

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, 2024

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: 001-41680

Ispire Technology Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

93-1869878

(I.R.S. Employer
Identification No.)

**19700 Magellan Drive
Los Angeles, California**

(Address of principal executive offices)

90502

(Zip Code)

(310) 742-9975

(Registrant's telephone number, including area code)

Not Applicable

(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 \$0.0001 per share	ISPR	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, a 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 ☐
Non-accelerated filer ☒

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 ☒

As of May 10, 2024, there were 56,400,636 shares of common stock outstanding.

ISPIRE TECHNOLOGY INC.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding our business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not deemed to represent an all-inclusive means of identifying forward-looking statements as denoted in this report. Additionally, statements concerning future matters are forward-looking statements.

Although forward-looking statements in this report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks and uncertainties and actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those specifically addressed under Part I, Item 1A, "Risk Factors" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Form 10-K for the fiscal year ended June 30, 2023, as well as the headings "Risks Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Form 10-Q and in other reports that we file with the SEC. You are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this report.

We file reports with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including us. You can also read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You can obtain additional information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this report, except as required by law. Readers are urged to carefully review and consider the various disclosures made throughout the entirety of this quarterly report, which are designed to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.

OTHER PERTINENT INFORMATION

Unless specifically set forth to the contrary, "Company," "we," "us," "our" and similar terms refer to Ispire Technology Inc. and its subsidiaries, unless the context indicates otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1 - Financial Statements

ISPIRE TECHNOLOGY INC. UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2023	2024	(Restated) 2023	2024
Revenue	\$ 24,136,297	\$ 30,015,036	\$ 82,976,746	\$ 114,565,244
Cost of revenue	19,616,098	23,893,083	68,699,245	95,345,545
Gross profit	4,520,199	6,121,953	14,277,501	19,219,699
Operating expenses:				
Sales and marketing expenses	948,302	1,754,760	3,182,451	4,174,386
General and administrative expenses	6,261,326	10,047,116	14,689,504	25,587,145
Total Operating expenses	7,209,628	11,801,876	17,871,955	29,761,531
Loss from operations	(2,689,429)	(5,679,923)	(3,594,454)	(10,541,832)
Other income (expense):				
Interest income, net	391	27,296	77,202	298,161
Exchange gain (loss), net	660,760	(53,904)	183,178	(19,387)

Other income (expense), net	(67,953)	12,265	(108,440)	20,078
Total Other income (expense), net	593,198	(14,343)	151,940	298,852
Loss before income taxes	(2,096,231)	(5,694,266)	(3,442,514)	(10,242,980)
Income taxes - current	(237,992)	(255,485)	(1,069,999)	(1,103,710)
Net loss	<u>\$ (2,334,223)</u>	<u>\$ (5,949,751)</u>	<u>\$ (4,512,513)</u>	<u>\$ (11,346,690)</u>
Other comprehensive loss				
Foreign currency translation adjustments	(157,704)	10,788	(15,274)	169,578
Comprehensive loss	<u>\$ (2,491,927)</u>	<u>\$ (5,938,963)</u>	<u>\$ (4,527,787)</u>	<u>\$ (11,177,112)</u>
Net loss per share				
Basic and diluted	<u>\$ (0.05)</u>	<u>\$ (0.11)</u>	<u>\$ (0.09)</u>	<u>\$ (0.21)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>50,000,000</u>	<u>54,347,729</u>	<u>50,000,000</u>	<u>54,287,624</u>

See notes to unaudited condensed consolidated financial statements.

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ISPIRE TECHNOLOGY INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2023	March 31, 2024
Assets		
Current assets:		
Cash	\$ 40,300,573	\$ 39,453,727
Accounts receivable, net	24,526,262	47,732,178
Inventories	7,472,108	9,813,782
Prepaid expenses and other current assets	3,378,617	1,652,850
Investment - other	9,133,707	-
Total current assets	<u>84,811,267</u>	<u>98,652,537</u>
Other assets:		
Property, plant and equipment, net	1,088,131	2,166,563
Intangible assets, net	-	968,033
Rental deposit	732,334	725,979
Right-of-use assets – operating leases	4,061,617	3,636,104
Long term investment	-	2,000,000
Total other assets	<u>5,882,082</u>	<u>9,496,679</u>
Total assets	<u>\$ 90,693,349</u>	<u>\$ 108,149,216</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 1,274,391	\$ 3,667,581
Accounts payable – related party	51,698,588	61,030,319
Contract liabilities	988,556	1,327,371
Accrued liabilities and other payables	281,361	2,441,849
Due to a related party	710,910	-
Income tax payable	63,853	-
Operating lease liabilities – current portion	944,525	1,275,923
Total current liabilities	<u>55,962,184</u>	<u>69,743,043</u>
Other liabilities:		
Operating lease liabilities – net of current portion	3,356,232	2,730,574
Total liabilities	<u>59,318,416</u>	<u>72,473,617</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.0001 per share; 140,000,000 shares authorized; 54,222,420 and 56,329,396 shares issued and outstanding as of June 30, 2023 and March 31, 2024	5,422	5,633
Preferred stock, par value \$0.0001 per share, 10,000,000 shares authorized, no shares issued at June 30, 2023 and March 31, 2024	-	-
Additional paid-in capital	25,685,475	41,163,042
Retained earnings (accumulated deficit)	5,847,804	(5,498,886)
Accumulated other comprehensive (loss) income	(163,768)	5,810
Total stockholders' equity	<u>31,374,933</u>	<u>35,675,599</u>
Total liabilities and stockholders' equity	<u>\$ 90,693,349</u>	<u>\$ 108,149,216</u>

See notes to unaudited condensed consolidated financial statements.

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ISPIRE TECHNOLOGY INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2024

	Common stock		Preferred stock		Additional Paid-in Capital	Retained Earnings/ (Accumulated deficit)	Accumulated Other Comprehensive (Loss)/Income	Total Shareholders' Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance, January 1, 2023	50,000,000	\$ 5,000	-	\$ -	\$ -	\$ 9,768,117	\$ (42,233)	\$ 9,730,884
Net loss	-	-	-	-	-	(2,334,223)	-	(2,334,223)
Foreign currency translation adjustment	-	-	-	-	-	-	(157,705)	(157,705)
Balance, March 31, 2023	50,000,000	\$ 5,000	-	\$ -	\$ -	\$ 7,433,894	\$ (199,938)	\$ 7,238,956
Balance, January 1, 2024	54,279,396	\$ 5,428	-	\$ -	\$ 28,535,949	\$ 450,865	\$ (4,978)	\$ 28,987,264
Net loss	-	-	-	-	-	(5,949,751)	-	(5,949,751)
Stock-based compensation expense	-	-	-	-	1,841,392	-	-	1,841,392
Issuance of common stock for a secondary offering	2,050,000	205	-	-	10,785,701	-	-	10,785,906
Foreign currency translation adjustment	-	-	-	-	-	-	10,788	10,788
Balance, March 31, 2024	56,329,396	\$ 5,633	-	\$ -	\$ 41,163,042	\$ (5,498,886)	\$ 5,810	\$ 35,675,599

ISPIRE TECHNOLOGY INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2023 AND 2024

	Common stock		Preferred stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)/Income	Total Shareholders' Equity
	Number of Shares	Amount	Number of Shares	Amount				
Balance, July 1, 2022	50,000,000	\$ 5,000	-	\$ -	\$ -	\$ 11,946,407	\$ (184,664)	\$ 11,766,743
Net loss	-	-	-	-	-	(4,512,513)	-	(4,512,513)
Foreign currency translation adjustment	-	-	-	-	-	-	(15,274)	(15,274)
Balance, March 31, 2023	50,000,000	\$ 5,000	-	\$ -	\$ -	\$ 7,433,894	\$ (199,938)	\$ 7,238,956
Balance, July 1, 2023	54,222,420	\$ 5,422	-	\$ -	\$ 25,685,475	\$ 5,847,804	\$ (163,768)	\$ 31,374,933
Net loss	-	-	-	-	-	(11,346,690)	-	(11,346,690)
Stock-based compensation expense	-	-	-	-	4,152,810	-	-	4,152,810
Issuance of common stock for equity incentive awards	56,976	6	-	-	539,056	-	-	539,062
Issuance of common stock for a secondary offering	2,050,000	205	-	-	10,785,701	-	-	10,785,906

Foreign currency translation adjustment	-	-	-	-	-	-	169,578	169,578
Balance, March 31, 2024	56,329,396	\$ 5,633	-	\$ -	\$ 41,163,042	\$ (5,498,886)	\$ 5,810	\$ 35,675,599

See notes to unaudited condensed consolidated financial statements.

ISPIRE TECHNOLOGY INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months ended March 31,	
	2023	2024
	(Restated)	
Net loss	\$ (4,512,513)	\$ (11,346,690)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	20,878	138,546
Credit loss expenses	2,226,090	3,318,772
Stock-based compensation expenses	-	4,691,872
Inventory impairment	-	168,585
Changes in operating assets and liabilities:		
Accounts receivable	(9,323,279)	(26,553,830)
Inventories	343,395	(2,510,259)
Prepaid expenses and other current assets	56,486	1,732,122
Accounts payable and accounts payable – related party	13,737,398	11,904,642
Contract liabilities	(940,014)	350,227
Accrued liabilities and other payables	360,761	1,160,487
Operating lease liabilities	128,865	(63,853)
Income tax payable	(481,113)	131,253
Net cash provided by (used in) operating activities	1,616,954	(16,878,126)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(495,065)	(1,205,716)
Acquisition of intangible assets	-	(979,295)
Purchase of short term investment	(9,604,418)	-
Maturity of short term investment	-	9,133,707
Acquisition of long term investment	-	(1,000,000)
Net cash (used in) provided by investing activities	(10,099,483)	5,948,696
Cash flows from financing activities:		
Payment made for dividends	(3,384,678)	-
Advances from related parties	1,934,855	-
Repayments of advances from a related party	(40,512,691)	(703,322)
Proceeds from a secondary offering	-	12,300,000
Costs of a secondary offering	-	(1,514,094)
Net cash (used in) provided by financing activities	(41,962,514)	10,082,584
Net decrease in cash	(50,445,043)	(846,846)
Cash - beginning of period	74,480,651	40,300,573
Cash - end of period	\$ 24,035,608	\$ 39,453,727
Supplemental non-cash investing and financing activities		
Leased assets obtained in exchange for operating lease liabilities	\$ 4,882,220	\$ 495,739
Unpaid long term investment in accrued liabilities and other payables	\$ -	\$ 1,000,000
Supplemental disclosures		
Cash paid for income taxes	\$ 1,666,543	\$ 1,355,110
Cash paid for interest	\$ 587	\$ 7,399

See notes to unaudited condensed consolidated financial statements.

ISPIRE TECHNOLOGY INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.
MARCH 31, 2023

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Ispire Technology Inc. (the “Company” or “Ispire”) was incorporated under the laws of the State of Delaware on June 13, 2022. Through its subsidiaries, the Company is engaged in the research and development, design, commercialization, sales, marketing and distribution of branded e-cigarettes and cannabis vaping products.

Ispire owns a 100% equity interest in Ispire International Limited, a business company incorporated under the laws of the British Virgin Islands

("BVI") ("Ispire International") on July 6, 2022.

Prior to July 29, 2022, all of the equity of Aspire North America LLC, a California limited liability company ("Aspire North America"), was owned by Aspire Global Inc. ("Aspire Global"), and all of the equity of Aspire Science and Technology Limited, a Hong Kong corporation ("Aspire Science"), was owned by Aspire Global Holdings Limited ("Aspire Holdings"), a wholly-owned subsidiary of Aspire Global.

Aspire Global and the Company are related parties since the same individual is the chief executive officer of both companies. As of March 31, 2024, the chief executive officer and his wife, being directors of both companies, owned 66.5% and 5.0% of the equity of Aspire Global, respectively. As of March 31, 2024, they owned 59.0% and 4.4% of the equity of the Company, respectively. On July 29, 2022, Aspire Global transferred 100% of the equity interest in Aspire North America to the Company. On the same day, Aspire Holdings transferred 100% of the equity of Aspire Science to Ispire International. At the time of transfer of the equity in Aspire North America and Aspire Science, the Company had the same stockholders as Aspire Global, and the Company's stockholders held the same percentage interest in the Company as they had in Aspire Global. Because the transfer of the equity in Aspire North America and Aspire Science is a transfer between related parties, the historical financial information of the subsidiaries is carried forward as the historical financial information of the Company and the 50,000,000 shares that were issued at or about the time of the Company's organization are treated as being outstanding on July 1, 2020.

In September 2023, the Company established a wholly-owned subsidiary, Ispire Malaysia Sdn Bhd ("Ispire Malaysia") under the laws of the Federation of Malaysia, in order to establish manufacturing operations in Southeast Asia. Ispire Malaysia was formed by Tuanfang Liu, the Company's Chairman and Co-Chief Executive Officer on September 1, 2023, and assigned to the Company on September 22, 2023, at a consideration of 100 Malaysian ringgits.

The following table sets forth information concerning the Company and its subsidiaries as of March 31, 2024:

Name of Entity	Date of Organization	Place of Organization	% of Ownership	Principal Activities
Ispire Technology Inc.	June 13, 2022	Delaware	Parent Company	Holding Company
Ispire International	July 6, 2022	BVI	100%	Holding Company
Aspire North America	February 22, 2020	California	100%	Research and Development, Sales and Marketing
Aspire Science	December 9, 2016	Hong Kong	100%	Sales and Marketing
Ispire Malaysia	September 1, 2023	Malaysia	100%	Manufacturing, Sales and Marketing

Ispire is a holding company and does not engage in any active operations. Its business is conducted by its two operating subsidiaries, Aspire North America, which is engaged in the development, marketing and sales of cannabis vapor products, which were introduced in mid-2020, and Aspire Science, which is engaged in the marketing and sales of tobacco vaping products, and the products are mainly sold in Europe and Asia Pacific (excluding People's the Republic of China ("PRC")).

Restatement of Unaudited Condensed Consolidated Financial Statements for the nine months ended March 31, 2023

In preparing the unaudited condensed consolidated statement of cash flows, the Company identified an error related to the presenting of operating leases. The Company determined that cash payments arising from operating leases were incorrectly classified under financing activities instead of operating activities. As a result of the restatement, the Company's principal portion of lease payment of \$634,776 in unaudited condensed consolidated statements of cash flows for the nine months ended March 31, 2023 was reclassified to operating activities. The Company also omitted to present the noncash activities in relation to leased assets obtained in exchange for operating lease liabilities. In addition, the Company has added disclosure of \$4,882,220 of leased assets obtained in exchange for operating lease liabilities in the unaudited condensed consolidated statement of cash flows for the nine months ended March 31, 2023.

In preparing the unaudited condensed consolidated statement of operations and comprehensive loss, the Company identified an additional error related to the reclassification of shipping and handling costs. The Company determined that the shipping and handling costs, which should be classified under cost of revenue, were classified under selling expenses for the nine months ended March 31, 2023. As a result of the restatement, the Company's shipping and handling costs of \$173,379 were reclassified from selling expenses to cost of revenue.

Risk and Uncertainties

E-cigarette regulation

Regulation regarding e-cigarettes varies across countries, from no regulation to a total ban. The legal status of e-cigarettes is currently pending in many countries. But as e-cigarettes have become more and more popular recently, many countries are considering imposing more stringent law and regulations to regulate this market. Changes in existing law and regulations and the imposition of new laws and regulations in countries and regions that our major customers are located in may adversely affect the Company's business.

The Federal Food, Drug, and Cosmetic Act requires all Electronic Nicotine Delivery Systems ("ENDS") product manufacturers that market products in the United States to submit Premarket Tobacco Product Applications ("PMTAs") to the Food and Drug Administration ("FDA"). For ENDS products that were on the U.S. market on or before August 8, 2016, a PMTA was required to be submitted to the FDA before September 9, 2020; for ENDS products that were not on the U.S. market prior to August 8, 2016, and for which a PMTA was not filed before September 9, 2020, a PMTA premarket authorization issued by FDA is required before the subject product may enter the U.S. market. The Company has submitted a PMTA filing for one ENDS product, and, under apparent FDA policies, FDA will not enforce the premarket review requirements for that product pending review of its PMTA. However, even with submission of the PMTA application, the FDA may reject the Company's application and may prevent the Company's ENDS products from being sold in U.S., which will adversely affect the Company's business.

Amendments to the Prevent All Cigarette Trafficking ("PACT") Act, which became law in 2021, extend the PACT Act to include e-cigarette and all vaping products, and place significant burdens on sellers of vaping products in the United States which may make it difficult to operate profitably in the United States. Because of tighter government regulations, the Company has stopped marketing tobacco vaping products in the United States, as the volume of sales from the one tobacco vaping product which the Company may sell in the United States does not justify the marketing and regulatory costs involved.

In the United States, cannabis vaping products are governed by state laws, which vary from state to state. Most states do not permit the adult recreational use of cannabis, and no states permit the sale of recreational cannabis products to minors. As a result of the reduced revenue to states resulting from the effects of the COVID 19 pandemic, states may seek to raise revenue by permitting and taxing the use of cannabis products. The Company cannot predict what action states will take or the nature and amount of taxes they may impose. However, to the extent the PACT Act applies to

cannabis products that aerosolize liquids, it may be more difficult to sell our products in states that permit the sale of cannabis.

However, cannabis and its derivatives containing more than 0.3% delta-9 tetrahydrocannabinol on a dry weight basis remain Schedule I controlled substances under U.S. federal law, meaning that federal law generally prohibits their manufacture and distribution. United States federal law also deems it unlawful to sell, offer for sale, transport in interstate commerce, import, or export "drug paraphernalia," which includes "any equipment, product, or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance" the possession of which federal law prohibits, including Schedule I "marijuana." Limited exemptions exist, most notably when state or local law authorizes these items' manufacture, possession, or distribution.

The European Commission issued the Tobacco Products Directive (the "TPD"), which became effective on May 19, 2014, and became applicable in the European Union member states on May 20, 2016. The TPD regulates e-cigarettes on the packaging, labelling and ingredients of the products on the European Union market, the creation of smoke-free environments, tax measures and activities against illegal trade and anti-smoke campaigns. Member states of the European Union are required to ensure that advertisements for any tobacco related product are prohibited, and no promotion shall be made as to those devices with an intention to promote e-cigarettes. For the e-cigarettes released after May 20, 2016, TPD requires e-cigarette manufacturers to submit product sales applications to the regulatory market six months in advance, and ensure their products can meet the TPD requirements before they can be released. The Company has complied with TPD requirement for all its tobacco products sold in Europe.

The sale of cannabis vaping products is illegal in the European Union and the United Kingdom.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited condensed interim consolidated financial statements reflect all normal and recurring adjustments that are, in the opinion of management, necessary to present a fair statement of the Company's consolidated financial position as of March 31, 2024, and the results of operations for the three- and nine-month periods ended March 31, 2024 and 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary in order to make the financial statements not misleading have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. The unaudited condensed interim consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") and accordingly do not include all of the disclosures normally made in the Company's annual consolidated financial statements. Accordingly, these unaudited condensed interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto for the fiscal year ended June 30, 2023, included in the Company's Annual Report on Form 10-K. The accompanying condensed consolidated balance sheet as of June 30, 2023 has been derived from the Company's audited consolidated financial statements included in such Annual Report.

The results of operations for the three- and nine-month periods ended March 31, 2024 are not necessarily indicative of the results of operations that may be expected for any other interim periods or for the year ending June 30, 2024.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include allowance for credit losses, inventory reserve, deferred tax asset reserve, the useful lives of property, plant and equipment, incremental borrowing rate for operating leases and fair value of certain share based payment awards. Actual results could differ from those estimates.

Allowance for credit losses

The Company adopted Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments" on July 1, 2023, under the modified retrospective method of adoption. The Company estimates its allowance for current expected credit losses based on an expected loss model, compared to prior periods which were estimated using an incurred loss model which did not require the consideration of forward-looking economic variables and conditions in the reserve calculation across the portfolio. The impact related to adopting the new standard was not material.

