

REFINITIV

DELTA REPORT

10-Q

LIVE - LIVE VENTURES INC

10-Q - DECEMBER 31, 2024 COMPARED TO 10-Q - JUNE 30, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 2787

| | |
|-------------|------|
| ■ CHANGES | 287 |
| ■ DELETIONS | 561 |
| ■ ADDITIONS | 1939 |

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 30, 2024** **December 31, 2024**

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

For the transition period from _____ to _____

Commission File Number 001-33937

Live Ventures Incorporated

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

85-0206668

(IRS Employer Identification No.)

325 E. Warm Springs Road, Suite 102
Las Vegas, Nevada

(Address of principal executive offices)

89119

(Zip Code)

(702) 997-5968

(Registrant's telephone number, including area code)

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, \$0.001 par value per share | LIVE | The Nasdaq Stock Market LLC (The Nasdaq Capital Market) |

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 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, or a smaller reporting 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 | <input type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input checked="" type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> | | |

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. Yes No

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

The number of shares of the issuer's common stock, par value \$0.001 per share, outstanding as of **August 2, 2024** **February 3, 2025** was **3,131,633** **3,106,431**.

INDEX TO FORM 10-Q FILING
FOR THE THREE ~~AND~~ NINE MONTHS ENDED ~~JUNE 30, DECEMBER 31,~~ 2024

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**LIVE VENTURES INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except per-share amounts)**

June 30, 2024 September 30, 2023

| | December 31, 2024 | September 30, 2024 |
|---|----------------------|--------------------|
| (Unaudited) | | |
| Assets | | |
| Assets | | |
| Assets | | |
| Cash | | |
| Cash | | |
| Cash | | |
| Trade receivables, net of allowance for doubtful accounts of \$1.2 million at June 30, 2024 and \$1.6 million at September 30, 2023 | | |
| Trade receivables, net of allowance for doubtful accounts of \$1.4 million at December 31, 2024 and \$1.5 million at September 30, 2024 | | |
| Inventories, net | | |
| Income taxes receivable | | |
| Prepaid expenses and other current assets | | |
| Prepaid expenses and other current assets | | |
| Prepaid expenses and other current assets | | |
| Total current assets | | |
| Property and equipment, net | | |
| Right of use asset - operating leases | | |
| Deposits and other assets | | |
| Deposits and other assets | | |
| Deposits and other assets | | |
| Intangible assets, net | | |
| Intangible assets, net | | |
| Intangible assets, net | | |
| Goodwill | | |
| Total assets | | |
| Liabilities and Stockholders' Equity | | |
| Liabilities: | | |
| Liabilities: | | |
| Liabilities: | | |
| Accounts payable | | |
| Accounts payable | | |
| Accounts payable | | |
| Accrued liabilities | | |
| Income taxes payable | | |
| Current portion of lease obligations - operating leases | | |
| Current portion of lease obligations - finance leases | | |
| Current portion of long-term debt | | |
| Current portion of notes payable related parties | | |
| Seller notes - related parties | | |
| Total current liabilities | | |
| Long-term debt, net of current portion | | |
| Lease obligation long term - operating leases | | |
| Lease obligation long term - finance leases | | |
| Notes payable related parties, net of current portion | | |
| Seller notes - related parties | | |
| Deferred taxes | | |
| Deferred tax liability, net | | |
| Other non-current obligations | | |
| Total liabilities | | |

| Commitments and contingencies | Commitments and contingencies | Commitments and contingencies |
|---|-------------------------------|-------------------------------|
| Stockholders' equity: | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively, with a liquidation preference of \$0.30 per share outstanding | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively, with a liquidation preference of \$0.30 per share outstanding | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively, with a liquidation preference of \$0.30 per share outstanding | | |
| Common stock, \$0.001 par value, 10,000,000 shares authorized, 3,131,633 and 3,164,330 shares issued and outstanding at June 30, 2024 and September 30, 2023, respectively | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at December 31, 2024 and September 30, 2024, with a liquidation preference of \$0.30 per share outstanding | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at December 31, 2024 and September 30, 2024, with a liquidation preference of \$0.30 per share outstanding | | |
| Series E convertible preferred stock, \$0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at December 31, 2024 and September 30, 2024, with a liquidation preference of \$0.30 per share outstanding | | |
| Common stock, \$0.001 par value, 10,000,000 shares authorized, 3,115,674 and 3,131,360 shares issued and outstanding at December 31, 2024 and September 30, 2024, respectively | | |
| Paid in capital | | |
| Treasury stock common 694,414 and 660,063 shares as of June 30, 2024 and September 30, 2023, respectively | | |
| Treasury stock Series E preferred 80,000 shares as of June 30, 2024 and September 30, 2023, respectively | | |
| Treasury stock common 710,373 and 694,687 shares as of December 31, 2024 and September 30, 2024, respectively | | |
| Treasury stock Series E preferred 80,000 shares as of December 31, 2024 and September 30, 2024 | | |
| Retained earnings | | |
| Total stockholders' equity | | |
| Total liabilities and stockholders' equity | | |
| Total liabilities and stockholders' equity | | |
| Total liabilities and stockholders' equity | | |

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

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| LIVE VENTURES INCORPORATED CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) INCOME (UNAUDITED) (dollars in thousands, except per-share amounts) | | | | | | |
|---|------|------|---------------------------|------|------|------|
| For the Three Months Ended June | | | For the Nine Months Ended | | | |
| 30, | | | June 30, | | | |
| For the Three Months Ended | | | | | | |
| December 31, | | | December 31, | | | |
| Revenue | 2024 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Cost of revenue | | | | | | |
| Gross profit | | | | | | |
| Operating expenses: | | | | | | |
| Operating expenses: | | | | | | |
| Operating expenses: | | | | | | |
| General and administrative expenses | | | | | | |
| General and administrative expenses | | | | | | |
| General and administrative expenses | | | | | | |
| Sales and marketing expenses | | | | | | |
| Total operating expenses | | | | | | |
| Operating income | | | | | | |
| Other expense: | | | | | | |
| Interest expense, net | | | | | | |
| Interest expense, net | | | | | | |
| Interest expense, net | | | | | | |
| Salomon Whitney settlement | | | | | | |

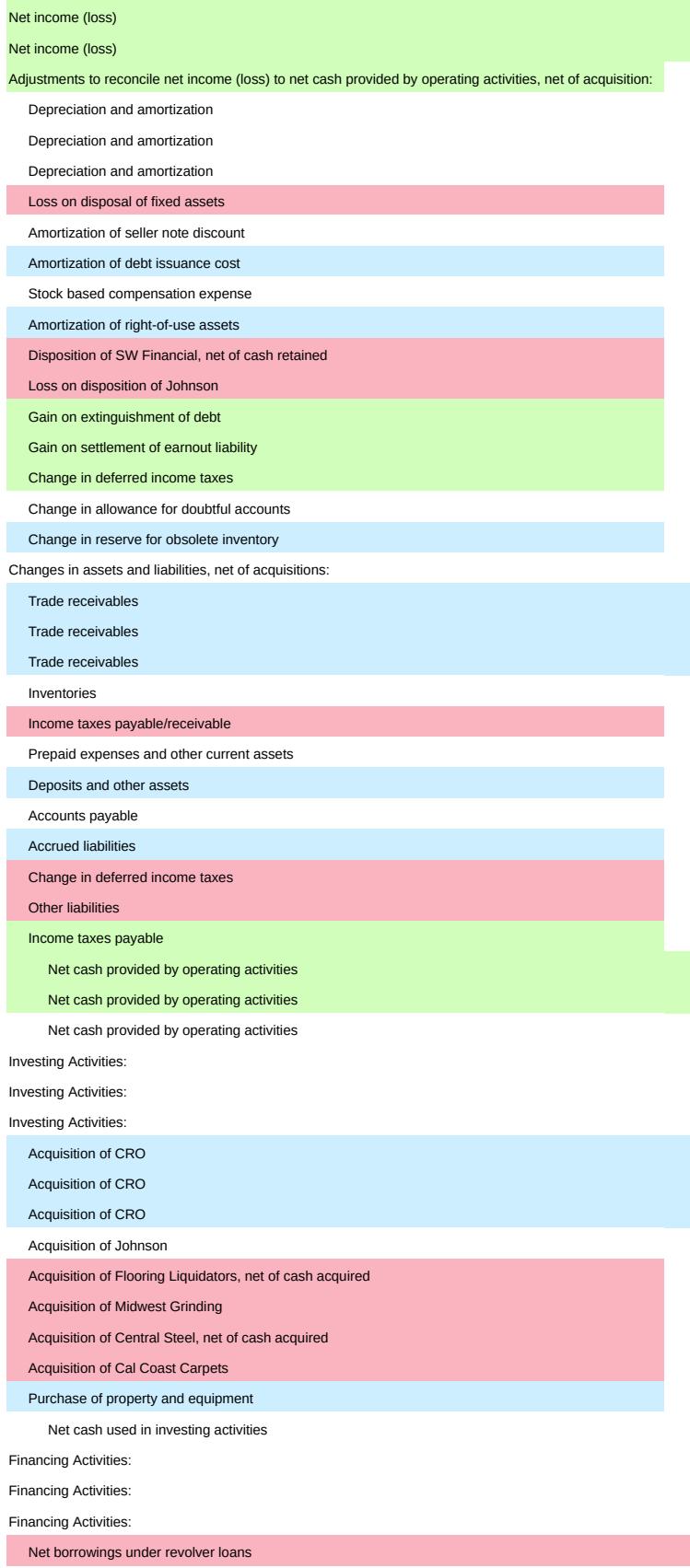
| | | | | | | |
|---|-------------------|--|-----------|--|-------------------|-----------|
| Loss on disposition of Salomon Whitney | | | | | | |
| Loss on disposition of Johnson | | | | | | |
| Other expense | | | | | | |
| Gain on extinguishment of debt | | | | | | |
| Gain on settlement of earnout liability | | | | | | |
| Other income (expense) | | | | | | |
| Total other expense, net | | | | | | |
| (Loss) income before provision for income taxes | | | | | | |
| (Benefit) provision for income taxes | | | | | | |
| Net (loss) income | | | | | | |
| Income (loss) before provision for income taxes | | | | | | |
| Provision (benefit) for income taxes | | | | | | |
| Net Income (loss) | | | | | | |
| (Loss) income per share: | | | | | | |
| (Loss) income per share: | | | | | | |
| (Loss) income per share: | | | | | | |
| Basic | | | | | | |
| Basic | | | | | | |
| Basic | | | | | | |
| Diluted | | | | | | |
| Income (loss) per share: | | | | | | |
| Income (loss) per share: | | | | | | |
| Income (loss) per share: | | | | | | |
| Basic and diluted | | | | | | |
| Basic and diluted | | | | | | |
| Basic and diluted | | | | | | |
| Weighted average common shares outstanding: | | | | | | |
| Weighted average common shares outstanding: | | | | | | |
| Weighted average common shares outstanding: | | | | | | |
| Basic | | | | | | |
| Basic | | | | | | |
| Basic | 3,140,191 | | 3,166,842 | | 3,153,034 | 3,123,177 |
| Diluted | Diluted 3,140,191 | | 3,186,904 | | 3,153,034 | 3,143,634 |
| | | | | | Diluted 3,124,820 | 3,163,541 |

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

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LIVE VENTURES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(dollars in thousands)

| | For the Nine Months Ended June 30, | | For the Three Months Ended December 31, | |
|--|------------------------------------|------|---|------|
| | 2024 | 2023 | 2024 | 2023 |
| Operating Activities: | | | | |
| Net (loss) income | | | | |
| Net (loss) income | | | | |
| Net (loss) income | | | | |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of acquisition: | | | | |
| Net income (loss) | | | | |



| |
|---|
| Net borrowings under revolver loans |
| Net borrowings under revolver loans |
| Net payments under revolver loans |
| Net payments under revolver loans |
| Net payments under revolver loans |
| Net borrowings under related party revolver loans |
| Proceeds from issuance of notes payable |
| Payments on related party notes payable |
| Proceeds from the issuance of related party notes payable |
| Cash paid for settlement of seller notes |
| Payments on notes payable |
| Proceeds from issuance of related party notes payable |
| Payments on related party notes payable |
| Payments for debt acquisition costs |
| Purchase of common treasury stock |
| Payments on financing leases |
| Cash paid for net settlement of stock option exercise |
| Proceeds from failed sales and leaseback transaction |
| Payments on seller finance arrangements |
| Net cash provided by financing activities |
| Net cash used in financing activities |
| Change in cash |
| Change in cash |
| Change in cash |
| Increase in cash |
| Increase in cash |
| Increase in cash |
| Cash, beginning of period |
| Cash, end of period |
| Supplemental cash flow disclosures: |
| Supplemental cash flow disclosures: |
| Supplemental cash flow disclosures: |
| Interest paid |
| Interest paid |
| Interest paid |
| Income taxes paid, net |
| Income taxes paid, net |
| Income taxes paid, net |
| Income taxes received |
| Noncash financing and investing activities: |
| Noncash items related to Flooring Liquidators acquisition |
| Noncash items related to Flooring Liquidators acquisition |
| Noncash items related to Flooring Liquidators acquisition |
| Noncash stock options exercise |
| PMW goodwill adjustment |
| Noncash items related to Central Steel acquisition |
| PMW goodwill adjustment |
| PMW goodwill adjustment |
| Noncash items related to CRO acquisition |
| Noncash items related to Johnson acquisition |

Noncash debt discount on related party notes

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

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LIVE VENTURES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)
(dollars in thousands)

| | Series E | | | | | | | | | | Preferred Stock | | | | | | | | | | | | | |
|---|----------|--------|--------|--------|-----------------|---------|----------------|----------|-------------------|----------|--------------------------|--------|--------------|--------|---------|-------|-----------------|-------|----------------|--------|-------------------|-------|--------------|--|
| | Shares | | Shares | | Paid-In Capital | | Treasury Stock | | Retained Earnings | | Non-controlling Interest | | Total Equity | | Shares | | Paid-In Capital | | Treasury Stock | | Retained Earnings | | Total Equity | |
| | Shares | Amount | Shares | Amount | Treasury | Capital | Stock | Earnings | Non-controlling | Interest | Total | Equity | Shares | Amount | Capital | Stock | Earnings | Total | Shares | Amount | Earnings | Total | | |
| Balance, September 30, 2023 | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance, September 30, 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock based compensation | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase of common treasury stock | | | | | | | | | | | | | | | | | | | | | | | | |
| Net loss | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance, December 31, 2023 | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock based compensation | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase of common treasury stock | | | | | | | | | | | | | | | | | | | | | | | | |
| Net loss | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance, March 31, 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock based compensation | | | | | | | | | | | | | | | | | | | | | | | | |
| Stock options exercise | | | | | | | | | | | | | | | | | | | | | | | | |
| Taxes paid on net settlement of stock options exercised | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchase of common treasury stock | | | | | | | | | | | | | | | | | | | | | | | | |
| Net loss | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance, June 30, 2024 | | | | | | | | | | | | | | | | | | | | | | | | |
| Balance, December 31, 2024 | | | | | | | | | | | | | | | | | | | | | | | | |

| | Series E | | | | | | | | | | Preferred Stock | | | | | | | | | | |
|-----------------------------------|-----------------|--------|-----------|--------|-----------|-----------------|------------|----------------|----------|----------------|-----------------|-------------------|-------|--------------------------|---|--------------|--------|--------|---------|-------|----------|
| | Preferred Stock | | | | | Common Stock | | | | | Stock | | | | | Common Stock | | | | | |
| | Shares | Amount | Shares | Amount | | Paid-In Capital | | Treasury Stock | | Treasury Stock | | Retained Earnings | | Non-controlling Interest | | Total | Shares | Amount | Capital | Stock | Earnings |
| Balance, September 30, 2022 | 47,840 | \$ — | 3,074,833 | \$ 2 | \$ 65,321 | \$ (7) | \$ (7,215) | \$ 39,509 | \$ (448) | \$ 97,162 | | | | | | | | | | | |
| Purchase of common treasury stock | — | — | (24,710) | — | — | — | — | (621) | — | — | | | | | | | | | | | (621) |
| Net income | — | — | — | — | — | — | — | — | 1,844 | — | — | — | 1,844 | — | — | — | — | — | — | — | 1,844 |
| Balance, December 31, 2022 | 47,840 | \$ — | 3,050,123 | \$ 2 | \$ 65,321 | \$ (7) | \$ (7,836) | \$ 41,353 | \$ (448) | \$ 98,385 | | | | | | | | | | | |
| Purchase of common treasury stock | — | — | (674) | — | — | — | — | (17) | — | — | | | | | | | | | | | (17) |
| Stock based compensation | — | — | — | — | 109 | — | — | — | — | — | | | | | | | | | | | 109 |
| Issuance of common stock | — | — | 116,441 | — | 3,200 | — | — | — | — | — | | | | | | | | | | | 3,200 |
| Net income | — | — | — | — | — | — | — | — | 1,558 | — | — | — | 1,558 | — | — | — | — | — | — | — | 1,558 |
| Balance, March 31, 2023 | 47,840 | \$ — | 3,165,890 | \$ 2 | \$ 68,630 | \$ (7) | \$ (7,853) | \$ 42,911 | \$ (448) | \$ 103,235 | | | | | | | | | | | |

| | | | | | | | | | | | |
|---|-------|--------|----------|-----------|------|-----------|--------|------------|-----------|----------|------------|
| Purchase of common treasury stock | — | — | (13,606) | — | — | — | (350) | — | — | — | (350) |
| Stock based compensation | — | — | — | — | 287 | — | — | — | — | — | 287 |
| Taxes paid on net settlement of stock options exercised | — | — | — | — | (29) | — | — | — | — | — | (29) |
| Stock options exercised | — | — | 12,148 | — | — | — | — | — | — | — | — |
| Net income | — | — | — | — | — | — | — | 1,060 | — | — | 1,060 |
| Balance, June 30, 2023 | #REF! | 47,840 | \$ — | 3,164,432 | \$ 2 | \$ 68,888 | \$ (7) | \$ (8,203) | \$ 43,971 | \$ (448) | \$ 104,203 |

| | Series E | | | | | | Series E | | | | |
|-----------------------------------|-----------------|--------|-----------|--------------|-----------------|--------|-----------------|----------------|-------------------|--------------|--|
| | Preferred Stock | | | Common Stock | | | Preferred Stock | | Common Stock | | |
| | Shares | Amount | Shares | Amount | Paid-In Capital | Stock | Treasury Stock | Treasury Stock | Retained Earnings | Total Equity | |
| Balance, September 30, 2023 | 47,840 | \$ — | 3,164,330 | \$ 2 | \$ 69,387 | \$ (7) | \$ (8,206) | \$ 38,959 | \$ 100,135 | | |
| Stock based compensation | — | — | — | — | 50 | — | — | — | — | 50 | |
| Purchase of common treasury stock | — | — | (4,346) | — | — | — | — | (106) | — | (106) | |
| Net loss | — | — | — | — | — | — | — | — | (682) | (682) | |
| Balance, December 31, 2023 | 47,840 | \$ — | 3,159,984 | \$ 2 | \$ 69,437 | \$ (7) | \$ (8,312) | \$ 38,277 | \$ 99,397 | | |

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

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LIVE VENTURES INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED JUNE 30, DECEMBER 31, 2024 AND 2023
(dollars in thousands, except per-share amounts)

Note 1: Background and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Live Ventures Incorporated, a Nevada corporation, and its subsidiaries (collectively, "Live Ventures" or the "Company"). Live Ventures is a diversified holding company with a strategic focus on value-oriented acquisitions of domestic middle-market companies. The Company has five operating segments: Retail-Entertainment, Retail-Flooring, Flooring Manufacturing, Steel Manufacturing, and Corporate and Other. The Retail-Entertainment segment includes Vintage Stock, Inc. ("Vintage Stock"), which is engaged in the retail sale of new and used movies, music, collectibles, comics, books, games, game systems, and components. The Retail-Flooring segment includes Flooring Liquidators, Inc. ("Flooring Liquidators"), which is engaged in the retail sale and installation of floors, carpets, and countertops. The Flooring Manufacturing segment includes Marquis Industries, Inc. ("Marquis"), which is engaged in the manufacture and sale of carpet and the sale of vinyl and wood floor coverings. The Steel Manufacturing Segment includes Precision Industries, Inc. ("Precision Marshall"), which is engaged in the manufacture and sale of alloy and steel plates, ground flat stock and drill rods, The Kinetic Co., Inc. ("Kinetic"), which is engaged in the production of industrial knives and hardened wear products for the tissue and metals industries, Precision Metal Works, Inc. ("PMW"), which is engaged in metal forming, assembly, and finishing solutions across diverse industries, including appliance, automotive, hardware, electrical, electronic, medical products, and devices, and **CSF Holdings**, **Central Steel Fabricators, LLC** ("Central Steel" "Steel"), a Chicago-based manufacturer of specialized fabricated metal products primarily for data centers and the communications industry. PMW reports on a 13-week quarter, as opposed to the Company's calendar quarter reporting. However, the Company has determined that the difference in reporting periods has no material effect on its reported financial results.

