prepaid to 45 days from the invoice date. Interest is not charged by the Company on past due accounts. The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The net accounts receivable balances at March 31, 2025, June 30, 2024, and July 1, 2023 were \$180,897, \$ 606,885, and \$2,046,700, respectively. Based on management's review of accounts receivable, the valuation allowance was approximately \$591,600 at March 31, 2025 and \$61,750 at June 30, 2024, and \$148,600 at July 1, 2023, respectively. The Company had bad debt expenses of \$773,915 for the three and \$783,915 nine months ended March 31, 2025 and \$0 for the three and 6,000 nine months March 31, 2024. Management increased the reserves for accounts receivable by \$554,260 during the nine months ended March 31, 2025 and wrote off approximately \$219,600 of accounts receivable balances.

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

**Digital Assets** - In accordance *Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* ("ASU 2023-08"). ASU 2023-08 requires in-scope crypto assets to be measured at fair value in the statement of financial position, with gains and losses from changes in the fair value of such crypto assets recognized in net income each reporting period. ASU 2023-08 also requires certain interim and annual disclosures for crypto assets within the scope of the standard.

The Company adopted this guidance effective January 1, 2025 as this was the start of the first reporting period the Company had Crypto Assets.

**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 of 5 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.

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

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

The Company performed its annual test as of June 30, 2024 and 2023, respectively.

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

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

[Table of Contents](#)

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

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

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

*Right of Return:*

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

*Warranties:*

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

*Conditions of Acceptance:*

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

The following table discloses disaggregated revenue for the three months ended:

	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Primary geographical markets		
United States of America	\$ 3,116,889	\$ 5,045,330
Other	43,591	177,912
Total	\$ 3,160,480	\$ 5,223,242
Product source		
Internally manufactured	\$ 2,205,436	\$ 2,554,341
Contract manufactured	625,169	673,738
Purchased as finished good	229,875	1,995,164
Total	\$ 3,160,480	\$ 5,223,242

[Table of Contents](#)

The following table discloses disaggregated revenue for the nine months ended:

	<b>March 31, 2025</b>	<b>March 31, 2024</b>
Primary geographical markets		
United States of America	\$ 11,344,823	\$ 20,519,729
Other	177,664	441,083
Total	\$ 11,522,487	\$ 20,960,812
Product source		
Internally manufactured	\$ 7,049,894	\$ 8,377,195
Contract manufactured	2,038,348	2,219,111
Purchased as finished good	2,434,245	10,364,506
Total	\$ 11,522,487	\$ 20,960,812

*Contract Assets*

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

The following table discloses the deferred revenue:

	<b>March 31, 2025</b>	<b>June 30, 2024</b>
Deferred revenue	\$ 23,914	\$ 235,255

The deferred revenue or also referred to as funded backlog was \$0 at July 1, 2023. We expect to recognize 100% of the deferred revenue at March 31, 2025 and June 30, 2024, as revenue in the year ended June 30, 2025.

**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.

**Advertising** - The Company supports its products with advertising to build brand awareness of the Company's various products in addition to other marketing programs executed by the Company's marketing team. The Company believes continual investment in advertising is critical to the development and sale of its branded products. Advertising costs of \$491,510 and \$366,943 were expensed as incurred during the three months ended March 31, 2025 and 2024, respectively. Advertising costs of \$1,331,133 and \$1,463,550 were expensed as incurred during the nine months ended March 31, 2025, and 2024, respectively.

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

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

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

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

**Income Taxes** - Income taxes are provided for the tax effects of transactions reported in the condensed consolidated financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes. The deferred tax assets and liabilities represent the future tax consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. A valuation allowance is provided to reduce the deferred tax assets reported if based on the weight of the available positive and negative evidence, it is more likely than not some portion or all of the deferred tax assets will not be realized. At March 31, 2025 and June 30, 2024, there was a valuation allowance of approximately \$7,791,500 and a \$6,100,000 valuation allowance was recorded at March 31, 2025 and June 30, 2024, respectively.

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 condensed consolidated financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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

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

#### **Reverse Stock Split**

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

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

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

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

**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.

**Reclassifications** - Certain reclassifications have been made to the consolidated financial statements as of and for the three and nine months ended March 31, 2024 to conform to the presentation as of and for the nine months ended March 31, 2025.

**Basis of Presentation and Principles of Consolidation** - The Company's condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The condensed consolidated financial statements include the accounts of all subsidiaries in which the Company holds a controlling financial interest as of March 31, 2025 and June 30, 2024.

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

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

In December 2023, the FASB issued ASU No. 2023-09, Improvements to Income Tax Disclosures ("ASU 2023-09"). The amendments expand income tax disclosure requirements by requiring an entity to disclose (i) specific categories in the rate reconciliation, (ii) additional information for reconciling items that meet a quantitative threshold, and (iii) the amount of taxes paid disaggregated by jurisdiction. The Company adopted this guidance effective for the annual reporting period beginning January 1, 2025 (fiscal year ended June 30, 2026). The adoption of ASU 2023-09 will impact the Company's annual disclosures only.

In December 2023, the FASB issued ASU 2023-08, *Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets* ("ASU 2023-08"), which establishes accounting guidance for crypto assets meeting certain criteria. Solana meets these criteria. The amendments require crypto assets meeting the criteria to be recognized at fair value with changes recognized in net income each reporting period. Upon adoption, a cumulative-effect adjustment was made to the opening balance of retained earnings as of the beginning of the annual reporting period of adoption. ASU 2023-08 is effective for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years, with early adoption permitted. The Company elected to early adopt ASU 2023-08 for the year ended June 30, 2024, effective as of July 1, 2024. As a result of the adoption, the Company did not have cumulative-effect adjustment as the Company did not have any Crypto Assets prior to January 1, 2025. In the current period, Solana is being held fair value.

In November 2024, the FASB issued ASU 2024-03, "Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures." The ASU requires disclosure, in the notes to financial statements, of specified information about certain costs and expenses. The amendments require that at each interim and annual reporting period an entity: (1) disclose the amounts of (a) purchases of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and (e) depreciation, depletion, and amortization recognized as part of oil and gas-producing activities ("DD&A") (or other amounts of depletion expense) included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement within continuing operations that contains any of the expense categories listed in (a)–(e), (2) include certain amounts that are already required to be disclosed under current GAAP in the same disclosure as the other disaggregation requirements, (3) disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively, and (4) disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. An entity is not precluded from providing additional voluntary disclosures that may provide investors with additional decision-useful information. The ASU is effective for annual periods beginning after December 15, 2026, and interim report periods beginning after December 15, 2027. Early application of the amendment is permitted. The ASU should be applied either (1) prospectively to financial statements issued for reporting periods after the effective date of this ASU or (2) retrospectively to any or all prior periods presented in the financial statements. The Corporation is evaluating the effect that ASU 2024-03 will have on its condensed consolidated financial statements and related disclosures.