Based on the current expected credit loss model, the Company consider many factors, including age of balance, past events, any historical default, current information available about the customers, current economic conditions and certain forward-looking information, including reasonable and supportable forecasts.

Concentration of credit risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash, accounts receivable and investment - other. The Company maintains its cash in financial institutions. To the extent that such deposits exceed the maximum insurance levels, they are uninsured. On June 30, 2023, amounts due from two customers totaled approximately 11% and 11% respectively, of accounts receivable. On March 31, 2024, accounts receivable from two customers totaled approximately 11% and 10%.

Inventories

Inventories mainly consist of finished goods purchased from suppliers. Inventories are stated at the lower of cost or net realizable value. The cost of an inventory item is determined using the weighted average method.

When management determines that certain inventories may not be saleable, or there is an indicator that certain inventory costs may exceed expected market value, the Company will record the difference between the cost and the net realizable value as a write down of inventories. The net realizable value is determined based on the estimated selling price, in the ordinary course of business, less estimated costs necessary to make the sale. The Company records an allowance for slow moving and potentially obsolete inventory based upon recent sales history, the quantity of inventory on-hand, and an estimate of expected sellable life of the inventory. The Company periodically reviews inventory to identify slow moving inventories and compares the forecast sales with the quantities and expected sellable life of inventory. Any inventories identified during this process are reserved for at rates based upon management's judgment and historical rates. The quantity thresholds and reserve rates are based on management's judgment and knowledge of current and projected demand. The reserve estimates may, therefore, be revised if there are changes in the overall market for the Company's products or market changes that in management's judgment, impact its ability to sell potentially obsolete inventory. For the three months ended March 31, 2023 and 2024, the Company recorded inventory reserve of \$0 and \$38,133, respectively. For the nine months ended March 31, 2023 and 2024, the Company recorded inventory reserve of \$0 and \$168,585, respectively.

Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and depreciated on a straight-line basis over the estimated useful lives of the assets from the time the assets are placed in service. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use. The cost of repairs and maintenance is expensed as incurred; major replacements and improvements are capitalized.

When assets are retired or disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gains or losses are included in income/loss in the year of disposition. Estimated useful lives are as follows:

	Estimated Useful Life
Office and other equipment	3 - 5 years
Furniture & fixtures	7 years
Leasehold improvements	Shorter of the term of the lease or the estimated useful life of the assets

Long term investment

Long term investment consist of equity investments in a privately held company that the Company does not have control or significant influence over it. These equity investments do not have readily determinable fair values and are primarily accounted for under the measurement alternative. Under the measurement alternative, the carrying value is measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer

Leases

The Company determines whether an arrangement contains a lease at the inception of the arrangement. If a lease is determined to exist, the term of such lease is assessed based on the date on which the underlying asset is made available for the Company's use by the lessor. The Company's assessment of the lease term reflects any rent-free periods. The Company also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation reflected in the consolidated statements of operations over the lease term.

For leases with a term exceeding 12 months, an operating lease liability is recorded on the Company's consolidated balance sheet at lease commencement reflecting the present value of its fixed minimum payment obligations over the lease term. A corresponding operating lease right-of-use asset equal to the initial lease liability is also recorded, adjusted for any prepaid rent and/or initial direct costs incurred in connection with execution of the lease and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Company uses its incremental borrowing rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are typically not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis and incorporates the term and economic environment of the associated lease.

For the Company's operating leases, fixed lease payments are recognized as lease expense on a straight-line basis over the lease term. For leases with a term of 12 months or less, any fixed lease payments are recognized on a straight-line basis over the lease term and are not recognized on the Company's consolidated balance sheet as an accounting policy election. Leases qualifying for the short-term lease exception were insignificant.

Investment - other

The investment represents a certificate of deposit that the Company holds in HSBC bank. The entire balance of the investment presented on the balance sheet as of June 30, 2023 was \$9,133,707 and it matured on February 8, 2024.

Intangible assets

Intangible assets refer to capitalized external costs, such as filing fees and associated attorney fees, incurred to obtain issued patents and patent license rights. All patents are internally generated. The Company expenses costs associated with maintaining patents subsequent to their issuance in the period incurred. Capitalized patent costs are amortized on a straight-line basis over estimated useful lives of 15 - 20 years, which are based on the length of the license agreements as the Company expects to receive economic benefits over that time. The Company assesses the potential impairment to capitalized patent costs when events or changes in circumstances indicate that the carrying amount of our patent portfolio may not be recoverable. \$247,702 and \$979,295 of patent fees were capitalized during the three and nine months ended March 31, 2024. The amortization of the intangible assets was \$0 and \$9,755 for the three months ended March 31, 2023 and 2024 respectively. The amortization of the intangible assets was \$ 0 and \$11,262 for the nine months ended March 31, 2023 and 2024 respectively. The amortization expenses were included in the general and administrative expenses.

Revenue recognition

The Company sells its vaping products to customers and recognizes revenue in accordance with the guidance of ASC 606, Revenue from Contracts with Customers. Many customers are distributors that resell the Company's products in various geographic regions. The performance obligations are for the Company to transfer the title and control of the goods to a customer for a determined price. Each order is considered a separate contract with single performance obligation. Revenue is recognized when control of goods has transferred to customers. For the majority of the Company's customer arrangements, control transfers to customers at a point-in-time when goods have been delivered to the pickup location specified by the customer or a forwarder appointed by the customer, as that is generally when legal title, physical possession and risks and rewards of goods transfer to the customer.

Revenue is recognized at the transaction price based on the purchase order as adjusted for the anticipated rebates, discounts and other sales incentives. When determining the transaction price, management estimates variable consideration applying the portfolio approach practical expedient under ASC 606. The main sources of variable consideration for the Company are trade promotion funds, and cash discounts. These sales incentives are recorded as a reduction of revenue at the time of the initial sale using the most-likely amount estimation method. The most-likely amount method is based on the single most likely outcome from a range of possible consideration outcomes. The range of possible consideration outcomes is primarily

derived from the following inputs: sales terms and historical experience.

The Company offers different payment terms to different customers. For tobacco vaping products, the general payment term is a deposit of 30% of sales amount upon placing order, and the payment of the remaining 70% to be made before shipment. For cannabis vaping products, a tailored payment term is designed for each customer, based on the business relationship, order size and other considerations. All contract liabilities at the beginning of the period were recognized as revenues in the reporting period. The Company offers a thirty-day warranty. The warranty is an assurance-type warranty, and it offers replacement of products in case the products sold do not function as expected. In certain sales contracts, a right of return is offered. With a right of return, a customer is given the right to return the products if they are not satisfied with the product, and a credit would be given. The Company has a very low rate of return in history and a return reserve is accrued based on historical return rate and the management's judgement. The Company has minimal incremental costs of obtaining a contract and are expensed when incurred. Sales taxes, which are sales and use or other similar taxes collected from the customer and remitted to the applicable taxing authority by the Company in accordance with applicable law, are excluded from revenue.

Disaggregated Revenue

The Company has taken into consideration the nature, amount, timing, and uncertainty of revenue and cash flows, and has determined to disaggregate its net sales of tobacco vaping products and cannabis vaping products. The net sales disaggregated by products for the three- and nine-month periods ended March 31, 2023 and 2024, were as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
Net sales by product				
Tobacco vaping products	\$ 16,546,587	\$ 18,082,617	\$ 59,555,046	\$ 65,748,881
Cannabis vaping products	7,589,710	11,932,419	23,421,700	48,816,363
Total	\$ 24,136,297	\$ 30,015,036	\$ 82,976,746	\$ 114,565,244

Cost of revenue

Cost of revenue for the three and nine months ended March 31, 2023 and 2024, consisted primarily of the cost of purchasing vaping products, which were mostly purchased from a related party. See Note 11.

Shipping and handling costs

Shipping and handling costs for the three months ended March 31, 2023 and 2024 are \$ 58,313 and \$54,521, respectively. Shipping and handling costs for the nine months ended March 31, 2023 and 2024 are \$231,691 and \$221,273, respectively. They are included in the cost of revenue.

Research and development expenses

Research and development expenses for the three months ended March 31, 2023 and 2024 were \$ 42,449 and \$163,764, respectively. Research and development expenses for the nine months ended March 31, 2023 and 2024 were \$112,527 and \$793,103, respectively. Such expenses were included in the general and administrative expenses.

Stock-based compensation

The Company measures and recognizes compensation expenses for stock-based payment awards, including stock options, restricted stock granted to directors and advisors, and restricted stock units ("RSUs") granted to employees, based on the grant date fair value of the awards. The Company engages a third-party valuer to determine fair value of stock options using the binomial option pricing model. The fair value of RSUs is measured on the grant date based on the closing market price of the Company's common stock. The resulting cost is recognized over the period during which an employee is required to provide service in exchange for the awards, usually the vesting period, which is generally four years for stock options and three years for RSUs. Stock-based compensation is recognized on a straight-line basis over the period during which services are provided in exchange for the award. Stock-based compensation expense is recorded in the general and administrative expense in the consolidated statements of operations. The Company recognizes forfeitures of stock-based payment awards upon occurrence.

Income taxes

The Company accounts for income taxes under ASC 740, Income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

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 income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

The provisions of ASC 740-10 prescribe a more-likely-than-not threshold for consolidated financial statement recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. The Company classifies the interest and penalties, if any, as a component of income tax expense. For three and nine months ended March 31, 2023 and 2024, the Company did not incur any interest or penalties related to an uncertain tax position. The Company does not believe that there were any uncertain tax positions as of June 30, 2023, and March 31, 2024.

Earnings per share

The Company computes earnings per share ("EPS") in accordance with ASC 260, Earnings per Share. ASC 260 requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net loss divided by the weighted average common shares outstanding for the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of potential common shares (for example, convertible securities, options and warrants) as if they had been converted at the beginning of the periods presented, or issuance date, if later. Stock options, warrants and unvested restricted stock units, altogether 3,563,002 potentially dilutive shares, could potentially dilute basic EPS in the future that were not included in the computation of diluted EPS because to do so would have been antidilutive for the three and nine months ended March 31, 2023 and 2024.

The following table presents a reconciliation of basic net loss per share:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
Net loss	\$ (2,334,223)	\$ (5,949,751)	\$ (4,512,513)	\$ (11,346,690)
Weighted average basic and diluted share of common stock outstanding	50,000,000	54,347,729	50,000,000	54,287,624
Net loss per basic and diluted share of common stock	\$ (0.05)	\$ (0.11)	\$ (0.09)	\$ (0.21)

Segment reporting

The Company uses the management approach to determine operating segments. The management approach considers the internal organization and reporting used by the Company's chief operating decision maker ("CODM") for making decisions, allocating resources, and assessing performance. The Company's CODM has been identified as the chief executive officer, who reviews consolidated results when making decisions about allocating resources and assessing the performance of the Company.

The Company's CODM reviews the consolidated financial results when making decisions about allocating resources and assessing the performance of the Company as a whole and has determined that the Company has only one reportable segment. Notwithstanding that the Company has customers located around the world and the Company's Hong Kong subsidiary serves as one of the sales and marketing centers, the Company's long-lived assets and management are located substantially in the U.S. and management operates its business as a single segment.

Recent accounting pronouncements

As an emerging growth company, the Company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Company intends to take advantage of the benefits of this extended transition period.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures. The new guidance requires enhanced disclosures about significant segment expenses. The Company is required to adopt this guidance for its annual reporting in fiscal year 2025 and for interim period reporting beginning the first quarter of fiscal year 2026 on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact of this ASU on our segment disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosures. ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024 on a prospective basis. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements.

Customer and Supplier Concentration

(a) Customers

For the three and nine months ended March 31, 2023 and 2024, the Company's major customers, who accounted for more than 10% of the Company's consolidated revenue, were as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
Major Customers				
Customer A	31%	31%	34%	31%
Customer B	12%	*	*	*

* Represented less than 10% of consolidated revenue.

(b) Suppliers

For the three and nine months ended March 31, 2023 and 2024, the Company's suppliers, who accounted for more than 10% of the Company's total purchases, were as follows:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
Major Suppliers				
Supplier A	100%	95%	100%	77%

(1) Major supplier A is Shenzhen Yi Jia, a Chinese company that is 95% owned by the Company's co-chief executive officer and principal stockholder. See Note 13.

3. MISAPPLICATION OF FUNCTIONAL CURRENCY

Before October 2023, Aspire Science had been using HKD as its functional currency and translated to USD for consolidation and reporting purposes. During the review of financial statements for the three and six months ended December 31, 2022 and 2023, the Company revisited and determined that the functional currency for Aspire Science should be USD in accordance with Accounting Standards Codification ("ASC") 830, Foreign Currency Matters. The Company evaluated the materiality of the error from qualitative and quantitative perspectives in accordance with ASC 250-10-20, and Staff Accounting Bulletin ("SAB") 99. As HKD is pegged to USD in a narrow range of US\$1:HK\$7.75 -7.85, after evaluation the management concluded that the misstatement resulted from the change of functional currency to all reporting periods prior to October 1, 2023, and correction of the error during the three months ended December 31, 2023 was immaterial given consideration of both quantitative and qualitative factors in assessing an item's materiality. The functional currency of Aspire Science would be USD from October 2023.

4. CASH

Below is a breakdown of the Company's cash balances in banks as of June 30, 2023, and March 31, 2024, both by geography and by currencies (translated into U.S. dollars):

	As of June 30, 2023	As of March 31, 2024
By Geography:		
Cash in HK	\$ 25,841,880	\$ 29,503,253
Cash in U.S.	14,458,693	9,742,679
Cash in Malaysia	-	207,795
Total	\$ 40,300,573	\$ 39,453,727
By Currency:		
USD	\$ 39,835,636	\$ 29,694,448
RM	-	104,048
HKD	363,416	129,395
EUR	59,702	16,922
GBP	22,143	22,352
RMB	19,676	9,486,562
Total	\$ 40,300,573	\$ 39,453,727

"HKD" refers to Hong Kong dollars, "GBP" refers to British pounds, "EUR" refers to Euros, "RM" refers to Malaysia ringgit, and "RMB" refers to Renminbi.

5. FAIR VALUE MEASUREMENT

As of June 30, 2023, and March 31, 2024, the Company's assets and liabilities were not measured at fair value on a recurring basis. The carrying value of certain of the Company's financial instruments, including cash, accounts receivable, prepaid expenses and other receivables, accounts payable, accounts payable - related party, contract liabilities, accrued liabilities and other payables and due to related parties, approximates their fair value because of their short-term maturity.

6. ACCOUNTS RECEIVABLE, NET

As of June 30, 2023, and March 31, 2024, accounts receivable consisted of the following:

	As of June 30, 2023	As of March 31, 2024
Accounts receivable – gross	\$ 26,025,068	\$ 51,777,795
Allowance for credit losses	(1,498,806)	(4,045,617)
Accounts receivable, net	\$ 24,526,262	\$ 47,732,178

The Company recorded \$1,301,180, and \$1,192,488 credit loss expenses for the three months ended March 31, 2023 and 2024, respectively. The Company recorded \$2,226,090 and \$3,318,772 credit loss expenses for the nine months ended March 31, 2023 and 2024, respectively. For the three months ended March 31, 2023 and 2024, the Company wrote off accounts receivable against allowance for credit losses of \$526,085 and \$65,801, respectively. For the nine months ended March 31, 2023 and 2024, the Company wrote off accounts receivable against allowance for credit losses of \$526,085 and \$771,961, respectively.

7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

As of June 30, 2023, and March 31, 2024, prepaid expenses and other current assets consisted of the following:

	As of June 30, 2023	As of March 31, 2024
Prepayment for inventory purchases	\$ 3,209,413	\$ 150,948
Other receivable	142,230	371,192
Prepayments	26,974	946,101
Prepaid provisional profit tax – Hong Kong	-	184,609
Total	\$ 3,378,617	\$ 1,652,850

Prepayments primarily consist of prepayment for production testers and jigs for Ispire Malaysia, and prepayments for marketing services.

8. PROPERTY, PLANT AND EQUIPMENT, NET

As of June 30, 2023, and March 31, 2024, property, plant and equipment consisted of the following:

	As of June 30, 2023	As of March 31, 2024
Leasehold improvements	\$ 518,854	\$ 817,329

Office and other equipment	339,155	927,839
Furniture and fixtures	309,990	340,723
Construction-in-progress	-	287,824
	<u>1,167,999</u>	<u>2,373,715</u>
Less: accumulated depreciation	(79,868)	(207,152)
Total	<u>\$ 1,088,131</u>	<u>\$ 2,166,563</u>

For the three months ended March 31, 2023 and 2024, depreciation expense amounted to \$ 7,394, and \$56,842, respectively. For the nine months ended March 31, 2023 and 2024, depreciation expense amounted to \$20,887 and \$127,387, respectively.

Included in construction-in-progress are prepayment for production and office renovations for Ispire Malaysia.

9. LONG TERM INVESTMENT

On February 13, 2024, the Company invested \$1,000,000 into a preferred equity investment in Touch Point Worldwide, Inc. d/b/a/ Berify, a Delaware corporation ("Berify"). The Company purchased 909,091 shares of Berify Series Seed Preferred equity for \$1 million, yielding a 2.3% ownership in Berify, and the Company also committed to invest an additional of \$1 million into Berify's preferred equity for 909,091 shares. As of March 31, 2024, the Company recorded the unpaid \$1 million consideration in accrued liabilities and other payables on the consolidated balance sheet. On April 5, 2024, the Company completed its investment into Berify, giving the Company a total of 1,818,182 shares equal to a 4.5% interest in Berify for \$2 million. The Series Seed Preferred equity comes with a variety of protective rights for Series Seed Preferred shareholders. The investment is accounted for by the cost method.

10. CONTRACT LIABILITIES

As of June 30, 2023, and March 31, 2024, the Company had total contract liabilities of \$ 988,556 and \$1,327,371, respectively. These liabilities are advance deposits received from customers after an order has been placed. As of March 31, 2024, the Company expects all of the contract liabilities to be settled in less than one year. The increase in the balance at March 31, 2024 was due to more orders on hand on that date.

11. LEASES

The Company has operating lease arrangements for office premises in Hong Kong, California and Malaysia. These leases typically have terms of two to five years.

Leases with an initial term of 12 months or less are not presented as right-of-use assets on the consolidated balance sheet and are expensed over the lease term. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date.

The balances for the right-of-use assets and lease liabilities where the Company is the lessee are presented as follow:

	As of June 30, 2023	As of March 31, 2024
Operating lease right-of-use assets	<u>\$ 4,061,617</u>	<u>\$ 3,636,104</u>
Operating lease liabilities – current	\$ 944,525	\$ 1,275,923
Operating lease liabilities – non-current	3,356,232	2,730,574
Total	<u>\$ 4,300,757</u>	<u>\$ 4,006,497</u>

As of March 31, 2024, the maturities of our lease liabilities (excluding short-term leases) are as follows:

	As of March 31, 2023
April 1, 2024 to March 31, 2025	\$ 1,546,607
April 1, 2025 to March 31, 2026	1,529,974
April 1, 2026 to March 31, 2027	1,117,724
April 1, 2027 to March 31, 2028	322,704
Total future lease payments	4,517,009
Less: imputed interest	(510,512)
Total lease liabilities	<u>\$ 4,006,497</u>

The Company incurred lease costs, which include the payment of short-term leases, of \$ 275,126 and \$413,911 on the Company's unaudited condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2023 and 2024, respectively. The Company incurred lease costs, which include the payment of short-term leases, of \$1,033,862 and \$1,148,902 on the Company's unaudited condensed consolidated statements of operations and comprehensive loss for the nine months ended March 31, 2023 and 2024, respectively.

The Company made payments of \$300,593 and \$378,560 under the lease agreements during the three months ended March 31, 2023 and 2024, respectively. The Company made payments of \$840,623 and \$1,089,246 under the lease agreements during the nine months ended March 31, 2023 and 2024, respectively.

The weighted-average remaining lease term related to the Company's lease liabilities as of June 30, 2023 and March 31, 2024 was 4 years and 3 years, respectively.