The unaudited condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for audited financial statements. In the opinion of the Company's management, this interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods. The results of operations for the three and nine months ended **June 30, 2024** **December 31, 2024** are not necessarily indicative of the results to be expected for the fiscal year ending **September 30, 2024** **September 30, 2025**. The financial information included in these statements should be read in conjunction with the condensed consolidated financial statements and related notes thereto as of **September 30, 2023**, **September 30, 2024** and for the fiscal year then ended included in the Company's Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission (the "SEC") on **December 22, 2023** **December 19, 2024** (the "2023" "2024 Form 10-K").

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed financial statements include the accounts of the Company and its majority owned subsidiaries over which the Company exercises control. All intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain amounts in the prior period have been reclassified to conform to the current period presentation. These reclassifications have no material effect on the reported financial results.

Use of Estimates

The preparation of the unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying consolidated financial statements include the estimated reserve for **doubtful current trade receivables**, the **estimated reserve for excess and obsolete inventory**, fair values in connection with the analysis of goodwill, other intangibles and long-lived assets for impairment, valuation allowance against deferred tax assets, **lease terminations**, and estimated useful lives for intangible **assets and property and equipment**.

assets.

Revenue Recognition

General

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The Company accounts for its sales revenue in accordance with *Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606")*. Topic 606 provides a five-step revenue recognition model that is applied to the Company's customer contracts. Under this model we (i) identify the contract with the customer, (ii) identify our performance obligations in the contract, (iii) determine the transaction price for the contract, (iv) allocate the transaction price to our performance obligations, and (v) recognize revenue when or as we satisfy our performance obligations.

Revenue is recognized upon transfer of control of the promised goods or the performance of the services to customers in an amount that reflects the consideration expected to be **receive received** in exchange for those goods or services. The Company enters into contracts that may include various combinations of products and services, which are generally distinct and accounted for as separate performance obligations.

Retail - Entertainment Segment

The Retail-Entertainment Segment derives revenue primarily from direct sales of entertainment products. Sales are generally of a cash-and-carry nature and contain a single performance obligation. Consequently, revenue is recorded at the point in time in which the sale is made. **Revenues are Revenue is** recorded net of sales taxes collected from customers. **The Company recognizes the portion of the dollar value of prepaid stored-value products that ultimately is unredeemed ("breakage") in accordance with ASC 606-10-32-11 through 32-13 Measurement-Constraining Estimates of Variable Consideration.**

Retail - Flooring Segment

The Retail-Flooring Segment derives revenue primarily from the sale of flooring products and installation services, which are recognized at the point-of-sale and over time, respectively. Retail sales are generally of a cash-and-carry nature and contain a single performance obligation. Consequently, revenue is recorded at the point in time in which the sale is made. Installation services generally contain multiple performance obligations requiring revenue to be recognized over a period of time based on percentage of completion. **For sales that include installation, revenue is recognized upon completion of the installation of the material in accordance with the contract, as this method is the best depiction of when the transfer of goods or services takes place.** All direct costs are either paid and or accrued for in the period in which the sale is recorded. **Revenues are Revenue is** recorded net of sales taxes collected from customers.

Flooring and Steel Manufacturing Segments

The Flooring Manufacturing Segment derives revenue primarily from the sale of carpet and hard surface flooring products, including shipping and handling amounts. The Steel Manufacturing Segments derives revenue primarily from the sale of steel plates, ground flat stock and drill rods, fabricated products, and tooling, including shipping and handling amounts. Revenue for these segments generally contain a single performance obligation and is recognized at the point title passes to the customer. At the time revenue is recognized, the Company records a provision for the estimated amount of future returns based primarily on historical experience and any known trends or conditions that exist at the time revenue is recognized. **Revenues are Revenue is** recorded net of taxes collected from customers. All direct costs are either paid and or accrued for in the period in which the sale is recorded.

Spare Parts

For spare parts sales, the Company transfers control and recognizes a sale when it ships the product to the customer or when the customer receives product based upon agreed shipping terms. Each unit sold is considered an independent, unbundled performance obligation. The Company has no additional performance obligations other than spare parts sales that are material in the context of the contract. The amount of consideration received and revenue recognized varies due to sales incentives and returns offered to customers. When customers retain the right to return eligible products, the Company reduces revenue for the estimate of the expected returns, which is primarily based on an analysis of historical experience.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures ("ASU 2023-07"). ASU 2023-07 requires, among other updates, enhanced disclosures about significant segment expenses that are regularly provided to the Chief Operating Decision Maker, as well as the aggregate amount of other segment items included in the reported measure of segment profit or loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

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In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures ("ASU 2023-09"). ASU 2023-09 requires enhanced annual disclosures regarding the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024, and may be adopted on a prospective or retrospective basis. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In November 2024, the FASB issued ASU 2024-03 Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures ("ASU 2024-03") which requires entities to (i) disclose amounts of (a) purchase of inventory, (b) employee compensation, (c) depreciation, (d) intangible asset amortization, and, (e) depreciation, depletion, and amortization recognized as part of oil-and gas-producing activities, (ii) include certain amounts that are already required to be disclosed under U.S. GAAP in the same disclosures as other disaggregation requirements, (iii) disclose a qualitative description of the amounts remaining in relevant expense captions that are not necessarily disaggregated quantitatively, and (iv) disclose the total amount of selling expenses, in annual reporting periods, an entity's definition of selling expense. ASU 2024-03 is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating ASU 2024-03 to determine the impact it may have on its consolidated financial statements.

Note 3: Acquisitions

Acquisition of Midwest Grinding.

On June 10, 2024, pursuant to an **Asset Purchase Agreement**, Kinetic acquired certain assets and assumed certain liabilities of Midwest Grinding Corp., a Milwaukee grinding house dedicated to precision Blanchard and specialty surface grinding of small to extra-large capacity. Total consideration for the acquisition was **\$600,000, \$0.6 million**. In connection with the acquisition, Kinetic also acquired the building being used in the business for **\$400,000, \$0.4 million**. Total consideration for both the business and building acquisition was \$1.0 million, paid in cash at close.

The fair value of the assets acquired and liabilities assumed are based on their estimates of fair value available as of June 10, 2024, as calculated by management. The table below outlines the purchase price allocation of the purchase for Midwest Grinding to the acquired identifiable assets and liabilities assumed as of **June 30, 2024** **December 31, 2024** (in \$000's):

| | | |
|------------------------------|----|--------------|
| Total purchase price | \$ | 1,000 |
| Accounts payable | | 1 |
| Total consideration | | 1,001 |
| Accounts receivable | | 152 |
| Other current assets | | 71 |
| Property and equipment | | 738 |
| Intangible Assets | | |
| Customer relationships | \$ | 16 |
| Trade names | | 15 |
| Non-compete agreement | | 9 |
| Intangible assets | | 40 |
| Total assets acquired | | 1,001 |
| Total goodwill | \$ | — |

Acquisition of Central Steel

On May 15, 2024, Precision Marshall acquired Central **Steel Fabricators** ("Central Steel"), a Chicago-based manufacturer of specialized fabricated metal products primarily for data centers and the communications industry. Total consideration for the acquisition was approximately **\$14.1 million, \$13.9 million**, comprised of **\$10.7 million** paid at closing, a seller note of **\$1.1 million, \$1.1 million**, a holdback, in the amount **\$300,000, of \$0.3 million**, and contingent consideration of **\$2.0 million** paid in the form of a five-year earn-out. The consideration paid at close was funded in part by borrowings under Precision Marshall's credit facility of approximately **\$3.3 million, \$3.3 million**, and

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proceeds from a sale and leaseback transaction, discussed below. The acquisition involved no issuance of stock of the Company.

Simultaneous to the acquisition, the Company entered into a **salesale** and leaseback transaction with Legacy West Partners, LLC, an unrelated party, for one of Central Steel's properties located in Broadview, Illinois. The sales price for the real property subject to the **salesale** and leaseback transaction was approximately **\$8.3 million, \$8.3 million**, with total proceeds received by the Company of approximately **\$7.9 million, \$7.9 million**, net of approximately **\$0.4 million** in seller's fees.

The lease agreement includes a 20-year lease term with two five-year renewal options. The base rent under the lease agreement is \$58,795 per month for the first year of the term and a **2% 2.0%** per annum escalator thereafter. The lease agreement is a "net lease," such that Central Steel is also obligated to pay all taxes, insurance, assessments, and other costs, expenses, and obligations of ownership of the real property incurred by Central Steel. Due to the highly specialized nature of the leased property, the Company currently

believes it is more likely than not that each of the two five-year options will be exercised. Consequently, because the aggregate term of the lease at its conclusion will represent approximately 75% of the economic life of the building, the Company concluded that the lease is a financing transaction and a failed sale and leaseback transaction, as defined under ASC 842. The proceeds, net of closing fees, from the failed sale and leaseback transaction were used to assist in funding the acquisition of Central Steel. No gain was recognized as a result of the sale.

The fair value of the purchase price components was approximately \$14.1 million, \$13.9 million, as detailed below (in \$000's):

| | |
|--|------------------|
| Purchase price | \$ 11,758 |
| Fair value of contingent consideration | 2,000 |
| Holdback | 300 122 |
| Net purchase price | \$ 14,058 13,880 |

Under the preliminary purchase price allocation, the Company recognized goodwill of approximately \$2.8 million, \$2.9 million, which is calculated as the excess of both the consideration exchanged and liabilities assumed over the fair value of the identifiable assets acquired. The Company anticipates all of the goodwill arising from the acquisition to be fully deductible for tax purposes.

The table below outlines the purchase price allocation as revised, for the purchase of Central Steel to the acquired identifiable assets, liabilities assumed, and goodwill as of December 31, 2024 (in \$000's):

| | |
|---|------------------|
| Total purchase price | \$ 14,058 13,880 |
| Accounts payable | 464 |
| Accrued liabilities | 969 |
| Total liabilities assumed | 1,433 |
| Total purchase price plus liabilities assumed | 15,491 15,313 |
| Cash | 184 |
| Accounts receivable | 2,418 |
| Inventory | 2,425 2,171 |
| Property and equipment | 5,034 |
| <u>Intangible assets</u> | |
| Trade names | 400 |
| Customer relationships | 900 |
| Non-compete | 825 |
| Subtotal intangible assets | 2,125 |
| Other assets | 476 |
| <u>Total assets acquired</u> | 12,662 |
| <u>Total goodwill</u> | \$ 2,829 |

Acquisition of CRO

On October 13, 2023, Flooring Liquidators acquired certain assets and assumed certain liabilities of Carpet Remnant Outlet, Inc. ("CRO"), a floor covering retailer and installer serving residential and commercial customers throughout Northwest Arkansas. Total consideration for the acquisition was approximately \$1.4 million and was comprised of cash at close of approximately \$1.0 million, an indemnification holdback amount of \$300,000, and additional consideration valued at \$89,000.

The fair value of the purchase price components was \$1.4 million, as detailed below (in \$000's):

| | |
|--------------------------|----------|
| Cash | \$ 1,034 |
| Additional consideration | 89 |
| Holdback | 300 |
| Purchase price | \$ 1,423 |

Under the preliminary purchase price allocation, the Company recognized goodwill of \$89,000, which is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of the identifiable assets acquired. The values assigned to the assets acquired and liabilities assumed are based on their estimates of fair value available as of October 13, 2023, as calculated by an independent third-party firm. The value of the additional consideration was calculated by management. During the three months ended June 30, 2024, the Company recorded a noncash fair value adjustment related to the value of the additional consideration in the amount of approximately \$336,000. The Company anticipates the \$89,000 of goodwill arising from the acquisition to be fully deductible for tax purposes. The table below outlines the purchase price allocation of the purchase for CRO to the acquired identifiable assets, liabilities assumed and goodwill as of June 30, 2024 (in \$000's):

| | |
|---------------------------|--------------|
| Total purchase price | \$ 1,423 |
| Accounts payable | 770 |
| Accrued liabilities | 1,298 |
| Total liabilities assumed | 2,068 |
| Total consideration | 3,491 |
| Accounts receivable | 259 |
| Inventory | 1,406 |
| Property and equipment | 261 |
| Intangible assets | 1,190 |
| Other assets | 286,475 |
| Total assets acquired | 3,402,12,407 |
| Total goodwill | \$ 892,906 |

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[Acquisition of Johnson](#)

On November 30, 2023, CRO Affiliated, LLC ("CRO Affiliated"), a subsidiary of Live Ventures, acquired certain assets and assumed certain liabilities of Johnson Floor & Home ("Johnson"), a floor covering retailer and installer serving residential and commercial customers through four locations in the Tulsa, Oklahoma area, and one in Joplin, Missouri. Total consideration for the acquisition was **\$2.0 million**, **\$2.0 million**, comprised of cash at close of **\$500,000**, **\$0.5 million**, deferred consideration in the form of a seller note of \$1.2 million, with additional consideration paid in the form of an earnout valued at approximately **\$300,000**, **\$0.3 million**. The deferred consideration is payable in three **\$400,000**, **\$0.4 million** installments due annually on the first three anniversary dates following the closing date. Each installment will accrue interest at 6.0% per annum until paid.

The fair value of the purchase price components outlined above was approximately **\$2.0 million**, **\$2.0 million**, as detailed below (in \$000's):

| | |
|------------------------|----------|
| Cash | \$ 500 |
| Deferred consideration | 1,200 |
| Earnout | 301 |
| Purchase price | \$ 2,001 |

The values assigned to the assets acquired and liabilities assumed are based on their estimates of fair value available as of November 30, 2023, as calculated by management. The table below outlines the purchase price allocation of the purchase for Johnson to the acquired identifiable assets and liabilities assumed as of **June 30, 2024** (in \$000's) **December 31, 2024**:

| | |
|-------------------------------|----------|
| Total purchase price | \$ 2,001 |
| Accounts payable | 1,017 |
| Accrued liabilities | 1,141 |
| Total liabilities assumed | 2,158 |
| Total consideration | 4,159 |
| Accounts receivable | 1,252 |
| Inventory | 1,127 |
| Property, plant and equipment | 157 |
| Intangible assets | |
| Customer relationships | \$ 1,301 |
| Non-compete agreement | 306 |
| Subtotal intangible assets | 1,607 |
| Other assets | 16 |
| Total assets acquired | 4,159 |
| Total goodwill | \$ — |

On May 24, 2024, CRO Affiliated entered into an asset purchase agreement with the original seller of Johnson under which the original seller agreed to purchase certain assets and assume certain obligations acquired by CRO Affiliated under the **original asset**.

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original asset purchase agreement. Consequently, CRO **Affiliated** recorded a loss on **deconsolidation disposition** of Johnson's assets and liabilities of approximately **\$301,000, \$0.3 million**, as detailed in the table below (in \$000's):

| | | |
|--|----|-------|
| Accounts payable and accrued liabilities | \$ | 475 |
| Earnout | | 307 |
| Seller note | | 1,230 |
| Lease liabilities | | 2,703 |
| Total deconsolidation of liabilities | | 4,715 |
| Inventory | | 613 |
| Property and equipment | | 206 |
| ROU assets | | 2,692 |
| Intangible assets | | |
| Customer relationships | | 1,224 |
| Non-compete agreement | | 281 |
| Subtotal intangible assets | | 1,505 |
| Total deconsolidation of assets | | 5,016 |
| Total loss on deconsolidation disposition | \$ | (301) |

Acquisition of Harris Flooring Group® Brands CRO

On **September 20, 2023** **October 13, 2023**, Marquis CRO **Affiliated** acquired the Harris Flooring Group® brands from Q.E.P. certain assets and assumed certain liabilities of Carpet Remnant Outlet, Inc. ("CRO"), a designer, manufacturer, floor covering retailer and distributor **installer** serving residential and commercial customers throughout Northwest Arkansas. Total consideration for the acquisition was approximately \$1.4 million and was comprised of a broad range of best-in-class flooring and installation solutions for commercial and home improvement projects. Specifically, Marquis acquired the Harris Flooring Group brands, inventory, and book of business and intends to retain all sales representatives. The purchase price was \$10.1 million, consisting of \$3.0 million in cash at close and the recording of a deferred payment of \$5.1 million and holdback of \$2.0 million. The acquisition was determined to be an asset acquisition for accounting purposes. The entirety of the purchase price was allocated to inventory.

Acquisition of PMW

On July 20, 2023 ("Effective Date"), the Company acquired PMW, a Kentucky-based metal stamping and value-added manufacturing company. PMW was acquired for total consideration of approximately \$28 million, comprised \$1.0 million, an indemnification holdback amount of a \$25 million purchase price, plus closing cash, \$0.3 million, and subject to working capital adjustments, with additional consideration of up to \$3 million paid in the form of an earn-out. The purchase price was funded in part by a \$2.5 million seller note, borrowings under a credit facility of \$14.4 million, and proceeds under a sale and leaseback transaction of approximately \$8.6 million. The acquisition involved no issuance of stock of the Company.

As of the Effective Date, the Company entered into a sales and leaseback transaction for two properties acquired, one located in Frankfort, Kentucky, and the other located in Louisville, Kentucky, with Legacy West Kentucky Portfolio, LLC ("Lessor"). The aggregate sales price of the real estate was approximately \$14.5 million. The Louisville, Kentucky property was acquired on the Effective Date for \$5.1 million in connection with an option of PMW to purchase that property.

The provisions of each of the two lease agreements include a 20-year lease term with two five-year renewal options. The base rent under the Frankfort lease agreement is \$34,977 per month for the first year of the term and a 2% per annum escalator thereafter. The base rent under the Louisville lease agreement is \$63,493 per month for the first year of the term and a 2% per annum escalator thereafter. Both lease agreements are "net leases," such that the lessees are also obligated to pay all taxes, insurance, assessments, and other costs, expenses, and obligations of ownership of the real property incurred by the lessor. Due to the highly specialized nature of the leased assets, the Company currently believes it is more likely than not that each of the two five-year options will be exercised. The proceeds of \$14.5 million, net of closing fees, from the sale-leaseback were used to assist in funding the acquisition of PMW, valued at \$89,000.

The fair value of the purchase price components outlined above was \$26.8 million due to fair value adjustments for the contingent consideration, cash acquired, and working capital adjustments, \$1.4 million, as detailed below (in \$000's) \$000's):

| | | |
|----------------------------|----|---------|
| Cash | \$ | 1,034 |
| Additional consideration | | 89 |
| Holdback | | 300 |
| Purchase price | \$ | 25,000 |
| Fair value of earnout | | 2,675 |
| Cash from balance sheet | | 1,602 |
| Working capital adjustment | | (2,500) |
| Net purchase price | \$ | 26,777 |
| | | 1,423 |

Under the preliminary purchase price allocation, the Company recognized goodwill of approximately \$4.0 million, \$89,000, which is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of the identifiable assets acquired. The values assigned to the assets acquired and liabilities assumed are based on their estimates of fair value available as of **July 20, 2023** **October 13, 2023**, as calculated by an independent third-party firm. Because The value of the transaction additional

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consideration was considered a stock purchase for tax purposes, none calculated by management. The Company anticipates the \$89,000 of the goodwill arising from the acquisition will to be fully deductible for tax purposes. During the three months ended December 31, 2023, the Company recorded noncash fair value adjustments related to inventory and other liabilities assumed, as well as an adjustment to deferred tax liabilities in the aggregate amount of \$652,000. The table below outlines the purchase price allocation of the purchase for PMW to the acquired identifiable assets, liabilities assumed and goodwill (in \$000's):

| | | |
|---------------------------|----|--------|
| Net purchase price | \$ | 26,777 |
| Accounts payable | | 10,788 |
| Accrued liabilities | | 4,995 |
| Total liabilities assumed | | 15,783 |
| Total consideration | | 42,560 |
| Cash | | 1,602 |
| Accounts receivable | | 12,613 |
| Inventory | | 6,266 |
| Property and equipment | | 13,616 |
| Intangible assets | | 3,600 |
| Other assets | | 849 |
| Total assets acquired | | 38,546 |
| Total goodwill | \$ | 4,014 |

Acquisition of Cal Coast Carpets

On June 2, 2023, Flooring Liquidators acquired certain fixed assets and other intangible assets of Cal Coast Carpets, Inc. ("Cal Coast"), and its shareholders. No liabilities were assumed as part of either transaction. The purchase price for the fixed assets acquired from Cal Coast was \$35,000, and the intangible assets acquired from the shareholders was approximately \$1.265 million, for a total combined purchase price of \$1.3 million. The intangible assets acquired were comprised of customer relationships, trade name, and non-compete agreements. The acquisition was determined to be an asset acquisition for accounting purposes and, as such, no goodwill was recorded as part of the transaction. The values assigned to the assets acquired are based on their estimates of fair value available as of June 2, 2023, as calculated by management.

The table below outlines the purchase price allocation of the purchase for Cal Coast to the acquired identifiable assets (in \$000's):

| | | |
|-------------------------|----|-------|
| Property and equipment | \$ | 35 |
| Intangible assets | | |
| Customer relationships | | 785 |
| Trade name | | 425 |
| Non-compete agreement | | 55 |
| Total intangible assets | | 1,265 |
| Total assets acquired | \$ | 1,300 |

Acquisition of Flooring Liquidators

On January 18, 2023, Live Ventures acquired 100% of the issued and outstanding equity interests (the "Equity Interests") of Flooring Liquidators, Inc., Elite Builder Services, Inc. ("EBS"), 7 Day Stone, Inc., Floorable, LLC, K2L Leasing, LLC, and SJ & K Equipment, Inc. (collectively, the "Acquired Companies"). The Acquired Companies are leading retailers and installers of floors, carpets, and countertops to consumers, builders and contractors in California and Nevada.