**Note 3. Inventory**

Inventory consisted of the following:

	<b>March 31, 2025</b>	<b>June 30, 2024</b>
Raw materials	\$ 595,488	\$ 465,535
Finished goods	729,052	966,021
	<u>\$ 1,324,540</u>	<u>\$ 1,431,556</u>

The Company writes off the value of inventory deemed excessive or obsolete. During the three months ended March 31, 2025, and March 31, 2024, the Company wrote off inventory valued at \$ 369,290 and \$107,384, net, respectively. During the nine months ended March 31, 2025, and March 31, 2024, the Company wrote off inventory valued at \$418,030 and \$67,928, net, respectively. The Company increased its inventory reserve by \$499,924 during the nine months ended March 31, 2025 and had inventory reserves at March 31, 2025, and June 30, 2024, of \$803,073 and \$605,470, respectively.

**Note 4. Property and Equipment**

	<b>March 31, 2025</b>	<b>June 30, 2024</b>
Furniture and fixtures	\$ 127,029	\$ 127,050
Computer equipment	98,735	112,397
Internal use software	570,645	570,645
Manufacturing equipment	2,062,703	1,927,974
Leasehold improvements	814,157	767,418
Vehicles	89,359	89,359
Property and equipment, gross	<u>3,762,628</u>	<u>3,594,844</u>
Less accumulated depreciation	(1,790,105)	(1,268,288)
	<u>\$ 1,972,522</u>	<u>\$ 2,356,556</u>

Depreciation expense for the three months ended March 31, 2025, and 2024 was \$198,519 and \$306,185, respectively.

Depreciation expense for the nine months ended March 31, 2025, and 2024 was \$658,986 and \$901,521, respectively.

**Note 5. Digital Assets**

The following table summarizes the Company’s digital asset holdings as of:

	<u>March 31, 2025</u>	<u>June 30, 2024</u>
Approximate number of Solana Tokens held	359	-
Digital asset carrying value	\$ 44,732	\$ -

The following table summarizes the Company’s digital asset purchases, losses (gains) on digital assets for the three months ended March 31, 2025 and for the three months ended March 31, 2024:

	<b>Three Months Ended March 31,</b>	
	<u>2025</u>	<u>2024</u>
Approximate number of Solana Tokens purchased	359	-
Digital asset purchases	\$ 50,000	\$ -
Unrealized (loss) on digital assets	\$ (5,268)	\$ -

The following table summarizes the Company’s digital asset purchases, losses (gains) on digital assets for the nine months ended March 31, 2025 and for the nine months ended March 31, 2024:

	<b>Nine Months Ended March 31,</b>	
	<u>2025</u>	<u>2024</u>
Approximate number of Solana Tokens purchased	359	-
Digital asset purchases	\$ 50,000	\$ -
Unrealized (loss) on digital assets	\$ (5,268)	\$ -

The Company did not sell any of its Digital Assets during the three and nine months ended March 31, 2025 or 2024, respectively. The Company valued the Solana Tokens at \$124.60 per token the market price on March 31, 2025.

**Note 6. Intangible Assets**

**Intangible assets as of March 31, 2025:**

	<b>Estimated Life</b>	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Customer relationships	4 years	\$ 1,834,692	\$ 1,834,692	\$ -
Trade name	5 years	383,792	201,492	182,300
Online sales channels	2 years	1,800,000	1,800,000	-
Vender relationships	5 years	6,000,000	6,000,000	-
		<u>\$ 10,018,484</u>	<u>\$ 9,836,184</u>	<u>\$ 182,300</u>

[Table of Contents](#)

For the three months ended March 31, 2025 and 2024, the Company amortized approximately \$19,191 and 2,195,079, respectively.

For the nine months ended March 31, 2025 and 2024, the Company amortized approximately \$57,571 and \$3,512,794, respectively.

**Intangible assets as of June 30, 2024:**

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

Future amortization of intangible assets on March 31, 2025 are as follows:

June 30, 2025	\$ 19,189
June 30, 2026	76,758
June 30, 2027	76,758
June 30, 2028	9,595
	<u>\$ 182,300</u>

**Note 7. Prepaid Expense and Other Current Assets**

Prepaid and other receivables consist of the following:

	<b>March 31, 2025</b>	<b>June 30, 2024</b>
Insurance	\$ 71,760	\$ 116,074
Prepayment to vendors	104,622	203,556
Deposits on services	10,000	25,550
Prepaid monthly rent	-	60,041
Subscriptions and services being amortized over the service period	39,750	32,500
Stock issued for prepaid interest on convertible note payable		64,320
Other receivables	6,196	147
Total	<u>\$ 232,238</u>	<u>\$ 502,188</u>

All prepaid expenses are expected to be expensed during the following 12 months from the reporting date.

## Note 8. Operating Leases

We have entered into various non-cancellable operating and finance lease agreements for certain of our offices, manufacturing, technology, and equipment. We determine if an arrangement is a lease, or contains a lease, at inception, and record the leases in our financial statements upon lease commencement, which is the date when the underlying asset is made available for use by the lessor. Our lease terms may include one or more options to extend the lease terms, for periods from one year to 20 years, when it is reasonably certain that we will exercise that option. As of March 31, 2025, no option to extend the lease was recognized as right-of-use (“ROU”) assets and lease liabilities. We have lease agreements with lease and non-lease components, and non-lease components are accounted for separately and not included in our ROU assets and corresponding liabilities. We have elected not to present short-term leases on the condensed consolidated balance sheet as these leases have a lease term of 12 months or less at lease inception.

During November 2019, the Company entered into a lease for a Nevada facility that commenced on November 13, 2019, and recorded a right of use asset and corresponding lease liability. The Company used 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. During the year ended June 30, 2024 the Company used the facility for ongoing operations and recognized approximately \$670,200 of expense during the year. The Company moved out of the facility in July 2024.

During May 2021, the Company entered into a lease for an additional Nevada facility that commenced on May 1, 2021, and recorded a right of use asset and corresponding lease liability. The Company used this leased facility for additional warehouse space. The minimum lease payments were \$34,956 and \$69,684 for the three and nine months ended March 31, 2024, respectively. The Company moved out of the facility in April of 2024 when the lease term ended.

During November 2018, the Company entered into a lease for equipment that commenced on November 1, 2018, and recorded a right of use asset and corresponding lease liability. Lease expenses were \$5,730 and \$5,730 for the nine months ended March 31, 2025 and 2024, respectively.