The discount rate related to the Company's lease liabilities as of both June 30, 2023 and March 31, 2024 was 8%. The discount rates are generally based on estimates of the Company's incremental borrowing rate, as the discount rates implicit in the Company's leases cannot be readily determined.

12. ACCRUED LIABILITIES AND OTHER PAYABLES

As of June 30, 2023 and March 31, 2024, accrued liabilities and other payables consisted of the following:

	As of June 30, 2023	As of March 31, 2023
Other payables	\$ 148,197	\$ 369,931
Accrued salaries and related benefits	97,314	57,572
Accrued expenses	35,850	478,149
Long term investment payable		1,000,000
Reserve for product returns	-	523,987
Other tax payable	-	12,210
Total	\$ 281,361	\$ 2,441,849

13. RELATED PARTY TRANSACTIONS

a) The table below sets forth the major related parties and their relationships with the Company:

Name of related parties and Relationship with the Company

- Tuanfang Liu is the Co-Chief Executive Officer and Chairman of the Company.
 - Jiangyan Zhu is the wife of Tuanfang Liu and a director of the Company.
 - Eigate (Hong Kong) Technology Co., Limited ("Eigate") is a wholly-owned subsidiary of Aspire Global.
 - Aspire Global is a company controlled by the Chairman of the Company.
 - Shenzhen Yi Jia, a Chinese company that is 95% owned by the Company's Chairman and 5% by the Chairman's cousin.
- b) Tuanfang Liu is also Aspire Global's chief executive officer and a director of both the Company and Aspire Global, and his wife, Jiangyan Zhu, is also a director of both companies. As of March 31, 2024, Mr. Liu and Ms. Zhu beneficially own 66.5% and 5.0%, respectively, of the outstanding shares of Aspire Global. As of March 31, 2024, Mr. Liu and Ms. Zhu beneficially own 59.0% and 4.4%, respectively, of the outstanding shares of the Company.
- c) The balances due to related parties at June 30, 2023 and March 31, 2024 represent amounts due to Shenzhen Yi Jia of \$ 710,910 and \$0, respectively. The balances are all non-interest bearing, unsecured, have no due date and are repayable on demand.
- d) For both three- and nine-month periods ended March 31, 2023 and 2024, the majority of the Company's tobacco and cannabis vaping products were purchased from Shenzhen Yi Jia. As of June 30, 2023 and March 31, 2024, the accounts payable - related party was \$51,698,588 and \$61,030,319, respectively, which was payable to Shenzhen Yi Jia. There are no fixed payment terms regarding these balances and they are classified as current liabilities. For the three months ended March 31, 2023 and 2024, the purchases from Shenzhen Yi Jia were \$16,961,308, and \$24,079,185, respectively. For the nine months ended March 31, 2023 and 2024, the purchases from Shenzhen Yi Jia were \$67,762,917 and \$73,062,398, respectively.

14. INCOME TAXES

For the three and nine months ended March 31, 2023 and 2024 income (loss) before income taxes by major taxing jurisdiction consists of:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
HK	\$ 2,103,639	\$ 1,503,400	\$ 6,207,590	\$ 7,194,470
U.S.	(4,199,870)	(6,778,698)	(9,650,104)	(16,737,784)
Malaysia	-	(418,968)	-	(699,666)
Total	\$ (2,096,231)	\$ (5,694,266)	\$ (3,442,514)	\$ (10,242,980)

Income taxes recorded for the three and nine months ended March 31, 2023 and 2024, were estimated using the discrete method. Income taxes are based on the Company's financial results through the end of the period, as well as the related change in the valuation allowance on deferred tax assets. The Company is unable to estimate the annual effective tax rate with sufficient precision for purposes of the effective tax rate method, which requires the Company to consider a projection of full-year income and the expected change in the valuation allowance. The estimated annual effective tax rate method was not reliable due to its sensitivity to small changes to forecasted annual pre-tax earnings and the effect of the valuation allowance, which create results with significant variations in the customary relationship between income tax expense and pre-tax income for the interim periods. As a result, the Company determined that using the discrete method is more appropriate than using the annual effective tax rate method.

The Company's effective tax rate for the three and nine months ended March 31, 2023 and 2024, was different from the Hong Kong statutory income tax rate due primarily to the U.S. subsidiary being in a loss position. No tax benefit has been recognized for this current loss and the related carryforward losses of this subsidiary, as a full valuation allowance has been established against the deferred tax asset arising from the losses.

As at June 30, 2023, income tax payable of \$63,853 was from income generated during the year ended June 30, 2023. As at March 31, 2024, there was no income tax payable as the tax position was prepaid provisional tax from Hong Kong operation of \$184,609. All income tax payables or prepaid amounts arose solely from Hong Kong operation.

As at March 31, 2024, there were unrecognized deferred tax assets of \$ 7,442,831, out of which \$5,855,858 were net operating loss carryforwards in the U.S. that may result in future income tax benefits, resulting from net operating losses of \$27,885,039 from Aspire North America LLC. The amount of the valuation allowance as of March 31, 2024 was \$7,442,831, resulting from an addition of \$2,942,387 to the valuation allowance of \$4,500,444 as of June 30, 2023.

15. WARRANTS

On April 3, 2023, the Company issued representative of the underwriters 62,100 warrants. Each warrant entitles the holder to purchase one share of common stock at an exercise price of \$8.75, during the period commencing April 3, 2023, and expiring on April 3, 2028. None of the warrants have been exercised yet. As of March 31, 2024, there are 62,100 warrants outstanding, with a remaining life of approximately 49 months and aggregate intrinsic value of \$0.

16. STOCK-BASED COMPENSATION

In October 2022, the directors and stockholders of the Company approved the 2022 Equity Incentive Plan (the "Plan") pursuant to which up to 15,000,000 shares of common stock may be issued pursuant to options, restricted stock or RSUs grants. The Plan is administered by the Compensation Committee of the Board of Directors. Awards under the Plan may be granted to officers, directors, employees and those consultants who qualify as a consultant or advisor under the instructions to the Company's Form S-8 (File No. 333-273458) filed with U.S. Securities and Exchange Commission on July 26, 2023. The Compensation Committee has broad discretion in making awards, provided that any options shall be exercisable at the fair market value on the date of grant.

Restricted stocks

During the nine months ended March 31, 2024, 56,976 shares of common stock were issued to the Company's board of directors and consultants in settlement of restricted stock granted under the Plan. Restricted stocks granted to directors and consultants are vested over three to six months and fully vested as of March 31, 2024. There are no unrecognized compensation expenses related to unvested restricted stocks as of March 31, 2024.

During the nine months ended March 31, 2024, 3,072,500 stock options and 637,235 RSUs were granted to the Company's employees under the Plan. See below for details.

Stock Options

The following is a summary of stock option activity transactions as of and for the period ended June 30, 2023 and March 31, 2024:

	Number of options	Weighted average exercise price	Weighted average fair value per option
Outstanding at June 30, 2023	-	\$ -	\$ -
Granted	3,072,500	\$ 9.63	\$ 5.44
Exercised	-	\$ -	\$ -
Expired	-	\$ -	\$ -
Forfeiture	165,000	\$ 9.76	\$ 5.54
Outstanding at March 31, 2024	2,907,500	\$ 9.63	\$ 5.43

The aggregate intrinsic value of options outstanding with an exercise price less than the closing price of the Company's common stock as of March 31, 2024 was \$0. The aggregate intrinsic value of options exercisable with an exercise price less than the closing price of the Company's common stock as of March 31, 2024 was \$0. Aggregate intrinsic value represents the value of the Company's closing stock price on the last trading day of the period in excess of the weighted-average exercise price multiplied by the number of options outstanding or exercisable.

Total expense of options vested for the three months ended March 31, 2023 and 2024, was \$ 0 and \$1,078,235, respectively. Total expense of options vested for the nine months ended March 31, 2023 and 2024, was \$0 and \$2,785,328, respectively. The options granted during the nine months ended March 31, 2024 were valued using the binomial option pricing model based on the following range of assumptions:

	Nine months ended March 31, 2023
Risk-free interest rate	4.062% - 4.812%
Time to expiry	4 - 10 years
Expected volatility	50% - 55%
Expected dividend yield	0%

RSUs

RSUs granted to employees vest cumulatively as to one-third of the restricted stock units on each of the first three anniversaries of the date of grant based on continues service. Each vested RSU entitles holder to receive one share of common stock upon exercise. RSUs are accounted for as equity using the fair value method, which requires measurement and recognition of compensation expense for all awards granted to employees, directors and consultants based upon the grant-date fair value.

	Shares	Weighted average grant date fair value
Unvested, June 30, 2023	-	\$ -
Granted	637,235	9.46
Vested	-	-
Canceled and forfeited	(43,833)	9.76
Unvested, March 31, 2024	593,402	\$ 9.44

Total expense for the RSUs during the three and nine months ended March 31, 2024 was \$ 722,709 and \$1,341,179.

The following table summarizes the allocation of stock-based compensation in the accompanying consolidated statements of operations and comprehensive loss:

	Three months ended March 31,		Nine months ended March 31,	
	2023	2024	2023	2024
General and administrative expenses	\$ -	\$ 1,809,204	\$ -	\$ 4,611,237
Sales and marketing expenses	-	32,188	-	80,635
Total	\$ -	\$ 1,841,392	\$ -	\$ 4,691,872

17. STOCKHOLDERS' EQUITY

On March 22, 2024, pursuant to a securities purchase agreement with certain purchasers, the Company sold, in a secondary offering, an aggregate of 2,050,000 shares of common stock, with par value \$ 0.0001 per share, at a public offering price of \$ 6.00 per share. This offering generated proceeds of \$12,300,000, offset by offering cost of \$ 1,514,094, which contributed an increase of share capital of \$ 205 and additional paid in capital of \$10,785,701.

18. COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Company is subject to contingencies, such as legal proceedings and claims arising out of its business, which cover a wide range of matters. Liabilities for contingencies are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

If the assessment of a contingency indicates that it is probable that a material loss is incurred and the amount of the liability can be estimated, then the estimated liability is accrued in the Company's financial statements. If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the nature of the guarantee would be disclosed.

On December 11, 2023, the Company entered into a licensing agreement with BRKFST, LLC ("BRKFST") for the licensing of marks owned by BRKFST. For a minimum of 3 years (and maximum of 9 years), the license agreement permits the Company to manufacture, market, sell, and distribute vape products bearing BRKFST's marks. The license agreement calls for the Company to pay BRKFST royalties (equal to a mutually agreed upon percentage of net profits) on the sale of products bearing said marks, which said royalties may become material if the sales of said products are successful. Further, the license agreement requires (i) joint marketing efforts of the Company and BRKFST and (ii) that a mutually agreed upon percentage of net profits be used to fund the marketing of the licensed products. There were no sales with BRKFST's marks during the three and nine months ended March 31, 2024.

As of March 31, 2024, the Company recorded an unpaid \$ 1 million consideration in accrued liabilities and other payables on the consolidated balance sheet for a committed investment of \$1 million into Berify's preferred equity for 909,091 shares. See Note 9.

19. SUBSEQUENT EVENTS

On April 5, 2024 (the "Closing Date"), Aspire North America (together with Ispire, the "Companies") entered into a capital contribution, subscription, and joint venture agreement (the "JV Agreement") with Chemular Inc., a Michigan corporation, Berify, and Ike Tech LLC, a Delaware limited liability company (the "Joint Venture", and together with Chemular, Berify, and the Companies, each a "Party" and collectively, the "Parties") pursuant to which the Parties agreed to participate in the Joint Venture. Pursuant to the JV Agreement, the business of the Joint Venture will be licensing, owning, operating and developing an industry-standard age-verification solution for vapor (e-cigarette) devices in the U.S. market as well as the related planned submission of PMTA applications that seek FDA marketing orders for cutting-edge technologies across the U.S. e-cigarette market. On the Closing Date, the Companies (i) contributed \$1 million to the Joint Venture in cash for operating expenses, and (ii) entered into a binding commitment to make an additional capital contribution to the Joint Venture in the aggregate amount of up to \$9 million. Additionally, as disclosed in the Company's Current Report on Form 8-K filed with the SEC on April 11, 2024, in a private placement concurrent with the closing of the JV Agreement the Company issued a warrant to purchase 111,111 shares of its Common Stock to Berify (the "Warrant"). The Warrant has an exercise price of \$ 9.00 per share, is exercisable immediately, and will expire five years from the date of issuance, or April 5, 2029.

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited condensed consolidated financial statements and the related notes appearing elsewhere in this report. See "Cautionary Forward-Looking Statements." Actual results could differ materially from those discussed below.

Overview

We are engaged in the research and development, design, commercialization, sales, marketing and distribution of branded e-cigarettes and cannabis vaping products. We sell our tobacco vaping products worldwide except for the People's Republic of China (the "PRC") and Russia. Our tobacco vaping products are marketed under the Aspire brand name and are sold primarily through our distribution network and we have plans to launch various third-party branded lines of tobacco vaping products in the future. We currently sell our cannabis vaping hardware only in the United States, and we have recently commenced marketing activities in Canada and Europe, primarily in the European Union. Most of our products are vaping hardware. Vaping refers to the practice of inhaling and exhaling the vapor produced by an electronic vaping device, and includes dabbing, which is the recreational inhalation of extremely concentrated tetrahydrocannabinol, the main psychotropic cannabinoid derived from the marijuana plant. Our cannabis vaping products are marketed under the Ispire brand name, primarily on an ODM basis to other cannabis vapor companies. ODM generally involves the design and customization of the core products to meet each brand's unique image and needs, and our products are sold by our customers under their own brand names although they may also include our brand name on the products.

Regulatory Risks

The sale of tobacco and cannabis products is subject to regulations worldwide. Many countries prohibit the sale of any cannabis products, and many countries have regulations relating to tobacco products, with a particular emphasis on underage sales. As a result of regulations in the United States, we are able to sell only one tobacco vaping product line, the Nautilus Prime, in the United States. Our tobacco vaping sales in the United States were approximately \$0.1 million and \$88,000 for the three months ended March 31, 2023 and 2024, respectively. Our tobacco vaping sales in the United States were approximately \$0.6 million and \$0.2 million for the nine months ended March 31, 2023 and 2024, respectively. Because the volume of sales did not justify the marketing and regulatory costs, we have ceased marketing tobacco vaping products in the United States. If any similar regulations are adopted with respect to cannabis products, our business may be severely impacted since nearly all of our cannabis revenue for the three and nine months ended March 31, 2023 and 2024, was generated from sales in the United States.

E-cigarette regulation

Regulation regarding e-cigarettes varies across countries, from no regulation to a total ban. The legal status of e-cigarettes is currently pending in many countries. As e-cigarettes have become more and more popular recently, many countries are considering imposing more stringent law and regulations to regulate this market. Changes in existing law and regulations and the imposition of new laws or regulations in countries and regions that our major customers are located in may adversely affect the Company's business.

The Federal Food, Drug, and Cosmetic Act requires all Electronic Nicotine Delivery Systems ("ENDS") product manufacturers that market products in the United States to submit Premarket Tobacco Product Applications ("PMTAs") to the FDA. For ENDS products that were on the U.S. market on or before August 8, 2016, a PMTA was required to be submitted to the FDA before September 9, 2020; for ENDS products that were not on the U.S. market prior to August 8, 2016, and for which a PMTA was not filed before September 9, 2020, a PMTA premarket authorization issued by FDA is required before the subject product may enter the U.S. market. The Company has submitted a PMTA filing for one ENDS product, and, under apparent FDA policies, the agency will not enforce the premarket review requirements for that product pending review of its PMTA. However, even with submission of the PMTA application, the FDA may reject the Company's application and may prevent the Company's ENDS products from being sold in U.S., which will adversely affect the Company's business.

Amendments to the Prevent All Cigarette Trafficking ("PACT") Act, which became law in 2021, extend the PACT Act to include e-cigarettes and all vaping products, and place significant burdens on sellers of vaping products in the United States which may make it difficult to operate profitably in the United States. Because of tighter government regulations, the Company has stopped marketing tobacco vaping products in the United States, as the volume of sales from the one tobacco vaping product which the Company may sell in the United States does not justify the marketing and regulatory costs involved.

In the United States, cannabis vaping products are governed by state laws, which vary from state to state. Most states do not permit the adult recreational use of cannabis, and no states permit the sale of recreational cannabis products to minors. As a result of the reduced revenue to states resulting from the effects of the COVID 19 pandemic and lingering inflationary effects, states may seek to raise revenue by permitting and taxing the use of cannabis products. Further, states may be more willing to permit recreational cannabis use given the DEA's intention to reschedule cannabis as a Schedule III controlled substance allowing for medicinal use. The Company cannot predict what action states will take or the nature and amount of taxes they may impose. However, to the extent the PACT Act applies to cannabis products that aerosolize liquids, it may be more difficult to sell our products in states that permit the sale of cannabis.

However, cannabis and its derivatives containing more than 0.3% delta-9 tetrahydrocannabinol on a dry weight basis remain Schedule I controlled substances under U.S. federal law, meaning that federal law generally prohibits their manufacture and distribution. United States federal law also deems it unlawful to sell, offer for sale, transport in interstate commerce, import, or export "drug paraphernalia," which includes "any equipment, product, or material of any kind which is primarily intended or designed for use in manufacturing, compounding, converting, concealing, producing, processing, preparing, injecting, ingesting, inhaling, or otherwise introducing into the human body a controlled substance" the possession of which federal law prohibits, including Schedule I "marijuana." Limited exemptions exist, most notably when state or local law authorizes these items' manufacture, possession, or distribution.

The European Commission issued the Tobacco Products Directive (the "TPD"), which became effective on May 19, 2014, and became applicable in the European Union member states on May 20, 2016. The TPD regulates e-cigarettes on the packaging, labelling and ingredients of the products on the European Union market, the creation of smoke-free environments, tax measures and activities against illegal trade and anti-smoke campaigns. Member states of the European Union are required to ensure that advertisements for any tobacco related product are prohibited, and no promotion shall be made as to those devices with an intention to promote e-cigarettes. For the e-cigarettes released after May 20, 2016, TPD requires e-cigarette manufacturers to submit product sales applications to the regulatory market six months in advance, and ensure their products can meet the TPD requirements before they can be released. The Company has complied with TPD requirement for all its tobacco products sold in Europe.

The sale of cannabis vaping products is illegal in the European Union and the United Kingdom.

Accounts Receivable

Our business relies on the collection of accounts receivable from our customers in a timely manner to maintain liquidity and support our ongoing operations. The balance of the allowance for credit losses was \$1.5 million and \$4.0 million at June 30, 2023 and March 31, 2024, respectively. Our failure or inability to collect accounts receivable when due results from a number of factors, including (i) our customer's failure to pay as a result of adverse economic conditions affecting the customers; (ii) our failure to implement effective collection efforts; and (iii) disputes over contract terms, product quality or delays in delivery. Although we may implement strategies to mitigate these risks, there can be no assurance that such measures will be entirely effective, and we may continue to incur write-offs of accounts receivable, which may impair our ability to operate profitably.

Key Factors that Affect Our Results of Operations

We believe the following key factors may affect our financial condition and results of operations:

- The effect of legislation and regulations affecting the tobacco and cannabis vaping products.
- If we elect to market tobacco vaping products in the United States, our ability to obtain regulatory approval to market additional tobacco vaping products in the United States.

- Our ability to develop and market tobacco and cannabis vaping products to meet the changing tastes of users.
- The effects of competition.
- The development of an international market for cannabis vaping products, which is presently primarily limited to certain states in the United States.
- The effect of the outbreak of another pandemic or other disease that results in restrictions imposed by governments which may impact our ability to purchase or assemble products as well as the ability of end users to purchase our products.

Results of Operations

Three Months and Nine Months Ended March 31, 2023 and 2024

The following table sets forth a summary of our unaudited condensed consolidated statements of operations and comprehensive loss for the three months ended March 31, 2023 and 2024, and nine months ended March 31, 2023 and 2024 (dollars in thousands except share amounts).