The acquisition was effected pursuant to a Securities Purchase Agreement (the "Purchase Agreement") with an effective date of January 18, 2023 by and among the Company, and Stephen J. Kellogg, as the seller representative of the equity holders of the Acquired Companies and individually in his capacity as an equity holder of the Acquired Companies, and the other equity holders of the Acquired Companies (collectively, the "Seller"). The purchase price for the Equity Interests was \$83.8 million before any fair value considerations, and is comprised of the following:

- \$41.8 million in cash to the Seller;
- \$34.0 million (the "Note Amount") to certain trusts for the benefit of Kellogg and members of his family (the "Kellogg Trusts") pursuant to the issuance by the Company of a subordinated promissory note (the "Note") in favor of the Kellogg Trusts;
- \$4.0 million to the Kellogg 2022 Family Irrevocable Nevada Trust by issuance of 116,441 shares of Company Common Stock (as defined in the Purchase Agreement) (the "Share Amount"), calculated in the manner described in the Purchase Agreement;
- \$2.0 million holdback; and
- \$2.0 million of contingent consideration, comprised of \$1.0 million in cash and \$1.0 million in restricted stock units.

The fair value of the purchase price components outlined above was \$78.7 million due to fair value adjustments for the Note, and restricted stock, as detailed below (in \$000's).

| | |
|---|-----------|
| Purchase price | \$ 83,800 |
| Fair value adjustment, sellers note | (3,300) |
| Fair value adjustment, restricted stock | (1,800) |
| Net purchase price | \$ 78,700 |

Under the preliminary purchase price allocation, the Company recognized goodwill of approximately \$31.4 million, which is calculated as the excess of both the consideration exchanged and liabilities assumed as compared to the fair value of the identifiable assets acquired. The values assigned to the assets acquired and liabilities assumed are based on their estimates of fair value available as of January 18, 2023, as calculated by an independent third-party firm. The Company anticipates approximately \$13.4 million of the goodwill arising from the acquisition to be fully deductible for tax purposes. During the three months ended December 31, 2023, the Company recorded a fair value adjustment related to its contingent consideration of \$1 million. The table below outlines the purchase price allocation, as revised, of the purchase for Flooring Liquidators CRO to the acquired identifiable assets, liabilities assumed and goodwill (in \$000's):

| | | |
|-------------------------------|-----------|--------------------------|
| Purchase Total purchase price | \$ 78,700 | 1,423 |
| Accounts payable | 5,189 | 770 |
| Accrued liabilities | 10,700 | |
| Debt | 601,298 | |
| Total liabilities assumed | 15,949 | 2,068 |
| Total consideration | 94,649 | |
| Cash | 9,131 | 3,491 |
| Accounts receivable | 4,824 | 259 |
| Inventory | 19,402 | 1,406 |
| Property and equipment | 4,643 | 261 |
| Intangible assets | 13,275 | Non-compete agreement |
| Trade names | 7,700 | |
| Customer relationships | 1,190 | |
| Non-compete agreements | 1,625 | |
| Other | 49 | |
| Subtotal intangible assets | 22,649 | 1,190 |
| Other assets | 2,581 | 286 |
| Total assets acquired | 63,230 | 3,402 |
| Total goodwill | \$ 31,419 | 89 |

Pro Forma Information

The table below presents selected proforma information for the Company for the three and nine-month periods ended June 30, 2023, assuming that the acquisition had occurred on October 1, 2022 (the beginning of the Company's 2023 fiscal year), pursuant to ASC 805-10-50 (in \$000's). This proforma information does not purport to represent what the actual results of operations of the Company would have been had the acquisition occurred on that date, nor does it purport to predict the results of operations for future periods.

| | As Reported | | Adjustments | | Proforma | |
|----------------------------------|-----------------------------|--|------------------------|--|----------------------------|---------------------------|
| | Flooring Liquidators | | | | | |
| | Live Unaudited Three Months | | Unaudited Three Months | | | |
| | Ended June 30, 2023 | | Ended June 30, 2023 | | Adjustments ⁽¹⁾ | Live for the Three Months |
| Net revenue | \$ 91,516 | | \$ 4,222 | | | \$ 95,738 |
| Net income | \$ 1,060 | | \$ (2,188) | | \$ (300) | \$ (1,428) |
| Earnings per basic common share | \$ 0.33 | | | | | \$ (0.45) |
| Earnings per basic diluted share | \$ 0.33 | | | | | \$ (0.45) |

| | As Reported | | Adjustments | | Proforma | |
|----------------------------------|----------------------------|--|-----------------------------|--|----------------------------|--------------------------|
| | Flooring Liquidators | | | | | |
| | Live Unaudited Nine Months | | Unaudited Nine Months Ended | | | |
| | Ended June 30, 2023 | | June 30, 2023 | | Adjustments ⁽¹⁾ | Live for the Nine Months |
| Net revenue | \$ 251,624 | | \$ 37,702 | | | \$ 289,326 |
| Net income | \$ 4,462 | | \$ (1,033) | | \$ (2,226) | \$ 1,203 |
| Earnings per basic common share | \$ 1.43 | | | | | \$ 0.39 |
| Earnings per basic diluted share | \$ 1.42 | | | | | \$ 0.38 |

⁽¹⁾ Adjustments are related to adjustments made for the following:

- Amortization expense of definite-lived intangible assets has been adjusted based on the preliminary fair value at the acquisition date.
- Interest expense has been adjusted to include proforma interest expense that would have been incurred as a result of the acquisition financing obtained by the Company.
- Elimination of revenue and costs of revenue associated with sales between Flooring Liquidators and the Company prior to acquisition.

Note 4: Inventory

The following table details the Company's inventory as of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024 (in \$000's):

| Inventory, net | Inventory, net | June 30, 2024 | September 30, 2023 | Inventory, net | December 31, 2024 | September 30, 2024 |
|--------------------------|----------------|---------------|--------------------|----------------|-------------------|--------------------|
| Raw materials | | | | | | |
| Work in progress | | | | | | |
| Finished goods | | | | | | |
| Merchandise | | 135,366 | | | | |
| | | 129,740 | | | | |
| Less: Inventory reserves | | | | | | |
| Total inventory, net | | | | | | |

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Note 5: Property and Equipment

The following table details the Company's property and equipment as of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024 (in \$000's):

| Property and equipment, net: | June 30, 2024 | September 30, 2023 |
|------------------------------|-------------------|--------------------|
| | December 31, 2024 | September 30, 2024 |
| Land | | |
| Land | | |

| | |
|--------------------------------------|---------|
| Land | |
| Building and improvements | |
| Transportation equipment | |
| Machinery and equipment | |
| Furnishings and fixtures | |
| Office, computer equipment and other | |
| | 128,898 |
| | 130,889 |
| Less: Accumulated depreciation | |
| Total property and equipment, net | |

Depreciation expense was **\$3.1 million** **\$3.2 million** and **\$2.7 million** **\$3.1 million** for the three months ended **June 30, 2024** and **2023**, respectively, and **\$9.2 million** and **\$7.8 million** for the nine months ended **June 30, 2024** **December 31, 2024** and **2023**, respectively.

Note 6: Leases

The Company leases retail stores, warehouse facilities, and office space. These assets and properties are generally leased under noncancelable agreements that expire at various future dates with many agreements containing renewal options for additional periods. The agreements, which have been classified as either operating or finance leases, generally provide for minimum rent and, in some cases, percentage rent, and require the Company to pay all insurance, taxes, and other maintenance costs. As a result, the Company recognizes assets and liabilities for all leases with lease terms greater than 12 months. The amounts recognized reflect the present value of remaining lease payments for all leases. The discount rate used is an estimate of the Company's blended incremental borrowing rate based on information available associated with each subsidiary's debt outstanding at lease commencement. In considering the lease asset value, the Company considers fixed and variable payment terms, prepayments and options to extend, terminate, or purchase. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised.

The following table details the Company's **right of use** **right-of-use** assets and lease liabilities as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024** (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|---------------------------------------|-------------------|--------------------|
| | December 31, 2024 | September 30, 2024 |
| Right of use asset - operating leases | | |
| Lease liabilities: | | |
| Lease liabilities: | | |
| Current - operating | | |
| Current - operating | | |
| Current - operating | | |
| Current - finance | | |
| Long term - operating | | |
| Long term - finance | | |

As of **June 30, 2024** **December 31, 2024**, the weighted average remaining lease term for operating leases is **10.5** **9.8** years. The Company's weighted average discount rate for operating leases is **9.8%** **9.9%**. Total cash payments for operating leases for the **nine** **three** months ended **June 30, 2024** **December 31, 2024** and **2023** were approximately **\$13.8 million** **\$4.7 million** and **\$8.2 million** **\$4.3 million**, respectively. Additionally, the Company recognized approximately **\$18.8 million** **\$3.2 million** in **right of use** **right-of-use** assets and liabilities upon commencement of operating leases during the **nine** **three** months ended **June 30, 2024** **December 31, 2024**.

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As of **June 30, 2024** **December 31, 2024**, the weighted average remaining lease term for finance leases is **27.5** **26.9** years. The Company's weighted average discount rate for finance leases is **11.4%** **11.3%**. Total cash payments for finance leases for the **nine** **three** months ended **June 30, 2024** **December 31, 2024** and **2023** were approximately **\$2.5 million** **\$1.0 million** and **\$1.6 million** **\$0.8 million**, respectively. During the nine months ended June 30, 2024, Additionally, the Company recognized finance approximately \$0.6 million in right-of-use assets and liabilities upon commencement of approximately \$7.9 million operating leases during the three months ended December 31, 2024.

Total present value of future lease payments of operating leases as of December 31, 2024 (in \$000's):

| | | |
|----------------------------------|--|-----------|
| Twelve months ended December 31, | | |
| 2025 | | \$ 18,041 |
| 2026 | | 15,194 |
| 2027 | | 12,800 |
| 2028 | | 8,659 |

| | |
|---------------------------|-----------|
| 2029 | 5,141 |
| Thereafter | 26,727 |
| Total | 86,562 |
| Less implied interest | (26,777) |
| Present value of payments | \$ 59,785 |

The Company records finance lease right-of-use assets as property and equipment. The balance, as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024** is as follows (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|---------------------------------|---------------|--------------------|
| Property and equipment, at cost | \$ 26,226 | \$ 22,526 |
| Accumulated depreciation | \$ (1,262) | \$ (702) |
| Property and equipment, net | \$ 24,964 | \$ 21,824 |

Total present value of future lease payments of operating leases as of June 30, 2024 (in \$000's):

| | | |
|------------------------------|-----------|----------|
| Twelve months ended June 30, | | |
| 2025 | \$ 18,189 | |
| 2026 | | 15,833 |
| 2027 | | 13,216 |
| 2028 | | 9,862 |
| 2029 | | 6,206 |
| Thereafter | | 34,511 |
| Total | | 97,817 |
| Less implied interest | | (32,870) |
| Present value of payments | \$ 64,947 | |

| | December 31, 2024 | September 30, 2024 |
|---------------------------------|-------------------|--------------------|
| Property and equipment, at cost | \$ 27,102 | \$ 26,495 |
| Accumulated depreciation | \$ (1,535) | \$ (1,662) |
| Property and equipment, net | \$ 25,567 | \$ 24,833 |

Total present value of future lease payments of finance leases as of **June 30, 2024** **December 31, 2024** (in \$000's):

| | | |
|----------------------------------|--|--|
| Twelve months ended June 30, | | |
| Twelve months ended December 31, | | |
| 2025 | | |
| 2025 | | |
| 2025 | | |
| 2026 | | |
| 2027 | | |
| 2028 | | |
| 2029 | | |
| Thereafter | | |
| Total | | |
| Less implied interest | | |
| Present value of payments | | |

In connection with the disposition of certain of Johnson's assets and liabilities (see Note 3), during **During** the three months ended **June 30, 2024**, the Company derecognized right-of-use assets in the amount of approximately \$2.7 million and lease liabilities in the amount of approximately \$2.7 million.

During the nine months ended **June 30, 2024** **December 31, 2024** and 2023, the Company recorded no impairment charges relating to any of its leases.

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Note 7: Intangibles

The following table details the Company's intangibles as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024** (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|--|-------------------|--------------------|
| | December 31, 2024 | September 30, 2024 |
| Intangible assets, net: | | |
| Intangible assets - Tradenames | | |
| Intangible assets - Tradenames | | |
| Intangible assets - Tradenames | | |
| Intangible assets - Customer relationships | | |
| Intangible assets - Other | | |
| | 34,485 | |
| | 33,285 | |
| Less: Accumulated amortization | | |
| Total intangibles, net | | |

Amortization expense was **\$1.2** **\$1.3** million and **approximately \$1.0** **\$1.2** million for the three months ended **June 30, 2024** and **2023**, respectively, and **\$3.7** million and **\$2.2** million for the nine months ended **June 30, 2024** **December 31, 2024** and **2023**, respectively.

The following table summarizes estimated future amortization expense related to intangible assets that have net balances (in \$000's):

| | | | |
|-------------------------------|--|----|--------|
| Twelve months ending June 30, | | | |
| 2025 | | \$ | 5,023 |
| 2026 | | | 5,023 |
| 2027 | | | 4,925 |
| 2028 | | | 4,736 |
| 2029 | | | 3,990 |
| Thereafter | | | 2,662 |
| | | \$ | 26,359 |

In connection with the disposition of Johnson's assets and liabilities (see note 3), during the three months ended June 30, 2024, the Company derecognized customer relationships in the amount of approximately **\$1.2** million and other intangibles in the amount of approximately **\$0.3** million.

| | | | |
|-----------------------------------|--|----|--------|
| Twelve months ending December 31, | | | |
| 2025 | | \$ | 5,027 |
| 2026 | | | 4,988 |
| 2027 | | | 4,910 |
| 2028 | | | 4,399 |
| 2029 | | | 3,843 |
| Thereafter | | | 680 |
| | | \$ | 23,847 |

Note 8: Goodwill

The following table details the Company's goodwill as of **September 30, 2023** **September 30, 2024** and **June 30, 2024** **December 31, 2024** (in \$000's):

| | Retail - Entertainment | Retail - Flooring | Flooring Manufacturing | Steel Manufacturing | Total |
|---------------------------------|------------------------|-------------------|------------------------|---------------------|--------|
| September 30, 2023 | 36,947 | 30,419 | 807 | 7,693 | 75,866 |
| CRO acquisition | — | 425 | — | — | 425 |
| Central Steel acquisition | — | — | — | 2,829 | 2,829 |
| CRO adjustment | — | (336) | — | — | (336) |
| PMW adjustment | — | — | — | (652) | (652) |
| Flooring Liquidators adjustment | — | 1,000 | — | — | 1,000 |

| | | | | | |
|---------------|-----------|-----------|--------|----------|-----------|
| June 30, 2024 | \$ 36,947 | \$ 31,508 | \$ 807 | \$ 9,870 | \$ 79,132 |
|---------------|-----------|-----------|--------|----------|-----------|

During the nine months ended June 30, 2024, the Company made fair value adjustments, in the amount of approximately \$652,000 related to the acquisition of PMW, \$336,000 related to the CRO acquisition, and \$1.0 million related to the acquisition of Flooring Liquidators (see Note 3).

| | Retail - Entertainment | Retail - Flooring | Flooring Manufacturing | Steel Manufacturing | Total |
|--------------------|------------------------|-------------------|------------------------|---------------------|-----------|
| September 30, 2024 | 36,947 | 13,451 | 807 | 9,947 | 61,152 |
| December 31, 2024 | \$ 36,947 | \$ 13,451 | \$ 807 | \$ 9,947 | \$ 61,152 |

As of **June 30, 2024** **December 31, 2024**, the Company did not identify any triggering events that would require impairment testing.

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Note 9: Accrued Liabilities

The following table details the Company's accrued liabilities as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024**, (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|---|-------------------|--------------------|
| | December 31, 2024 | September 30, 2024 |
| Accrued liabilities: | | |
| Accrued payroll and bonuses | | |
| Accrued payroll and bonuses | | |
| Accrued payroll and bonuses | | |
| Accrued sales and use taxes | | |
| Accrued bank overdrafts | | |
| Accrued customer deposits | | |
| Accrued gift card and escheatment liability | | |
| Accrued gift card liability | | |
| Accrued interest payable | | |
| Accrued inventory | | |
| Accrued professional fees | | |
| Accrued expenses - other | | |
| Total accrued liabilities | | |

Note 10: Long-Term Debt

Long-term debt as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024** consisted of the following (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|---------------------------------------|-------------------|--------------------|
| | December 31, 2024 | September 30, 2024 |
| Revolver loans | | |
| Equipment loans | | |
| Term loans | | |
| Other notes payable | | |
| Total notes payable | | |
| Less: unamortized debt issuance costs | | |
| Net amount | | |
| Less: current portion | | |
| Total long-term debt | | |

Future maturities of long-term debt at **June 30, 2024** **December 31, 2024**, are as follows which does not include related party debt separately stated (in \$000's):

Twelve months ending June 30,

Twelve months ending December 31,

2025

2025

2025

| |
|------------|
| 2026 |
| 2027 |
| 2028 |
| 2029 |
| Thereafter |

Total future maturities of long-term debt

Bank of America Revolver Loan

On January 31, 2020, as amended on September 4, 2024, Marquis entered into an amended \$25.0 million revolving credit agreement ("BofA Revolver") with Bank of America Corporation ("BofA"). The BofA Revolver is a five-year, an asset-based facility that is secured by substantially all of Marquis' assets. Availability under the BofA Revolver is subject to a monthly

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borrowing base calculation. Marquis' ability to borrow under the BofA Revolver is subject to the satisfaction of certain conditions, including meeting all loan covenants under the credit agreement with BofA. The BofA Revolver has a variable interest rate and matures in January July 2025. As of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024, the outstanding balance was approximately \$13.7 million \$16.0 million and \$6.1 million \$17.6 million, respectively.

Loan with Fifth Third Bank (Precision Marshall)

On January 20, 2022, Precision Marshall refinanced its Encina Business Credit loans with Fifth Third Bank, and the balance outstanding was repaid. The refinanced credit facility, totaling \$29 million, is comprised of \$23.0 million in revolving credit, \$3.5 million in M&E lending, and \$2.5 million for Capex lending. Advances under the new credit facility will bear interest at the 30-day SOFR Prime Rate plus 200 basis points for lending under the revolving facility, and 30-day SOFR Prime Rate plus 225 basis points for M&E and Capex lending. The refinancing of the Borrower's existing credit facility reduces interest costs and improves the availability and liquidity of funds by approximately \$3.0 million at the close. The facility terminates on January 20, 2027, unless terminated earlier in accordance with its terms.

In connection with the acquisitions of Kinetic and Central Steel (see Note 3), the existing revolving facility was amended to add Kinetic and Central Steel as a borrowers. In addition, two additional term loans were executed to fund the purchase of Kinetic. Approximately \$6.0 million was drawn from the revolving facility, and the two term loans were opened in the amounts of \$4.0 million and \$1.0 million, respectively. The \$4.0 million term loan ("Kinetic Term Loan #1"), which matures on January 20, 2027, bears interest on the same terms as for M&E term lending as stated above. The \$1.0 million term loan ("Kinetic Term Loan #2"), which matures on June 28, 2025, is a "Special Advance Term Loan", and bears interest at SOFR plus 375 basis points.

As of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024, the outstanding balance on the revolving loan was approximately \$22.8 million \$22.3 million and \$23.0 million \$21.3 million, respectively, and the outstanding balance on the original M&E lending, which is documented as a term note, was approximately \$2.0 million \$1.7 million and \$2.3 million \$1.8 million, respectively. The revolving loan has a variable interest rate and matures in January 2027. As of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024, the outstanding balance on Kinetic Term Loan #1 was approximately \$2.9 million \$2.6 million and \$3.3 million \$2.7 million, respectively. As of September 30, 2023, the Kinetic Term Loan #2 was fully repaid.

On April 12, 2023, in connection with its existing credit facility with Fifth Third Bank, Precision Marshall took an advance against its Capex term lending in the amount of approximately \$1.4 million. Additionally, during June 2024, in connection with Kinetic's acquisition of Midwest Grinding (see Note 3), Precision Marshall took an additional advance against its Capex term lending in the amount of approximately \$403,000. The loan matures January 2027 and bears interest on the same terms as for Capex lending as stated above. The first payment under this loan is due in February 2024. As of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024, the outstanding balance on the Capex loan was approximately \$1.7 million \$1.5 million and \$1.4 million \$1.6 million, respectively.