On April 1, 2022, the Company acquired Cygnet which had entered into a lease for a Florida facility that commenced on October 8, 2021, and Cygnet had recorded a right of use asset and corresponding lease liability. The lease was set to expire on October 8, 2026. The Company uses this leased facility for warehouse and office space. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. Lease expenses were \$33,022 and \$60,180 for the three and nine months ended March 31, 2024, respectively. The Company abandoned the facility in October of 2023 and recognized a lease impairment of \$289,969.

On March 15, 2023, the Company entered a lease for approximately 20,400 square feet of warehouse and office space, located in Tampa, Florida, to be used as the Company’s distribution center. The initial term of the lease is thirty-eight months and was not completed when the lease was signed. The Company moved into the facility in July 2023 and started operations. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. During the nine months ended March 31, 2025, the Company recognized approximately \$301,294 expense and approximately \$264,902 for the nine months ended March 31, 2024.

On July 25, 2023, the Company entered a lease for approximately 5,700 square feet of office space, located in Tampa, Florida, to be used as the Company’s corporate headquarters. The initial term of the lease is sixty-one months. During the nine months ended March 31, 2025, the Company recognized approximately \$171,013 of expense and \$96,071 expense for the nine months ended March 31, 2024.

On April 1, 2024, the Company entered into a lease agreement with MFA 2510 Merchant LLC, which is owned by our CEO, Allan Marshall. The lease is for approximately 10,000 square feet of warehouse and office space, located in Odessa, Florida for \$20,060 per month. The initial term of the lease is five years. The Company is responsible for real estate taxes, utilities, and repairs under the terms of certain of the operating leases and accounted for as non-lease components and not part of the ROU. The Company spent \$611,768 in leasehold improvements to prepare the facility for product manufacturing, which will be amortized over the five year lease term. Product manufacturing was at full capacity and fully moved from the Nevada facility as of August 1, 2024. During the nine months ended March 31, 2025, the Company recognized approximately \$239,832 of expense.

Operating leases are included in operating ROU assets, current and non-current operating lease liabilities, and finance leases are included in property, plant and equipment, accrued expenses and other current liabilities, and other liabilities on the condensed consolidated balance sheets. As of March 31, 2025, our finance leases are not material.

[Table of Contents](#)

The table below reconciles the undiscounted future minimum lease payments (displayed by year and in the aggregate) under noncancelable operating leases with terms of more than one year to the total operating lease liabilities recognized in the condensed consolidated balance sheet as of March 31, 2025:

2025	\$ 188,211
2026	770,004
2027	507,343
2028	486,733
2029	221,715
Total undiscounted future minimum lease payments	2,174,006
Less: Imputed interest	(164,713)
	2,009,293
Less: current portion	(165,060)
Present value of operating lease obligation	<u>\$ 1,844,233</u>

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of March 31, 2025 are:

Weighted average remaining lease term months	37
Weighted average incremental borrowing rate	5.0%

The Company's weighted average remaining lease term and weighted average discount rate for operating leases as of March 31, 2024 are:

Weighted average remaining lease term months	43
Weighted average incremental borrowing rate	5.0%

For the nine months ended March 31, 2025 and 2024, the components of lease expense, included general and administrative expenses and interest expense in the condensed consolidated statement of operations, are as follows:

	Three Months Ended March 31, 2025	Nine Months Ended March 31, 2025	Three Months Ended March 31, 2024	Nine Months Ended March 31, 2024
<b>Finance lease expense:</b>				
Amortization of ROU assets	\$ 185,148	\$ 555,444	\$ 173,405	\$ 514,955
Interest expense	24,993	80,781	22,639	73,341
Operating lease cost	3,750	11,279	3,745	12,436
Short-term lease expense	-	-	171,577	558,936
Variable lease expense	56,819	160,490	36,395	95,731
<b>Total lease cost</b>	<u>\$ 270,710</u>	<u>\$ 807,994</u>	<u>\$ 407,761</u>	<u>\$ 1,255,399</u>

**Note 9. Accrued Liabilities**

	March 31, 2025	June 30, 2024
Accrued professional fees	189,957	312,500
Accrued sales tax	36,445	28,539
Other accrued liabilities	(2,867)	395,368
	<u>\$ 223,535</u>	<u>\$ 736,407</u>

**Note 10. Convertible Promissory Notes and Notes Payable**

Convertible promissory notes and notes payable outstanding are summarized below:

	<u>Maturity Date</u>	<u>March 31, 2025</u>	<u>June 30, 2024</u>
<b>Convertible Notes:</b>			
Promissory Note, 21- month term, as amended, 18.11% interest payable with common stock and subordinate to the Convertible Notes. This note was amended as of November 15, 2023, extending the note to June 1, 2026 and adjusted the interest rate to 12%, paid in cash monthly.	June 1, 2026	\$ 700,000	\$ 1,550,000
2025 Convertible Notes, 24 month term, 3% interest and is convertible into the Company's common stock at a per share price of \$3.00 per common share. No payment of interest or principal is due until the end of the two year term if the loan is not converted. The loan also included a detachable warrant to purchase 116,668 shares of the Company's common stock at a per share price of \$3.00	March 7, 2027	350,000	-
Less current portion of notes payable		(525,000)	-
Unamortized discount on convertible note		(213,830)	
Notes payable, net of current portion and unamortized discount		<u>\$ 311,170</u>	<u>\$ 1,550,000</u>
<b>Notes payable, Cygnet subsidiary:</b>			
SBA note payable, 30-year term note, 6% interest rate and collateralized with all assets of the Company	October 6, 2021	3,694,720	3,761,376
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	1,000,290	1,002,221
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	685,899	683,968
Total		<u>\$ 5,380,909</u>	<u>\$ 5,447,565</u>
Notes payable, Cygnet subsidiary, current		<u>5,380,909</u>	<u>5,447,565</u>
Notes payable, Cygnet subsidiary, net of current		<u>\$ -</u>	<u>\$ -</u>
<b>Notes Payable on Building for sale:</b>			
Mortgage Loan, 10-year term note, 4.8% interest, collateralized by land and warehouse building	September 26, 2032	\$ -	\$ 2,634,538
<b>Note Payable:</b>			
Promissory Note, 21-month term note, 10% cash interest and subordinate to the Convertible Notes. This note was amended as of November 15, 2023, extending the note to June 1, 2026 and adjusted the interest rate to 12%, paid in cash monthly.	June 1, 2026	560,000	560,000
Notes payable, current		(420,000)	-
Discount on notes payable, current			-
Notes payable, current net of discount		<u>\$ 140,000</u>	<u>\$ 560,000</u>
Notes payable, long-term		140,000	560,000
Discount on notes payable, long-term			(2,571)
Notes payable, long-term, net		<u>\$ 140,000</u>	<u>\$ 557,429</u>
<b>Related Notes Payable:</b>			
Marshall Loan, 2-year term note, 12% cash interest, 3.5% PIK interest and subordinate to the Convertible Notes. November of 2023 extended to June 1, 2026 and interest was adjusted to 12% cash interest, paid monthly	June 1, 2026	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Discount on related party note payable, current		-	-
Notes payable, current, net of discount		<u>(375,000)</u>	<u>-</u>
Discount on related party note payable, long term		-	-
Notes payable, long term, net		<u>\$ 125,000</u>	<u>\$ 500,000</u>
Total convertible notes payable, acquisition notes payable, notes payable and related party note payable		<u>\$ 7,277,079</u>	<u>\$ 10,689,532</u>