	Three Months Ended March 31,				Nine Months Ended March 31,			
	2023		2024		2023		2024	
	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue	\$	% of Revenue
Revenue	\$ 24,136	100.0%	\$ 30,015	100.0%	\$ 82,977	100.0%	\$ 114,565	100.0%
Cost of revenue	(19,616)	(81.3)%	(23,893)	(79.6)%	(68,699)	(82.8)%	(95,345)	(83.2)%
Gross profit	4,520	18.7%	6,122	20.4%	14,278	17.2%	19,220	16.8%
Operating expenses	(7,209)	(29.9)%	(11,802)	(39.3)%	(17,872)	(21.5)%	(29,762)	(26.0)%
Loss from operations	(2,689)	(11.1)%	(5,680)	(18.9)%	(3,594)	(4.3)%	(10,542)	(9.2)%
Other income (loss), net	593	2.5%	(14)	(0.0)%	152	0.2%	299	0.3%
Loss before income taxes	(2,096)	(8.7)%	(5,694)	(19.0)%	(3,442)	(4.1)%	(10,243)	(8.9)%
Income taxes	(238)	(1.0)%	(255)	(0.8)%	(1,070)	(1.3)%	(1,104)	(1.0)%
Net loss	(2,334)	(9.7)%	(5,949)	(19.8)%	(4,512)	(5.4)%	(11,347)	(9.9)%
Other comprehensive (loss) income	(158)	0.7%	11	0.0%	(15)	(0.0)%	170	0.1%
Comprehensive loss	(2,492)	(10.3)%	(5,938)	(19.8)%	(4,527)	(5.5)%	(11,177)	(9.8)%
Net loss per share Basic and diluted	(0.05)		(0.11)		(0.09)		(0.21)	
Weighted shares of common stock outstanding Basic and diluted	50,000,000		54,347,729		50,000,000		54,287,624	

Revenue

The following tables set out the breakdown of our revenue percentage by region based on information provided to us by our distributors on where the distributors are reselling to.

	For the Three Months ended March 31,	
	2023	2024
Europe	52.0%	45.4%
North America (the U.S. and Canada)	33.3%	41.2%
Asia Pacific (excluding PRC)	14.2%	12.6%
Others	0.5%	0.8%
Total	100.0%	100.0%

Our revenue increased by \$5,878,738, or 24.4%, from \$24,136,297 for the three months ended March 31, 2023, to \$30,015,035 for the three months ended March 31, 2024. Nearly all cannabis vaping products are sold in United States, which were included in sales in North America. Sales in North America also include sales of tobacco vaping products in Canada. Sales to regions other than North America are mostly tobacco vaping products. The increase in revenue is the combined effect of (i) increases in sales of cannabis vaping products of \$4.3 million from \$7.6 million for the three months ended March 31, 2023 to approximately \$11.9 million for the three months ended March 31, 2024, and (ii) increases in sales of tobacco vaping products in Europe of \$1.0 million from \$12.6 million for the three months ended March 31, 2023 to approximately \$13.6 million for the three months ended March 31, 2024.

	For the Nine Months ended March 31,	
	2023	2024
Europe	55.4%	42.9%
North America (the U.S. and Canada)	30.4%	43.8%
Asia Pacific (excluding PRC)	13.9%	13.0%
Others	0.3%	0.3%
Total	100.0%	100.0%

Our revenue increased by \$31,588,498, or 38.1%, from \$82,976,746 for the nine months ended March 31, 2023, to \$114,565,244 for the nine months ended March 31, 2024. Nearly all cannabis vaping products are sold in United States, which were included in sales in North America. Sales in North America also include sales of tobacco vaping products in Canada. Sales to regions other than North America are mostly tobacco vaping products. The increase in revenue is the combined effect of (i) increases in sales of cannabis vaping products of \$25.4 million from \$23.4 million for the nine months ended March 31, 2023 to approximately \$48.8 million for the nine months ended March 31, 2024, (ii) increases in sales of tobacco vaping products in Asia Pacific (excluding PRC) of \$3.3 million from \$11.5 million for the nine months ended March 31, 2023 to approximately \$14.8 million for the nine months ended March 31, 2024, (iii) increases in sales of tobacco vaping products in Europe of \$3.2 million from \$46.0 million for the nine months ended March 31, 2023 to approximately \$49.1 million for the nine months ended March 31, 2024.

Cost of Revenue

Cost of revenue mainly consists of cost of purchases of vaping products, which we mainly purchased from Shenzhen Yi Jia. Cost of revenue increased by \$4,276,985, or 21.8%, from \$19,616,098 for the three months ended March 31, 2023, to \$23,893,083 for the three months ended March 31, 2024. The increase in cost of revenue reflects the increase in period-to-period unit sales.

Cost of revenue increased by \$26,646,300, or 38.8%, from \$68,699,245 for the nine months ended March 31, 2023, to \$95,345,545 for the nine months ended March 31, 2024. The increase in cost of revenue reflects the increase in period-to-period unit sales.

Gross Profit

The following tables show the revenue, cost of revenue and gross profit of our tobacco and cannabis vaping products (dollars in thousands).

For the Three Months Ended March 31, 2023				
	Revenue	Cost of revenue	Gross profit	Gross profit %
Tobacco vaping products	\$ 16,546	\$ 13,927	\$ 2,619	15.8%
Cannabis vaping products	7,590	5,689	1,901	25.0%
Total	<u>\$ 24,136</u>	<u>\$ 19,616</u>	<u>\$ 4,520</u>	<u>18.7%</u>

For the Three Months Ended March 31, 2024				
	Revenue	Cost of revenue	Gross profit	Gross profit %
Tobacco vaping products	\$ 18,083	\$ 15,231	\$ 2,852	15.8%
Cannabis vaping products	11,932	8,663	3,269	27.4%
Total	<u>\$ 30,015</u>	<u>\$ 23,894</u>	<u>\$ 6,121</u>	<u>20.4%</u>

Gross profit increased by \$1,601,754, or 35.4%, from \$4,520,199 for the three months ended March 31, 2023 to \$6,121,953 for the three months ended March 31, 2024, and our gross profit percentage slightly increased from 18.7% to 20.4%. The gross profit percentage for tobacco vaping products remained relatively constant. The increase in gross profit percentage for cannabis vaping products was primarily because we have been implementing a more detailed selection process on accepting more sales orders with higher profit margin during the three months ended March 31, 2024.

For the Nine Months Ended March 31, 2023				
	Revenue	Cost of revenue	Gross profit	Gross profit %
Tobacco vaping products	\$ 59,555	\$ 50,408	\$ 9,147	15.4%
Cannabis vaping products	23,422	18,291	5,131	21.9%
Total	<u>\$ 82,977</u>	<u>\$ 68,699</u>	<u>\$ 14,278</u>	<u>17.2%</u>

For the Nine Months Ended March 31, 2024				
	Revenue	Cost of revenue	Gross profit	Gross profit %
Tobacco vaping products	\$ 65,749	\$ 55,481	\$ 10,268	15.6%
Cannabis vaping products	48,816	39,864	8,952	18.3%
Total	<u>\$ 114,565</u>	<u>\$ 95,345</u>	<u>\$ 19,220</u>	<u>16.8%</u>

Gross profit increased by \$4,942,198, or 34.6%, from \$14,277,501 for the nine months ended March 31, 2023 to \$19,219,699 for the nine months ended March 31, 2024, while our gross profit percentage decreased from 17.2% to 16.6%. The gross profit percentage for tobacco vaping products remained constant. The decrease in gross profit percentage for cannabis vaping products was the combined effect of larger customers that negotiated lower prices resulting in lower margins in the second half year of 2023, and implementing a more detailed selection process on accepting more sales orders with higher profit margin during the three months ended March 31, 2024.

Operating Expenses

Operating expenses increased \$4,592,248 or 63.7%, from \$7,209,628 for the three months ended March 31, 2023 to \$11,801,876 for the three months ended March 31, 2024. Operating expenses increased \$11,889,575 or 66.5%, from \$17,871,956 for the nine months ended March 31, 2023, to \$29,761,531 for the nine months ended March 31, 2024.

Our sales and marketing expenses mainly consist of employees' salaries and benefits, marketing expenses, travel expenses, stock-based compensation expenses and others.

Sales and marketing expenses increased by \$806,458, or 85.0%, from \$948,302 for the three months ended March 31, 2023, to \$1,754,760 for the three months ended March 31, 2024. The increase in sales and marketing expenses was primarily due to an increase in our marketing campaign and

trade shows for our cannabis vaping products. Sales and marketing expenses increased by \$991,935, or 31.2%, from \$3,182,451 for the nine months ended March 31, 2023, to \$4,174,386 for the nine months ended March 31, 2024. The increase in sales and marketing expenses was primarily due to increase in headcount and payroll expense for Aspire Science and an increase in our marketing campaign and trade shows for our cannabis vaping products.

Our general and administrative expenses mainly consist of compensation and benefits, stock-based compensation expenses, rental expenses, professional fees and other administrative expenses. General and administrative expenses increased by \$3,785,790, or 60.5%, from \$6,261,326 for the three months ended March 31, 2023, to \$10,047,116 for the three months ended March 31, 2024. The increase was primarily due to (i) stock-based compensation expense of \$1.8 million incurred in the three months ended March 31, 2024, as compensation for management, employees and service providers, (ii) an increase in professional fees of \$1.0 million for expenses incurred being a public company for the three months ended March 31, 2024, and (iii) an increase of \$0.8 million for payroll expenses as more employees were hired by us for expansion of our cannabis business and building a manufacturing plant in Malaysia.

General and administrative expenses increased by \$10,897,641, or 74.2%, from \$14,689,504 for the nine months ended March 31, 2023, to \$25,587,145 for the nine months ended March 31, 2024. The increase was primarily due to (i) stock-based compensation expense of \$4.7 million incurred in the nine months ended March 31, 2024, as compensation for management, employees and service providers, (ii) an increase in credit loss expenses of \$1.0 million, (iii) an increase of \$2.3 million for payroll expenses as more employees were hired by us for expansion of our cannabis business and building a manufacturing plant in Malaysia and (iv) an increase in professional fees of \$2.0 million for expenses incurred being a public company for the nine months ended March 31, 2024.

Other expense (income), net

Other income, net includes interest income, interest expense, exchange gain (loss), net and other income (expense).

Interest income was \$391 for the three months ended March 31, 2023, and \$27,296 for the three months ended March 31, 2024. Interest income was \$77,202 for the nine months ended March 31, 2023, and \$298,161 for the nine months ended March 31, 2024.

Exchange loss (gain) changes by \$714,664, or 108.2%, from net exchange gain of \$660,760 for the three months ended March 31, 2023, to net exchange loss of \$53,904 for three months ended March 31, 2024. Exchange loss (gain) changes by \$202,565, or 110.6%, from net exchange gain of \$183,178 for the nine months ended March 31, 2023, to net exchange loss of \$19,387 for nine months ended March 31, 2024.

As a result of these factors, other expense (income), net decreased by \$607,541, from other income, net of \$593,198 for the three months ended March 31, 2023, to other income, net of \$14,343 for three months ended March 31, 2024. Other expense (income), net increased by \$146,912, from other income, net of \$151,940 for the nine months ended March 31, 2023, to other income, net of \$298,852 for nine months ended March 31, 2024.

Income Taxes

Income taxes increased by \$17,493, or 7.4%, from \$237,992 for the three months ended March 31, 2023, to \$255,485 for the three months ended March 31, 2024. Income taxes increased by \$33,711, or 3.2%, from \$1,069,999 for the nine months ended March 31, 2023, to \$1,103,710 for the nine months ended March 31, 2024. We had a consolidated net loss for both three- and nine-month periods ended March 31, 2023 and 2024, which was the combined effect of a profit by Aspire Science and a loss by Aspire North America and Ispire Malaysia. The profit from Aspire Science resulted in a current tax expense in Hong Kong. The increase in valuation allowance reflects our view that the taxable income in the future will not be sufficient to utilize the carryforward loss.

Net Loss

As a result of the foregoing, net loss increased by \$3,615,528, from net loss of \$2,334,223, or \$(0.05) per share (basic and diluted) for the three months ended March 31, 2023, to a net loss of \$5,949,751, or \$(0.11) per share, for the three months ended March 31, 2024. Net loss increased by \$6,834,177, from net loss of \$4,512,513, or \$(0.09) per share (basic and diluted) for the nine months ended March 31, 2023, to a net loss of \$11,346,690, or \$(0.21) per share, for the nine months ended March 31, 2024.

Liquidity and Capital Resources

The following table summarizes our changes in working capital from June 30, 2023, to March 31, 2024 (dollars in thousands).

	June 30, 2023	March 31, 2024	Change	% Change
Current Assets	\$ 84,811	\$ 98,653	\$ 13,842	16.3%
Current Liabilities	55,962	69,743	13,781	24.6%
Working Capital	28,849	28,910	61	2.1%

The following table sets forth information as to consolidated cash flow information for the nine months ended March 31, 2023 and 2024 (dollars in thousands).

Consolidated cash flow data:	Nine Months Ended March 31,		Increase (Decrease)
	2023	2024	
Net cash provided by (used in) operating activities	\$ 1,617	\$ (16,878)	\$ (18,495)
Net cash (used in) provided by investing activities	(10,099)	5,949	16,048
Net cash (used in) provided by financing activities	(41,963)	10,083	52,046
Net decrease in cash	\$ (50,445)	\$ (846)	\$ 49,599

Net cash flow provided by operating activities for the nine months ended March 31, 2023 of \$1.6 million, reflected our net loss of \$4.5 million, adjusted primarily as follows: an add back of credit loss expenses of \$2.2 million, an increase in accounts payable of \$13.7 million, offset by an increase

in accounts receivable of \$9.3 million, and an decrease in income tax payable of \$0.5 million.

Net cash flow used in operating activities for the nine months ended March 31, 2024, of \$16.9 million, reflected our net loss of \$11.3 million, adjusted primarily as follows: an increase in accounts payable of \$11.9 million, add-back of stock-based compensation expenses of \$4.7 million, an add-back of credit loss expenses of \$3.3 million, a decrease in prepaid expenses and other current assets of \$1.7 million, an increase in accrued liabilities and other payables of \$1.2 million, offset by an increase in accounts receivable of \$26.6 million and increase in inventories of \$2.5 million.

Net cash flow used in investing activities for the nine months ended March 31, 2023, of \$10.1 million reflected primarily the purchase of short-term investment of \$9.6 million, and purchase of property, plant and equipment of \$0.5 million.

Net cash flow provided by investing activities for the nine months ended March 31, 2024, of \$5.9 million reflected primarily the maturity of short-term investment of \$9.1 million, offset by purchase of property, plant and equipment of \$1.2 million, purchase of non-marketable securities of \$1.0 million and acquisition of intangible assets of \$1.0 million.

Net cash flow used in financing activities for the nine months ended March 31, 2023, of \$42.0 million reflected primarily repayment of advances from related parties of \$40.5 million, payment made for dividend of \$3.4 million, offset by advances from related parties of \$1.9 million.

Net cash flow provided by financing activities for the nine months ended March 31, 2024, of \$10.1 million reflected primarily proceeds from a secondary offering of \$12.3 million, offset by payments from a secondary offering of \$1.5 million and repayments of advances from related parties of \$0.7 million.

To date, we have financed our operations primarily through cash flow from operations and working capital loans from our major stockholders, who are our co-chief executive officer and his wife, when necessary. We plan to support our future operations primarily from cash generated from our operations and cash on hand. We believe that our current cash and working capital will be sufficient to meet our working capital needs in the next 12 months. If we experience an adverse operating environment or incur unanticipated capital expenditure requirements, or if we decide to accelerate our growth, then additional financing may be required. We cannot give any assurance that additional financing will not be required or, if required, would be available on favorable terms if at all. Such financing may include the use of additional debt or the sale of additional equity securities. Any financing which involves the sale of equity securities or instruments that are convertible into equity securities could result in dilution to our stockholders which may be substantial.

The cash at bank held by our Hong Kong operating subsidiary can be freely transferred within our corporate structure without restriction. If our Hong Kong operating subsidiary were to incur additional debt on its own behalf in the future, the instruments governing the debt may restrict the ability of our operating subsidiaries to transfer cash to our U.S. investors.

Contractual Obligations

As of June 30, 2023, and March 31, 2024, we had contract liabilities of \$988,556 and \$1,327,371, respectively. These liabilities are advance deposits received from customers after an order has been placed. We expect all of the contract liabilities to be settled in less than one year.

We have operating lease arrangements for office and factory premises for Hong Kong, California and Malaysia, which are treated as right-of-use assets. These leases typically have terms of two to five years. Leases with an initial term of 12 months or less are not presented as right-of-use assets and are expensed over the lease term. All other lease assets and lease liabilities are recognized based on the present value of lease payments over the lease term at commencement date.

The balances for our right-of-use assets and lease liabilities where we are the lessee are presented as follow:

	As of June 30, 2023	As of March 31, 2024
Operating lease right-of-use assets	\$ 4,061,617	\$ 3,636,104
Operating lease liabilities – current	\$ 944,525	\$ 1,275,923
Operating lease liabilities – non-current	3,356,232	2,730,574
Total	\$ 4,300,757	\$ 4,006,497

As of March 31, 2024, the maturities of our lease liabilities (excluding short-term leases) are as follows:

	As of March 31, 2023
April 1, 2024 to March 31, 2025	\$ 1,546,607
April 1, 2025 to March 31, 2026	1,529,974
April 1, 2026 to March 31, 2027	1,117,724
April 1, 2027 to March 31, 2028	322,704
Total future lease payments	4,517,009
Less: imputed interest	(510,512)
Total lease liabilities	\$ 4,006,497

As of March 31, 2024, we recorded an unpaid \$1 million consideration in accrued liabilities and other payables on the consolidated balance sheet for a committed investment of \$1 million into Touch Point Worldwide, Inc. d/b/a/ Berify's preferred equity for 909,091 shares. We completed the investment on April 5, 2024.

Trend Information

Other than as disclosed elsewhere in this Form 10-Q, we are not aware of any trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our net revenues, income from operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Seasonality

Seasonality does not materially affect our business or the results of our operations.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements.

Critical Accounting Policies and Estimates

Allowance for credit losses

We adopted Accounting Standards Update 2016-13 "Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments" in July 2023. We estimate the allowance for current expected credit losses based on an expected loss model, compared to prior periods which were estimated using an incurred loss model which did not require the consideration of forward-looking economic variables and conditions in the reserve calculation across the portfolio. The impact related to adopting the new standard was not material.

Based on the current expected credit loss model, we consider many factors, including age of balance, past events, any historical default, current information available about the customers, current economic conditions, and certain forward-looking information, including reasonable and supportable forecasts.

Inventory reserves

We record an allowance for slow moving and potentially obsolete inventory based upon recent sales history, the quantity of inventory on-hand, and an estimate of expected sellable life of the inventory. We periodically review inventory to identify slow moving inventories and compare the forecast sales with the quantities and expected sellable life of inventory. Any inventory identified during this process is reserved for at rates based upon our management's judgment, historical rates, and industry practices. The quantity thresholds and reserve rates are subjective and are based on management's judgment and knowledge of current and projected industry demand. The reserve estimates may, therefore, be revised if there are changes in the overall market for our products or market changes that, in our management's judgment, impact its ability to sell potentially obsolete inventory. For the three months ended March 31, 2023 and 2024, we recorded inventory reserve of \$0 and \$38,133, respectively. For the nine months ended March 31, 2023 and 2024, we recorded inventory reserve of \$0 and \$168,585, respectively.

Emerging Growth Company

As a company with less than \$1.235 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions. We could lose Emerging Growth Company status if we become a "Large Accelerated Filer." This would occur if we had a public float of \$700 million or more, as of the last business day of our most recently completed second fiscal quarter.

Cybersecurity

Cyberattacks are a growing geopolitical risk, becoming larger, more frequent, more intricate and more relentless. They are a significant threat to individual organizations and national security. We rely on accounting, financial, and operational management information systems to conduct our operations. Any disruption in these systems could adversely affect our ability to conduct our business. Furthermore, as part of our normal business activities, we collect and store common confidential information about customers, employees, vendors, and suppliers. This information is entitled to protection under a number of regulatory regimes. Any failure to maintain the security of the data, including the penetration of our network security and the misappropriation of confidential and personal information, could result in business disruption, damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also result in deterioration in customers' confidence in us and other competitive disadvantages, and thus could have a material adverse impact on our financial condition and results of operations. While we devote resources to security measures to protect our systems and data, these measures cannot provide absolute security and the insurance coverage we maintain may be inadequate to cover claims, costs, and liabilities relating to cybersecurity incidents.