Eclipse Business Capital Loans

In connection with the acquisition of Flooring Liquidators, (see Note 3), on January 18, 2023, Flooring Liquidators entered into a credit facility with Eclipse Business Capital, LLC ("Eclipse"). The facility consists of \$25.0 million in revolving credit ("Eclipse Revolver") and \$3.5 million in M&E lending ("Eclipse M&E"). The Eclipse Revolver is a three-year, asset-based facility that is secured by substantially all of Flooring Liquidators' assets. Availability under the Eclipse Revolver is subject to a monthly borrowing base calculation. Flooring Liquidators' ability to borrow under the Eclipse Revolver is subject to the satisfaction of certain conditions, including meeting all loan covenants under the credit agreement with Eclipse. The Eclipse Revolver bears interest at 4.5% per annum in excess of Adjusted Term SOFR prior to April 1, 2023, and 3.5% per annum in excess of Adjusted Term SOFR after April 1, 2023. The Eclipse M&E loan bears interest at 6.0% per annum in excess of Adjusted Term SOFR prior to April 1, 2023, and 5.0% per annum in excess of Adjusted Term SOFR after April 1, 2023. The credit facility matures in January 2026. As of June 30, 2024 December 31, 2024 and September 30, 2023 September 30, 2024, the outstanding balance on the Eclipse Revolver was approximately \$9.3 million \$9.1 million and \$8.2 \$9.3 million, respectively, and the outstanding balance on the Eclipse M&E loan was approximately \$1.9 million \$1.6 million and \$2.4 \$1.8 million, respectively.

Loan with Fifth Third Bank (PMW)

In connection with the acquisition of PMW, (see Note 3), on July 20, 2023, PMW entered into a revolving credit facility (the "Revolving Credit Facility") with Fifth Third Bank (the "Revolving Credit Facility"). The facility consists of \$15.0 million in revolving credit ("Fifth (the "Fifth Third Revolver" Revolver") and approximately \$5.0 million in M&E lending (the "Fifth Third M&E Loan" Loan"). The Fifth Third Revolver is a three-year, asset-based facility that is secured by substantially all of PMW's assets. Availability under the Fifth Third Revolver is subject to a monthly borrowing base calculation. PMW's ability to borrow under the Fifth Third Revolver is subject to the satisfaction of certain conditions, including

meeting all loan covenants under the credit agreement with Fifth Third. Loans made under the Revolving Credit Facility are considered Reference Rate Loans, and bear interest at a rate equal to the sum of the Reference Rate plus the Applicable Margin. Reference Rate means the greater of (a) 3.0% or (b) the Lender's publicly announced prime rate (which is not intended to be Lender's lowest or most favorable rate in effect at any

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time) in effect from time to time. The Applicable Margin for revolving loans is zero, while for the Fifth Third M&E Term Loan or any Capital Expenditure Term Loan, it is 50 basis points (0.5%). The credit facility matures in July 2026. As of **June 30, 2024** December 31, 2024, the Company concluded that PMW was in default of its Fixed Cost Coverage Ratio ("FCCR") covenant, as specified in the credit agreement governing the Revolving Credit Facility. This default provides the creditor rights to accelerate and made immediately due the borrowings under the Revolving Credit Facility and Fifth Third M&E Loan. As of the date of the filing of this 10-Q, Fifth Third Bank has not exercised these rights and management is actively working with Fifth Third Bank to resolve the default. As such, as of **June 30, 2024** December 31, 2024 and September 30, 2024, PMW's long-term debt balances, in the amount of approximately \$15.1 million, \$13.0 million and \$14.4 million, respectively, have been reclassified to current liabilities. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the outstanding balance on the Revolving Credit Facility Fifth Third Revolver was approximately \$11.2 million \$9.7 million and \$11.0 \$10.1 million, respectively, and the balance on the Fifth Third M&E loan Loan was approximately \$4.3 \$3.9 million and \$4.8 \$4.1 million, respectively.

Bank Midwest Revolver Loan

On **October 17, 2023** October 17, 2024, Vintage entered into a \$15.0 million an amended \$10.0 million credit agreement with Bank Midwest ("Bank Midwest Revolver"), replacing a revolving credit facility between Vintage and Texas Capital Bank ("TCB Revolver"), which was entered into in November 2016 and set to mature in November 2023. In connection with the entry into the Credit Agreement, the revolving credit facility between Vintage Stock and Texas Capital Bank was terminated and the balance outstanding was repaid. The amended Bank Midwest Revolver accrues interest accrues daily on the outstanding principal at a rate of the greater of (a) the one-month forward-looking term rate based on SOFR, plus 2.36% per annum, or (b) 6.5% 5.0% per annum, and matures on **October 17, 2024** October 17, 2025. As of **June 30, 2024**, December 31, 2024 and September 30, 2024 the outstanding balance on the Bank Midwest Revolver was approximately \$1.7 million \$0 and \$1.9 million, respectively.

Note payable to JCM Holdings

During October 2020, Marquis purchased a manufacturing facility, which it had previously leased, for approximately \$2.5 million. Marquis entered into a \$2.0 million loan agreement, secured by the facility, with the seller of the facility, in order to complete the purchase of the facility. The loan bears interest at 6%, due monthly, and matures January 2030. As of **September 30, 2023** December 31, 2024 and September 30, 2024, the outstanding principal balance was approximately \$1.2 million and \$1.3 million, respectively.

Note Payable to Store Capital Acquisitions, LLC

On June 14, 2016, Marquis entered into a transaction with Store Capital Acquisitions, LLC. The transaction included a sale-leaseback of land owned by Marquis and a loan secured by the improvements on such land. The total aggregate proceeds received from the sale of the land and the loan was \$10.0 million, which consisted of approximately \$644,000 from the sale of the land and a note payable of approximately \$9.4 million. In connection with the transaction, Marquis entered into a lease with a 15-year term commencing on the TCB closing of the transaction, which provides Marquis with an option to extend the lease upon the expiration of its term. The initial annual lease rate is \$60,000. The proceeds from this transaction were used to pay down the BofA Revolver and Term loans, and related party loan, as well as to purchase a building from the previous owners of Marquis that was not purchased in the July 2015 transaction. The note payable bears interest at 9.3% per annum, with principal and interest due monthly. The note payable matures June 13, 2056. For the first five years of the note payable, there is a pre-payment penalty of 5%, which declines by 1% for each year the loan remains unpaid for the next five years. At the end of ten years, there is no pre-payment penalty. In connection with the note payable, Marquis incurred approximately \$458,000 in transaction costs that are being recognized as a debt issuance cost and are being amortized and recorded as interest expense over the term of the note payable. The remaining principal balance was approximately \$5.3 million \$9.1 million as of December 31, 2024 and September 30, 2024, respectively.

Equipment Loans

On June 20, 2016 and August 5, 2016, Marquis entered into a transaction that provided for a master agreement and separate loan schedules (the "Equipment Loans") with Banc of America Leasing & Capital, LLC that provided for the following as of **June 30, 2024** December 31, 2024:

Note #3 was for approximately \$3.7 million, secured by equipment. The Equipment Loan #3 matured in December 2023. As of **June 30, 2024** and September 30, 2023, the balance was \$0 and \$154,000, respectively.

Note #4 was for approximately \$1.1 million, secured by equipment. The Equipment Loan #4 matured in December 2023. As of **June 30, 2024** and September 30, 2023, the balance was \$0 and \$47,000, respectively.

Note #5 is for approximately \$4.0 million, secured by equipment. The Equipment Loan #5 is due December 2024, payable in 84 monthly payments of \$55,000 beginning January 2018, bearing interest at 4.7% per annum. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the balance was approximately \$325,000 \$0 and \$799,000, respectively.

Note #6 is for \$913,000, secured by equipment. The Equipment Loan #6 is due July 2024, payable in 60 monthly payments of \$14,000 beginning August 2019, with a final payment of \$197,000, bearing interest at 4.7% per annum. As of **June 30, 2024** and September 30, 2023, the balance was approximately \$196,000 and \$317,000, \$164,000, respectively.

Note #7 is for \$5.0 million, secured by equipment. The Equipment Loan #7 is due February 2027, payable in 84 monthly payments of \$59,000 beginning March 2020, with the final payment of \$809,000, bearing interest at 3.2% per annum. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the balance was approximately \$2.5 million \$2.2 million and \$2.9 million \$2.3 million, respectively.

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Note #8 is for approximately \$3.4 million, secured by equipment. The Equipment Loan #8 is due September 2027, payable in 84 monthly payments of \$46,000 beginning October 2020, bearing interest at 4.0%. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the balance was approximately **\$1.7 million** \$1.4 million and **\$2.0 million** \$1.6 million, respectively.

In December 2021, Marquis funded the acquisition of \$5.5 million of new equipment under Note #9 of its master agreement. The Equipment Loan #9, which is secured by the equipment, matures December 2026, and is payable in 60 monthly payments of \$92,000 beginning January 2022, with the final payment in the amount of approximately \$642,000, bearing interest at 3.75% per annum. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the balance was approximately **\$3.1 million** \$2.6 million and **\$3.9 million** \$2.9 million, respectively.

In December 2022, Marquis funded the acquisition of \$5.7 million of new equipment under Note #10 of its master agreement. The Equipment Loan #10, which is secured by the equipment, matures December 2029, and is payable in 84 monthly payments of \$79,000, beginning January 2023, with the final payment in the amount of approximately \$650,000, bearing interest at 6.50%. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the balance was approximately **\$4.8 million** \$4.5 million and **\$5.3 million** \$4.6 million, respectively.

Loan Covenant Compliance

As of **June 30, 2024** December 31, 2024, the Company and its subsidiaries were was in compliance with all covenants under their respective its existing revolving and other loan agreements, with the exception of PMW, which was in default under its Revolving Credit Facility and Fifth Third M&E Loan with Fifth Third Bank, as discussed above.

Note 11: Notes Payable-Related Parties

Long-term debt payable to related parties (see Note 16) as of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024 consisted of the following (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|--|-----------------|--------------------|
| Isaac Capital Group, LLC, 12.5% interest rate, matures May 2025 | \$ 2,000 | \$ 2,000 |
| Spriggs Investments, LLC, 10% interest rate, matures July 2025 | 1,100 | 2,000 |
| Spriggs Investments, LLC for Flooring Liquidators, 12% interest rate, matures July 2025 | 1,000 | 1,000 |
| Isaac Capital Group, LLC revolver, 12% interest rate, matures April 2025 | 2,300 | 1,000 |
| Isaac Capital Group, LLC for Flooring Liquidators, 12% interest rate, matures January 2028 | 5,000 | 5,000 |
| Total notes payable - related parties | 11,400 | 11,000 |
| Less: unamortized debt issuance costs | (71) | (86) |
| Net amount | 11,329 | 10,914 |
| Less: current portion | (5,400) | (4,000) |
| Total long-term portion, related parties | \$ 5,929 | \$ 6,914 |

| | December 31, 2024 | September 30, 2024 |
|--|-------------------|--------------------|
| Isaac Capital Group, LLC, 12.5% interest rate, matures May 2025 | \$ 2,000 | \$ 2,000 |
| Isaac Capital Group, LLC, 12.0% interest rate, matures December 2029 | 2,644 | — |
| Spriggs Investments, LLC, 12.0% interest rate, matures July 2025 | 500 | 800 |
| Spriggs Investments, LLC for Flooring Liquidators, 12.0% interest rate, matures July 2025 | 1,000 | 1,000 |
| Isaac Capital Group, LLC revolver, 12.0% interest rate, matures April 2025 | 4,170 | 2,600 |
| Isaac Capital Group, LLC for Flooring Liquidators, 12.0% interest rate, matures January 2028 | 5,000 | 5,000 |
| Total notes payable - related parties | 15,314 | 11,400 |
| Less: unamortized debt discount | (773) | (66) |
| Net amount | 14,541 | 11,334 |
| Less: current portion | (7,670) | (6,400) |
| Total long-term portion, related parties | \$ 6,871 | \$ 4,934 |

| | | |
|---|--|------------------|
| Twelve months ending June 30, | | |
| 2025 | | \$ 5,400 |
| 2026 | | 1,000 |
| 2029 | | 4,929 |
| Total future maturities of long-term debt, related parties | | \$ 11,329 |

Future maturities of notes to related parties at December 31, 2024 are as follows (in \$000's):

| | | |
|--|----|--------|
| Twelve months ending December 31, | | |
| 2025 | \$ | 7,670 |
| 2028 | | 4,939 |
| 2029 | | 1,932 |
| Total future maturities of long-term debt, related parties | \$ | 14,541 |

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Note 12: Related Party Seller Notes

Seller notes as of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024** consisted of the following (in \$000's):

| | June 30, 2024 | September 30, 2023 |
|---|----------------------|-----------------------|
| | December 31, 2024 | September 30, 2024 |
| Seller of Flooring Liquidators, 8.24% interest rate, matures January 2028 | | |
| Seller of PMW, 8.0% interest rate, matures July 2028 | | |
| Seller of Kinetic, 7.0% interest rate, matures September 2027 | | |
| Seller of Central Steel, 8.0% interest rate, matures May 2029 | | |
| Seller of Central Steel, 7.0% interest rate, matures May 2029 | | |
| Total Related party seller notes payable | | |
| Unamortized debt premium (discount) | | |
| Net amount | | |
| Less current portion | | |
| Long-term portion of Related party seller notes payable | | |

Future maturities of seller notes at **June 30, 2024** **December 31, 2024** are as follows (in \$000's):

| | | |
|-----------------------------------|--|--|
| Twelve months ending June 30, | | |
| 2025 | | |
| 2025 | | |
| 2025 | | |
| 2026 | | |
| Twelve months ending December 31, | | |
| 2027 | | |
| 2027 | | |
| 2027 | | |
| 2028 | | |
| 2029 | | |
| Total | | |
| Total | | |
| Total | | |

Note Payable to the Seller of Kinetic

In connection with the purchase of Kinetic, on June 28, 2022, Kinetic entered into an employment agreement with the previous owner of Kinetic to serve as its Head of Equipment Operations. The employment agreement is for an initial term of five years and shall be automatically extended in 90-day increments unless either party provides notice as required under the agreement. Additionally, Precision Marshall entered into a seller financed loan in the amount of \$3.0 million with the previous owner of Kinetic (the "Seller Subordinated Acquisition Note"). The Seller Subordinated Acquisition Note bears interest at 7.0% per annum, with interest payable quarterly in arrears, (the "Seller Subordinated Acquisition Note"). The Seller Subordinated Acquisition Note and has a maturity date of September 27, 2027. As of **June 30, 2024** **December 31, 2024** and **September 30, 2023** **September 30, 2024**, the remaining principal balance was \$3.0 million.

Note Payable to the Seller of Flooring Liquidators

In connection with the purchase of Flooring Liquidators, (see Note 3), on January 18, 2023, the Company entered into an employment agreement with the previous owner of Flooring Liquidators to serve as its Chief Executive Officer. The employment agreement is for an initial term of five years and shall be automatically extended in 90-day increments unless either party provides notice as required under the agreement. Additionally, the Company entered into a seller financed mezzanine loan (the "Seller Note"), which is fully guaranteed by the Company, in the amount of \$34.0 million with the previous owners of Flooring Liquidators. The Seller Note bears interest at the contractual rate of 8.24% per

annum, with interest payable monthly in arrears beginning on January 18, 2024. The Seller Note has a maturity date of January 18, 2028. The fair value assigned to the **Sellers** Note, as calculated by an independent third-party firm, was \$31.7 million, or a discount of \$2.3 million. The \$2.3 million discount is being accreted to interest expense, using the effective interest rate method, as required by U.S. GAAP, over the term of the Seller Note. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the carrying value of the Seller Note was approximately **\$35.4 million** \$37.0 million and **\$33.5 million**, \$36.3 million, respectively.

Notes Payable to the Sellers of PMW

In connection with the purchase of PMW, (see Note 3), on July 20, 2023, the Company entered into a consulting agreement with the previous owner of PMW to serve as its part-time President and Chief Executive Officer. The consulting agreement shall terminate upon the later of (i) **Sellers' receipt** of earn-out payments in an aggregate amount equal to \$3.0 million and (ii) the full satisfaction and payment of all amounts due and to that are to become due under the seller note, unless earlier terminated in accordance with the terms set forth in the consulting agreement. Additionally, PMW entered into two seller financed loans, in the aggregate amount of **\$2.5 million**, \$2.5 million, which are fully guaranteed by the Company (the "Seller Financed

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Loans"). The Seller Financed Loans bear interest at 8.0% per annum, with interest payable quarterly in arrears. As of **June 30, 2024** September 30, 2024, the Company concluded that PMW was in default of its Fixed Cost Coverage Ratio ("FCCR") covenant, as specified in the credit agreement governing the Revolving Credit Facility, (see Note 10). The Seller Financed Loans stipulate that payment of the notes will be due and payable upon any event of default under the Revolving Credit Facility, and the Live Ventures Incorporated guarantee shall go into effect. Consequently, as of June 30, 2024, the balances on the Seller Financed Loans, in the amount of \$2.5 million in the aggregate, have been reclassified were classified as current liabilities (see Note 10).

On December 24, 2024, the Company entered into a Settlement Agreement and Release ("Settlement Agreement") to current liabilities. The Company is in settle the process of resolving the default with Fifth Third Bank. The Seller Financed Loans have of \$2.5 million, plus accrued interest of approximately \$0.1 million, for approximately \$1.9 million with the previous owners of PMW. The funds to settle the loans were borrowed from Isaac Capital Group, LLC ("ICG") (see Note 16). The Company evaluated this transaction under ASC 470-50 "Debt - Modification and Extinguishment", and concluded that, because PMW was legally released as the primary obligor, and has no other debt with these lenders, this transaction should be accounted for as a maturity date debt extinguishment. As such, the Company recorded a gain on extinguishment of July 18, 2028, debt in the amount of approximately \$0.7 million. Additionally, under the Settlement Agreement, the Company was released of claims for earnout payments, as stipulated under the Stock Purchase Agreement. Consequently, the Company recorded a gain on settlement of the earnout liability in the amount of approximately \$2.8 million. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the carrying value of the seller financed loans was approximately **\$2.5 million**, \$0 million and \$2.5 million, respectively.

Note Payable to the Seller of Central Steel

In connection with the purchase of Central Steel, on May 15, 2024 (see Note 3), Precision Marshall entered into an employment agreement with the previous owner of Central Steel to serve as its President. The employment agreement is for an initial term of two years and shall be deemed to be automatically extended, in 90-day increments upon the same terms and conditions, for a period of one year, unless either party provides written notice as required under its or his intention not to extend the agreement term at least 90 days prior to the end of the initial term. Additionally, Precision Marshall entered into a seller financed loan in the amount of \$1.1 million with the previous owner of Central Steel (the "Sellers Subordinated Promissory Note"). The Sellers Subordinated Promissory Note bears interest at 8.0% per annum, with interest payable quarterly in arrears. The Sellers Subordinated Promissory Note has a maturity date of May 15, 2029. As of **June 30, 2024** December 31, 2024 and **September 30, 2024**, the remaining principal balance was \$1.1 million.

Note 13: Stockholders' Equity

Series E Convertible Preferred Stock

As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, there were 47,840 shares of Series E Convertible Preferred Stock issued and outstanding, respectively.

Treasury Stock

As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the Company had 694,414 710,373 and 660,063 694,687 shares of Treasury Stock, respectively. During the nine three months ended **June 30, 2024** December 31, 2024 and 2023, the Company repurchased 34,351 15,686 and 38,990 4,346 shares of its common stock for approximately \$862,000 \$157,000 and \$988,000, \$107,000, respectively. During the nine three months ended **June 30, 2024** December 31, 2024 and 2023, the average price paid per share was \$25.09 \$10.01 and \$25.35, \$24.51, respectively.

Note 14: Stock-Based Compensation

Our 2014 Omnibus Equity Incentive Plan (the "2014 Plan") authorizes the issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our directors, officers, employees, consultants, and advisors. The Company has reserved up to 300,000 shares of common stock for issuance under the 2014 Plan.

From time to time, the Company grants stock options to directors, officers, and employees. These awards are valued at the grant date by determining the fair value of the instruments. The value of each award is amortized on a straight-line basis over the requisite service period.

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The following table summarizes stock option activity for the fiscal year ended **September 30, 2023** September 30, 2024 and the nine three months ended **June 30, 2024** December 31, 2024:

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Intrinsic Value |
|-----------------------------------|----------------------|--|--|--------------------|
| Outstanding at September 30, 2022 | 87,500 | \$ 18.81 | 0.78 | \$ 771 |
| Granted | 17,500 | \$ 35.00 | | |
| Exercised | (31,250) | \$ 14.64 | | |
| Outstanding at June 30, 2023 | <u><u>73,750</u></u> | \$ 24.42 | 1.38 | \$ 762 |
| Exercisable at June 30, 2023 | 73,750 | \$ 24.42 | 1.38 | \$ 762 |
| Outstanding at September 30, 2023 | 53,750 | \$ 21.51 | 1.54 | \$ 540 |
| Granted | 17,500 | \$ 40.00 | | |
| Exercised | (6,250) | \$ 15.00 | | |
| Forfeited | (5,000) | \$ 40.00 | | |
| Outstanding at June 30, 2024 | <u><u>60,000</u></u> | \$ 26.04 | 1.54 | \$ 317 |
| Exercisable at June 30, 2024 | 60,000 | \$ 26.04 | 1.54 | \$ 317 |

| | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life | Intrinsic Value |
|-----------------------------------|----------------------|--|--|--------------------|
| Outstanding at September 30, 2023 | 53,750 | \$ 21.51 | 1.54 | \$ 540 |
| Outstanding at December 31, 2023 | <u><u>53,750</u></u> | \$ 21.51 | 1.29 | \$ 450 |
| Exercisable at December 31, 2023 | 53,750 | \$ 21.51 | 1.29 | \$ 450 |
| Outstanding at September 30, 2024 | 60,000 | \$ 26.04 | 1.29 | \$ 130 |
| Forfeited | (35,000) | \$ 37.50 | | |
| Outstanding at December 31, 2024 | <u><u>25,000</u></u> | \$ 10.00 | 0.04 | \$ — |
| Exercisable at December 31, 2024 | 25,000 | \$ 10.00 | 0.04 | \$ — |

The Company recognized compensation expense of approximately \$175,000 \$51,000 and \$287,000 \$50,000 during the three months ended June 30, 2024 and 2023, respectively, and approximately \$275,000 and \$396,000 during the nine months ended June 30, 2024 December 31, 2024 and 2023, respectively, related to stock option awards and restricted stock awards granted to certain employees and officers based on the grant date fair value of the awards, and the revaluation for existing options whereby the expiration date was extended.