[Table of Contents](#)

Future payments on notes payable are as follows as of March 31, 2025:

	<b>Note Payable</b>	<b>Related Party Note Payable</b>	<b>Convertible Notes</b>	<b>Cygnit Subsidiary Notes Payable</b>	<b>Total</b>
2025	\$ 420,000	\$ 375,000	\$ 525,000	\$ 5,380,909	\$ 6,700,910
2026	140,000	125,000	175,000	-	440,000
2027	-	-	350,000	-	350,000
	560,000	500,000	1,050,000	5,380,909	7,490,910
Note original discount	-	-	(213,830)	-	(213,830)
	\$ 560,000	\$ 500,000	\$ 836,170	\$ 5,380,909	\$ 7,277,079

In June 2022, the Company executed a promissory note with Allan Marshall, the Company's Chief Executive Officer, in the original principal amount of \$1,500,000 ("Marshall Loan"). The promissory note has a 2-year term and bears cash interest at the rate of 8.5% per annum with an additional PIK of 3.5% per annum. The promissory note provides for monthly payments of principal, on an even line 36-month basis, plus cash interest, with a balloon payment of all outstanding principal, cash interest, and PIK interest at maturity. The Company received and deposited the principal amount on July 31, 2022. On November 15, 2023, the Company executed an amendment to the promissory note with Mr. Marshall, providing for the payment of interest only for 18 months at an interest rate of 12% per annum and thereafter the amortization of the note over a 12-month period, starting in June of 2025. The principal currently outstanding is \$500,000. In addition to this, the Company issued Mr. Marshall a warrant to purchase up to 18,750 shares of the Company's common stock for five years at a per share price of \$22.00. The note has been classified as long-term in the condensed consolidated financial statements. \$1,000,000 of the promissory note was used by the investor in the purchase of VitaMedica.

On October 19, 2022, Upexi, Inc. (the "Company") and its indirect wholly owned subsidiary, Upexi 17129 Florida, LLC entered into a loan agreement, promissory note and related agreements with Professional Bank, a Florida state-chartered bank, providing for a mortgage on the Company's principal office in N. Clearwater, Florida. The Company received \$3,000,000 in connection with the transaction. The principal is to be repaid to Professional Bank over a term of ten years. The proceeds of the loan were utilized by the Company to pay down its loan facility with Acorn Capital, LLC in the amount of \$2,780,200. As of March 31, 2023, the Company was not in compliance with the debt service ratio. The Company received a forbearance agreement from the bank until June 30, 2024 to return to compliance of the debt service ratio of 1.25 to 1, until that time the Company will pay an interest rate of 10% instead of the contractual terms of 4.8% and has paid the original principal and adjusted interest through this report. The building was sold for \$4,300,000 on July 8, 2024.

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

On February 22, 2023, the Company executed a promissory note with an investor, in the original principal amount of \$2,150,000. In November of 2023, the Company executed an amendment to the promissory note with the investor, providing for the payment of interest only for 18 months at 12% per annum and thereafter the amortization of the note over a 12-month period, starting in June of 2025. The principal currently outstanding is \$2,150,000. In addition to this, the Company issued the investor a warrant to purchase up to 25,000 shares of the Company's common stock at a per share price of \$22.00. In addition, \$100,000 of the promissory note was used by the investor in the purchase of VitaMedica. Subsequent to December 31, 2024, the investor agreed to convert \$650,000 of the principal balance into 285,000 shares of the Company's common stock at an average price of \$2.28 per common share. The remaining principal at the time of this report is \$950,000.

On March 7, 2025, the Company executed a convertible note with two investors, in the original principal amount of \$350,000. The term of the note is two (2) years and has an interest rate of three (3) percent. There are no interest or principal payments due during the term of the note. All principal and interest not converted during the term of the note is payable on March 7, 2027. The convertible note and interest is convertible into the Company's common stock at \$3.00 per common share. Additionally, there were 116,668 warrant shares issued associated with these debt agreements. The warrants are classified as equity instruments and are not subject to remeasurement. At the time of issuance, the market price of the Company's common stock was \$2.74 per share.

In accordance with ASC 470-20, the Company allocated the proceeds between the debt, beneficial conversion feature (BCF) and the warrants based on their relative fair values. The fair value of the BCF and the warrants were calculated using the Black-Scholes option pricing model and had the following assumptions: expected volatility of 253%, risk-free interest rate of 3.99%, expected term of 2 years, and no expected dividends. The intrinsic values of the debt discount were \$107,262 and \$115,865, respectively. These balances were recorded as a debt discount, with a corresponding credit to Additional Paid-In Capital. The discounts are being amortized over the two-year term of the notes.

As of December 31, 2024, the unamortized debt discount related to the BCF and warrants was \$213,813. The amortization of the discount is included in interest expense in the consolidated statement of operations.

#### **Note 11. Related Party Transactions**

In June 2024, Allan Marshall, the Company's CEO advanced the Company \$100,000 to enable the Company to purchase equipment needed for the new warehouse facility. This advance was paid in July 2024. No interest or other fees were paid related to this transaction. Subsequent to December 31, 2024, Mr. Marshall advanced the Company \$400,000 to cover short term negative cash flow.

In March 2025, Allan Marshall purchased 125,000 shares of Series A preferred shares from the Company at a per share price of \$2.60 per preferred share. This purchase was settled through the cancellation of the \$400,000 advance previously mentioned. At March 31, 2025 there was \$75,000 of this advance remaining and was paid subsequent to the period end, March 31, 2025.