ITEM 3: Quantitative and Qualitative Disclosure About Market Risk

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item.

ITEM 4: Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on the foregoing, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective, due to (1) the lack of controls needed to enable us to record assets acquired from a controlling stockholder in accordance with GAAP, (2) the lack of controls needed to enable us to evaluate significant estimates, including (i) the sufficiency of inventory reserve for slow-moving inventories and (ii) the credit loss history and use it to evaluate the sufficiency of credit loss reserve for accounts receivable under the Topic 326, and (3) the lack of written control policies.

Our failure to have such controls in place resulted in the need for us to restate our unaudited financial statements for the three and nine months ended March 31, 2023. As a result of the restatement, as of March 31, 2023, the restated intangible asset balance should be \$0, instead of \$74,259,915. For the three months ended March 31, 2023, the net loss decreased from \$3,106,855, or \$0.06 per share (basic and diluted), to the net loss of

\$2,334,223, or \$0.05 per share (basic and diluted). For the nine months ended March 31, 2023, the net loss decreased from \$6,057,776, or \$0.12 per share (basic and diluted), to \$4,512,513, or \$0.09 per share (basic and diluted). Additionally, in preparing the unaudited condensed consolidated statement of cash flows, we identified an additional error related to the presenting of operating leases. We determined that cash payments arising from operating leases were incorrectly classified under financing activities instead of operating activities. As a result of the restatement, our principal portion of lease payment of \$114,879 in unaudited condensed consolidated statements of cash flows for the nine months ended March 31, 2023, was reclassified to operating activities. We also omitted to present the noncash activities in relation to leased assets obtained in exchange for operating lease liabilities. During the review of unaudited condensed consolidated financial statements for the three and nine months ended March 31, 2023 and 2024, we have added disclosure of \$4,882,220 of leased assets obtained in exchange for operating lease liabilities in the unaudited condensed consolidated statements of cash flows for the nine months ended March 31, 2023.

Subsequent to June 30, 2023, we have appointed a new chief financial officer and a vice president of finance to address material weaknesses in internal control as evidenced by our restatement of the unaudited interim consolidated financial statements for the period ended March 31, 2023, as part of our program to develop and implement effective internal controls over financial reporting.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2024, we have continued to develop and implement internal controls over financial reporting particularly in view of the material weakness described above.

Inherent Limitations of Controls

Management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or deterioration in the degree of compliance with the policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

From time to time, we may be subject to legal proceedings, investigations and claims incidental to the conduct of our business.

Other than disclosed above, we are not a party to, nor are we aware of, any legal proceedings, investigations or claims which, in the opinion of our management, are likely to have a material adverse effect on our business, financial condition or results of operations.

On March 17, 2021, the Food and Drug Administration ("FDA") sent a letter to Aspire North America requesting that Aspire North America submit documents relating to its marketing practices for Aspire products. Specifically, the FDA requested documents related to youth exposure to Aspire North America's social media marketing of Aspire as well as Aspire North America's use of influencers in social media marketing. This request applied to all of Aspire electronic nicotine delivery system (ENDS) products and their components or parts. The FDA requested these documents based on the epidemic of youth ENDS use and based on Aspire North America's marketing of Aspire products on social media platforms (e.g., Facebook, YouTube, and Instagram). The FDA requested that Aspire North America respond within 60 days but granted a 30-day extension. On June 15, 2021, Aspire North America provided the required information to the FDA.

To date, the FDA has not substantively responded or taken any further action in the matter. The Company is uncertain as to whether this remains an active inquiry by FDA, though we believe that the duration of time which has passed since the inquiry tends to suggest that the matter is no longer active within FDA.

However, if the matter remains active there is a possibility that FDA may not consider the Company's response adequate and/or may initiate regulatory or enforcement action based on an alleged failure to comply with the request or FDA may initiate regulatory or enforcement action on other grounds based on the contents of the documents produced in the response.

Given the lack of sales of the Company's e-cigarette products in the U.S. for the prior 3-year period, the Company believes it is unlikely that a material monetary penalty could, or would, be levied against the Company in the event of a finding of fault in an aforementioned regulatory proceeding. A finding of fault in a regulatory proceeding, may, however materially impact the Company's reputation in the e-cigarette industry.

On April 12, 2024, we received a demand letter (the "Demand") from a current employee alleging a variety of workplace issues and other claims. We believe that these claims have no merit, and we plan to vigorously defend against the Demand. We cannot predict the outcome of the Demand, and it is possible that additional demand letters or lawsuits may be received.

Item 1A. Risk Factors

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item. Our current risk factors are set forth in our Annual Report on Form 10-K for the fiscal year ended June 30, 2023, filed with the SEC on September 19, 2023 and our Registration Statement on Form S-1 (File No. 333-276804), as amended, filed with the SEC on February 1, 2024.

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

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine and Safety Disclosure

Not applicable

Item 5. Other Information

No director or Section 16 officer adopted or terminated a trading arrangement intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or a "non-Rule 10b5-1" trading arrangement during the periods reported in this Form 10-Q.

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Item 6. Exhibits

The following is a complete list of exhibits filed or furnished, as applicable, as part of this Form 10-Q. Exhibit numbers correspond to the numbers in the Exhibit Table of Item 601 of Regulation S-K.

Exhibit	Description
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Registration Statement on Form S-1 (No. 333-269470) filed on January 31, 2023).
3.2	Bylaws (incorporated by reference to Exhibit 3.2 of the Company's Registration Statement on Form S-1 (No. 333-269470) filed on January 31, 2023).
4.1*	Form of Warrant
10.1	Form of Placement Agency Agreement (incorporated by reference to Exhibit 1.1 of the Company's Amendment No. 1 to Registration Statement on Form S-1 (No. 333-276804) filed on March 18, 2024).
10.2	Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.13 of the Company's Post Effective Amendment No. 1 to Registration Statement on Form S-1 (No. 333-276804) filed on March 25, 2024).
10.3*#	Capital Contribution, Subscription, and Joint Venture Agreement by and between Aspire North America LLC, Ispire Technology Inc., Chemular Inc., Touch Point Worldwide, Inc. d/b/a Berify, and Ike Tech LLC, dated as of April 5, 2024.
31.1*	Certification of Co-Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Co-Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance 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 (embedded within the Inline XBRL document)

* Filed herewith.

** Furnished herewith.

Certain portions of this exhibit (indicated by "[*]") have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The Company agrees to furnish supplementally an unredacted copy of the exhibit to the Securities and Exchange Commission upon its request.

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SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 14, 2024

ISPIRE TECHNOLOGY INC.

By: /s/ Michael Wang
Michael Wang
Co-Chief Executive Officer
(Principal Executive Officer)

By: /s/ Daniel Machock
Daniel Machock
Chief Financial Officer
(Principal Financing and Accounting Officer)

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NEITHER THIS SECURITY NOR THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAS BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY STATE SECURITIES OR "BLUE SKY LAWS," AND MAY NOT BE OFFERED, SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR HYPOTHECATED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR COMPLIANCE WITH RULE 144 PROMULGATED UNDER SUCH ACT, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

Warrant No. _____

Void after 5:00 p.m. Eastern Time on
April 5, 2024 (subject to Section 2
herein, the "**Expiration Date**")

Initial Exercise Date: April 5, 2024

ISPIRE TECHNOLOGY INC.

WARRANT TO PURCHASE SHARES OF COMMON STOCK

This Warrant is issued to Touch Point Worldwide, Inc. d/b/a Berify (the "**Holder**") by Ispire Technology Inc., a Delaware corporation (the "**Company**"), pursuant to the terms of that certain Capital Contribution, Subscription, and Joint Venture Agreement dated as of April 5, 2024, by and among the Holder, the Company, Chemular Inc., a Michigan corporation ("**Chemular**"), and Aspire North America LLC, a Delaware limited liability company and wholly owned subsidiary of the Company (the "**Agreement**").

1. **Purchase of Shares.** Subject to the terms and conditions hereinafter set forth, the Holder of this Warrant is entitled, upon surrender of this Warrant at the principal office of the Company (or at such other place as the Company shall notify the Holder hereof in writing), to purchase from the Company up to ONE HUNDRED ELEVEN THOUSAND ONE HUNDRED ELEVEN (111,111) shares of the Company's Common Stock (the "**Common Stock**") at the Exercise Price.

2. **Exercise Period.** Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Expiration Date, subject to Section 4 herein.

3. **Exercise Price.** The initial Exercise Price of this Warrant shall be \$9.00 per share as adjusted for stock splits, stock dividends, combinations and the like.

4. **Method of Exercise.** While this Warrant remains outstanding and is exercisable in accordance with Section 2 above, the Holder may exercise, in whole or in part, the purchase rights evidenced hereby. Such exercise shall be effected by:

(a) the surrender of the Warrant, together with a notice of exercise to the Secretary of the Company at its principal offices during normal business hours on any business day prior to the Expiration Date; and

(b) the payment to the Company of an amount equal to the aggregate Exercise Price for the number of shares of Common Stock being purchased in the form of cash or certified or bank check payable to the order of the Company.

The Company agrees that the shares of Common Stock issuable upon exercise of the Warrants shall be deemed to be issued to the Holder as the record holder of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. Notwithstanding the foregoing, no such surrender shall be effective to constitute the person or entity entitled to receive such shares as the record holder thereof while the transfer books of the Company for the Common Stock are closed for any purpose (but not for any period in excess of five (5) days); but any such surrender of this Warrant for exercise during any period while such books are so closed shall become effective for exercise immediately upon the reopening of such books, as if the exercise had been made on the date this Warrant was surrendered and for the number of shares of Common Stock and at the Exercise Price in effect at the date of such surrender. This Warrant and all rights and options hereunder shall expire on the Expiration Date, and shall be wholly null and void and of no value to the extent this Warrant is not exercised before it expires.

5. **Cashless Exercise.** In lieu of exercising this Warrant in cash as described in Section 4, this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder, upon exercise, shall be entitled to receive a number of shares of Common Stock equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the five (5) day VWAP on the trading day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the notice of exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of shares of Common Stock that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

Upon a cashless exercise, the Holder shall receive shares in accordance with the terms of Section 4 above, provided that no cash payment will be required with the surrendered Warrant and notice of exercise. For purposes of this Section 5, "**VWAP**" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a "national securities exchange," the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the trading market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a trading day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is then quoted on the OTCQB or OTCQX, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

6. Certificates for Common Stock. Upon the exercise of the purchase rights evidenced by this Warrant, one or more certificates for the number of shares of Common Stock so purchased shall be issued as soon as practicable thereafter, and in any event within five (5) days of the delivery of the exercise notice and other deliverables required herein. Notwithstanding the foregoing, the Company, at its sole discretion, may elect to issue the shares of Common Stock so exercised in uncertificated, book entry form on the books and records of the Company.

7. Issuance of Common Stock. The Company covenants that the shares of Common Stock, when issued pursuant to the exercise of this Warrant, will be duly and validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issuance thereof; provided, however, that the Holder shall be required to pay any and all taxes that may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than that of the then Holder as reflected upon the books of the Company.

8. Adjustment of Exercise Price and Number of Shares of Common Stock. The number of and kind of securities purchasable upon exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as follows:

(a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, or (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 8(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) Reclassification, Reorganization and Consolidation. In case of any reclassification, capital reorganization or change in the capital stock of the Company (other than as a result of a subdivision, combination or stock dividend provided for in Section 8(a) above), then the Company shall make appropriate provision so that the Holder of this Warrant shall have the right at any time prior to the expiration of this Warrant to purchase, at a total price equal to that payable upon the exercise of this Warrant, the kind and amount of shares of stock and other securities and property receivable in connection with such reclassification, reorganization or change by a Holder of the same number of shares of Common Stock as were purchasable by the Holder of this Warrant immediately prior to such reclassification, reorganization or change. In any such case appropriate provisions shall be made with respect to the rights and interest of the Holder of this Warrant so that the provisions hereof shall thereafter be applicable with respect to any shares of stock or other securities and property deliverable upon exercise hereof, and appropriate adjustments shall be made to the purchase price per share payable hereunder, provided the aggregate purchase price shall remain the same.

(c) Notice of Adjustment. When any adjustment is required to be made in the number or kind of shares purchasable upon exercise of the Warrant, or in the Exercise Price, the Company shall promptly notify the Holder of such event and of the number of shares of Common Stock or other securities or property thereafter purchasable upon exercise of this Warrant.

(d) No Fractional Shares or Scrip. If as a result of any adjustment pursuant to this Section 8, the Holder would be entitled to receive a fractional interest in a share of Common Stock, the Company will, upon exercise, round down to the nearest whole number of shares of Common Stock issuable to the Holder.

9. Restrictive Legend. The shares of Common Stock received upon exercise of this Warrant (unless registered under the Act) shall be stamped or imprinted with a legend in substantially the following form:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO TRANSFER OF THESE SHARES OR ANY INTEREST THEREIN MAY BE MADE EXCEPT: (I) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT; (II) PURSUANT TO AND IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF RULE 144; OR (III) PURSUANT TO AN OPINION OF COUNSEL SATISFACTORY TO THE ISSUER THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION UNDER THE ACT."

10. Transfer of Warrant.

(a) Limitation on Transfer. The Holder shall not, directly or indirectly, sell, give, assign, hypothecate, pledge, encumber, grant a security interest in or otherwise dispose of (whether by operation of law or otherwise) (each a "Transfer") this Warrant or any right, title or interest herein or hereto, except in accordance with the provisions of this Warrant. Any attempt to Transfer this Warrant, in whole or in part, or any rights hereunder in violation of the preceding sentence shall be null and void ab initio and the Company shall not register any such Transfer.

(b) Transfer Procedures. If the Holder wishes to Transfer this Warrant to a transferee (a "Transferee") under this Section 10, the Holder shall give notice to the Company through the use of the assignment form attached hereto as Exhibit B of its intention to make any Transfer permitted under this Section 10 not less than five (5) days prior to effecting such Transfer, which notice shall state the name and address of each Transferee to whom such Transfer is proposed. This Warrant may, in accordance with the terms hereof, be transferred in whole or in part. If this Warrant is transferred in whole, the assignee shall receive a new Warrant (registered in the name of such assignee or its nominee) which new Warrant shall cover the number of shares assigned. If this Warrant is transferred in part, the assignor and assignee(s) shall each receive a new Warrant (which, in the case of the assignee, shall be registered in the name of the assignee or its nominee), each of which new Warrant shall cover the number of shares not so assigned and in respect of which no such exercise has been made in the case of the assignor and the number of shares so assigned, in the case of the assignee.

(c) Transfers in Compliance with Law: Substitution of Transferee. Notwithstanding any other provision of this Warrant, no Transfer may be made pursuant to this Section 10 unless (a) the Transferee has agreed in writing to be bound by the terms and conditions hereto, (b) the Transfer

complies in all respects with the applicable provisions of this Warrant, and (c) the Transfer complies in all respects with applicable federal and state securities laws, including, without limitation, the Securities Act. If requested by the Company in its reasonable judgment, the transferring Holder shall supply to the Company (x) an opinion of counsel, at such transferring Holder's expense, to the effect that such Transfer complies with the applicable federal and state securities laws; and (y) a written statement to the Company, in such form as it may reasonably request, certifying that the Transferee is an "accredited investor" as defined in Rule 501(a) under the Securities Act.

11. Rights of Stockholders. Except as described elsewhere herein, no holder of this Warrant shall be entitled, as a Warrant holder, to vote or receive dividends or be deemed the holder of shares of Common Stock or any other securities of the Company which may at any time be issuable on the exercise hereof for any purpose, nor shall anything contained herein be construed to confer upon the holder of this Warrant, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issuance of stock, reclassification of stock, change of par value, consolidation, merger, conveyance, or otherwise) or to receive notice of meetings, or to receive dividends or subscription rights or otherwise until the Warrant shall have been exercised and the shares of Common Stock purchasable upon the exercise hereof shall have become deliverable, as provided herein.

12. Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the shares of Common Stock issuable upon exercise of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

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13. Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of all of the shares issuable upon the exercise of any purchase rights under this Warrant.

14. Entire Agreement. This Warrant constitutes the entire agreement between the Company and the Holder with respect to the Warrant.

15. Notices. All notices and other communications required or permitted hereunder shall be in writing, shall be effective when given, and shall in any event be deemed to be given upon receipt or, if earlier, (a) five (5) days after deposit with the U.S. Postal Service or other applicable postal service, if delivered by first class mail, postage prepaid, (b) upon delivery, if delivered by hand, or (c) one business day after the business day of deposit with Federal Express or similar overnight courier, freight prepaid, if such overnight delivery is requested, and shall be addressed (i) if to the Holder, at the Holder's address as set forth in the Agreement, and (ii) if to the Company, at the address as set forth in the Agreement, or at such other address as a party may designate by ten days advance written notice to the other party pursuant to the provisions above.

16. Governing Law. This Warrant and all actions arising out of or in connection with this Warrant shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the State of Delaware, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Delaware.

17. Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant.

18. Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant.

19. Amendment and Waiver. No provision of this Warrant shall be waived or modified without the written consent of the Company and the Holder.

20. Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

21. Electronic Signatures. Electronically scanned and transmitted signatures, including by email attachment, shall be deemed originals for all purposes of this Warrant.

[Signature Page Follows]

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Issued this 5th day of April, 2024.

ISPIRE TECHNOLOGY INC.

By: /s/ Michael Wang
Name: Michael Wang
Title: Co-CEO

ISPIRE TECHNOLOGY INC.
SIGNATURE PAGE TO WARRANT TO PURCHASE COMMON STOCK

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EXHIBIT A TO WARRANT

NOTICE OF EXERCISE

TO: Ispire Technology Inc.
19700 Magellan Drive
Los Angeles, CA 90502
Attention: Michael Wang, Co-CEO

1. The undersigned hereby elects to purchase _____ shares of Common Stock pursuant to the terms of the attached Warrant).

2. The undersigned elects to exercise the attached Warrant:

[] by means of a cash payment, and tenders herewith payment in full for the purchase price of the shares being purchased, together with all applicable transfer taxes, if any.

[] by the cancellation of such number of shares of Common Stock underlying the Warrant as is necessary, in accordance with the formula set forth in Section 5, to exercise this Warrant with respect to the maximum number of shares of Common Stock purchasable pursuant to the cashless exercise procedure set forth in Section 5.

3. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(Signature)

(Name)

(Date)

(Title)

EXHIBIT B TO WARRANT

FORM OF TRANSFER

(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____ the right represented by the attached Warrant to purchase _____ shares of Common Stock of Ispire Technology Inc. to which the attached Warrant relates.

Dated: _____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

Address: _____

Signed in the presence of:

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND WOULD LIKELY CAUSE COMPETITIVE HARM TO THE REGISTRANT IF PUBLICLY DISCLOSED. [*] INDICATES THAT INFORMATION HAS BEEN REDACTED.

**CAPITAL CONTRIBUTION, SUBSCRIPTION,
AND JOINT VENTURE AGREEMENT**

By and Among

Chemular Inc.,

Touch Point Worldwide, Inc. d/b/a Berify,

Aspire North America LLC,

and

IKE Tech LLC

dated as of

April 5, 2024

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This CAPITAL CONTRIBUTION, SUBSCRIPTION, AND JOINT VENTURE AGREEMENT, is made as of April 5, 2024, by and among Chemular Inc., a Michigan corporation ("Chemular"), Aspire North America LLC, a Delaware limited liability company and wholly owned subsidiary of Ispire Technology, Inc., a Delaware corporation ("Ispire"), Touch Point Worldwide, Inc. d/b/a Berify, a Delaware corporation ("Berify"), and Ike Tech LLC, a Delaware limited liability company (the "Company", and together with Chemular, Ispire, and Berify, each a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, Chemular is in the business of providing services for Pre-Market Tobacco Applications, Tobacco Product Master Files ("TPME"), tax and regulatory compliance consulting services;

WHEREAS, Berify is in the business of providing a blockchain based authentication platform that enables businesses to connect and engage with consumers while fostering a secured and trusted peer-to-peer marketplace;

WHEREAS, Ispire is engaged in the research and development, design, commercialization, sales, marketing, and distribution of e-cigarettes.