As of June 30, 2024 December 31, 2024, the Company had no unrecognized compensation expense associated with stock option awards.

Note 15: Earnings Per Share

Net income per share is calculated using the weighted average number of shares of common stock outstanding during the applicable period. Basic weighted average common shares outstanding do not include shares of restricted stock that have not yet vested, although such shares are included as outstanding shares in the Company's Condensed Consolidated Balance Sheet. Diluted net income per share is computed using the weighted average number of common shares outstanding and if dilutive, potential common shares outstanding during the period. Potential common shares consist of the additional common shares issuable in respect of restricted share awards, stock options, and convertible preferred stock. Preferred stock dividends are subtracted from net earnings to determine the amount available to common stockholders.

The following table presents the computation of basic and diluted net earnings per share (in \$000's):

| | Three Months Ended June 30, | | Nine Months Ended June 30, | |
|---------------------------------|-----------------------------|----------|----------------------------|----------|
| | 2024 | 2023 | 2024 | 2023 |
| <i>Basic</i> | | | | |
| Net (loss) income | \$ (2,855) | \$ 1,060 | \$ (6,818) | \$ 4,462 |
| Less: preferred stock dividends | — | — | — | — |

| | | | | |
|--|------------|-----------|------------|-----------|
| Net (loss) income applicable to common stock | \$ (2,855) | \$ 1,060 | \$ (6,818) | \$ 4,462 |
| Weighted average common shares outstanding | 3,140,191 | 3,166,842 | 3,153,034 | 3,123,177 |
| Basic (loss) earnings per share | \$ (0.91) | \$ 0.33 | \$ (2.16) | \$ 1.43 |
| <i>Diluted</i> | | | | |
| Net (loss) income applicable to common stock | \$ (2,855) | \$ 1,060 | \$ (6,818) | \$ 4,462 |
| Add: preferred stock dividends | — | — | — | — |
| Net (loss) income applicable to diluted earnings per share | \$ (2,855) | \$ 1,060 | \$ (6,818) | \$ 4,462 |
| Weighted average common shares outstanding | 3,140,191 | 3,166,842 | 3,153,034 | 3,123,177 |
| Add: Options | — | 19,823 | — | 20,218 |
| Add: Series E Preferred Stock | — | 239 | — | 239 |
| Assumed weighted average common shares outstanding | 3,140,191 | 3,186,904 | 3,153,034 | 3,143,634 |
| Diluted (loss) earnings per share | \$ (0.91) | \$ 0.33 | \$ (2.16) | \$ 1.42 |

| | Three Months Ended December 31, | |
|--|---------------------------------|-----------|
| | 2024 | 2023 |
| <i>Basic</i> | | |
| Net income (loss) | \$ 492 | \$ (682) |
| Weighted average common shares outstanding | 3,124,581 | 3,163,541 |
| Basic earnings (loss) per share | \$ 0.16 | \$ (0.22) |
| <i>Diluted</i> | | |
| Net income (loss) applicable to common stock | \$ 492 | \$ (682) |
| Weighted average common shares outstanding | 3,124,581 | 3,163,541 |
| Add: Series E Preferred Stock | 239 | — |
| Assumed weighted average common shares outstanding | 3,124,820 | 3,163,541 |
| Diluted earnings (loss) per share | \$ 0.16 | \$ (0.22) |

Basic earnings per common share ("EPS") is computed by dividing net income by the weighted average number of shares of Common Stock outstanding for the period. Diluted EPS is computed by dividing net income by the sum of the weighted average number of shares of Common Stock outstanding and the effect of dilutive securities. No diluted EPS computation was made for the three and nine months ended **June 30, 2024** December 31, 2023, as the Company recorded a net loss. Had the Company

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calculated diluted EPS for the three and nine months ended **June 30, 2024** December 31, 2023, the total assumed weighted average common shares outstanding would have been 3,155,546 and 3,168,619, respectively, 3,182,083, and there would have been 35,000 options to purchase shares of common stock that were anti-dilutive. For the three and nine months ended June 30, 2023, there were 38,500 17,000 options to purchase shares of common stock that were anti-dilutive, and not included in the diluted EPS computation.

Note 16: Related Party Transactions

Transactions with Isaac Capital Group, LLC

As of **June 30, 2024** December 31, 2024, Isaac Capital Group, LLC ("ICG") ICG beneficially owns 49.3% 49.5% of the Company's issued and outstanding capital stock. Jon Isaac, the Company's President and Chief Executive Officer, is the President and sole member of ICG, and, accordingly, has sole voting and dispositive power with respect to these shares. Mr. Isaac also personally owns 219,177 shares of common stock and holds options to purchase up to 25,000 shares of common stock at an exercise price of \$10.00 per share, all of which are currently exercisable. On January 13, 2023, the expiration date for Mr. Isaac's options was extended from January 15, 2023 to January 15, 2025.

ICG Term Loan

During 2015, Marquis entered into a mezzanine loan in the amount of up to \$7.0 million (the "ICF Loan") with Isaac Capital Fund I, LLC ("ICF"), a private lender whose managing member is Jon Isaac. On July 10, 2020, (i) ICF released and discharged Marquis from all obligations under the loan, (ii) ICF assigned all of its rights and obligations under the instruments, documents, and agreements with respect to the ICF Loan to ICG, of which Jon Isaac, the Company's President and Chief Executive Officer, is the sole member, and (iii) Live Ventures borrowed

\$2.0 \$2.0 million (the "ICG Loan") from ICG. The ICG Loan bears interest at 12.5% and matures in May 2025. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the outstanding balance on this note was \$2.0 million.

ICG Revolving Promissory Note

On April 9, 2020, the Company, as borrower, entered into an unsecured revolving line of credit promissory note whereby ICG agreed to provide the Company with a \$1.0 million revolving credit facility (the "ICG Revolver"). On June 23, 2022, as approved by unanimous consent of the Board of Directors of the Company, the amount of available revolving credit under the facility was increased to \$6.0 million. No other terms of the Note were changed. On April 1, 2023, the Company entered into the **Second** **First** Amendment of the ICG Revolver that extended the maturity date to April 8, 2024, and increased the interest rate from 10% to 12% per annum, and decreased the amount of available revolving credit under the facility to \$1.0 million. On January 11, 2024, the Company entered into the Third Amendment of the ICG Revolver that extended the maturity date to April 8, 2025 and increased the amount of available revolving credit under the facility to \$5.0 million. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the outstanding balance on the ICG Revolver was **\$2.3 million** \$4.2 million and **1.0 million** \$2.6 million, respectively.

ICG Flooring Liquidators Note

On January 18, 2023, in connection with the acquisition of Flooring Liquidators, Flooring Affiliated Holdings, LLC, a wholly-owned subsidiary of the Company, as borrower, entered into a promissory note for the benefit of ICG in the amount of \$5.0 million ("ICG Flooring Liquidators Loan"). The ICG Flooring Liquidators Loan matures on January 18, 2028, and bears interest at 12% per annum. Interest is payable in arrears on the last day of each calendar month. The note is fully guaranteed by the Company. As of **June 30, 2024** and **September 30, 2023** December 31, 2024, the outstanding balance on this note was \$5.0 million.

Transactions ICG PMW Note

On December 14, 2024, in connection with **JanOne Inc.**

Tony Isaac, a member **the Settlement Agreement** of the Company's board of directors, and father of the Company's Chief Executive Officer, Jon Isaac, is the Chief Executive Officer and a director of **JanOne Inc.** ("JanOne"). Richard Butler, a member of the Company's board of directors, is a director of **JanOne**.

Lease Agreement

Customer Connexx LLC, formerly a subsidiary of **JanOne**, previously rented approximately 9,900 square feet of office space from the Company at its Las Vegas office, which totals 16,500 square feet. **JanOne** paid the Company \$35,000 and \$55,000 in rent and other reimbursed expenses for three months ended June 30, 2024 and 2023, respectively, and \$109,000 and \$160,000 for the nine months ended June 30, 2024 and 2023, respectively.

Purchase Agreement with ARCA Recycling

On April 5, 2022 **PMW Seller Financed Loans** (see Note 12), the Company, entered into a Purchasing Agreement with ARCA Recycling, Inc. ("ARCA"), which was a wholly owned subsidiary of **JanOne** until March 2023. Pursuant to the agreement, the Company agreed to purchase inventory from time to time for ARCA as set forth in submitted purchase orders. The inventory is owned by the Company until ARCA installs it in customer's homes, and payment by ARCA to the Company is due upon ARCA's receipt of payment from the customer. All purchases made by the Company shall be paid back by ARCA in full plus an additional five percent surcharge or broker-type fee. As of June 30, 2024, the Company had a full allowance of approximately \$690,000 recorded in the reserve for doubtful accounts for the amount due.

On February 7, 2024, the Company converted outstanding receivables from **JanOne** and amounts due under the Purchase Agreement with ARCA Recycling borrower, entered into a promissory note with **JanOne**. On March 6, 2024 for the benefit of ICG in the amount of approximately \$2.6 million ("ICG PMW Note"). The Company received proceeds of approximately \$1.9 million from ICG, which was used to settle the loans plus accrued interest. The \$700,000 discount is being accreted to interest expense using the effective interest rate method, as required by U.S. GAAP, over the term of the note. The ICG PMW Note matures on December 17, 2029, and bears interest at the contractual rate of 12% per annum. Interest is payable in arrears on the first business day of each month commencing on January 2, 2025. As of December 31, 2024, the Company entered into a Note Sale Agreement ("NSA") with an unaffiliated third party under which the third party acquired the promissory note for balance on this loan was approximately \$700,000. The NSA requires payment of 50% of the amount due upon execution, and the balance due no later than three days following 60 days after the date of execution. On March 11, 2024, the Company received payment of approximately \$350,000, which was recorded as other income, and recorded a receivable for the deferred payment, which was subsequently received on April 29, 2024. In connection with the execution of the NSA, the Company recognized a gain of approximately \$0.6 million in the second quarter. \$2.6 million.

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Transactions with Vintage Stock CEO

Rodney Spriggs, the President and Chief Executive Officer of **Vintage Stock, Inc.**, a wholly owned subsidiary of the Company, is the sole member of Spriggs Investments, LLC ("Spriggs Investments").

Spriggs Promissory Note I

On July 10, 2020, the Company executed a promissory note (the "Spriggs Promissory Note I") in favor of Spriggs Investments that memorializes a loan by Spriggs Investments to the Company in the initial principal amount of \$2.0 million (the "Spriggs Loan I"). The Spriggs Loan I originally matured on July 10, 2022; however, the maturity date was extended to July 10, 2023, pursuant to unanimous written consent of the Board of Directors. The Spriggs Promissory Note I bears simple interest at a rate of 10.0% per annum. On January 19, 2023, the Company entered into a modification agreement of the Spriggs Loan I. Under the modification agreement, the Spriggs Promissory Note I will bear interest at a rate of 12% per annum, and the maturity date was extended to July 31, 2024. On February 29, 2024, the Company entered into a loan modification agreement of the Spriggs Loan I. Under the loan modification agreement, the Company was required to make a principal payment of \$600,000 to Spriggs Investments within five business days following the effective date of the loan modification agreement, and make principal payments of not less than \$300,000 each 90-day period thereafter, beginning on April 1, 2024, until the Spriggs Promissory Note I is fully repaid. Further, under the loan modification agreement, the maturity date of the

Springgs Promissory Note I was extended to July 31, 2025. All monthly payments under the original Springgs Promissory Note I remain in effect through the maturity date as amended. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the principal amount owed was **\$1.1 million** \$0.5 million and **\$2.0 million** \$0.8 million, respectively.

[Springgs Promissory Note II](#)

On January 19, 2023, in connection with the acquisition of Flooring Liquidators, the Company executed a promissory note in favor of Springgs Investments in the initial principal amount of \$1.0 million (the "Springgs Loan II"). The Springgs Loan II matures on July 31, 2024, and bears interest at a rate of 12% per annum. On February 29, 2024, the Company entered into a loan modification agreement of the Springgs Loan II. Under the loan modification agreement, upon full principal repayment of the Springgs Promissory Note I (see above), the Company will make principal payments of not less than \$300,000, per each 90-day period, until the Springgs Loan II is fully repaid. Further, under the loan modification agreement, the maturity date of the Springgs Loan II was extended to July 31, 2025. All monthly payments under the original Springgs Loan II remain in effect through the maturity date as amended. As of **June 30, 2024** December 31, 2024 and **September 30, 2023** September 30, 2024, the principal amount owed was \$1.0 million.

[Transactions with ALT5 Sigma Corporation, formerly JanOne Inc.](#)

Tony Isaac, a member of the Company's board of directors, and father of the Company's CEO, Jon Isaac, is the President and a director of ALT5 Sigma Corporation ("ALT5"), formerly JanOne Inc. Richard Butler, a member of the Company's board of directors, is a director of ALT5.

[Lease Agreement](#)

Customer Connexx LLC, formerly a subsidiary of ALT5, previously rented approximately 9,900 square feet of office space from the Company at its Las Vegas office, which totals 16,500 square feet. ALT5 paid the Company \$27,000 and \$36,000 in rent and other reimbursed expenses for three months ended December 31, 2024 and 2023, respectively.

[Transactions with Spyglass Estate Planning, LLC](#)

Jon Isaac, the Company's President and Chief Executive Officer, is the sole member of Spyglass Estate Planning, LLC ("Spyglass").

[Building Leases](#)

On July 1, 2022, in connection with its acquisition of certain assets and intellectual property of Better Backers, Inc., Marquis entered into two building leases with Spyglass. The building leases are for 20 years with two options to renew for an additional five years each. The provisions of the lease agreements include an initial 24-month month-to-month rental period, during which the lessee may cancel with 90-day notice, followed by a 20-year lease term with two five-year renewal options. The Company has evaluated each lease and determined the rental amounts to be at market rates.

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[Transactions with Flooring Liquidators CEO](#)

Stephen Kellogg is the Chief Executive Officer of Flooring Liquidators, a wholly owned subsidiary of the Company.

Flooring Liquidators leases and Elite Builder Services, Inc., collectively, lease four properties from K2L Property Management, LLC, and one two from Railroad Investments, LLC, each of which Mr. Kellogg is a member. Additionally, Flooring Liquidators leases two properties from Stephen Kellogg and Kimberly Hendrick as a couple, and properties one property from each of The Stephen J. Kellogg Revocable Trust and Kimberly Hendrick M Kellogg Revocable Trust, collectively, and one property from The Stephen J. Kellogg Trust, and Mr. Kellogg personally. Revocable Trust. Ms. Hendrick is Mr. Kellogg's former spouse.

[Seller Notes](#)

The Company routinely enters into related-party seller notes in conjunction with its acquisitions. See Note 12 for the details related to existing seller notes.

[Procedures for Approval of Related Party Transactions](#)

In accordance with its charter, the Audit Committee reviews and approves all related party transactions (as such term is defined for purposes of Item 404 of Regulation S-K). The Audit Committee participated in the review, approval, or ratification of the transactions described above.

Note 17: Commitments and Contingencies

[Litigation](#)

[SEC Investigation](#)

On February 21, 2018, the Company received a subpoena from the **Securities and Exchange Commission ("SEC")** SEC and a letter from the SEC stating that it was conducting an investigation. The subpoena requested documents and information concerning, among other things, the restatement of the Company's financial statements for the quarterly periods ended December 31, 2016, March 31, 2017, and June 30, 2017, the acquisition of Marquis Industries, Inc., Vintage Stock, Inc., and ApplianceSmart, Inc., and the change in auditors. On August 12, 2020, three of the Company's corporate executive officers (together, the "Executives") each received a "Wells Notice" from the Staff of the SEC relating to the Company's SEC investigation. On October 7, 2020, the Company received a "Wells Notice" from the Staff of the SEC relating to the SEC investigation. The Wells Notices related to, among other things, the Company's reporting of its financial performance for its fiscal year ended September 30, 2016, certain disclosures related to executive

compensation, and its previous acquisition of ApplianceSmart, Inc. A Wells Notice is neither a formal charge of wrongdoing nor a final determination that the recipient has violated any law. The Wells Notices informed the Company and the Executives that the SEC Staff had made a preliminary determination to recommend that the SEC file an enforcement action against the Company and each of the Executives to allege certain violations of the federal securities laws. On October 1, 2018, the Company received a letter from the SEC requesting information regarding a potential violation of Section 13(a) of the Securities Exchange Act of 1934, based upon the timing of the Company's Form 8-K filed on February 14, 2018. The Company cooperated fully with the SEC inquiry and provided a response to the SEC on October 26, 2018.

On August 2, 2021, the SEC filed a civil **complaint** **Complaint** in the United States District Court for the District of Nevada naming the Company and two of its executive officers **Jon Isaac**, the Company's current President and Chief Executive Officer, and **Virland Johnson**, the Company's former Chief Financial Officer, as defendants (collectively, the "Company Defendants") as well as certain other related third parties (the "SEC Complaint"). The SEC Complaint alleges various financial, disclosure, and reporting violations related to income and earnings per share data, purported undisclosed stock promotion and trading, purported inaccurate disclosure regarding beneficial ownership of common stock, and undisclosed executive compensation from 2016 through 2018. The violations are brought under Section 10(b) of the Exchange Act and Rule 10b-5; Sections 13(a), 13(b)(2)(B) and 13(b)(5) of the Exchange Act and Rules 12b-20, 13a-1, 13a-14, 13a-13, 13b2-1, 13b2-2; Section 14(a) of the Exchange Act and Rule 14a-3; and Section 17(a) of the Securities Act of 1933. The SEC seeks permanent injunctions against the Company Defendants, permanent officer-and-director bars, disgorgement of profits, and civil penalties. The foregoing is only a general summary of the SEC Complaint, which may be accessed on the SEC's website at <https://www.sec.gov/litigation/litreleases/2021/lr25155.htm>.

On October 1, 2021, the Company Defendants and third-party defendants moved to dismiss the SEC complaint. On September 7, 2022, the court denied the Company Defendants' **motion** **Motion** to **dismiss**, **Dismiss**, but granted one of the third-party defendant's **motions** **Motions** to **dismiss**, **Dismiss**, granting the SEC leave to file an **amended** **complaint**, **Amended Complaint**. On September 21, 2022, the SEC filed an **amended** **complaint**, **Amended Complaint** to which the Company Defendants filed an **answer**, **Answer** on October 11, 2022, denying liability. The court subsequently entered a discovery scheduling order and the parties exchanged initial disclosures. The parties participated in a mediation in June 2023. The mediation was not **successful** and the case is currently in the midst of **discovery**, **successful**. Fact discovery was completed on May 20, 2024. The parties completed expert discovery in September 2024 and filed cross **Motions** for **Summary Judgment** in October 2024. The parties are currently engaged preparing oppositions to the respective motions. We expect it will take a number of months for the court to rule on the motions, during which time much of the activity in expert discovery, which is set to conclude, the case will be on August 26, 2024. The Company Defendants strongly dispute and deny the allegations and intend to continue to defend themselves vigorously against the claims. pause.

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Sieggreen Class Action

On August 13, 2021, Daniel E. Sieggreen, individually and on behalf of all others similarly situated claimants (the "Plaintiff"), filed a class action **complaint** **Complaint** for violation of federal securities laws in the United States District Court for the District of Nevada, naming the Company, **Jon Isaac**, the Company's current President and Chief Executive Officer, and **Virland Johnson**, the Company's former Chief Financial Officer, as defendants (collectively, the "Company Defendants"). The allegations asserted are similar to those in the SEC Complaint. Among other sought relief, the complaint seeks damages in connection with the purchases and sales of the Company's securities between December 28, 2016 and August 3, 2021. As of December 17, 2021, the judge granted a stipulation to stay proceedings pending the resolutions of the **motions** **Motions** to **dismiss**, **Dismiss** in the SEC Complaint. On February 1, 2023, the final **motion** **Motion** to **dismiss**, **Dismiss** relating to the SEC Complaint was denied, which was subsequently noticed in the Sieggreen action on February 2, 2023. Plaintiff filed an Amended Complaint on March 6, 2023. On May 5, 2023, the Company Defendants filed a Motion to Dismiss the Amended **Complaint**, and the briefing on that motion is now complete. Discovery is automatically stayed in this case until after the disposition of the Motion to Dismiss. **Complaint**. The Motion to Dismiss is set for hearing was heard on August 28, 2024 September 30, 2024. If The Court granted the Motion with Leave to Amend. The Second Amended Complaint was recently filed. We are currently evaluating our response thereto which may result in another Motion to Dismiss is not successful, the case will proceed to discovery. The Company Defendants strongly dispute and deny the allegations at issue in this case and intend to continue to defend themselves vigorously against these claims, being filed.