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

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

In June 2022, the Company entered into a promissory note with a member of management. The loan was for \$1,500,000 and has a two-year term with an interest rate of 8.5% per annum with an additional PIK of 3.5% per annum. On November 15, 2023, the Company executed an amendment to the promissory note with Mr. Marshall, providing for the payment of interest only for 18 months at an interest rate of 12% per annum and thereafter, the amortization of the note over a 12-month period, starting in June of 2025. \$1,000,000 of the principal was used as part of the VitaMedica purchase price. The principal outstanding and accrued interest at June 30, 2024 was \$500,000 and \$169,662, respectively. The accrued interest was paid in July of 2024. The principal outstanding and accrued interest at December 31, 2024 was \$500,000 and \$30,760, respectively. In addition, the Company issued Mr. Marshall a warrant to purchase up to 18,750 shares of the Company's common stock for five years at a per share price of \$22.00.

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

## **Note 12. Equity Transactions**

### ***Convertible Preferred Stock***

The Company has 150,000 shares of Preferred Stock issued and outstanding to Allan Marshall, CEO.

250,000 shares of 150,000 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.

On March 12, 2025, Allan Marshall purchased 125,000 shares of Series A preferred stock that is convertible into the Company's common stock at a ratio of 1 share 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***

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

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

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

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

During the three months ended March 31, 2025, the Company issued 350,000 shares of common stock to two different investors for the repayment of \$850,000 of outstanding debt. The weight average share price for the repayment of debt was approximately \$2.21 per common share issued.

Subsequent to March 31, 2025, the Company issued 83,333 shares of common stock as part of incentive-restricted stock grant to certain employees and consultants that vested. The shares were valued at \$287,432 or approximately \$3.45 per common share.

Subsequent to March 31, 2025, the Company issued 222,000 of restricted stock grants as part of incentive-plan stock grant to certain employees that will vest over time. None of these have vested and the shares were valued at \$506,160 or approximately \$2.28 per common share.

**Note 13. Stock Based Compensation**

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

A summary of stock option activity for the nine months ended March 31, 2025 is as follows:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Life (Years)</b>	<b>Aggregated Intrinsic Value</b>
Outstanding at June 30, 2024	217,490	\$ 57.40	5.83	\$ -
Exercised	-	-	-	-
Forfeited	(181,137)	58.51	-	-
Granted	85,000	3.46	9.22	-
Options outstanding at March 31, 2025	121,353	\$ 18.26	7.40	-
Options exercisable at March 31, 2025 (vested)	106,457	\$ 20.28	7.60	\$ -

A summary of stock option activity for the nine months ended March 31, 2024 is as follows:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Average Remaining Contractual Life (Years)</b>	<b>Aggregated Intrinsic Value</b>
Outstanding at June 30, 2023	241,964	\$ 66.20	6.23	\$ 1,342,280
Exercised	-	-	-	-
Forfeited	(26,000)	86.80	-	-
Granted	20,000	29.40	1	-
Options outstanding at March 31, 2024	235,964	\$ 67.20	5.44	-
Options exercisable at March 31, 2024 (vested)	227,868	\$ 58.40	5.50	\$ -

Stock-based compensation expense attributable to stock options was \$521,353 and \$212,758 for the three months ended March 31, 2025, and 2024, respectively. Stock-based compensation expense attributable to stock options was \$695,229 and \$965,229 for the nine months ended March 31, 2025, and 2024, respectively. As of March 31, 2025, there was approximately \$50,632 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was less than 90 days.

There were 85,000 stock options granted during the three and nine months ended March 31, 2025.

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 nine months ended March 31, 2025:

	<b>March 31, 2025</b>
Dividend rate	-
Risk free interest rate	4.31%
Expected term	5-10
Expected volatility	149%
Grant date stock price	\$ 3.46

[Table of Contents](#)

Subsequent to March 31, 2025, then Company granted 35,000 options under the 2019 Plan as amended. The Company granted the option with a 10 year term at a per share purchase price of 2.28 per common share. In addition, the Company granted

There were 262,231 shares available for issuance as of March 31, 2025, under the 2019 Plan as amended.

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 nine months ended March 31, 2024:

	<b>March 31, 2024</b>
Dividend rate	-
Risk free interest rate	3.95%
Expected term	1
Expected volatility	63%
Grant date stock price	\$ 29.40

**Note 14. Income Taxes**

The Company computed the year-to-date income tax provision by applying the estimated annual effective tax rate to the year-to-date pre-tax income and adjusted for discrete tax items in the period. For the three and nine months ended March 31, 2025 the Company reserved 100% of the benefit calculated as income tax benefit and calculated a benefit of \$988,500 and \$1,691,500 for the three and nine months March 31, 2025, respectively.

For the three and nine months ended March 31, 2025, the difference between the U.S. statutory rate and the Company's effective tax rate is due to the additional valuation allowance on the Company's deferred tax assets during the period. The income tax benefit for the three months and nine months ended March 31, 2025, was primarily attributable to federal and state income taxes and nondeductible expenses for an effective tax rate of approximately 25.8%. The income tax benefit for the three months and nine months ended March 31, 2024, was primarily attributable to federal and state income taxes and non-deductible expenses for an effective tax rate of approximately 24.5%.

Deferred tax assets and liabilities resulting from temporary differences in the recognition of income and expenses for tax and financial reporting purposes. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred taxes. Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. As of June 30, 2024 the Company performed an evaluation to determine whether a valuation allowance was needed. The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company also considered whether there was any currently available information about future years. The Company determined that it is more likely than not that the Company will have future taxable income. The Company used \$2,506,514 of the federal net operating loss carryover during the year ended June 30, 2022, however during the years ended June 30, 2024 and June 30, 2023 the federal net operating loss increased significantly and management recorded a valuation reserve of \$6,100,000. As of March 31, 2025 the Company had a valuation reserve of approximately \$7,791,500.

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

**Note 15. Risks and Uncertainties**

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

**Note 16. Discontinued Operations – Sale of Interactive Offers**

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

*Summary of discontinued operations:*

	<b>Three Months Ended March 31, 2024</b>	<b>Nine Months Ended March 31, 2024</b>
<b>Discontinued Operations</b>		
Revenue	\$ -	\$ 158,147
Cost of sales	\$ -	\$ 11,982
Sales, general and administrative expenses	\$ -	\$ 339,205
Depreciation and amortization	\$ -	\$ -
Income (loss) from discontinued operations	\$ -	\$ (193,040)
Accounts receivable net of allowance for doubtful accounts	\$ -	\$ -
Fixed assets, net of accumulated depreciation	\$ -	\$ -
Total assets	\$ -	\$ -
Total liabilities	\$ -	\$ -