WHEREAS, the Parties desire to form a joint venture to operate the JV Business.

WHEREAS, to effectuate the intent of the Parties, Ispire has formed the Company, and at the Closing shall (i) make the Ispire Initial Capital Contribution, and (ii) enter into the Ispire Contribution Commitment, all on the terms of and otherwise pursuant to this Agreement and the LLC Agreement.

WHEREAS, the Parties contemplate that following the formation of the Company, each of Ispire, Chemular, and Berify will derive significant benefit from the transactions contemplated by this Agreement and the Related Agreements and, as a condition to each such Parties entering into this Agreement, Ispire, Chemular, and Berify are required to make certain representations, warranties, and covenants specifically provided in this Agreement.

WHEREAS, in order to set forth certain terms and conditions upon which the foregoing will be accomplished, the Parties desire to enter into this Agreement.

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

ARTICLE I **DEFINITIONS**

1.1 Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Action" means an action, claim, complaint, demand, arbitration, contest, hearing, inquiry, inquest, audit, investigation, litigation, or suit commenced, brought, conducted, or heard by or before any Governmental Authority or arbitrator.

"Affiliate" means and includes, with reference to any Person, any other Person, Controlling, Controlled by or under common Control with such Person.

"Agreement" means this Capital Contribution, Subscription and Joint Venture Agreement, as the same may be amended, restated, modified and/or supplemented from time to time.

"Applicable Laws" means all applicable federal, state, and local laws and regulations.

"Assumption Conditions" has the meaning set forth in Section 6.9(b).

"Berify" has the meaning set forth in the Preamble.

"Berify Indemnitees" has the meaning set forth in Section 6.2.

"Berify License Agreements" means the TPW Exclusive Patent License Agreement and Exhibit C of the TPW Software Development Agreement.

"Berify Licensed Assets" means all of the assets to be licensed to the Company pursuant to the Berify License Agreements or as otherwise set forth on Schedule 2.2(b) hereto.

"Business Day" means any day, excluding Saturday, Sunday or any day which shall be a legal holiday in the State of New York.

"Capital Account" has the meaning given to such term in the LLC Agreement.

"Capital Contribution" has the meaning given to such term in the LLC Agreement.

"Chemular" has the meaning set forth in the Preamble.

"Chemular Indemnitees" has the meaning set forth in Section 6.3.

"Chemular License" has the meaning set forth in Section 2.2(a) of this Agreement.

"Chemular Licensed Assets" means all of the assets to be licensed to the Company pursuant to the Chemular License, or as otherwise set forth on Schedule 2.2(a) hereto.

"Chemular Master Services Agreement" means that certain Master Services Agreement of even date herewith, by and between Chemular and the Company.

"Closing" has the meaning set forth in Section 2.3.

"Closing Date" has the meaning set forth in Section 2.3.

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"Closing Related Agreements" means each of the LLC Agreement, the Chemular Master Services Agreement, the Ispire Warrant, the TPW Exclusive Patent License Agreement, the TPW Software Development Agreement, and the TPW Supply Agreement.

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

"Confidential Information" has the meaning set forth in Section 7.2.

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

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Company Supply Agreement" means that certain Supply Agreement to be entered into pursuant to Section 4.6(c) of this Agreement, by and between the Company and Ispire.

"Company Certificate of Formation" has the meaning set forth in Section 5.1(a)(i).

"Direct Claim" has the meaning set forth in Section 6.8.

"Encumbrances" means all liens, encumbrances, restrictions and claims of every kind and character.

"Fair Value" as used in this Agreement means the Parties' agreement as to a reasonable estimate of the potential market price of a good, service, or asset, even where no market exists, taking into account preexisting conditions and such factors as:

- relative scarcity
- perceived utility (subjective value based on a particular need)
- risk characteristics
- replacement costs, or costs of close substitutes
- production/distribution costs, including a cost of capital.

"GAAP" means accounting principles generally accepted in the United States, as recognized by the U.S. Financial Accounting Standards Board (or any generally recognized successor).

"Governmental Authority" means any federal, state, local or other governmental, judicial, administrative, public or statutory instrumentality, court, tribunal, arbitrator, agency, commission, authority, official, body or entity, in each case, whether domestic or foreign, or any subdivision thereof, in each case having legal jurisdiction over the matter or Person in question.

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"Indebtedness" means as to any Person at any time: (a) obligations of such Person for borrowed money; (b) obligations of such Person evidenced by bonds, notes, debentures or other similar instruments; (c) obligations of such Person to pay the deferred purchase price of property or services (including obligations under noncompete, consulting or similar arrangements and earn-out payment obligations), except trade accounts payable

of such Person arising in the Ordinary Course of Business that are not past due by more than ninety (90) days or that are being contested in good faith by appropriate proceedings diligently pursued and for which adequate reserves have been established on the financial statements of such Person; (d) indebtedness or other obligations of others guaranteed by such Person; (e) obligations secured by Encumbrances (other than a Permitted Encumbrance) existing on any property or asset owned by such Person; (f) reimbursement obligations of such Persons relating to letters of credit, bankers' acceptances, surety or other bonds or similar instruments; and (g) obligations of such Person under leases that have been or properly should be recorded as a capital or financing lease in accordance with GAAP.

"Indemnified Party" has the meaning set forth in Section 6.7.

"Indemnifying Party" has the meaning set forth in Section 6.7.

"Intellectual Property" means: all rights in intellectual property of any type in any jurisdiction throughout the world, whether registered or non-registered, applied-for, at common law, or otherwise protected or protectable, and including, for example and without limitation: (i) all patents, patent applications and statutory invention registrations; (ii) all trademarks, service marks, trade names, corporate names, slogans and other indicia of source of origin, and all goodwill associated therewith; (iii) all trade secrets, know-how, and confidential or proprietary technical, business and other information; (iv) all domain names; (v) all copyrights and rights in designs; (vi) all inventions, designs, discoveries, ideas, developments, data, works of authorship, and software (i.e., all computer software, firmware, programs and databases, in any form and all documentation related thereto); (vi) all rights of publicity and privacy, rights to personal information and moral rights; and (vii) all shop rights.

"Ispire" has the meaning set forth in the Preamble.

"Ispire Contribution Commitment" has the meaning set forth in Section 2.2(c)(ii).

"Ispire Contribution Request" has the meaning set forth in Section 2.2(c)(ii).

"Ispire Contribution Request Amount" has the meaning set forth in Section 2.2(c)(ii).

"Ispire Contribution Request Deadline" has the meaning set forth in Section 2.2(c)(ii).

"Ispire Indemnitees" has the meaning set forth in Section 6.2.

"Ispire Initial Capital Contribution" has the meaning set forth in Section 2.2(c).

"Ispire Warrant" means that certain Warrant to Purchase Shares of Common Stock of even date herewith, issued by Ispire in favor of Berify.

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"JV Business" means the business of owning, operating, developing and licensing an industry-standard age-verification solution for vapor (e-cigarette) devices as well as the related submission of PMTA applications that seek FDA approval for cutting-edge technologies across the U.S. e-cigarette market, including without limitation: (a) next-generation e-cigarette hardware with a user-friendly, secure point-of-use age- and identity-verification platform built on blockchain technology; (b) geo fencing capability that can eliminate use of hardware in certain designated areas such as schools and sensitive areas; (c) e-cigarettes with end-to-end a range of dynamic features such as authentication, direct to consumer engagements and exclusive offerings all built on the foundations of blockchain technology; and (c) a real-time biometric identity platform for user access controls, creating added security and reliability that deters counterfeiting in connection with vapor devices.

"Knowledge" means the constructive knowledge of such person, or if such person is an entity, the constructive knowledge that such Person would have reasonably obtained after due inquiry and in the performance of such Persons' roles as employees, officers, or shareholders of such Person.

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

"Liability" means any and all debts, liabilities, and obligations, whether accrued or unaccrued, fixed or contingent, matured or unmatured, or determined or determinable.

"LLC Agreement" means that certain Amended and Restated Limited Liability Company Operating Agreement of the Company entered into by and among Chemular, Ispire, Berify, and the Company, which amends and restates that certain Limited Liability Company Operating Agreement of the Company dated as of March 26, 2024, substantially in the form attached hereto as Exhibit A.

"Losses" has the meaning set forth in Section 6.2.

"Membership Interest" means, with respect to each Party, its respective interest in the Company as determined in accordance with the LLC Agreement.

"Operative Agreements" means this Agreement and the Related Agreements.

"Order" means any judgment, order, writ, injunction, or decree of any court or other Governmental Authority.

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

"Party" and "Parties" has the meaning set forth in the Preamble.

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"Permitted Encumbrances" means any lien, liability or obligation relating to an Asset to be contributed or licensed or sublicensed hereby and under the LLC Agreement, and including any lien, liability or obligation arising under any Related Agreement.

"Person" means and includes any individual, partnership, association, joint stock company, joint venture, corporation, trust, limited liability company, unincorporated organization, or Governmental Authority.

"Related Agreements" means each of the LLC Agreement, the Chemular Master Services Agreement, the Company Supply Agreement, the Ispire Warrant, the TPW Exclusive Patent License Agreement, the TPW Software Development Agreement, the TPW Trademark License, and the TPW Supply Agreement.

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

"Tax" or "Taxes" means all taxes, charges, fees, levies, or other like assessments, including without limitation, all federal, possession, state, city, county and non-U.S. (or Government unit, agency, or political subdivision of any of the foregoing) income, profits, employment (including Social Security, unemployment insurance and employee income tax withholding), franchise, gross receipts, sales, use, transfer, stamp, occupation, property, capital, severance, premium, windfall profits, customs, duties, ad valorem, value added and excise taxes, Pension Benefit Guaranty Corporation premiums, obligations with respect to unclaimed property, and any other governmental charges of the same or similar nature; including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person, whether pursuant to Treasury regulation 1.1502-6 (or similar provision of state, local or non-U.S. Law), as a transferee, successor, by contract or otherwise.

"Third Party Claim" has the meaning set forth in Section 6.8.

"Third Party Intellectual Property Rights" means any Intellectual Property owned by a Person other than Chemular, Berify, and either of their Affiliates.

"TPW Exclusive Patent License Agreement" means that certain Exclusive Patent License Agreement of even date herewith, by and between Berify and the Company.

"TPW Software Development Agreement" means that certain Software Development Agreement of even date herewith, by and between Berify and the Company.

"TPW Supply Agreement" means that certain Supply Agreement of even date herewith, by and between Berify and the Company.

"TPW Trademark License" means that certain Trademark License Agreement to be entered into pursuant to Section 4.6(b) of this Agreement, by and between Berify and the Company.

"Transfer" has the meaning set forth in Section 2.2(e).

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"Transfer Taxes" All transfer, documentary, sales, use, stamp, registration and other similar Taxes and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with consummation of the transactions contemplated by this Agreement.

1.2 Principles of Construction; Termination of Letter of Intent

(a) The following rules shall apply to the construction of this Agreement unless the context requires otherwise: (i) the singular includes the plural, and the plural the singular; (ii) words importing any gender include the other gender and the neuter gender; (iii) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (iv) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (v) the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; (vi) references to the Preamble, recitals, sections (or clauses or subdivisions of sections), exhibits or schedules are to those of this Agreement unless otherwise indicated; (vii) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (viii) the table of contents and the section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; (ix) references to Persons include their respective permitted successors and assigns; and (x) in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including."

(b) The Operative Agreements are the result of negotiations among and have been reviewed by counsel to the Parties and are the products of all Parties. Accordingly, they shall not be construed against any Party merely because of such Party's involvement in their preparation.

(c) That certain Amended and Restated Letter of Intent and Term Sheet ("LOI") by and among Chemular, Berify, and Ispire Technology, Inc. is hereby terminated and of no further force and effect.

ARTICLE II ORGANIZATION OF THE COMPANY; EXPENSES; CAPITAL CONTRIBUTIONS; CLOSING

2.1 Organization; Expenses. All legal, accounting and other out-of-pocket costs of the establishment of the JV Business, including, without limitation, the costs relating to the formation of the Company as a limited liability company shall be paid by Ispire. Otherwise, each Party shall bear its own professional fees and related costs (including fees and costs of accountants, attorneys, business consultants, tax advisors and appraisers) incurred by it relating to itself or its respective businesses.

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2.2 Capital Contributions; Sale and Issuance of Membership Interests

(a) Of Chemular.

(i) Subject to and only in the event of the failure of the Chemular TPMF Covenant, effective as of August 1, 2024 (the "TPMF Outside Date"), Chemular hereby grants to the Company an non-exclusive, irrevocable, perpetual, royalty-free, fully-paid up, worldwide, sublicensable in multiple tiers, license, free and clear of all Encumbrances, other than Permitted Encumbrances, to make, use, prepare derivatives, or copy under the intellectual property of the Chemular Licensed Assets for use in the Company's TPMF (the "Chemular License."). The Chemular License shall be consummated and effective on and as of the TPMF Outside Date without any additional action required of any party; *provided*, that if the TPMF Covenant is fulfilled pursuant to the terms and conditions of the Chemular Master Services Agreement on or before the TPMF Outside Date, the Chemular License and any other obligation of Chemular related thereto shall be *void ab initio*, nullified, and of no further force or effect.

(ii) In consideration for the Chemular TPMF Covenant and the related incumbent additional obligations of Chemular related thereto provided for this Agreement, or, if such covenant is not fulfilled, the license of the Chemular Licensed Assets pursuant to Chemular License, and the incumbent representations, warranties, indemnities, and covenants of Chemular related thereto contained in this Agreement, the Company shall on the Closing Date credit the Capital Account of Chemular in the amount of two million dollars (\$2,000,000), representing the Fair Value of fulfillment of its obligations pursuant to the Chemular License and the Chemular Licensed Assets, or fulfillment of its obligations pursuant to the Chemular TPMF Covenant, as the case may be. Additionally, in consideration for (i) Chemular's technical know-how and goodwill, (ii) the provision of the additional services to the Company by Chemular pursuant to the Chemular Master Services Agreement, and (iii) Chemular's contribution of one million dollars (\$1,000,000) in cash contributions, the Company shall credit the Capital Account of Chemular in the amount of three million dollars (\$3,000,000). The Company shall issue to Chemular a Membership Interest in the Company in an aggregate amount initially equal to twenty percent (20%) of the Membership Interests to be issued on the Closing Date, in accordance with the LLC Agreement.

(b) Of Berify. On the Closing Date, Berify shall license to the Company, free and clear of all Encumbrances, other than Permitted Encumbrances, all of the Berify Licensed Assets, set forth in Schedules 2.2(b) hereto. In consideration for the Berify Licensed Assets, the Company shall on the Closing Date credit the Capital Account of Berify in the amount of ten million dollars (\$10,000,000), representing the Fair Value of the Berify Licensed Assets, and issue to Berify a Membership Interest in the Company in an aggregate amount initially equal to forty percent (40%) of the Membership Interests to be issued on the Closing Date, in accordance with the LLC Agreement.

(c) Of Ispire.

(i) Prior to the Closing Date, Ispire holds four million (4,000,000) common units of the Company, which shall, assuming the Closing and the issuances of the Membership Interests described above in Section 2(a) and Section 2(b) of this Agreement, be designated as "Class B Units" of the Company and shall be initially equal to forty percent (40%) of the Membership Interests. On the Closing Date, Ispire shall (i) contribute to the Company one million dollars (\$1,000,000) in cash contributions for operating expenses (collectively, the "Ispire Initial Capital Contribution"), and (ii) enter into the Ispire Contribution Commitment (as provided for in the LLC Agreement), pursuant to which Ispire shall be subject to a binding commitment to make an additional capital contribution to the Company in the aggregate amount of up to Nine Million and 00/100 Dollars (\$9,000,000.00) on the terms of and otherwise pursuant to this Agreement and the LLC Agreement; *provided*, however, that none of the Ispire Initial Capital Contribution, the entry of Ispire into the Ispire Contribution Commitment, or any additional Capital Contribution pursuant to the Ispire Contribution Commitment by Ispire shall increase the Membership Interest of Ispire.

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(ii) Upon written request of the Company, Ispire shall make additional capital contributions in cash to the Company in the aggregate amount of up to Nine Million and 00/100 Dollars (\$9,000,000.00) as necessary for research and development costs as provided for in the Company's board approved budget for the preparation and submission of the Premarket Tobacco Production Application, as well as the Company's commercialization work, including staffing, software development, office space and the purchase of raw materials (the "Ispire Contribution Commitment"); *provided*, that no more than an aggregate of \$5,000,000 of the Ispire Contribution Commitment may be called by the Company within the first eight (8) months of the Closing Date; *provided*, further, that any remaining balance of the Ispire Contribution Commitment may not be called sooner than fourteen (14) months after the Closing Date. Ispire's Capital Account as of the Closing Date reflects a balance including the Ispire Contribution Commitment. At any time, upon Ispire's receipt of a written request from the Company to contribute all or a portion of the Ispire Contribution Commitment (each, an "Ispire Contribution Request"), Ispire shall fund the requested amount (such amount, the "Ispire Contribution Request Amount") within fifteen (15) calendar days of receipt of the Ispire Contribution Request, unless a different time period for delivery of such Ispire Contribution Request Amount is mutually agreed upon by Ispire and the Company (in each case, the "Ispire Contribution Request Deadline").

(d) Except as set forth in Section 2.2 of this Agreement and in the LLC Agreement, no Party shall be required to transfer or contribute any assets, properties, rights, services or interests to the Company.

(e) [*].

(f) The license of the Chemular Licensed Assets and the Berify Licensed Assets shall be effected in accordance with this Agreement, and the Related Agreements, by execution and delivery of such agreements, instruments and other documents on or prior to the Closing Date, duly executed by each of Chemular and Berify as reasonably necessary to vest in the Company the applicable licensed rights in and to such Chemular Licensed Assets and Berify Licensed Assets, respectively, and in each case free and clear of all Encumbrances, other than Permitted Encumbrances.

2.3 Closing. The closing of the transactions contemplated herein (the "Closing") shall take place via electronic transmission (which may be by facsimile or in the form of .pdf files) and release of signatures to the applicable Closing deliverables, on the date hereof or at such time and date as the parties may designate (the date of the Closing being referred to as the "Closing Date").

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ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Chemular. Chemular hereby represents and warrants to each of Ispire, Berify, and the Company as of the Closing Date as follows:

(a) Corporate Power and Authority. Chemular has the corporate power and authority to enter into this Agreement and the Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

(b) Valid, Binding, Enforceable Obligations. This Agreement and each of the Related Agreements to which Chemular is a party will when entered into constitute its valid and legally binding obligation, enforceable in accordance with the terms hereof and thereof except as may be limited by

applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws, and subject to general equity principles and to limitations on availability of equitable relief, including specific performance.

(c) Non-Contravention. Neither the execution and the delivery of this Agreement nor any of the Related Agreements to which Chemular is a party, nor the consummation of the transactions contemplated hereby and thereby by Chemular, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which Chemular is subject or any provision of its certificate or articles of incorporation, bylaws or other organizational documents; or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, Contract, lease, license, instrument or other material arrangement to which Chemular is a party or by which Chemular is bound or to which any of its material assets is subject (or result in the imposition of any lien, security interest or other encumbrance upon any of its assets).

(d) Consents. Chemular need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person not already been obtained in order to consummate the transactions contemplated by this Agreement and the Related Agreements to which it is a party.

(e) Title to Assets; No Encumbrances. Chemular has good and transferable title to, or a valid leasehold interest in, or valid license to use the assets and properties included in the Chemular Licensed Assets. In the event of the failure of the Chemular TPMF Covenant, Chemular shall license to the Company, free and clear of all Encumbrances, other than Permitted Encumbrances, the Chemular Licensed Assets, and the Company shall receive the benefit of the Chemular Licensed Assets, including but not limited to, the rights granted under the Chemular License, free and clear of all Encumbrances, other than Permitted Encumbrances.