Holdback Matter

On October 10, 2022, a representative for the former shareholders of Precision **Industries, Inc.** **Marshall** filed a civil **complaint** **Complaint** in the Court of Chancery of the State of Delaware. The **complaint** **Complaint** alleged that the Company violated the terms of an **agreement** **Agreement** and **plan** **Plan** of **merger** **Merger** dated July 14, 2020, by failing to pay the shareholders a certain indemnity holdback of \$2,500,000. The Chancery Court dismissed that action for lack of jurisdiction. On January 12, 2023, the representative re-filed the same action in the United States District Court for the Western District of Pennsylvania. On October 26, 2023, the Company counterclaimed against the representative and all represented shareholders for fraudulently misrepresenting the seller's inventory and accounting methodology and asserting damages in excess of \$4,500,000. On April 10, 2024, the **District Court** **district** court dismissed the individual shareholders, leaving intact the company's **Company**'s misrepresentation claims against the shareholder representative. The Court subsequently recently denied the shareholder representative's **motion** plaintiff's Motion for leave **Leave to amend** **Amend** to assert statute of **limitation** **limitations** defenses. The Company expects discovery **Discovery** is ongoing and is expected to last for approximately one year, six months.

Wage and Hour Matter

On July 27, 2022, Irma Sanchez, a former employee of Elite Builder Services, Inc. ("Elite Builders"), filed a class action **complaint** **Complaint** against Elite Builders in the Superior Court of California, County of Alameda, which **case** was transferred to Stanislaus **County**, **Count**. The **complaint** **Complaint** alleges that Elite Builders failed to pay all minimum and overtime wages, failed to provide lawful meal periods and rest breaks, failed to provide accurate itemized wage statements, and failed to pay all wages due upon separation as required by California law. The **complaint** **Complaint** was later amended as a matter of right on October 4, 2022. Further, Ms. Sanchez has put the Labor & Workforce Development Agency on notice to exhaust administrative remedies and enable her to bring an additional claim under the California Labor Code Private Attorneys General Act, which permits an employee to assert a claim for violations of certain California Labor Code provisions on behalf of all aggrieved employees to recover statutory penalties. The parties have agreed to participate in mediation on October 30, 2024, in an effort to minimize litigation costs and seek an early reasonable resolution. However, the mediation was postponed and the parties are working on setting a new mediation date and anticipate it will occur in April 2025.

General

The Company is involved in various claims and lawsuits arising in the normal course of business. The ultimate results of claims and litigation cannot be predicted with certainty. The Company currently believes that the ultimate outcome of such lawsuits and proceedings will not, individually, or in the aggregate, have a material adverse effect on our condensed consolidated financial position, results of operations or cash flows. As applicable, liabilities pertaining to these matters, that are probable and estimable, have been accrued.

Note 18: Segment Reporting

The Company operates in five operating segments which are characterized as: (1) Retail-Entertainment, (2) Retail-Flooring, (3) Flooring Manufacturing, (4) Steel Manufacturing, and (5) Corporate and Other. The Retail-Entertainment segment consists of Vintage Stock; the Retail-Flooring segment consists of Flooring Liquidators; the Flooring Manufacturing Segment consists of Marquis; and the Steel Manufacturing Segment consists of Precision Marshall and Kinetic.

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The following tables summarize segment information (in \$000's):

| | For the Three Months Ended June 30, | For the Three Months Ended June 30, | For the Three Months Ended June 30, |
|------------------------|---|---|---|
| | For the Three Months Ended December 31, | For the Three Months Ended December 31, | For the Three Months Ended December 31, |
| | 2024 | | |
| Revenue | | | |
| Revenue | | | |
| Revenue | | | |
| Retail-Entertainment | | | |
| Retail-Entertainment | | | |
| Retail-Entertainment | | | |
| Retail-Flooring | | | |
| Retail-Flooring | | | |
| Retail-Flooring | | | |
| Flooring Manufacturing | | | |
| Flooring Manufacturing | | | |
| Flooring Manufacturing | | | |
| Steel Manufacturing | | | |
| Steel Manufacturing | | | |
| Steel Manufacturing | | | |
| Corporate & Other | | | |
| Corporate & Other | | | |
| Corporate & Other | | | |
| Total revenue | | | |
| Total revenue | | | |
| Total revenue | | | |
| Gross profit | | | |
| Gross profit | | | |
| Gross profit | | | |
| Retail-Entertainment | | | |
| Retail-Entertainment | | | |
| Retail-Entertainment | | | |
| Retail-Flooring | | | |
| Retail-Flooring | | | |
| Retail-Flooring | | | |
| Flooring Manufacturing | | | |

| | |
|--|--|
| Flooring Manufacturing | |
| Flooring Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Corporate & Other | |
| Corporate & Other | |
| Corporate & Other | |
| Total gross profit | |
| Total gross profit | |
| Total gross profit | |
| Operating income (loss) | |
| Operating income (loss) | |
| Operating income (loss) | |
| Retail-Entertainment | |
| Retail-Entertainment | |
| Retail-Entertainment | |
| Retail-Flooring | |
| Retail-Flooring | |
| Retail-Flooring | |
| Flooring Manufacturing | |
| Flooring Manufacturing | |
| Flooring Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Corporate & Other | |
| Corporate & Other | |
| Corporate & Other | |
| Total operating income | |
| Total operating income | |
| Total operating income | |
| Depreciation and amortization | |
| Depreciation and amortization | |
| Depreciation and amortization | |
| Retail-Entertainment | |
| Retail-Entertainment | |
| Retail-Entertainment | |
| Retail-Flooring | |
| Retail-Flooring | |
| Retail-Flooring | |
| Flooring Manufacturing | |
| Flooring Manufacturing | |
| Flooring Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Steel Manufacturing | |
| Corporate & Other | |
| Corporate & Other | |
| Corporate & Other | |
| Total depreciation and amortization | |

Total depreciation and amortization

Total depreciation and amortization

Interest expense

Interest expense

Interest expense

Retail-Entertainment

Retail-Entertainment

Retail-Entertainment

Retail-Flooring

Retail-Flooring

Retail-Flooring

Flooring Manufacturing

Flooring Manufacturing

Flooring Manufacturing

Steel Manufacturing

Steel Manufacturing

Steel Manufacturing

Corporate & Other

Corporate & Other

Corporate & Other

Total interest expense

Total interest expense

Total interest expense

Net (loss) income before provision for income taxes

Net (loss) income before provision for income taxes

Net (loss) income before provision for income taxes

Retail-Entertainment

Retail-Entertainment

Retail-Entertainment

Retail-Flooring

Retail-Flooring

Retail-Flooring

Flooring Manufacturing

Flooring Manufacturing

Flooring Manufacturing

Steel Manufacturing

Steel Manufacturing

Steel Manufacturing

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Corporate & Other

Corporate & Other

Corporate & Other

Total (loss) net income before provision for income taxes

Total (loss) net income before provision for income taxes

Total (loss) net income before provision for income taxes

Total net income (loss) before provision for income taxes

Total net income (loss) before provision for income taxes

Total net income (loss) before provision for income taxes

Note 19: Subsequent Events

The Company has evaluated subsequent events through the filing of this Form 10-Q, and determined that there have been no events that have occurred that would require adjustments to disclosures in its condensed consolidated financial statements.

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

For a description of our significant accounting policies and an understanding of the significant factors that influenced our performance during the three and nine months ended **June 30, 2024** December 31, 2024, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" (hereafter referred to as "MD&A") should be read in conjunction with the condensed consolidated financial statements, including the related notes, appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended **September 30, 2023** September 30, 2024 (the **2023** **2024** Form 10-K").

Note about Forward-Looking Statements

This Quarterly Report on Form 10-Q includes statements that constitute "forward-looking statements." These forward-looking statements are often characterized by the terms "may," "believes," "projects," "intends," "plans," "expects," or "anticipates," and do not reflect historical facts.

Specific forward-looking statements contained in this portion of the **Annual** **Quarterly** Report include, but are not limited to: (i) statements that are based on current projections and expectations about the markets in which we operate, (ii) statements about current projections and expectations of general economic conditions, (iii) statements about specific industry projections and expectations of economic activity, (iv) statements relating to our future operations, prospects, results, and performance, (v) statements that the cash on hand and additional cash generated from operations together with potential sources of cash through issuance of debt or equity will provide the Company with sufficient liquidity for the next 12 months, and (vi) statements that the outcome of pending legal proceedings will not have a material adverse effect on business, financial position and results of operations, cash flow or liquidity.

Forward-looking statements involve risks, uncertainties, and other factors, which may cause our actual results, performance, or achievements to be materially different from those expressed or implied by such forward-looking statements. Factors and risks that could affect our results, future performance and capital requirements and cause them to materially differ from those contained in the forward-looking statements include those identified in our **2023** **2024** Form 10-K under Item 1A "Risk Factors" and Part II, Item 1A. "Risk Factors" below, as well as other factors that we are currently unable to identify or quantify, but that may exist in the future.

In addition, the foregoing factors may generally affect our business, results of operations and financial position. Forward-looking statements speak only as of the date the statements were made. We do not undertake and specifically decline any obligation to update any forward-looking statements except as required by federal securities laws. Any information contained on our website www.liveventures.com or any other websites referenced in this Quarterly Report are not incorporated into and should not be deemed a part of this Quarterly Report.

Our Company

Live Ventures Incorporated is a holding company of diversified businesses, which, together with our subsidiaries, we refer to as the "Company", "Live Ventures", "we", "us" or "our". We acquire and operate companies in various industries that have historically demonstrated a strong history of earnings power. We currently have five segments to our business: Retail-Entertainment, Retail-Flooring, Flooring Manufacturing, Steel Manufacturing, and Corporate and Other.

Under the Live Ventures brand, we seek opportunities to acquire profitable and well-managed companies. We work closely with consultants who help us identify target companies that fit within the criteria we have established for opportunities that will provide synergies with our businesses.

Our principal offices are located at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, our telephone number is (702) 939-0231, and our corporate website (which does not form part of this Quarterly Report Form 10-Q) is located at www.liveventures.com. Our common stock trades on the Nasdaq Capital Market under the symbol "LIVE".

Retail-Entertainment Segment

Our Retail-Entertainment Segment is composed of Vintage Stock, Inc., doing business as Vintage Stock, V-Stock, Movie Trading Company and EntertainMart (collectively, "Vintage Stock").

Vintage Stock is an award-winning specialty entertainment retailer that offers a large selection of entertainment products, including new and pre-owned movies, video games and music products, as well as ancillary products, such as books,

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comics, toys and collectibles, in a single location. With its integrated buy-sell-trade business model, Vintage Stock buys, sells, and trades new and pre-owned movies, music, video games, electronics, and collectibles through **72** **73** retail locations strategically positioned across Arkansas, Colorado, Idaho, Illinois, Kansas, Missouri, Nebraska, New Mexico, Oklahoma, Texas, and Utah.

Retail-Flooring Segment

Our Retail-Flooring Segment is composed of Flooring Liquidators, Inc. ("Flooring Liquidators").

Flooring Liquidators is a leading retailer and installer of flooring, carpeting, and countertops to consumers, builders, and contractors in California and Nevada, operating 2027 warehouse-format stores and a design center. Over the years, the company has established a strong reputation for innovation, efficiency, and service in the home renovation and improvement market. Flooring Liquidators serves retail and builder customers through two businesses: retail customers through its Flooring Liquidators retail stores, and builder and contractor customers through Elite Builder Services, Inc.

On October 13, 2023, Flooring Liquidators acquired certain assets and assumed certain liabilities of Carpet Remnant Outlet, Inc. ("CRO"), a floor covering retailer and installer serving residential and commercial customers throughout Northwest Arkansas.

On November 30, 2023, CRO acquired certain assets and assumed certain liabilities of Johnson Floor & Home ("Johnson"), a floor covering retailer and installer serving residential and commercial customers through locations in Tulsa, Oklahoma and Joplin, Missouri. On May 24, 2024, CRO entered into an asset purchase agreement with the original Seller of Johnson under which the original Seller agreed to purchase certain assets and assume certain obligations acquired by CRO under the original asset purchase agreement.

Flooring Manufacturing Segment

Our Flooring Manufacturing segment is comprised of Marquis Industries, Inc. ("Marquis").

Marquis is a leading carpet manufacturer and distributor of carpet and hard-surface flooring products. Over the last decade, Marquis has been an innovator and leader in the value-oriented polyester carpet sector, which is currently the market's fastest-growing fiber category. Marquis focuses on the residential, niche commercial, and hospitality end-markets and serves thousands of customers.

Since commencing operations in 1995, Marquis has built a strong reputation for outstanding value, styling, and customer service. Its innovation has yielded products and technologies that differentiate its brands in the flooring marketplace. Marquis's state-of-the-art operations enable high quality products, unique customization, and exceptionally short lead-times. Furthermore, the Company has recently invested in additional capacity to grow several attractive lines of business, including printed carpet and yarn extrusion.

On July 1, 2022, Live acquired certain assets and intellectual property of Better Backers, Inc., a Georgia corporation, which was accomplished through an Asset Purchase Agreement.

Steel Manufacturing Segment

Our Steel Manufacturing segment is comprised of Precision Industries, Inc. ("Precision Marshall"), and its wholly-owned subsidiaries, subsidiary The Kinetic Co., Inc. ("Kinetic"), CSF Holdings, LLC ("Central Steel"), and Precision Metal Works, Inc. ("PMW"), and Central Steel Fabricators, LLC. ("Central Steel").

Precision Marshall is the North American leader in providing and manufacturing pre-finished de-carb free tool and die steel. For over 75 years, Precision Marshall has served steel distributors through quick and accurate service. Precision Marshall has led the industry with exemplary availability and value-added processing that saves distributors time and processing costs.

Founded in 1948, Precision Marshall "The Deluxe Company" has built a reputation of high integrity, speed of service, and doing things the "Deluxe Way". The term Deluxe refers to all aspects of the product and customer service to be head and shoulders above the rest. From order entry to packaging and delivery, Precision Marshall makes it easy to do business and backs all products and service with a guarantee.

Precision Marshall provides four key products to over 500 steel distributors in four product categories: Deluxe Alloy Plate, Deluxe Tool Steel Plate, Precision Ground Flat Stock, and Drill Rod. With over 5,000 distinct size grade combinations in stock every day, Precision Marshall arms tool steel distributors with deep inventory availability and same day shipment to their place of business or often ships direct to their customer saving time and handling.

On June 28, 2022, Precision Marshall acquired Kinetic. Kinetic is a highly recognizable and regarded brand name in the production of industrial knives and hardened wear products for the tissue, metals, and wood industries and is known as a one-stop shop for in-house grinding, machining, and heat-treating. Kinetic is headquartered in Greendale, Wisconsin. Kinetic manufactures more than 90 types of knives and numerous associated parts with modifications and customizations available to each. Kinetic employs approximately 100 non-union employees.

On July 20, 2023, Precision Marshall we acquired PMW. Founded nearly 76 years ago in 1947 in Louisville, Kentucky, PMW manufactures and supplies highly engineered parts and components across 400,000 square feet of manufacturing space. PMW offers world-class metal forming, assembly, and finishing solutions across diverse industries, including appliance, automotive, hardware, electrical, electronic, medical products, and devices.

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On May 17, 2024, we Precision Marshall acquired Central Steel. Founded in 1969 in Chicago, Illinois, Central Steel is a manufacturer of specialized fabricated metal products. Central Steel offers over 2,300 unique products to more than 500 customers. Its extensive product line, primarily for data centers, includes cable racks, auxiliary framing, hardware, insulation products, and network bays.

On June 10, 2024, Kinetic acquired certain assets and assumed certain liabilities of Midwest Grinding. Grinding Corp. ("Midwest Grinding"). Founded in 1961 in Milwaukee, Wisconsin, Midwest Grinding is a grinding house dedicated to precision Blanchard and specialty surface grinding of small to extra-large capacity.

Corporate and Other Segment

| | | | | | | | | | | | | | | |
|--|------------------------------|--------------------------|-----|-----------------------|-------|------------------------|-------|------------------------------|-------|-----|-------|-------|-----|-------|
| Sales and marketing expenses | Sales and marketing expenses | 5,852 | 4.7 | 4.7 % | 3,382 | 3.7 | 3.7 % | Sales and marketing expenses | 4,529 | 4.1 | 4.1 % | 5,107 | 4.3 | 4.3 % |
| Interest expense, net | Interest expense, net | 4,233 | 3.4 | 3.4 % | 3,485 | 3.8 | 3.8 % | Interest expense, net | 4,162 | 3.7 | 3.7 % | 4,163 | 3.5 | 3.5 % |
| (Loss) income before provision for income taxes | | (3,823) | | (3.1 %) | | 1,357 | | 1.5 % | | | | | | |
| (Benefit) provision for income taxes | | (968) | | (0.8 %) | | 297 | | 0.3 % | | | | | | |
| Net (loss) income | | <u><u>\$ (2,855)</u></u> | | <u><u>(2.3 %)</u></u> | | <u><u>\$ 1,060</u></u> | | <u><u>1.2 %</u></u> | | | | | | |
| Income (loss) before provision for income taxes | | 573 | | 0.5 % | | (906) | | (0.8 %) | | | | | | |
| Provision (benefit) for income taxes | | 81 | | 0.1 % | | (224) | | (0.2 %) | | | | | | |
| Net income (loss) | | <u><u>\$ 492</u></u> | | <u><u>0.4 %</u></u> | | <u><u>\$ (682)</u></u> | | <u><u>(0.6 %)</u></u> | | | | | | |
| <i>Adjusted EBITDA (a)</i> | | | | | | | | | | | | | | |
| <i>Adjusted EBITDA (a)</i> | | | | | | | | | | | | | | |
| <i>Adjusted EBITDA (a)</i> | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| <u>Total Adjusted EBITDA</u> | | | | | | | | | | | | | | |
| <u>Total Adjusted EBITDA</u> | | | | | | | | | | | | | | |
| <u>Total Adjusted EBITDA</u> | | | | | | | | | | | | | | |
| <i>Adjusted EBITDA as a percentage of revenue</i> | | | | | | | | | | | | | | |
| <i>Adjusted EBITDA as a percentage of revenue</i> | | | | | | | | | | | | | | |
| <i>Adjusted EBITDA as a percentage of revenue</i> | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Retail-Flooring | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Flooring Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Steel Manufacturing | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| Corporate & Other | | | | | | | | | | | | | | |
| <u>Consolidated adjusted EBITDA as a percentage of revenue</u> | | | | | | | | | | | | | | |
| <u>Consolidated adjusted EBITDA as a percentage of revenue</u> | | | | | | | | | | | | | | |

Consolidated adjusted EBITDA as a percentage of revenue

(a) See reconciliation of net income to Adjusted EBITDA below.

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The following table sets forth revenue by segment (in \$000's) \$000's):

| | For the Three Months Ended June 30, 2024 | | | For the Three Months Ended June 30, 2023 | | | For the Three Months Ended December 31, 2024 | | | For the Three Months Ended December 31, 2023 | | |
|----------------------|--|-------------|--------------------|--|-------------|--------------------|--|-----------------|--------------------|--|-------------|--------------------|
| | | | | | | | | | | | | |
| | Net Revenue | Net Revenue | % of Total Revenue | Net Revenue | Net Revenue | % of Total Revenue | Net Revenue | Net Revenue | % of Total Revenue | Net Revenue | Net Revenue | % of Total Revenue |
| <u>Revenue</u> | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | |
| Retail-Entertainment | | | | | | | | | | | | |
| Retail-Entertainment | \$ 16,503 | 13.3 | 13.3 % | \$ 18,009 | 19.7 | 19.7 % | \$ 21,273 | 19.1 | 19.1 % | \$ 20,586 | | |
| Retail-Flooring | Retail-Flooring | 36,981 | 29.9 | 29.9 % | 27,449 | 30.0 | 30.0 % | Retail-Flooring | 31,747 | 28.5 | 28.5 % | 34,319 |
| Flooring | Flooring | | | | | | | Flooring | | | | |
| Manufacturing | Manufacturing | 31,264 | 25.2 | 25.2 % | 27,424 | 30.0 | 30.0 % | Manufacturing | 25,996 | 23.3 | 23.3 % | 29,245 |
| Steel | Steel | | | | | | | Steel | | | | |
| Manufacturing | Manufacturing | 39,047 | 31.5 | 31.5 % | 18,409 | 20.1 | 20.1 % | Manufacturing | 32,435 | 29.1 | 29.1 % | 33,354 |
| Corporate & Other | Corporate & Other | 83 | 0.1 | 0.1 % | 225 | 0.2 | 0.2 % | Other | 57 | 0.1 | 0.1 % | 89 |
| Total Revenue | Total Revenue | \$123,878 | 100.0 | 100.0 % | \$91,516 | 100.0 | 100.0 % | Total Revenue | \$111,508 | 100.0 | 100.0 % | \$117,593 |

The following table sets forth gross profit earned by segment and gross profit as a percentage of total revenue for each segment (in \$000's):

| | | For the Three Months Ended June 30, 2024 | | For the Three Months Ended June 30, 2023 | | | |
|----------------------|----------------------|--|--------------|--|--------------|---------------------------------|--------------|
| | | | | | | | |
| | | For the Three Months Ended December 31, 2024 | | For the Three Months Ended December 31, 2023 | | | |
| | | 2024 | | 2023 | | | |
| | | Gross Profit | Gross Profit | Gross Profit % of Total Revenue | Gross Profit | Gross Profit % of Total Revenue | Gross Profit |
| Gross Profit | | | | | | | |
| Retail-Entertainment | | | | | | | |
| Retail-Entertainment | Retail-Entertainment | \$ 9,552 | 7.7 | 7.7 % | \$ 9,845 | 10.8 | 10.8 % |
| Retail-Flooring | Retail-Flooring | 13,525 | 10.9 | 10.9 % | 10,386 | 11.3 | 11.3 % |
| Flooring | Flooring | | | | | | |
| Manufacturing | Manufacturing | 7,731 | 6.2 | 6.2 % | 6,388 | 7.0 | 7.0 % |
| Steel Manufacturing | Steel Manufacturing | 6,161 | 5.0 | 5.0 % | 5,381 | 5.9 | 5.9 % |
| Corporate & Other | Corporate & Other | 76 | 0.1 | 0.1 % | 169 | 0.2 | 0.2 % |
| | Other | | | | Other | | |
| | | | | | 50 | — | — % |
| | | | | | | 83 | 0.1 |
| | | | | | | | 0 |

| | | | | | | | | | | | | | | |
|--------------------|--------------------|----------|------|--------|----------|------|--------|--------------------|----------|------|--------|----------|------|----|
| Total Gross Profit | Total Gross Profit | \$37,045 | 29.9 | 29.9 % | \$32,169 | 35.2 | 35.2 % | Total Gross Profit | \$35,362 | 31.7 | 31.7 % | \$36,327 | 30.9 | 30 |
|--------------------|--------------------|----------|------|--------|----------|------|--------|--------------------|----------|------|--------|----------|------|----|

Revenue

Revenue increased decreased approximately \$32.3 million \$6.1 million, or 35.4% 5.2%, to approximately \$123.9 million for the quarter ended June 30, 2024, compared to revenue of approximately \$91.5 million in the prior year period. The increase is primarily attributable to the acquisitions of PMW, which was acquired during the fourth quarter of fiscal year 2023, and Central Steel, which was acquired in May 2024, which collectively added approximately \$21.1 million, an increase of approximately \$9.5 million in the Flooring Retail segment, as well as an increase of approximately \$3.8 million in the Flooring Manufacturing segment. The increase was partially offset by decreased revenue of approximately \$2.2 million in the Company's other business segments due to general economic conditions.