**Note 17. Discontinued Operations – Sale of VitaMedica**

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

*Summary of discontinued operations:*

	<b>Three Months Ended March 31, 2024</b>	<b>Nine Months Ended March 31, 2024</b>
<b>Discontinued Operations</b>		
Revenue	\$ 2,673,744	\$ 6,708,021
Cost of sales	\$ 587,142	\$ 1,480,486
Sales, general and administrative expenses	\$ 1,888,490	\$ 4,694,350
Depreciation and amortization	\$ 115,896	\$ 353,646
Income (loss) from discontinued operations	\$ 81,978	\$ 239,908
Accounts receivable net of allowance for doubtful accounts	\$ 444,730	\$ 444,730
Fixed assets, net of accumulated depreciation	\$ 54,791	\$ 54,791
Total assets	\$ 4,901,950	\$ 4,901,950
Total liabilities	\$ 403,460	\$ 403,460

**Note 18. Discontinued Operations – Sale of E-Core**

*E-Core, Technology Inc. and its subsidiaries*

On August 1, 2024, the Company closed a sale transaction in which, effective as of June 30, 2024, it sold 100% of the outstanding stock of its wholly owned subsidiary E-Core Technology, Inc., a Florida corporation (d/b/a New England Technology, Inc.) (“E-core”), to E-Core Holdings, LLC, a Florida limited liability company (the “Buyer”) pursuant to the terms of an Agreement to Unwind Securities Purchase Agreement dated July 31, 2024 (the “Agreement”). The principals of the Buyer are the three individuals from whom the Company acquired E-core in October 2022. The purchase price in the transaction was \$2,000,000 paid by the Buyer to the Company at closing. In addition, in connection with the closing of the transaction (i) the Company was released as a guarantor from E-core’s commercial loan facility, and (ii) all subordinated promissory notes issued by the Company in connection with the Company’s initial acquisition of E-core were cancelled and any outstanding principal and interest thereunder was deemed paid in full. The Agreement contains standard representations and warranties, conditions to closing, and covenants, for a transaction of this nature.

Accordingly, the results of the business were classified as discontinued operations in our statements of operations and excluded from both continuing operations and segment results for all periods presented. Discontinued operations of E-core excluded in the condensed consolidated financial statements for the three and nine months ended March 31, 2024 are as follows:

*Summary of discontinued operations:*

	<b>Three Months Ended March 31, 2024</b>	<b>Nine Months Ended March 31, 2024</b>
<b>Discontinued Operations</b>		
Revenue	\$ 9,221,715	\$ 38,625,335
Cost of sales	\$ 7,606,275	\$ 33,168,260
Sales, general and administrative expenses	\$ 1,100,054	\$ 3,371,876
Depreciation and amortization	\$ 403,875	\$ 1,211,625
Other expenses	\$ 74,666	\$ 2,476
Income from discontinued operations	\$ 186,177	\$ 871,098
Accounts receivable net of allowance for doubtful accounts	\$ 4,219,460	\$ 4,219,460
Fixed assets, net of accumulated depreciation	\$ -	\$ -
Total assets	\$ 25,184,866	\$ 25,184,866
Total liabilities	\$ 5,471,259	\$ 5,471,259

**Note 19. Subsequent Events**

On April 24, 2025 the Company closed on a private placement offering to sell 35,970,383 shares of the Company’s common stock at an offering price of \$2.28 per share and pre-funded warrants to purchase 7,889,266 shares of common stock at an offering price of \$2.279 per share of the Company’s common stock that may be exercised at a per share price of \$0.0001. The Company received approximately \$92,586,000, net of broker fees, legal fees and other expenses incurred for the private placement.

Since March 31, 2025 the Company has purchased approximately 596,355 Solana Tokens with a cost based of approximately \$84,157,000.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

### **General Overview**

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

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

Our financial statements have been prepared assuming that we will continue as a going concern and, accordingly, do not include adjustments relating to the recoverability and realization of assets and classification of liabilities that might be necessary should we be unable to continue in operation.

We expect we will require additional capital to meet our long-term operating requirements. We expect to raise additional capital through, among other things, the sale of equity or debt securities.

For the three and nine months ended March 31, 2024, the condensed consolidated financial statements of Upexi, Inc. include all of the subsidiary accounts included in the condensed consolidated financial statements for the three and nine months ended March 31, 2024.

Interactive Offers, LLC a Delaware limited liability corporation; VitaMedica, a Nevada corporation; and E-Core Technology, Inc. d/b/a New England Technology, Inc. have been classified as discontinued operations for the three and nine months ended March 31, 2024 and the assets and liabilities have been classified as current assets, and liabilities of discontinued operations and assets held for sale on the balance sheets for March 31, 2024. There were no operations, assets or liabilities related to these discontinued operations for the three and nine months ended March 31, 2025.

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

### **Operating Segments**

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

### **Results of Operations**

The following summary of the Company’s operations should be read in conjunction with its unaudited condensed consolidated financial statements for the three months ended March 31, 2025 and 2024, which are included herein.

**Three Months Ended March 31, 2025 Compared to Three Months Ended March 31, 2024**

	<b>March 31</b>		<b>Change</b>
	<b>2025</b>	<b>2024</b>	
Revenue	\$ 3,160,480	\$ 5,223,242	\$ (2,062,762)
Cost of revenue	\$ 1,601,374	\$ 3,955,559	\$ (2,354,185)
Sales and marketing expenses	\$ 1,039,299	\$ 1,275,974	\$ (236,675)
Distribution costs	\$ 990,049	\$ 2,061,469	\$ (1,071,420)
General and administrative expenses	\$ 2,618,639	\$ 1,790,611	\$ 828,028
Other operating expenses	\$ 474,335	\$ 1,177,801	\$ (703,466)
Other expenses (income)	\$ (268,444)	\$ 754,668	\$ (1,023,112)
Net (loss) gain on the sale of business	\$ -	\$ (103,263)	\$ 103,263
Net income (loss) from discontinued operations	\$ -	\$ 268,155	\$ (268,155)
Net (loss) income from continuing operations	\$ (3,831,660)	\$ (4,118,612)	\$ 286,952

Revenues declined by \$2,062,762 or 39% to \$3,160,480 compared with revenue of \$5,223,242 in the same period last year. Approximately \$1,900,000 of the decline was related to the strategic shift away from recommerce business with the ongoing manufacturing and branded products remaining consistent. Management has augmented the overall strategy of the Company to focus on product sales, including the development, production and distribution of branded products.

Cost of revenue decreased by 2,354,185 or 60% compared with the same period last year. The cost of revenue decrease is directly related to the sales declines described above. The gross profit increased by approximately \$290,000 compared with the same period last year, and the gross profit margin increased approximately 25% to 49% compared to 24% from the same period last year. There were inventory reserves increases to account for the limited recovery of recommerce products that are not able to be sold through channels such as Amazon. Management expects the trend to continue with the focus on sales of branded products.