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(f) Litigation. There is no Action which is pending or, to the Knowledge of Chemular, threatened against or affecting Chemular, the Chemular Licensed Assets, or the consummation of the transactions contemplated hereby and in the Related Agreements.

(g) Solvency; Bankruptcy. Chemular (both immediately prior to, and also after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable Liabilities on its existing debts as they become absolute and matured), and currently Chemular has no information that would lead it to reasonably conclude that Chemular would not, after giving effect to the transactions contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. There are no bankruptcy, reorganization, arrangement proceedings, or proceedings of a similar nature in any jurisdiction in which Chemular conducts business, pending against, being contemplated by, or to the Knowledge of Chemular, threatened against Chemular or its Affiliates.

(h) Tax Matters. There is no material dispute or claim concerning any Tax or withholding liability of Chemular with regard to the Chemular Licensed Assets either (i) claimed or raised by any Governmental Authority in writing, or (ii) to which Chemular has Knowledge based upon personal contact with any agent of such Governmental Authority. Neither the entry into this Agreement nor the consummation of the transactions described herein is subject to or shall give rise to any liability of any party for any state or local sales or use Tax or Tax of a similar nature. There are no Encumbrances for Taxes upon any of the Chemular Licensed Assets nor is any Governmental Authority in the process of imposing any Encumbrances for Taxes on any of the Chemular Licensed Assets (other than for current Taxes not yet due and payable).

(i) Intellectual Property.

(i) Schedule 3.1(i) contains a true, complete and accurate list of each of the following items of Intellectual Property comprising the Chemular Licensed Assets that are licensed to the Company by Chemular in the field of blockchain product authentication, age-gating, bluetooth, and software and systems for connecting or controlling vape device pursuant to the Chemular License (collectively, the "Chemular Intellectual Property"): patents, patent applications, trademarks, service marks, trade names, corporate names, whether or not registered and the registrations of and applications for registration of the foregoing; registered copyrights and applications for and registrations of such copyrights; registered designs and applications therefor and domain names and registrations thereof. Chemular has good, valid and legal title to, and is the sole and exclusive owner of all right, title and interest in and to, the Chemular Intellectual Property, free and clear of all Encumbrances. To the Knowledge of Chemular, each item of Chemular Intellectual Property is valid and enforceable, and as there is no pending Action, claim or to the Knowledge of Chemular allegation asserting the invalidity or unenforceability of any item of Chemular Intellectual Property. No Chemular Intellectual Property is or has been subject to any Order that restricts, impairs or otherwise imposes any obligation with respect to the validity, enforceability, disclosure, use, enforcement, prosecution, maintenance, transfer, licensing or other exploitation of, or that otherwise relates to or affects, the Chemular Intellectual Property.

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(ii) The consummation of the transaction contemplated by this Agreement will not alter, impair or extinguish any of the Chemular Intellectual Property except with respect to terms and conditions under this Agreement.

(iii) There has been no claim made, or to Chemular's Knowledge, threatened, against the Chemular Intellectual Property (and Chemular has not been a party to any Action including such a claim), and Chemular has not received or provided notice of any such claim or other communication relating to the Chemular Intellectual Property: (i) asserting the infringement, misappropriation or other violation of any Third Party Intellectual Property Rights; (ii) asserting the invalidity, misuse or unenforceability of any Chemular Intellectual Property; (iii) challenging Chemular's ownership of or rights to use, license or otherwise exploit any Intellectual Property; (iv) asserting that Chemular has engaged in unfair competition, false advertising or other unfair business practices.

(j) Acquiring Interests for Own Account. Chemular is acquiring its Membership Interests in the Company hereunder for its own account, for investment only and not with a view to, or sale in connection with, a distribution thereof within the meaning of the Securities Act;

(k) No Brokers or Finders. No agent, broker, Person or firm acting on Chemular's behalf is, or will be, entitled to any commission or broker's or finder's fees in connection with any of the transactions contemplated hereby.

(l) Disclosure. The representations and warranties made by Chemular in this Section 3.1 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 3.1 not misleading.

3.2 Representations and Warranties of Berify. Berify hereby represents and warrants to each of Ispire, Chemular, and the Company as of the Closing Date as follows:

(a) Corporate Power and Authority. Berify has the corporate power and authority to enter into this Agreement and each of the Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

(b) Valid, Binding, Enforceable Obligations. This Agreement and each of the Related Agreements to which Berify is a party will when entered into constitute its valid and legally binding obligation, enforceable in accordance with the terms hereof and thereof except as may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws, and subject to general equity principles and to limitations on availability of equitable relief, including specific performance.

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(c) Non-Contravention. Neither the execution and the delivery of this Agreement nor any of the Related Agreements to which Berify is a party, nor the consummation of the transactions contemplated hereby and thereby by Berify, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which Berify is subject or any provision of its certificate or articles of incorporation, bylaws or other organizational documents, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, Contract, lease, license, instrument or other material arrangement to which Berify is a party or by which Berify is bound or to which any of its material assets is subject (or result in the imposition of any lien, security interest or other encumbrance upon any of its assets).

(d) Consents. Berify need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person not already been obtained in order to consummate the transactions contemplated by this Agreement and the Related Agreements to which it is a party.

(e) Title to Assets: No Encumbrances. Berify has good and transferable title to, or a valid leasehold interest in, or valid license to use the assets and properties included in the Berify Licensed Assets. On or prior to the Closing Date, Berify shall license to the Company, free and clear of all Encumbrances, other than Permitted Encumbrances, the Berify Licensed Assets and the Company shall receive the benefit of the Berify Licensed Assets, including but not limited to, the rights granted under each of the Berify License Agreements, free and clear of all Encumbrances, other than Permitted Encumbrances.

(f) Litigation. There is no Action which is pending or, to the Knowledge of Berify, threatened against or affecting Berify, the Berify Licensed Assets, or the consummation of the transactions contemplated hereby and in the Related Agreements.

(g) Solvency: Bankruptcy. Berify (both immediately prior to, and also after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable Liabilities on its existing debts as they become absolute and matured), and currently Berify has no information that would lead it to reasonably conclude that Berify would not, after giving effect to the transactions contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. There are no bankruptcy, reorganization, arrangement proceedings, or proceedings of a similar nature in any jurisdiction in which Berify conducts business, pending against, being contemplated by, or to the Knowledge of Berify, threatened against Berify or its Affiliates.

(h) Tax Matters. There is no material dispute or claim concerning any Tax or withholding liability of Berify with regard to the Berify Licensed Assets either (i) claimed or raised by any Governmental Authority in writing; or (ii) to which Berify has Knowledge based upon personal contact with any agent of such Governmental Authority. Neither the entry into this Agreement nor the consummation of the transactions described herein is subject to or shall give rise to any liability of any party for any state or local sales or use Tax or Tax of a similar nature. There are no Encumbrances for Taxes upon any of the Berify Licensed Assets nor is any Governmental Authority in the process of imposing any Encumbrances for Taxes on any of the Berify Licensed Assets (other than for current Taxes not yet due and payable).

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(i) Intellectual Property.

(i) Schedule 2.2(b) contains a true, complete and accurate list of the Berify Licensed Assets. Berify has good, valid and legal title to, and is the sole and exclusive owner of all right, title and interest in and to, the Berify Licensed Assets, free and clear of all Encumbrances. To the Knowledge of Berify, each item of Berify Licensed Assets is valid and enforceable and there is no pending Action, claim or to the Knowledge of Berify, allegation asserting the invalidity or unenforceability of any item of Berify Licensed Assets. No Berify Licensed Asset is or has been subject to any Order that restricts, impairs or otherwise imposes any obligation with respect to the validity, enforceability, disclosure, use, enforcement, prosecution, maintenance, transfer, licensing or other exploitation of, or that otherwise relates to or affects, the Berify Licensed Assets.

(ii) The consummation of the transaction contemplated by this Agreement will not alter, impair or extinguish any of the Berify Licensed Assets except with respect to terms and conditions under this Agreement.

(iii) There has been no claim made, or to Berify's Knowledge, threatened, against the Berify Licensed Assets (and Berify has not been a party to any Action including such a claim), and Berify has not received or provided notice of any such claim or other communication relating to the Berify Licensed Assets: (i) asserting the infringement, misappropriation or other violation of any Third Party Intellectual Property Rights; (ii) asserting the invalidity, misuse or unenforceability of any Berify Licensed Assets; (iii) challenging Berify's ownership of or rights to use, license or otherwise exploit any Berify Licensed Assets; or (iv) asserting that Berify has engaged in unfair competition, false advertising or other unfair business practices.

(j) Acquiring Interests for Own Account. Berify is acquiring its Membership Interests in the Company hereunder for its own account, for investment only and not with a view to, or sale in connection with, a distribution thereof within the meaning of the Securities Act.

(k) No Brokers or Finders. No agent, broker, Person or firm acting on Berify's behalf is, or will be, entitled to any commission or broker's or finder's fees in connection with any of the transactions contemplated hereby.

(l) Disclosure. The representations and warranties made by Berify in this Section 3.2 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 3.2 not misleading.

3.3 Representations and Warranties of Ispire. Ispire hereby represents and warrants to each of Chemular, Berify, and the Company as of the Closing Date as follows:

(a) Corporate Power and Authority. Ispire has the corporate power and authority to enter into this Agreement and the Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

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(b) Valid, Binding, Enforceable Obligations. This Agreement and each of the Related Agreements to which Ispire is a party will when entered into constitute its valid and legally binding obligation, enforceable in accordance with the terms hereof except as may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws, and subject to general equity principles and to limitations on availability of equitable relief, including specific performance.

(c) Non-Contravention. Neither the execution and the delivery of this Agreement nor any of the Related Agreements to which Ispire is a party, nor the consummation of the transactions contemplated hereby and thereby by Ispire, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which Ispire is subject or any provision of its certificate or articles of incorporation, bylaws or other organizational documents; or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, Contract, lease, license, instrument or other material arrangement to which Ispire is a party or by which Ispire is bound or to which any of its material assets is subject (or result in the imposition of any lien, security interest or other encumbrance upon any of its assets).

(d) Litigation. There are no Actions brought, conducted, or heard by or before any Governmental Authority or arbitrator which is pending against Ispire which adversely affects or challenges the legality, validity, or enforceability of this Agreement, the Related Agreements, or the transactions contemplated hereby or thereby.

(e) Consents. Ispire need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person not already been obtained in order to consummate the transactions contemplated by this Agreement and each of the Related Agreements to which it is a party.

(f) Solvency; Bankruptcy. Ispire (both immediately prior to, and also after giving effect to the transactions contemplated by this Agreement) is solvent (i.e., its assets have a fair market value in excess of the amount required to pay its probable Liabilities on its existing debts as they become absolute and matured), and currently Ispire has no information that would lead it to reasonably conclude that Ispire would not, after giving effect to the transactions contemplated by this Agreement, have the ability to, nor does it intend to take any action that would impair its ability to, pay its debts from time to time incurred in connection therewith as such debts mature. There are no bankruptcy, reorganization, arrangement proceedings, or proceedings of a similar nature in any jurisdiction in which Ispire conducts business, pending against, being contemplated by, or to the Knowledge of Ispire, threatened against Ispire or its Affiliates.

(g) Acquiring Interests for Own Account. Ispire has acquired its Membership Interest hereunder for its own account, for investment only and not with a view to, or sale in connection with, a distribution thereof within the meaning of the Securities Act.

(h) No Brokers or Finders. No agent, broker, Person or firm acting on its behalf is, or will be, entitled to any commission or broker's or finder's fees from Ispire, or from any Affiliate of Ispire, in connection with any of the transactions contemplated hereby.

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(i) Disclosure. The representations and warranties made by Ispire in this Section 3.3 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 3.3 not misleading.

3.4 Representations and Warranties of the Company. The Company hereby represents and warrants to each of Chemular, Ispire, and Berify as of the date hereof as follows:

(a) Limited Liability Company Power and Authority. The Company has the power and authority as a limited liability company to enter into this Agreement and the Related Agreements to which it is a party and to perform its obligations hereunder and thereunder.

(b) Valid, Binding, and Enforceable Obligations. This Agreement and each of the Related Agreements to which the Company is a party will when entered into constitute its valid and legally binding obligation, enforceable in accordance with the terms hereof except as may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws, and subject to general equity principles and to limitations on availability of equitable relief, including specific performance.

(c) Non-Contravention. Neither the execution and the delivery of this Agreement nor any of the Related Agreements to which the Company is a party, nor the consummation of the transactions contemplated hereby and thereby by it, will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any Governmental Authority to which it is subject or any provision of its certificate or articles of incorporation, bylaws or other organizational documents; or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, Contract, lease, license, instrument or other material arrangement to which it is a party or by which it is bound or to which any of its material assets is subject (or result in the imposition of any lien, security interest or other encumbrance upon any of its assets).

(d) Consents. The Company need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any Person not already been obtained in order to consummate the transactions contemplated by this Agreement and each of the Related Agreements to which it is a party;

(e) No Prior Operations. The Company (i) has conducted no business or operations since its formation; (ii) does not and has never owned or had any interest in any real property, and does not currently own or have any interest in any material equipment, machinery, or tangible or intangible personal property; (iii) does not currently have any outstanding Indebtedness; (iv) except for the Operating Agreement of the Company executed as of March 26, 2024, is not a party to or bound by any Contract; (v) does not currently have, and has never had, any employees; (vi) does not maintain any insurance policies for itself or any of its officers or directors; (vii) does not maintain any bank accounts or safe deposit boxes with any financial institution; and (viii) does not have any customers or material suppliers.

(f) No Brokers or Finders. No agent, broker, Person or firm acting on its behalf is, or will be, entitled to any commission or broker's or finder's fees from the Company, or from any Affiliate of the Company, in connection with any of the transactions contemplated hereby.

(g) Disclosure. The representations and warranties made by the Company in this Section 3.4 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Section 3.4 not misleading.

ARTICLE IV COVENANTS

4.1 Further Assurances. From time to time after the Closing, in case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request.

4.2 Post-Closing Cooperation. At any time or from time to time on or after the Closing, at the Company's request, at no cost to any other Party or the Company and without further consideration, Chemular shall execute and deliver to the Company such other license instruments, and shall provide such materials and information and take such other actions as the Company may deem necessary or desirable in order to more effectively license to the Company, and to confirm the Company's rights to, all of the Chemular Licensed Assets in the event of failure of the Chemular TPMF Covenant, and to the fullest extent permitted by law, to put the Company in actual possession and operating control of the Chemular Licensed Assets, and to assist the Company in exercising all rights with respect thereto, and otherwise to operate the JV Business.

4.3 Insurance. As soon as reasonably possible following the Closing, but in no event later than thirty (30) days thereafter, the Company shall, at its sole expense, bind insurance coverages with a national insurance carrier in such amounts and against such risks as are customarily carried and insured against within the industry in which the JV Business operates. The Company agrees to maintain such insurance all in such form and amounts as are consistent with industry practices.

4.4 Chemular TPMF Covenant. Between the Closing Date and August 1, 2024 (the "TPMF Period"), the Company shall create a CTP portal account (the "CTP Portal Account") in the name of the Company for the purpose of registering an Industry Account Manager. Promptly after the Closing Date, but in any event on or before the expiration of the TPMF Period, Chemular shall prepare and finalize and file or cause to be filed on behalf of the Company a TPMF in the name of the Company with the purpose and function to be substantially similar in form, substance, and content to the TPMF listed on Schedule 2.2(a) to support the Company in furtherance of the JV Business, all as may be further provided for in the Chemular Master Services Agreement (such file, the "Chemular TPMF", and such obligation related thereto as provided for in this Section 4.4, the "Chemular TPMF Covenant"). Notwithstanding the foregoing, Chemular shall have no liability for the failure to satisfy the Chemular TPMF Covenant, and the sole remedy for the failure of Chemular to satisfy the Chemular TPMF covenant shall be the grant of the Chemular License pursuant to Section 2.2(a).

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4.5 Maintenance of the Chemular Licensed Assets. From the date hereof until the earlier of the fulfillment of the Chemular TPMF Covenant or the transfer of the Chemular Licensed Assets to the Company in the event of the failure of the Chemular TPMF Covenant, except as required by applicable Law or as otherwise consented to in writing by each other Party, Chemular shall use reasonable best efforts to maintain the Chemular Licensed Assets in the ordinary course of business consistent with past practices and in compliance in all material respects with all applicable Laws.

4.6 Additional Post-Closing Agreements and Other Deliverables. As soon as practicable, the following documents and actions shall be negotiated and entered into by the following parties:

- (a) [*];
- (b) [*];
- (c) [*];
- (d) [*];
- (e) [*];

ARTICLE V CONDITIONS PRECEDENT

5.1 Conditions Precedent to the Obligations of each of the Parties. The obligation of each of the Parties to consummate the transactions contemplated hereby is subject to the satisfaction or waiver by such Party on or before the Closing of the following conditions precedent:

(a) Formation of the Company. The Company shall have been duly established under the laws of the State of Delaware and, in connection therewith, the Certificate of Formation of the Company (the "Company Certificate of Formation") and any amendments thereto shall have been filed with the Secretary of State of the State of Delaware.

(b) No Injunction. No preliminary or permanent injunction or other order shall have been issued by any Governmental Authority and remain in effect at the Closing Date which prohibits, and no preliminary or permanent injunction or other order shall be pending or threatened which would prohibit, the consummation of the transactions contemplated by this Agreement or the Related Agreements or which has or would have the effect of making any of the transactions contemplated by this Agreement or the Related Agreements illegal (each Party agreeing to use its commercially reasonable efforts to have any such issued injunction or order lifted).

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(c) Statutes; Governmental Approvals. No statute, rule, regulation, executive order, decree or order of any kind shall have been enacted, entered, promulgated or enforced by any Governmental Authority which prohibits the consummation of the transactions contemplated by this Agreement

or the Related Agreements or has the effect of making the transactions contemplated by any of this Agreement or the Related Agreements illegal. All Governmental Authority and other consents and approvals, if any, necessary to permit the consummation of the transactions contemplated by this Agreement and the Related Agreements shall have been received.

(d) Accuracy of Representations and Warranties. All representations and warranties of each Party contained herein and in each of the Closing Related Agreements to which it is a party shall be true and correct as of the Closing Date and each Party shall have delivered to the other Party a certificate, dated the Closing Date, certifying that its representations and warranties contained herein and therein are true; *provided*, that in the case of Chemular, in the event of a failure of the Chemular TPMF Covenant, all representations and warranties of Chemular related to or in furtherance of the Chemular Licensed Assets contained herein and in each of the Closing Related Agreements to which it is a party shall also be true and correct as of the TPMF Outside Date.

5.2 Conditions Precedent to the Obligations of each Party. The obligation of each Party to consummate the transactions contemplated hereby and in the other Operative Agreements is additionally subject to the satisfaction or waiver on or before the Closing Date of the following conditions precedent:

(a) Executed Agreements. On or before the Closing Date, the Closing Related Agreements shall have been duly executed and delivered by each of the respective parties thereto, each in such form as is reasonably acceptable to each other Party.

(b) Proceedings. All proceedings to be taken in connection with the transactions contemplated by the Operative Agreements and all documents incident thereto shall be satisfactory in form and substance to each of the Parties and their respective counsel, and each of the Parties shall have received copies of all such documents and other evidences as it or its counsel may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

(c) No Changes. As of the Closing Date, and in the case of the Chemular Licensed Assets in the event of failure of the Chemular TPMF Covenant, also as of the TPMF Outside Date, no event or circumstance shall have occurred which would substantially and negatively affect the value or prospects of the Company, the Chemular Licensed Assets, the Berify Licensed Assets, or the Membership Interests of the Company to be acquired by either Chemular or Berify hereunder, or which would impair the value of Ispire's rights under any of the Operative Agreements to which Ispire is a party.

(d) Company Documents. On or before the Closing Date, the Company shall be qualified to do business in the State of California. Each of the Parties shall have received a certificate from the Secretary of State or other appropriate official in Delaware and California and each other state in which the Company is qualified to do business to the effect that the Company is in good standing or validly existing in such State.