Cost of Revenue

Cost of revenue as a percentage of revenue was 70.1% for three months ended June 30, 2024 as compared to 64.8% \$111.5 million for the three months ended June 30, 2023 December 31, 2024, as compared to the corresponding prior year period. The decrease is primarily attributable to Flooring Manufacturing, Retail Flooring, and Steel Manufacturing, which decreased by approximately \$6.7 million in aggregate.

Gross Profit

Gross profit was 31.7% for three months ended December 31, 2024 as compared to 30.9% for the three months ended December 31, 2023. The increase was primarily attributable to the acquisition of PMW, which historically has generated lower margins, as well as a decrease in increased margins in our Steel Manufacturing segment as a whole primarily due to decreased production related to a slowdown in sales, partially offset by an increase in margins in our Flooring Manufacturing segment due to increased sales improved efficiencies, as well as the acquisition of Harris Flooring Group® brands, Central Steel during May 2024, which generates has historically generated higher margins.

General and Administrative Expense

General and Administrative expenses increased by 29.4% 8.6% to approximately \$30.1 million for the three months ended June 30, 2024 December 31, 2024, as compared to the three months ended June 30, 2023 December 31, 2023. The increase is primarily due to the acquisition of PMW during fiscal 2023, as well as increased expenses in our compensation expense related to new store openings at Flooring Retail segment.

Liquidators.

Sales and Marketing Expense

Sales and marketing expense increased decreased by 73.0% 11.3% to approximately \$5.9 million \$4.5 million for the three months ended June 30, 2024 December 31, 2024, as compared to the three months ended June 30, 2023 December 31, 2023, primarily due to expanding our reduced sales force in connection with the acquisition and marketing activities at Flooring Liquidators.

[Table of the Harris Flooring Group® brands, increased convention and trade show activity in our Flooring Manufacturing segment, as well as increased sales force in our Retail Flooring segment.](#) [Contents](#)

Interest Expense, net

Interest expense, net, increased by remained consistent at approximately \$750,000 to \$4.3 million \$4.2 million for the three months ended June 30, 2024, as compared to the three months ended June 30, 2023, primarily due to increased debt balances related to the acquisition of PMW, December 31, 2024 and for our Retail Flooring segment, and to fund operations, and increased interest rates during the period.

Results of Operations Nine Months Ended June 30, 2024 and 2023

The following table sets forth certain statement of income items and as a percentage of revenue, for the nine months ended June 30, 2024 and 2023 (in \$000's):

| | For the Nine Months Ended June 30, 2024 | | | For the Nine Months Ended June 30, 2023 | | |
|--|---|--|------------|---|---------|------------|
| | | | % of Total | | | % of Total |
| | Revenue | | Revenue | | Revenue | |
| Statement of Income Data: | | | | | | |
| Revenue | \$ 360,097 | | \$ 251,624 | | | |
| Cost of revenue | 251,258 | | 69.8 % | 165,903 | | 65.9 % |
| General and administrative expenses | 87,565 | | 24.3 % | 60,443 | | 24.0 % |
| Sales and marketing expenses | 17,440 | | 4.8 % | 10,198 | | 4.1 % |
| Interest expense, net | 12,563 | | 3.5 % | 8,767 | | 3.5 % |
| Income before provision for income taxes | (9,227) | | (2.6 %) | 5,924 | | 2.4 % |
| Provision for income taxes | (2,409) | | (0.7 %) | 1,462 | | 0.6 % |

| | | | | |
|---|------------|---------|-----------|-------|
| Net income | \$ (6,818) | (1.9 %) | \$ 4,462 | 1.8 % |
| Adjusted EBITDA (a) | | | | |
| Retail-Entertainment | \$ 7,441 | | \$ 8,519 | |
| Retail-Flooring | (803) | | 3,194 | |
| Flooring Manufacturing | 7,571 | | 8,082 | |
| Steel Manufacturing | 8,235 | | 9,729 | |
| Corporate & Other | (3,169) | | (3,224) | |
| Total Adjusted EBITDA | \$ 19,275 | | \$ 26,300 | |
| Adjusted EBITDA as a percentage of revenue | | | | |
| Retail-Entertainment | 13.8 % | | 14.1 % | |
| Retail-Flooring | (0.8 %) | | 6.6 % | |
| Flooring Manufacturing | 8.0 % | | 9.6 % | |
| Steel Manufacturing | 7.6 % | | 17.3 % | |
| Corporate & Other | N/A | | N/A | |
| Consolidated adjusted EBITDA as a percentage of revenue | 5.4 % | | 10.5 % | |

(a) See reconciliation of net income to Adjusted EBITDA below.

The following table sets forth revenue by segment (in \$000's):

| | For the Nine Months Ended June 30, 2024 | | | For the Nine Months Ended June 30, 2023 | | |
|------------------------|---|--------------------|------------|---|--------------------|---------|
| | Net Revenue | % of Total Revenue | | Net Revenue | % of Total Revenue | |
| | | Total Revenue | Revenue | | Total Revenue | Revenue |
| Revenue | | | | | | |
| Retail-Entertainment | \$ 53,930 | 15.0 % | \$ 60,388 | 24.0 % | | |
| Retail-Flooring | 103,332 | 28.7 % | 48,218 | 19.2 % | | |
| Flooring Manufacturing | 94,689 | 26.3 % | 84,195 | 33.5 % | | |
| Steel Manufacturing | 107,889 | 30.0 % | 56,306 | 22.4 % | | |
| Corporate & other | 257 | 0.1 % | 2,517 | 1.0 % | | |
| Total Revenue | \$ 360,097 | 100.0 % | \$ 251,624 | 100.0 % | | |

The following table sets forth gross profit earned by segment and gross profit as a percentage of total revenue for each segment (in \$000's):

| | For the Nine Months Ended June 30, 2024 | | | For the Nine Months Ended June 30, 2023 | | |
|------------------------|---|---------------------------------|-------------------|---|---------------------------------|---------|
| | Gross Profit | Gross Profit % of Total Revenue | | Gross Profit | Gross Profit % of Total Revenue | |
| | | Total Revenue | Revenue | | Total Revenue | Revenue |
| Gross Profit | | | | | | |
| Retail-Entertainment | \$ 30,916 | 8.6 % | | \$ 32,606 | 13.0 % | |
| Retail-Flooring | 38,259 | 10.6 % | | 18,128 | 7.2 % | |
| Flooring Manufacturing | 22,913 | 6.4 % | | 18,377 | 7.3 % | |
| Steel Manufacturing | 16,513 | 4.6 % | | 15,420 | 6.1 % | |
| Corporate & other | 238 | 0.1 % | | 1,190 | 0.5 % | |
| Total Gross Profit | \$ 108,839 | 30.2 % | 0.302249116210354 | \$ 85,721 | 34.1 % | |

Revenue

Revenue increased approximately \$108.5 million, or 43.1%, to \$360.1 million for the nine months ended June 30, 2024, as compared to the prior year period revenue of \$251.6 million. The increase is primarily attributable to the acquisitions of PMW and Flooring Liquidators, which collectively added \$110.2 million, as well as an increase of approximately \$10.5 million in the Flooring Manufacturing segment. The increase was partially offset by decreased revenue of approximately \$12.2 million in the Company's other business segments due to general economic conditions.

Cost of Revenue

Cost of revenue as a percentage of revenue was 69.8% for nine months ended June 30, 2024 as compared to 65.9% for the nine months ended June 30, 2023. The increase was primarily attributable to the acquisition of PMW, which historically has generated lower margins, as well as a decrease in margins in our Steel Manufacturing segment as a whole due to decreased production due to a slow down in sales, partially offset by an increase in margins in our Flooring Manufacturing segment due to increased sales of Harris Flooring Group® brands, which generates higher margins.

General and Administrative Expense

General and administrative expenses increased by 44.9% to approximately \$87.6 million for the nine months ended June 30, 2024, as compared to the nine months ended June 30, 2023. The increase is primarily due to the acquisitions of Flooring Liquidators and PMW during fiscal 2023.

Sales and Marketing Expense

Sales and marketing expense increased by 71.0% to approximately \$17.4 million for the nine months ended June 30, 2024, as compared to the nine months ended June 30, 2023, primarily due to expanding our sales force in connection with the acquisition of the Harris Flooring Group® brands, increased convention and trade show activity in our Flooring Manufacturing segment, as well as the acquisition of Flooring Liquidators.

Interest Expense, net

Interest expense, net, increased by approximately \$3.8 million for the nine months ended June 30, 2024, as compared to the nine months ended June 30, 2023, primarily due to increased debt balances related to the acquisitions of Flooring Liquidators and PMW, and to fund operations, and increased interest rates during the period.

Results of Operations by Segment for the Three Months Ended June 30, 2024 December 31, 2024 and 2023

| For the Three Months Ended June 30, | | | | | | | | | | | | | | | | | | | | | | | |
|--|----------------------|-----------------|----------|---------------------|-------------------|-------|----------------------|-----------------|----------|---------------------|-------------------|-------|----------------------|-----------------|----------|---------------------|-------------------|-------|----------------------|-----------------|----------|---------------------|-------------------|
| For the Three Months Ended June 30, 2024 | | | | | | | | | | | | | | | | | | | | | | | |
| For the Three Months Ended December 31, 2023 | | | | | | | | | | | | | | | | | | | | | | | |
| Retail-Entertainment | Retail-Entertainment | Retail-Flooring | Flooring | Steel Manufacturing | Corporate & Other | Total | Retail-Entertainment | Retail-Flooring | Flooring | Steel Manufacturing | Corporate & Other | Total | Retail-Entertainment | Retail-Flooring | Flooring | Steel Manufacturing | Corporate & Other | Total | Retail-Entertainment | Retail-Flooring | Flooring | Steel Manufacturing | Corporate & Other |
| Revenue | | | | | | | | | | | | | | | | | | | | | | | |
| Cost of Revenue | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Profit | | | | | | | | | | | | | | | | | | | | | | | |
| General and Administrative Expense | | | | | | | | | | | | | | | | | | | | | | | |
| Selling and Marketing Expense | | | | | | | | | | | | | | | | | | | | | | | |
| Operating Income (Loss) | | | | | | | | | | | | | | | | | | | | | | | |

Retail-Entertainment Segment

Retail-Entertainment segment revenue for the quarter ended June 30, 2024 December 31, 2024 was approximately \$16.5 million \$21.3 million, a decrease an increase of approximately \$1.5 million \$0.7 million, or 8.4% 3.3%, compared to prior year period revenue of approximately \$18.0 million \$20.6 million. Revenue decreased increased primarily due to reduced increased consumer demand and a shift for used products. The increase in sales mix toward used products which generally have lower ticket sales with higher margins. The shift in sales mix also contributed to the increase in gross margin to 57.9% 56.6% for the quarter ended June 30, 2024 December 31, 2024, compared to 54.7% 56.0% for the prior year period. Operating income for the quarter ended June 30, 2024 December 31, 2024 was approximately \$1.3 million \$3.4 million, compared to operating income of approximately \$1.5 million \$3.1 million for the prior year period.

Retail-Flooring Segment

The Retail-Flooring segment consists of Flooring Liquidators, which was acquired in January 2023. Revenue revenue for the quarter ended June 30, 2024 December 31, 2024, was approximately \$37.0 million \$31.7 million, an increase a decrease of approximately \$9.5 million \$2.6 million, or 34.7% 7.5%, compared to the prior year period revenue of approximately \$27.4 million \$34.3 million. The increase is decrease was primarily due to increased revenue in Flooring Liquidator's builder design and installation segment, EBS, and the acquisitions of CRO and Johnson by Flooring Liquidators during the first quarter of fiscal year 2024. The gross reduced demand. Gross margin for the quarter ended June 30, 2024 December 31, 2024 was 36.6% 37.2%, compared to 37.8% 38.0% for the prior year period. The decrease in gross margin was primarily driven by a change in product mix. Operating loss for the quarter ended June 30, 2024 December 31, 2024 was approximately \$1.5 million \$2.2 million, compared to operating income of approximately \$1.0 million \$0.1 million for the prior year period. The increase in operating loss was primarily due to temporary inefficiencies associated with additional wages and other costs related to new store openings during the acquisitions of CRO and Johnson quarter ended December 31, 2024.

Flooring Manufacturing Segment

Revenue for the quarter ended **June 30, 2024** December 31, 2024 was approximately **\$31.3 million** \$26.0 million, an increase a decrease of approximately **\$3.8 million** \$3.2 million, or **14.0% 11.1%**, compared to prior year period revenue of approximately **\$27.4 million** \$29.2 million. The gross decrease in revenue was primarily due to reduced consumer demand. Gross margin was **24.7% 21.2%** for the quarter ended **June 30, 2024** December 31, 2024, compared to 23.3% for the prior year period. The revenue and gross margin increases are primarily due to increased sales associated with the acquisition of the Harris Flooring Group® brands in the fourth quarter of fiscal year 2023. Operating income for the quarter ended June 30, 2024 was approximately \$1.9 million, compared to operating income of approximately \$2.0 million for the prior year.

Steel Manufacturing Segment

Revenue for the quarter ended June 30, 2024 was approximately \$39.0 million, an increase of approximately \$20.6 million or 112.1%, compared to the prior year period revenue of approximately \$18.4 million. The increase is primarily due to increased revenue of approximately \$19.2 million at PMW, which was acquired during July 2023, and approximately \$1.9 million at Central Steel, which was acquired during May 2024, partially offset by a \$0.5 million decrease in the Company's other Steel Manufacturing businesses. The gross margin was 15.8% for the quarter ended June 30, 2024, compared to

29.2% 22.0% for the prior year period. The decrease in gross margin was primarily due to the acquisition of PMW, which has historically generated lower margins, as well as an overall decrease changes in margins in the Steel Manufacturing segment due to reduced production efficiencies as a result of lower demand product mix. Operating income loss for the quarter ended **June 30, 2024** December 31, 2024 was approximately **\$1.4 million** \$0.1 million, compared to operating income of approximately **\$2.7 million** \$0.9 million for the prior year period.

Steel Manufacturing Segment

Revenue for the quarter ended December 31, 2024 was approximately \$32.4 million, a decrease of approximately \$0.9 million or 2.8%, compared to prior year period revenue of approximately \$33.4 million. Revenue for the quarter ended December 31, 2024 was approximately \$32.4 million, a decrease of approximately \$0.9 million or 2.8%, compared to prior year period revenue of approximately \$33.4 million. The decrease was primarily due to reduced customer demand, partially offset by revenue of \$3.1 million at Central Steel Fabricators, LLC ("Central Steel"), which was acquired in May 2024. Gross margin was 18.3% for the quarter ended December 31, 2024, compared to 15.8% for the prior year period. The increase in gross margin was primarily due to price increases, as well as the acquisition of Central Steel. Operating income for the quarter ended December 31, 2024 was approximately \$1.2 million, compared to operating income of approximately \$1.0 million in the prior year period.

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Corporate and Other Segment

Revenue for the quarter ended **June 30, 2024** December 31, 2024 was approximately **\$0.1 million**, \$57,000, a decrease of approximately **\$0.1 million**, \$32,000, or **63.1% 36.0%**, compared to the prior year period revenue of approximately \$0.2 million. The decrease was primarily due to the closure of SW Financial in May 2023. \$89,000. Operating loss for the quarter ended **June 30, 2024** December 31, 2024 and 2023 were approximately \$1.9 million, compared to an operating loss of approximately \$1.8 million in the prior year period.

Results of Operations by Segment for the Nine Months Ended June 30, 2024 and 2023

| | For the Nine Months Ended June 30, 2024 | | | | | | For the Nine Months Ended June 30, 2023 | | | | | | | | | | | | | | | | | |
|-------------------------|---|-----------------|---------------|---------------|------------|------------|---|-----------------|---------------|---------------|------------|------------|----------------------|-----------------|---------------|-----------|-------|------------|-----------|-----------|-----------|-----------|----------|------------|
| | Flooring | | | Steel | | | Corporate | | | Flooring | | | Steel | | | Corporate | | | | | | | | |
| | Retail-Entertainment | Retail-Flooring | Manufacturing | Manufacturing | & Other | Total | Retail-Entertainment | Retail-Flooring | Manufacturing | Manufacturing | & Other | Total | Retail-Entertainment | Retail-Flooring | Manufacturing | & Other | Total | | | | | | | |
| Revenue | \$ 53,930 | \$ 103,332 | \$ 94,689 | \$ 107,889 | \$ 257 | \$ 360,097 | \$ 60,388 | \$ 48,218 | \$ 84,195 | \$ 56,306 | \$ 2,517 | \$ 251,624 | \$ 23,014 | \$ 65,073 | \$ 71,776 | \$ 91,376 | \$ 19 | \$ 251,258 | \$ 27,782 | \$ 30,090 | \$ 65,818 | \$ 40,886 | \$ 1,327 | \$ 165,903 |
| Cost of Revenue | | | | | | | | | | | | | | | | | | | | | | | | |
| Gross Profit | 30,916 | 38,259 | 22,913 | 16,513 | 238 | 108,839 | 32,606 | 18,128 | 18,377 | 15,420 | 1,190 | 85,721 | | | | | | | | | | | | |
| General and | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative Expense | 24,117 | 39,251 | 5,133 | 12,801 | 6,263 | 87,565 | 24,528 | 17,061 | 4,430 | 8,019 | 6,405 | 60,443 | | | | | | | | | | | | |
| Selling and Marketing | | | | | | | | | | | | | | | | | | | | | | | | |
| Expense | 494 | 3,441 | 13,001 | 487 | 17 | 17,440 | 536 | 234 | 8,768 | 429 | 231 | 10,198 | | | | | | | | | | | | |
| Operating Income (Loss) | \$ 6,305 | \$ (4,433) | \$ 4,779 | \$ 3,225 | \$ (6,042) | \$ 3,834 | \$ 7,542 | \$ 833 | \$ 5,179 | \$ 6,972 | \$ (5,446) | \$ 15,080 | | | | | | | | | | | | |

Retail-Entertainment Segment

Retail-Entertainment segment revenue for the nine months ended June 30, 2024 was approximately \$53.9 million, a decrease of approximately \$6.5 million, or 10.7%, compared to the prior year period revenue of approximately \$60.4 million \$1.6 million. The decrease in revenue is primarily due to reduced consumer demand and a shift in sales mix toward used products, which generally have lower ticket sales with higher margins. The shift in sales mix also contributed to the increase in gross margin to 57.3% for the nine months ended June 30, 2024, compared to 54.0% for the prior year period. Operating income for the nine months ended June 30, 2024 was approximately \$6.3 million, compared to operating income of approximately \$7.5 million for the prior year period.

Retail-Flooring Segment

The Retail-Flooring segment consists of Flooring Liquidators, which was acquired in January 2023. Revenue for the nine months ended June 30, 2024 was approximately \$103.3 million, an increase of approximately \$55.1 million, or 114.3%, compared to the prior year period revenue of \$48.2 million. The increase is due to the acquisition of Flooring Liquidators in the second quarter of fiscal year 2023 and the acquisitions of CRO and Johnson by Flooring Liquidators during the first quarter of fiscal year 2024. The gross margin for the nine months ended June 30, 2024 was 37.0%, compared to 37.6% for the prior year period. Operating loss for the nine months ended June 30, 2024 was approximately \$4.4 million, compared to operating income of approximately \$0.8 million for the prior year period. The increase in operating loss was primarily due to temporary inefficiencies associated with the acquisitions of CRO and Johnson in the current period.