Sales and marketing expenses decreased by \$236,675 or 19% compared with the same period last year. The decrease in sales and marketing expenses was primarily related to the reduction of unnecessary agency expenses and a focused strategy on our core products.

Distribution costs decreased by \$1,071,420 or 52% compared with the same period last year. The decrease in distribution costs was primarily related to the overall decline in the recommerce revenue. Management will continue to reduce overall distribution costs with the consolidation of products and facilities.

General and administrative expenses increased by \$828,028 or 46% compared with the same period last year. Since the consolidation to Florida and other changes in the business, management has actively been reducing general and administrative costs. During the three months ended March 31, 2025 management reserved accounts receivables owed by Amazon that has been holding the funds for over 90 days. Management is unable to reasonably estimate the recovery of these funds and has place a full reserve on these amounts due. In addition, the Company has had significantly more legal and auditing costs during the period that are not expect to continue past June 30, 2025. Management expects that general and administrative expenses to return to normal levels as the restructuring of the operations is significantly complete as of May 1, 2025 and reserves have been already been increased to reserve assets that may not be fully realized.

Other operating expenses decreased by \$703,466 or 60%, compared with the same period last year. The decrease was primarily related to the impairment of intangibles at the end of the prior year, which drastically reduced amortization expense for the current period of acquired intangible assets and the decreased amortization of stock-based compensation.

Other expenses, which is primarily interest decreased by \$1,023,112 or 136% compared with the same period last year. The decrease in interest expense was primarily related to the elimination of the acquisition debt on continuing entities for E-core and VitaMedica in the prior year.

[Table of Contents](#)

A loss of \$103,263 was recognized on the sale of Interactive offers and there was net income from discontinued operations of \$81,978 and \$186,177 from VitaMedica and E-core, respectively for the three months ended March 31, 2024.

The Company had a net loss of \$3,831,660 for the three months ended March 31, 2025 compared to a loss of \$4,118,612 for the three months ended March 31, 2024. The decrease in the net loss is primarily related to the above-mentioned changes.

***Nine Months Ended March 31, 2025 Compared to Nine Months Ended March 31, 2024***

	March 31		Change
	2025	2024	
Revenue	\$ 11,522,487	\$ 20,960,812	\$ (9,438,325)
Cost of revenue	\$ 4,059,207	\$ 9,696,598	\$ (5,637,391)
Sales and marketing expenses	\$ 3,030,687	\$ 4,578,950	\$ (1,548,263)
Distribution costs	\$ 3,722,196	\$ 6,693,573	\$ (2,971,377)
General and administrative expenses	\$ 5,534,919	\$ 4,953,300	\$ 581,691
Other operating expenses	\$ 1,147,058	\$ 4,133,293	\$ (2,986,235)
Other expenses (income)	\$ (786,967)	\$ 26,347	\$ (813,314)
Net (loss) gain on the sale of business	\$ -	\$ 237,670	\$ (237,670)
Net income (loss) from discontinued operations	\$ -	\$ 917,966	\$ (917,966)
Net (loss) income from continuing operations	\$ (6,758,547)	\$ (7,912,919)	\$ 1,153,805

Revenues declined by \$9,438,325 or 45% to \$11,522,487 compared with revenue of \$20,960,812 in the same period last year. Approximately \$8,277,000 of the decline was related to the strategic shift away from recommerce business and approximately \$1,161,000 net decline in our branded products and manufacturing. Management expects that these declines are temporary as the primary factor was the transition and consolidation of the business to facilities in Florida. Management has augmented the overall strategy of the Company to focus on product sales, including the development, production and distribution of branded products.

Cost of revenue decreased by \$5,637,391 or 58% compared with the same period last year. The cost of revenue decrease is directly related to the sales declines described above. The gross profit decreased by approximately \$3,800,000 compared with the same period last year, although the gross profit margin increased approximately 11% to 64% compared to 54% from the same period last year. Management expects the trend to continue with the focus on sales of branded products.

Sales and marketing expenses decreased by \$1,548,263 or 34% compared with the same period last year. The decrease in sales and marketing expenses was primarily related to the reduction of unnecessary agency expenses and a focused strategy on our core products.

Distribution costs decreased by \$2,971,377 or 44% compared with the same period last year. The decrease in distribution costs was primarily related to the overall decline in the recommerce revenue. Management will continue to reduce overall distribution costs with the consolidation of products and facilities.

General and administrative expenses increased by \$581,691 or 12% compared with the same period last year. During the nine months ended March 31, 2025 there were costs associated with the change in strategy and management reserved accounts receivables owed by Amazon that has been holding the funds for over 90 days. Management is unable to reasonably estimate the recovery of these funds and has place a full reserve on these amounts due. In addition, the Company has had significantly more legal and auditing costs during the period that are not expect to continue past June 30, 2025. Management expects that general and administrative expenses to return to a more consistent level compared to operations as management is focused on the current treasury strategy and the restructuring and the redundant costs have been eliminated as of May 1, 2025.

[Table of Contents](#)

Other operating expenses decreased by \$2,986,235 or 72% compared with the same period last year. The decrease was primarily related to the impairment of intangibles at the end of the prior year, which drastically reduced amortization expense for the current period of acquired intangible assets, and the decreased amortization of stock-based compensation.

Other expenses, which is primarily interest decreased by \$813,314 or 3087% compared with the same period last year. The decrease in interest expense was primarily related to the elimination of the acquisition debt on continuing entities for the sale E-core and VitaMedica in the prior year.

The Company had a net loss of \$6,758,547 for the nine months ended March 31, 2025 compared to a loss of \$7,912,919 for the nine months ended March 31, 2024. The decrease in the net loss is primarily related to the above-mentioned changes.

**Liquidity and Capital Resources**

Working Capital

	<b>As of March 31, 2025</b>	<b>As of June 30, 2024</b>
Current assets	\$ 3,968,157	\$ 11,419,918
Current liabilities	10,796,201	12,655,152
Working capital	<u>\$ (6,828,044)</u>	<u>\$ (1,235,234)</u>

Cash Flows

	<b>Nine Months Ended March 31,</b>	
	<b>2025</b>	<b>2024</b>
Cash flows used in operating activities – continuing operations	\$ (4,137,346)	\$ (3,700,706)
Cash flows provided by (used in) investing activities – continuing operations	5,757,517	(1,085,465)
Cash flows used in financing activities – continuing operations	(2,051,194)	(3,645,948)
Cash flows provided by (used in) operating activities – discontinued operations	-	879,614
Cash flows (used in) investing activities – discontinued operations	-	(70,000)
Cash flows provided by (used in) financing activities – discontinued operations	-	3,284,532
Net decrease in cash during the period	<u>\$ (431,023)</u>	<u>\$ (4,267,973)</u>

On March 31, 2025, the Company had cash of \$230,392 a decrease of \$431,023 from June 30, 2024. The decrease in cash was primarily the operating losses, the increase in account receivable, decrease in deferred revenue and the increase in inventory. This was offset by the sale of the building and the collection of the purchase price for E-core.