(e) Authorization. As of the Closing Date, all proceedings (including, without limitation, all limited liability company proceedings of the Company, if any) to be taken in connection with the transactions contemplated by the Operative Agreements to which any Party, the Company or any Company subsidiary is a party and all documents incident hereto and thereto shall be satisfactory in form and substance to each Party and each Party shall have received copies of all such documents and other evidences as it may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

ARTICLE VI SURVIVAL OF REPRESENTATIONS; INDEMNIFICATION

6.1 Survival of Representations. The representations and warranties of the Parties contained in Article III (and in any Schedule or Exhibit attached hereto or to the Operative Agreements or in any certificate delivered in connection with the Closing) are made only as of the Closing Date; except the representations and warranties of Chemular related to or in furtherance of the Chemular Licensed Assets, which representations and warranties are made as of the Closing Date, and in the event of a failure of the Chemular TPMF Covenant, are also made as of the TPMF Outside Date. All such representations and warranties shall survive for a period of twelve (12) months following the Closing Date; except, in the case of Chemular related to or in furtherance of the Chemular Licensed Assets, and in the event of a failure of the Chemular TPMF Covenant, for a period of twelve (12) months following the TPMF Outside Date; *provided, however*, that the representations and warranties contained in Sections 3.1(a), 3.1(b), 3.2(a), 3.2(b), 3.3(a), 3.3(b), 3.4(a), and 3.4(b) shall survive indefinitely.

6.2 Chemular Indemnification. Chemular agrees to indemnify and hold harmless (A) Ispire and each of its Affiliates and their respective officers, directors, managers, stockholders, partners, members, employees, agents and any successors thereto (the "Ispire Indemnitees"), and (B) Berify and each of its Affiliates and their respective officers, directors, managers, stockholders, partners, members, employees, agents and any successors thereto (the "Berify Indemnitees"), on an after-tax basis, from any and all losses, claims, liabilities, obligations, damages, costs and expenses (including reasonable attorney fees) (collectively, "Losses") incurred or paid as a result of or arising out of: (i) the failure of any representation or warranty made by Chemular in Section 3.1 of this Agreement to be true and correct as of the date hereof; (ii) any breach, violation, or default of any covenant or agreement of Chemular in this Agreement; (iii) violations by Chemular of any Applicable Laws insofar as they affect the JV Business; or (iv) Chemular's Taxes or their liability, if any (for example, by reason of transferee liability or application of Treasury regulation Section 1.1502-6) for Taxes of others and for Taxes related to the Chemular Licensed Assets for any Tax year or period (or portion thereof) ending on or before the Closing Date.

6.3 Berify Indemnification. Berify agrees to indemnify and hold (A) the Ispire Indemnitees, and (B) Chemular and each of its Affiliates and their respective officers, directors, managers, stockholders, partners, members, employees, agents and any successors thereto (collectively, the "Chemular Indemnitees") harmless, on an after-tax basis, from any and all Losses incurred or paid as a result of or arising out of: (i) the failure of any representation or warranty made by Berify in Section 3.2 of this Agreement to be true and correct as of the date hereof; (ii) any breach, violation or default of any covenant or agreement of Berify in this Agreement; (iii) violations by Berify of any Applicable Laws insofar as they affect the JV Business; or (iv) Berify's Taxes or their liability, if any (for example, by reason of transferee liability or application of Treasury regulation Section 1.1502-6) for Taxes of others and for Taxes related to the Berify Licensed Assets for any Tax year or period (or portion thereof) ending on or before the Closing Date.

6.4 Ispire Indemnification. Ispire agrees to indemnify and hold (A) the Chemular Indemnitees, and (B) the Berify Indemnitees harmless, on an after-tax basis, from any and all Losses incurred or paid as a result of or arising out of: (i) the failure of any representation or warranty made by Ispire in Section 3.3 of this Agreement to be true and correct as of the date hereof; (ii) any breach, violation, or default of any covenant or agreement of Ispire in this Agreement; (iii) violations by Ispire of any Applicable Laws insofar as they affect the JV Business; or (iv) Ispire's Taxes or their liability, if any (for example, by reason of transferee liability or application of Treasury regulation Section 1.1502-6) for Taxes of others for any Tax year or period (or portion thereof) ending on or before the Closing Date.

6.5 Company Indemnification. The Company agrees to indemnify and hold each of Chemular Indemnities, Berify Indemnities, and Ispire Indemnities harmless, on an after-tax basis, from any and all Losses incurred or paid as a result of or arising out of: (i) the failure of any representation or warranty made by the Company in Section 3.4 of this Agreement (or in any Schedule or Exhibit attached hereto or to any Related Agreement to which it is a party, or in any certificate delivered by the Company in connection with the Closing) to be true and correct as of the date hereof, or (ii) any nonfulfillment, nonperformance, nonobservance or other breach or violation, or default in performance of any covenant or agreement of the Company in this Agreement or any other agreement, certificate or other document executed and delivered by Company at Closing or which otherwise incorporates this provision by reference.

6.6 Limitations. The obligations to indemnify and hold harmless pursuant to this Article VI shall survive the consummation of the transactions contemplated by this Agreement for the time periods set forth in Section 6.1, except for claims for indemnification asserted prior to the end of such periods, which claims shall survive until final resolution thereof. Neither Chemular, Berify, Ispire, or the Company shall be liable under Sections 6.2, 6.3, 6.4 or 6.5 unless the aggregate Losses incurred by the Indemnified Party with respect to all matters for which indemnification is to be provided exceed twenty-five thousand dollars (\$25,000) in the aggregate, in which case the Indemnifying Party (as the case may be) shall be liable relating back to the first dollar. The aggregate amount required to be paid by an Indemnifying Party under Section 6.2, 6.3, 6.4 or 6.5 shall not exceed the aggregate sum of Ispire's Initial Capital Contribution plus any amounts paid by Ispire to the Company pursuant to the Ispire Contribution Commitment under this Agreement. Any amount owed by an Indemnifying Party shall be reduced by any insurance proceeds actually collected by the Indemnified Party in respect of the subject claim. Each Party agrees to initially and timely seek coverage of any claim from any available insurance.

6.7 Notice of Claim. If any Party seeks indemnification, such Party seeking indemnification (the "Indemnified Party") shall give reasonably prompt written notice to the indemnifying party (the "Indemnifying Party") specifying the facts constituting the basis for such claim and the amount, to the extent known, of the claim asserted; *provided, however*, that the right of a Person to be indemnified hereunder shall not be adversely affected by a failure to give such notice unless, and then only to the extent that, an Indemnifying Party is actually and materially prejudiced thereby. Subject to the terms hereof, the Indemnifying Party shall pay (by wire transfer of immediately available funds) the amount of any valid claim not more than ninety (90) calendar days after the Indemnified Party provides notice to the Indemnifying Party of such amount.

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6.8 Direct Claims. Any claim by an Indemnified Party on account of a Loss which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party by giving the Indemnifying Party prompt written notice thereof in accordance with Section 6.7. The Indemnifying Party shall respond in writing within 45 days after notice is given to such Indemnifying Party of such Direct Claim, and such response shall specify whether the Indemnifying Party disputes such claim. If the Indemnifying Party fails to dispute such Direct Claim by failing to deliver a response within such 45-day period, then the amount of such Direct Claim shall be conclusively deemed to be an obligation of such Indemnifying Party. If an Indemnifying Party fails to fulfill its direct payment obligations under this Section 6.8, the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party at law or equity on the terms and subject to the provisions of this Agreement.

6.9 Procedure for Third Party Claims.

(a) If any third party shall notify any Indemnified Party with respect to any matter (a "Third Party Claim") which may give rise to a claim for indemnification against an Indemnifying Party under this Article VI, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing in accordance with Section 6.7.

(b) The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel reasonably acceptable to the Indemnified Party, and the Indemnified Party shall cooperate in good faith in such defense; *provided* that the following conditions must be satisfied: (i) the Indemnifying Party shall have confirmed in writing, within 30 days after receiving notice of such Third Party Claim, that it is assuming such defense and the Indemnifying Party's irrevocable and unconditional obligation to fully indemnify (subject to Section 6.6) the Indemnified Party against any Losses that may result from the Third Party Claim; (ii) the Indemnified Party shall not have given the Indemnifying Party written notice that it has determined, in the exercise of its reasonable discretion based on advice of counsel, that a conflict of interest between the Indemnified Party and Indemnifying Party exists and such conflict of interest cannot be waived; (iii) the Third Party Claim does not involve claims for injunctive or equitable relief, relate to or arise in connection with a criminal proceeding, allege violations of Applicable Law, or have the potential to impose restrictions on the operation of the JV Business or otherwise set precedent relating to the JV Business; and (iv) the Indemnifying Party demonstrates to the Indemnified Party's reasonable satisfaction that, as of such time, the Indemnifying Party has sufficient financial resources to defend such Third Party Claim (items (i) through (iv) in this proviso, the "Assumption Conditions").

(c) If upon satisfaction of the Assumption Conditions, the Indemnifying Party elects to assume the defense of such Third Party Claim, then:

(i) the Indemnifying Party shall not be required to pay or otherwise indemnify the Indemnified Party against any attorneys' fees incurred by the Indemnified Party in connection with such Third Party Claim following the Indemnifying Party's acknowledgment and election to assume the defense of such Third Party Claim, unless (A) the Indemnifying Party fails to defend diligently the action or proceeding after receiving notice of such failure from the Indemnified Party or at any time thereafter, (B) the Indemnified Party reasonably shall have concluded (upon advice of its counsel) that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party, or (C) the Indemnifying Party reasonably shall have concluded (upon advice of its counsel) that a conflict of interest between the Indemnified Party and the Indemnifying Party exists and such conflict of interest cannot be waived;

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(ii) the Indemnified Party shall make available to the Indemnifying Party all books, records and other documents and materials that are under the direct or indirect control of the Indemnified Party or any of the Indemnified Party's agents and that the Indemnifying Party considers necessary or desirable for the defense of such Third Party Claim;

(iii) the Indemnified Party shall otherwise cooperate as reasonably requested by the Indemnifying Party in the defense of such Third Party Claim;

(iv) the Indemnified Party shall not admit any liability with respect to such Third Party Claim;

(v) the Indemnifying Party shall not, without the written consent of the Indemnified Party, which shall not be unreasonably

withheld or delayed, settle or compromise any pending or threatened Third Party Claim in respect of which indemnification may be sought hereunder (whether or not the Indemnified Party is an actual or potential party to such Third Party Claim) or consent to the entry of any judgment (A) which does not include an unconditional written release by the claimant or plaintiff of the Indemnified Party from all liability in respect of such Third Party Claim or (B) in any manner that involves any injunctive or equitable remedies against the Indemnified Party or any of its Affiliates or that may materially and adversely affect the Indemnified Party or any of its Affiliates.

ARTICLE VII MISCELLANEOUS

7.1 Fees and Expenses. Except as provided in Section 2.1 above, all costs and expenses incurred in connection with this Agreement and the other Operative Agreements and the consummation of the transactions contemplated hereby and thereby shall be paid by the Party incurring such costs and expenses.

7.2 Confidentiality.

(a) Subject to the requirements of applicable law, each Party shall maintain in confidence all information (i) transferred to the Company as a result of the Operative Agreements and (ii) all information received from the other Parties as a result of any due diligence investigation conducted relative to the execution of the Agreement (the "Confidential Information") and shall use such Confidential Information only for the benefit of the Company and or in connection with evaluating the transactions contemplated hereby, except in accordance with the immediately succeeding sentences, shall not disclose any such information to (x) any employee or agent of such Party, except to the extent necessary to implement the purpose and intent of this Agreement or (y) a third party or make any unauthorized use thereof. Notwithstanding anything contained in this Agreement, each Party may disclose the Confidential Information to its Affiliates and its and their respective directors, officers, employees, and advisors. The obligation of confidentiality and non- use shall not apply to any Confidential Information which (a) is or becomes generally available to the public through no fault of the receiving party, (b) is independently developed by the receiving party (c) is received in good faith from a third party who is lawfully in possession of such information and has the lawful right to disclose or use it, or (d) is required to comply with any law, rule, regulation, or legal or regulatory process (including without limitation in connection with any Securities and Exchange Commission or securities exchange review process, request, disclosure requirements or filing requirements) applicable to such party. Notwithstanding anything contained in this Agreement or in any other document, agreement or understanding relating to the transactions contemplated by this Agreement, each Party (and each employee, director, office representative, or other agent of such Party) is authorized to disclose to any and all persons, beginning immediately upon commencement of discussions regarding the transactions contemplated by this Agreement, and without limitation of any kind, the U.S. federal, state or local tax treatment and tax structure of such transactions, and all materials of any kind (including opinions or other tax analyses) that are provided to such Party (or any employee, representative, or other agent of such Party) relating to such tax treatment and tax structure. For purposes of this authorization, the "tax treatment" of a transaction means the purported or claimed tax treatment of the transaction, and the "tax structure" of a transaction means any fact that may be relevant to understanding the purported or claimed tax treatment of the transaction. None of the Parties to the transactions contemplated by this Agreement provides U.S. tax advice, and each such party should consult its own advisors regarding its participation in the transactions contemplated by this Agreement.

7.3 Public Announcements. No Party shall issue any such press release or make any such public statement with respect to the transactions contemplated by the Operative Agreements without the written consent of other Party except as may be required by Applicable Law, including by applicable United States federal securities laws, rules or regulations or the requirements of any stock exchange or other self-regulatory organization, in which case the Party required to publish such press release or public announcement shall, to the extent practicable, allow the other Parties a reasonable opportunity to comment on such press release or public announcement in advance of such publication.

7.4 Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been duly given if sent by U.S. registered or certified mail (postage prepaid, return receipt requested), by overnight courier (delivery fees prepaid), addressed as follows:

if to Chemular, to: 103 West Main Street
Hudson, MI 49247
Attention: Jason Carignan, Chief Commercial Officer
Email: Jason.carignan@chemular.com

with a copy to: Nevers, Palazzo, Packard, Wildermuth & Wynner, PC
31248 Oak Crest Drive, Suite 200
Westlake Village, CA 91361
Attention: Daniel R. Callender
Email: dcallender@npwlaw.com

if to Berify, to: 145 Columbine Ave.
Santa Ana, CA 92707
Attention: Daniel Kang
Email: dan.k@berify.io

with a copy to: 145 Columbine Ave.
Santa Ana, CA 92707
Attention: Lilly Kim
Email: lilly.k@berify.io

if to Ispire, to: Aspire North America LLC
19700 Magellan Drive
Torrance, CA 90502
Attention: Steven Przybyla, Chief Legal Officer
Email: steven@getispire.com

with a copy to: Fox Rothschild LLP

101 Park Avenue, 17th Floor
New York, NY 10178
Attention: Barry S. Schaevitz, Partner
Email: bschaevitz@foxrothschild.com

if to the Company, 145 Columbine Ave.
to:

Santa Ana, CA 92707
Email: dan.k@berify.io
Attention: Daniel Kang

with a copy to: 19700 Magellan Drive
Torrance, CA 90502
Email: steven@getispire.com
Attention: Steven Przybyla

or to such other Person or address as any Party shall specify by notice in writing to each of the other Parties. Except for a notice of a change of address, which shall be effective only upon receipt thereof, all such notices, requests, demands, waivers and communications properly addressed shall be effective: (i) if sent by U.S. registered or certified mail, three Business Days after deposit in the U.S. mail; (ii) if sent by FedEx or other overnight delivery service, one Business Day after delivery to such service; and (iii) if sent by personal courier, upon receipt.

7.5 Notice and Right to Cure. Except as to the Ispire Contribution Commitment, in the event of a breach of any covenant or representation by any party to this Agreement, if the covenant or representation can be cured, the party seeking to assert the breach shall provide written notice in accordance with this Section 7.5 and a reasonable opportunity to cure the breach prior to receiving the benefit of any remedy applicable to such breach.

7.6 Entire Agreement. This Agreement and the Schedules, Exhibits and other documents referred to herein or delivered pursuant hereto, collectively contain the entire understanding of the Parties hereto with respect to the subject matter contained herein and supersede all prior agreements and understandings, oral and written, with respect thereto unless specifically set forth to the contrary herein.

7.7 Binding Effect; Benefit; Assignment.

(a) This Agreement shall inure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of each other Party.

(b) Except as provided in Section 7.7(a), nothing in this Agreement, expressed or implied, is intended to confer on any Person other than the Parties hereto or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement. The Company is hereby expressly made a third party beneficiary to the representations and warranties of the other Parties in this Agreement, and subject to the limitations of Article VI, shall be entitled to the benefits of Article VI with respect to any breach thereof; provided, that the Company may not assign such benefits without the written consent of each Party.

7.8 Amendments and Waivers. This Agreement may not be amended, and none of its provisions may be modified, except expressly by a written instrument signed by the Parties hereto. No failure or delay of a Party in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right, or any abandonment or discontinuance of steps to enforce such a power or right, preclude any other or further exercise thereof or the exercise of any other power or right. No waiver by a Party of any provision of this Agreement or consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by such Party, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

7.9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. A signed copy of this Agreement delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

7.10 Applicable Law. This Agreement and the legal relations between the Parties hereto shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to the conflict of laws rules thereof.

7.11 Jurisdiction; Waiver of Jury Trial. Any judicial proceeding brought against any of the Parties on any dispute arising out of this Agreement or any matter related hereto may be brought in the courts of the State of Delaware, New Castle County, or the United States District Court for the District of Delaware, and by execution and delivery of this Agreement, each of the Parties accepts the exclusive jurisdiction of such courts, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement. The prevailing Party in any such litigation shall be entitled to receive from the losing Party all costs and expenses, including reasonable counsel fees, incurred by the prevailing Party. Each Party consents to process being served in any such action or proceeding by the mailing of a copy thereof to the address for notices to it set forth in Section 7.4 and agrees that such service shall constitute good and sufficient service of process or notice thereof. Nothing in this paragraph shall affect or eliminate any right to serve process in any other manner permitted by law. EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN RESPECT OF ANY CLAIM BASED ON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT OR ACTION OF ANY PARTY HERETO IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY.

7.12 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

7.13 Conflict Between Agreements. In the event of any inconsistency, conflict or ambiguity as to the rights and obligations of the parties under this Agreement and any Related Agreement, the terms of the Related Agreement shall control and supersede any such inconsistency, conflict or ambiguity.

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

CHEMULAR INC.

By: /s/ Kevin Burd

Name: Kevin Burd

Title: Chief Executive Officer

TOUCH POINT WORLDWIDE, INC. D/B/A BERIFY

By: /s/ Daniel Kang

Name: Daniel Kang

Title: Chief Executive Officer

ASPIRE NORTH AMERICA LLC

By: /s/ Michael Wang

Name: Michael Wang

Title: Co-CEO

IKE TECH LLC

By: /s/ Steven Pryzbyla

Name: Steven Pryzbyla

Title: President

[Signature Page to Capital Contribution, Subscription, and Joint Venture Agreement]

Schedule 2.2(a)
Chemular Licensed Assets

1. [*]

2. [*]

Schedule 2.2(b)
Berify Licensed Assets

1. [*]

2. [*]

Schedule 3.1(i)
Chemular Intellectual Property

1. [*]

2. [*]

3. [*]

4. [*]

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

I, Michael Wang, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ispire Technology 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 officers 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2024

/s/ Michael Wang

Name: Michael Wang
Title: Co-Chief Executive Officer
(Principal Executive Officer)

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

I, Daniel Machock, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Ispire Technology 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 subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2024

/s/ Daniel Machock

Name: Daniel Machock
Title: Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Ispire Technology Inc. (the "Company's Quarterly Report") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Michael Wang, as Co-Chief Executive Officer and principal executive officer and Daniel Machock, as Chief Financial Officer and principal financial officer of the Company hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of the undersigned's knowledge and belief, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

This certification shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act, or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Securities Exchange Act.

/s/ Michael Wang

Michael Wang
Co-Chief Executive Officer
and Principal Executive Officer

Dated: May 14, 2024

/s/ Daniel Machock

Daniel Machock
Chief Financial Officer
and Principal Financial Officer

Dated: May 14, 2024