Net cash from operating activities benefited from non-cash expenses of approximately \$2,690,000, which was offset by the significant losses during the period. The negative cash flow from operations was anticipated by management as the Company augmented the overall strategy of the Company to return the Company to cash flow positive and reduce expenses.

Net cash provided by investing activities for the nine months ended March 31, 2025 was \$5,757,517. For the nine months ended March 31, 2025 the primary cash provided was the sale of the building and the collection of the purchase price for E-core.

## [Table of Contents](#)

Net cash flows used in financing activities for the nine months ended March 31, 2025 was \$2,051,194 compared to \$3,645,948 used during the nine months ended March 31, 2024, which was primarily offset by the cash provided by financing activities of discontinued operations. The loan on the building of \$2,634,538 was repaid during the nine months ended March 31, 2025 and the Company received cash for the sale of Series A preferred stock and obtaining additional debt. The Company was also able to eliminate debt by issuing stock to the debt holders.

On April 24, 2025 the Company closed on a private placement offering to sell 35,970,383 shares of the Company's common stock at an offering price of \$2.28 per share and pre-funded warrants to purchase 7,889,266 shares of common stock at an offering price of \$2.279 per share of the Company's common stock that may be exercised at a per share price of \$0.0001. The Company received approximately \$92,586,000, net of broker fees, legal fees and other expenses incurred for the private placement.

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

### **Off-Balance Sheet Arrangements**

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

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Not applicable.

### **Item 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

Under the supervision and with the participation of our senior management, including our chief executive officer and chief financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of March 31, 2025 (the "Evaluation Date"). Based on this evaluation, our principal executive officer and principal financial and accounting officer concluded as of the Evaluation Date that our disclosure controls and procedures were not effective such that the information relating to us required to be disclosed in our Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to our management, including our principal executive officer and principal financial and accounting officer, as appropriate to allow timely decisions regarding required disclosure. This conclusion is based on findings that constituted material weaknesses. A material weakness is a deficiency, or a combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the Company's interim financial statements will not be prevented or detected on a timely basis.

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

- (i) inadequate segregation of duties consistent with control objectives; and
- (ii) lack of multiple levels of supervision and review.

We believe the weaknesses and their related risks are not uncommon in a company of our size because of the limitations in the size and number of staff. Due to our size and nature, segregation of all conflicting duties has not always been possible and may not be economically feasible. However, we plan to take steps to enhance and improve the design of our internal control over financial reporting. During the period covered by this quarterly report on Form 10-Q, we have not been able to remediate the material weaknesses identified above. To remediate such weaknesses, we plan to implement the appointment of additional qualified personnel to address inadequate segregation of duties and implement modifications to our financial controls to address such inadequacies, by the end of our 2025 fiscal year as resources allow.

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

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

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

#### **Changes in Internal Control Over Financial Reporting**

There have been no changes in our internal controls over financial reporting (as defined in Rules 12a-15(f) and 15d-15(f) under Exchange Act) that occurred during the quarter ended March 31, 2025, that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.

## **PART II - OTHER INFORMATION**

### **Item 1. Legal Proceedings**

From time to time, the Company may become involved in litigation relating to claims arising out of its operations in the normal course of business.

On March 14, 2024, Get Fit Fast Supplements, LLC, filed a lawsuit against Cygnet Online, LLC, et al., including, but not limited to the Company and Eric Hanig. The case is presently in active arbitration and is styled Get Fit Fast Supplements, LLC v. Cygnet Online, LLC, et al., American Arbitration Association Case No. 01-24-0003-1085. The foregoing action, and related actions that have been combined in the same arbitration, are principally a series of breach of contract and fraud cases related to the rights and obligations of the parties under the various transaction documents associated with the acquisition by the Company of Cygnet Online, LLC, and the acquisition, prior thereto, by Cygnet Online, LLC, of Get Fit Fast Supplements, LLC. The parties are seeking monetary damages in their various claims and counterclaims against one another. The Company is vigorously defending all claims made against it in the case.

Other than the foregoing, the Company is not involved in any pending legal proceeding or litigation, and, to the best of its knowledge, no governmental authority is contemplating any proceeding to which we are a party or to which any of its properties is subject, which would reasonably be likely to have a material adverse effect on the Company.

### **Item 1A. Risk Factors**

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

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

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

### **Item 3. Defaults Upon Senior Securities**

None.

### **Item 4. Mine Safety Disclosures**

Not applicable.

### **Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
<a href="#">31.1*</a>	<a href="#">Certification of Principal Executive Officer, pursuant to Rule 13a-14a and 15-d-14a of the Securities Exchange Act of 1934</a>
<a href="#">31.2*</a>	<a href="#">Certification of Principal Financial Officer, pursuant to Rule 13a-14a and 15-d-14a of the Securities Exchange Act of 1934</a>
<a href="#">32.1*</a>	<a href="#">Certification of Principal Executive Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<a href="#">32.2*</a>	<a href="#">Certification of Principal Financial Officer, pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
<b>101**</b>	<b>Interactive Data File</b>
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

\* *Filed herewith.*

\*\* *Furnished herewith.*

**SIGNATURES**

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

**UPEXI, INC.**

Dated: May 14, 2025

*/s/ Allan Marshall*

\_\_\_\_\_  
**Allan Marshall**  
President, Chief Executive Officer, and Director  
(Principal Executive Officer)

Dated: May 14, 2025

*/s/ Andrew J. Norstrud*

\_\_\_\_\_  
**Andrew J. Norstrud**  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Allan Marshall, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Upexi, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

/s/ Allan Marshall

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

## CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Andrew J. Norstrud, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Upexi, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its condensed consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2025

/s/ Andrew J. Norstrud

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

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Allan Marshall, President and Chief Executive Officer of Upexi, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the quarterly report on Form 10-Q of Upexi, Inc. for the period ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Upexi, Inc.

Dated: May 14, 2025

*/s/ Allan Marshall*

\_\_\_\_\_  
Allan Marshall

President, Chief Executive Officer and Director  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Andrew J. Norstrud, Chief Financial Officer of Upexi, Inc., hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) the quarterly report on Form 10-Q of Upexi, Inc. for the period ended March 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Upexi, Inc.

Dated: May 14, 2025

*/s/ Andrew J. Norstrud*

\_\_\_\_\_  
Andrew J. Norstrud,  
Chief Financial Officer  
(Principal Financial Officer and  
Principal Accounting Officer)