Flooring Manufacturing Segment

Revenue for the nine months ended June 30, 2024 was approximately \$94.7 million, an increase of approximately \$10.5 million, or 12.5%, compared to the prior year period revenue of approximately \$84.2 million. The gross margin was 24.2% for the nine months ended June 30, 2024, compared to 21.8% for the prior year period. The increase in revenue and gross margin are primarily due to increased sales associated with the acquisition of the Harris Flooring Group® brands in the fourth quarter of fiscal year 2023. Operating income for the nine months ended June 30, 2024 was approximately \$4.8 million, compared to operating income of approximately \$5.2 million for the prior year period.

Steel Manufacturing Segment

Revenue for the nine months ended June 30, 2024 increased approximately \$51.6 million or 91.6% to approximately \$107.9 million, as compared to the prior year period revenue of \$56.3 million. The increase is primarily due to increased revenue of approximately \$55.1 million at PMW, which was acquired during Q4 2023, and \$1.9 million at Central Steel, which was acquired during May 2024, partially offset by a \$5.4 million decrease in the Company's other Steel

Manufacturing businesses. The gross margin was 15.3% for the nine months ended June 30, 2024, compared to 27.4% for the prior year period. The decrease in gross margin is primarily due to the acquisition of PMW, which has historically generated lower margins, as well as overall decreased margins in the Steel Manufacturing segment due to reduced production. Operating income for the nine months ended June 30, 2024 was approximately \$3.2 million, compared to operating income of approximately \$7.0 million in the prior year period.

Corporate and Other Segment

Revenue for the nine months ended June 30, 2024 decreased by approximately \$2.3 million. The decrease was primarily due to the closure of SW Financial in May 2023. Operating loss for the nine months ended June 30, 2024 was approximately \$6.0 million, compared to a loss of approximately \$5.4 million in the prior year period.

Adjusted EBITDA Reconciliation

The following table presents a reconciliation of net income to Adjusted EBITDA for the three and nine months ended June 30, 2024 and December 31, 2023 (in 000's):

| | For the Three Months Ended | | For the Nine Months Ended | |
|-------------------------------|----------------------------|---------------|---------------------------|---------------|
| | June 30, 2024 | June 30, 2023 | June 30, 2024 | June 30, 2023 |
| Net (loss) income | \$ (2,855) | \$ 1,060 | \$ (6,818) | \$ 4,462 |
| Depreciation and amortization | 4,349 | 3,683 | 12,832 | 9,978 |
| Stock-based compensation | 174 | 287 | 274 | 396 |
| Interest expense, net | 4,233 | 3,485 | 12,563 | 8,767 |
| Income tax (benefit) expense | (968) | 297 | (2,409) | 1,462 |
| SW Financial settlement gain | — | (1,000) | — | (2,000) |
| Disposition of SW Financial | — | 1,697 | — | 1,697 |
| Acquisition costs | 889 | 66 | 1,762 | 1,538 |
| Debt acquisition costs | — | — | 183 | — |
| Disposition of Johnson | 301 | — | 301 | — |
| Other non-recurring charges | — | — | 587 | — |
| Adjusted EBITDA | \$ 6,123 | \$ 9,575 | \$ 19,275 | \$ 26,300 |

| | For the Three Months Ended | |
|-------------------------------|----------------------------|-------------------|
| | December 31, 2024 | December 31, 2023 |
| Net income (loss) | \$ 492 | \$ (682) |
| Depreciation and amortization | 4,415 | 4,295 |
| Stock-based compensation | 50 | 50 |
| Interest expense, net | 4,162 | 4,163 |
| Income tax expense (benefit) | 81 | (224) |
| Debt refinancing costs | — | 183 |

| | | |
|---|----------|----------|
| Gain on extinguishment of debt | (713) | — |
| Gain on settlement of earnout liability | (2,840) | — |
| Acquisition costs | 97 | 406 |
| Adjusted EBITDA | \$ 5,744 | \$ 8,696 |

Adjusted EBITDA decreased by approximately \$3.0 million, or 33.9%, for the **quarter** three months ended **June 30, 2024** was approximately \$6.1 million December 31, 2024, a decrease of approximately \$3.5 million, or 36.1%, as compared to the prior year period. The decrease **is** **was** primarily due to decreases an overall decrease in gross profit and operating income.

Adjusted EBITDA for the nine months ended June 30, 2024 was \$19.3 million, a decrease of approximately \$7.0 million, or 26.7%, compared to the prior year period. The decrease is primarily due to decreases in gross profit and operating income, as discussed above.

Liquidity and Capital Resources

As of **June 30, 2024** December 31, 2024, we had total cash on hand of approximately \$4.7 million \$7.4 million and approximately \$29.7 million \$23.7 million of available borrowing under our revolving credit facilities. As of December 31, 2024, the Company concluded that PMW was in default of its Fixed Cost Coverage Ratio ("FCCR") covenant, as specified in the credit agreement governing the Revolving Credit Facility. This default provides the creditor rights to accelerate and made immediately due the borrowings under the Revolving Credit Facility and Fifth Third M&E Loan. As of the date of the filing of this 10-K, Fifth Third Bank has not exercised these rights and management is actively working with Fifth Third Bank to resolve the default. As such, as of December 31, 2024, PMW's long-term debt balances, in the amount of approximately \$13.0 million, have been classified as current liabilities. As we continue to pursue acquisitions and other strategic transactions to expand and grow our business, we regularly monitor capital market conditions and may raise additional funds through borrowings or public or private sales of debt or equity securities. The amount, nature, and timing of any borrowings or sales of debt or equity securities will depend on our operating performance and other circumstances; our then-current commitments and obligations; the amount, nature and timing of our capital requirements; any limitations imposed by our current credit arrangements; and overall market conditions.

Based on our current operating plans, we believe that available cash balances, cash generated from our operating activities and funds available under our asset-based revolver lines of credit will provide sufficient liquidity to do the **following**: following for the next 12 months: fund our operations; pay our scheduled loan payments; ability to repurchase shares under our share buyback program; and, pay dividends on our shares of Series E Preferred Stock as declared by the Board of **Directors**, for at least the next 12 months.

Directors.

Working Capital

We had working capital of approximately \$57.5 million \$51.0 million as of **June 30, 2024** December 31, 2024, as compared to working capital of approximately \$85.0 million \$52.3 million as of **September 30, 2023** September 30, 2024; a decrease of approximately \$27.5 million \$1.3 million. The decrease is primarily due to increases decreases in accounts receivable prepaid and other expenses, and inventories, and an increase in the current portion of related party notes payable, income taxes payable, and the current portion of lease obligations of approximately \$14.5

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million in aggregate, partially offset by an increase in cash, and decreases in accounts payable, accrued liabilities the current portion of long-term debt, and the current portion of operating lease obligations, and a decrease in income taxes receivable, partially offset by decreases seller notes of approximately \$13.2 million in the current portion of notes payable to related parties and accounts payable, and an increase in accounts receivable, aggregate.

Cash Flows from Operating Activities

The Company's cash, as of **June 30, 2024** December 31, 2024, was approximately \$4.7 million \$7.4 million compared to approximately \$4.3 million \$4.6 million as of **September 30, 2023** September 30, 2024, an increase of approximately \$0.4 million \$2.8 million. Net cash provided by operations was approximately \$13.8 million and \$26.0 million \$9.4 million for the **nine** three months ended June 30, 2024 and 2023, respectively, December 31, 2024, as compared to net cash provided by operations of approximately \$7.9 million for the three months ended December 31, 2023. The **decrease** **increase** was primarily due to decreases increases in net income, deferred income tax liabilities, prepaids and other current assets, and trades receivables, accounts receivable, inventories, accounts payable of approximately \$13.6 million in aggregate, partially offset by increases decreases in adjustments to net income, accrued liabilities, depreciation and amortization expense, and accounts payable, income taxes receivable of approximately \$12.1 million in aggregate.

Our primary sources of cash inflows are from customer receipts from sales on account and factored accounts receivable **proceeds**, and net remittances from directory services customers processed in the form of ACH billings, **proceeds**. Our most significant cash outflows include payments for raw materials and general operating expenses, including payroll costs and general and administrative expenses that typically occur within close proximity of expense recognition.

Cash Flows from Investing Activities

Our cash flows used in investing activities of approximately \$18.0 million \$1.8 million for the **nine** three months ended **June 30, 2024** December 31, 2024 consisted of the acquisitions of CRO by Flooring Liquidators, Johnson by CRO, Central Steel by Precision Marshall, Midwest Grinding by Kinetic, and purchases of property and equipment. Our cash flows used in investing activities of approximately \$38.7 million \$3.2 million for the **nine** three months ended **June 30, 2023** December 31, 2023 consisted of the acquisitions of CRO by Flooring Liquidators, and Cal Coast Carpets, Johnson by CRO, and purchases of property and equipment.

Cash Flows from Financing Activities

Our cash flows provided by used in financing activities of approximately \$4.6 million \$4.8 million during the nine three months ended June 30, 2024 December 31, 2024 consisted of proceeds from failed sales and leaseback transactions of approximately \$7.9 million, proceeds from the issuance of notes payable of approximately \$2.7 million, net borrowings under revolver loans of approximately \$2.0 million \$3.1 million, cash paid for the settlement of seller notes of \$1.9 million, payments on notes payable of approximately \$1.8 million, payments for finance leases of approximately \$1.0 million, payments on related party notes payable of approximately \$0.3 million, and purchases of treasury stock of approximately \$0.2 million, partially offset by proceeds from the issuance of related party notes payable of approximately \$1.9 million, and net borrowings under related party revolver loans of approximately \$1.3 million, partially offset by \$1.6 million.

Our cash flows used in financing activities of approximately \$3.4 million during the three months ended December 31, 2023 consisted of payments on notes payable of approximately \$5.1 million \$1.8 million, purchases of treasury stock and payments for finance leases of approximately \$2.5 million, payments of related party notes payable of \$0.9 million, and purchases of treasury stock of approximately \$860,000.

Our cash flows provided by financing activities of approximately \$11.7 million during the nine months ended June 30, 2023 consisted of proceeds from notes payable of approximately \$9.9 million, proceeds from related party notes payable of approximately \$7.0 million, net proceeds payments under revolver loans of approximately \$3.1 million, partially offset by payments of notes payable, financing leases, seller financing arrangements, debt acquisition costs and taxes paid for net settlement of stock options of approximately \$7.3 million, and purchases of treasury stock in the amount of approximately \$988,000, \$0.8 million.

Currently, we are not issuing common shares for liquidity purposes. We prefer to use asset-based lending arrangements and mezzanine financing together with Company provided capital to finance acquisitions and have done so historically. Occasionally, as our Company history has demonstrated, we will issue stock and derivative instruments linked to stock for services or debt settlement.

Future Sources of Cash; New Products and Services

We may require additional debt financing or capital to finance new acquisitions, refinance existing indebtedness or other strategic investments in our business. Other sources of financing may include stock issuances and additional loans; or other forms of financing. Any financing obtained by us may further dilute or otherwise impair the ownership interest of our existing stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of June 30, 2024 December 31, 2024, we did not participate in any market risk-sensitive commodity instruments for which fair value disclosure would be required. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases or commodity price risk. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases or commodity price risk.

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ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Control and Procedures. We carried out an evaluation, under the supervision, and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, as of June 30, 2024, we concluded that, as of December 31, 2024, the Company's period covered in this report, our disclosure controls and procedures were effective. not effective due to the material weakness in internal control over financial reporting further described below.

Despite the identified material weakness, management concluded that the consolidated financial statements included in this Quarterly Report on Form 10-Q present fairly, in all material respects, the financial position, results of operations and cash flows for the periods disclosed in conformity with U.S. generally accepted accounting principles.

Management's Report on Internal Control Over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent or detect all errors and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following: judgements in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes, controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override. The design of any system of controls is based in part on 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 policies or 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, have been detected.

Our management assessed the design and effectiveness of our internal control over financial reporting as of June 30, 2024 December 31, 2024. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") of 2013 regarding Internal Control – Integrated Framework. Based on our assessment using those criteria, as of June 30, 2024, our management concluded that our internal controls over financial reporting were operating effectively. ineffective as of December 31, 2024. Management noted the following deficiency that management believes to be a material weakness:

- Lack of sufficient controls around the financial reporting and consolidation process.

In response to the above identified weakness in our internal control over financial reporting, we plan to improve the control policies and procedures over financial reporting and consolidation processes. We expect to conclude these remediation initiatives during the fiscal year ended September 30, 2025. We continue to evaluate testing of our internal

control policies and procedures, including assessing internal and external resources that may be available to complete these tasks, but do not know when these tasks will be completed.

A material weakness (within the meaning of PCAOB Auditing Standard No. 5) is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those responsible for oversight of the company's financial reporting.

There were no changes in our internal control over financial reporting that occurred during the **nine** **three** months ended **June 30, 2024** **December 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

ITEM 1. Legal Proceedings

The information in response to this item is included in Note 17, Commitments and Contingencies, to the Consolidated Financial Statements included in Part I, Item 1, of this Form 10-Q. Please also refer to "Item 3. Legal Proceedings" in our **2023** **2024** Form 10-K for information regarding material pending legal proceedings. Except as set forth herein, and therein, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

ITEM 1A. Risk Factors

None.

ITEM 2. Unregistered Sales of Equity Securities and Use of **Proceeds **funds****

On February 20, 2018, the Company announced a \$10 million common stock repurchase program ("2018 Program"), which expired on June 1, 2024. During the three months ended June 30, 2024, the Company made the following repurchases under the 2018 Program:

| Month | Number of Shares Purchased | Average Purchase Price Paid | Number of Shares Purchased as Part of a Publicly Announced Plan or Program | Maximum Amount that May be Purchased Under the Announced Plan or Program |
|------------|----------------------------|-----------------------------|--|--|
| April 2024 | 1,820 | \$ 25.26 | 1,820 | \$ 2,849,006 |
| May 2024 | 16,336 | \$ 25.18 | 16,336 | \$ 2,437,737 |
| Totals | 18,156 | \$ 25.18 | 18,156 | \$ — |

On June 4, 2024, the Company announced a \$10 million common stock repurchase program ("2024 Program"), which will remain effective until May 31, 2025, unless extended, canceled, or modified by the Company's Board of Directors. During the three months ended December 31, 2024, the Company made the following repurchases:

| Month | Number of Shares Purchased | Average Purchase Price Paid | Number of Shares Purchased as Part of a Publicly Announced Plan or Program | Maximum Amount that May be Purchased Under the Announced Plan or Program |
|---------------|----------------------------|-----------------------------|--|--|
| October 2024 | 6,007 | \$ 10.12 | 6,007 | \$ 9,935,029 |
| November 2024 | 2,685 | \$ 10.01 | 2,685 | \$ 9,908,148 |
| December 2024 | 6,994 | \$ 9.92 | 6,994 | \$ 9,838,785 |
| Totals | 15,686 | \$ 10.01 | 15,686 | \$ 9,838,785 |

ITEM 3. Defaults Upon Senior Securities

As of June 30, 2024, the Company concluded that PMW was in default of its Fixed Cost Coverage Ratio ("FCCR") covenant, as specified in the credit agreement governing the Revolving Credit Facility. This default provides the creditor rights to accelerate and made immediately due the borrowings under the Revolving Credit Facility and Fifth Third M&E Loan. As such, as of June 30, 2024, PMW's long-term debt balances, in the amount of approximately \$15.1 million, have been reclassified to current liabilities. The Seller Financed Loans, entered into in connection with the acquisition of PMW, stipulate that payment of the Seller Financed Loans will be due and payable upon any event of default under the Revolving Credit Facility, and the Live Ventures Incorporated guarantee shall go into effect. Consequently, as of June 30, 2024, the balances on the Seller Financed Loans, in the amount of \$2.5 million in the aggregate, have also been reclassified to current liabilities. As of the date of the filing of this 10-Q, Fifth Third Bank has not exercised these rights and management is actively working with Fifth Third Bank to resolve the default. None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

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ITEM 6. Exhibits

The following exhibits are filed with or incorporated by reference into this Quarterly Report.

| Exhibit Number | Exhibit Description | Form | File Number | Exhibit Number | Filing Date |
|----------------|---|------|-------------|----------------|-------------|
| 3.1 | Amended and Restated Articles of Incorporation | 8-K | 001-33937 | 3.1 | 08/15/07 |
| 3.2 | Certificate of Change | 8-K | 001-33937 | 3.1 | 09/07/10 |
| 3.3 | Certificate of Correction | 8-K | 001-33937 | 3.1 | 03/11/13 |
| 3.4 | Certificate of Change | 10-Q | 001-33937 | 3.1 | 02/14/14 |
| 3.5 | Articles of Merger | 8-K | 001-33937 | 3.1.4 | 10/08/15 |
| 3.6 | Certificate of Change | 8-K | 001-33937 | 3.1.5 | 11/25/16 |
| 3.7 | Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016 | 10-K | 001-33937 | 3.1.6 | 12/29/16 |
| 3.8 | Bylaws | 10-Q | 001-33937 | 3.8 | 08/14/18 |
| 10.1 | Cooperation Agreement, dated as of April 29, 2024, by and among Live Ventures Incorporated, a Nevada corporation, Isaac Capital Group LLC, a Delaware limited liability company, and LL Flooring Holdings, Inc., a Delaware corporation | 8-K | 001-33937 | 10.1 | 04/30/24 |
| 31.1 | * Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | |
| 31.2 | * Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 | | | | |
| 32.1 | * Certification of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | | | | |
| 32.2 | * Certification of the 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 (formatted in Inline XBRL and contained in Exhibit 101) | | | | |

| | | | | | |
|--------|---|------|-----------|-------|----------|
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| 3.2 | Certificate of Change | 8-K | 001-33937 | 3.1 | 09/07/10 |
| 3.3 | Certificate of Correction | 8-K | 001-33937 | 3.1 | 03/11/13 |
| 3.4 | Certificate of Change | 8-K | 001-33937 | 3.1 | 02/14/14 |
| 3.5 | Articles of Merger | 10-K | 001-33937 | 3.1.4 | 10/08/15 |
| 3.6 | Certificate of Change | 8-K | 001-33937 | 3.1.5 | 11/25/16 |
| 3.7 | Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016 | 10-K | 001-33937 | 3.1.6 | 12/29/16 |
| 3.8 | Bylaws | 10-Q | 001-33937 | 3.8 | 08/14/18 |
| 10.134 | * First Amendment to Credit Agreement by and between Vintage Stock, Inc. and Bank Midwest, a division of NBH BANK, dated October 17, 2024. | | | | |

| | |
|---------|---|
| 10.135 | * Settlement Agreement and Release by and among Live Ventures Incorporated, Precision Metal Works, Inc., and Precision Affiliated Holdings, LLC, and The Richard Stanley Family Trust, and The John Locke Family Trust., dated December 24, 2024. |
| 10.136 | * Nineteenth Amendment to Loan and Security Agreement and Consent dated September 4, 2024 by and among Marquis Affiliated Holdings LLC, Marquis Industries, Inc., and Bank of America, N.A. |
| 10.137 | * ICG Promissory note for PMW Settlement, dated December 16, 2024. |
| 31.1 | * Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | * Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
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| 101.PRE | * Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101) |

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* Filed herewith
 † Indicates a management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements 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.

Live Ventures Incorporated

Dated: August 8, 2024 February 7, 2025

/s/ Jon Isaac

President and Chief Executive Officer
 (Principal Executive Officer)

Dated: August 8, 2024 February 7, 2025

/s/ David Verret

Chief Financial Officer
 (Principal Financial Officer)

5042

FIRST MODIFICATION AGREEMENT

THIS FIRST MODIFICATION AGREEMENT (this "Agreement") is made and entered into as of October 17, 2024, by and between VINTAGE STOCK, INC., a Missouri corporation ("Borrower"), and BANK MIDWEST, a division of NBH Bank (together with its successors and assigns, "Bank").

RECITALS

A. Borrower and Bank are parties to a Credit Agreement dated as of October 17, 2023, by and between Borrower and Bank (the "Credit Agreement"), pursuant to which Bank agreed to make certain loans and other financial accommodations available to Borrower as more particularly set forth therein.

B. Borrower and Bank desire to enter into this Agreement to amend the Credit Agreement to
(i) extend the Termination Date of the Revolving Credit Loan, (ii) Reduce the Revolving Credit Commitment, and (iii) make certain modifications to the Loan Documents as more particularly set forth below.

AGREEMENTS

In consideration of the foregoing premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower and Bank agree as follows:

1. **Definitions.** The Recitals to this Agreement are by this reference incorporated herein and made part of hereof. Capitalized terms used but not otherwise defined herein shall have the meaning given in the Credit Agreement.

2. **Modification of the Credit Agreement.** The Credit Agreement is hereby amended as follows:

(a) The reference to "\$15,000,000.00 Revolving Credit Loan" appearing on the cover page to the Credit Agreement is hereby deleted and replaced with a reference to "\$10,000,000.00 Revolving Credit Loan".

(b) The definition of the term "Adjusted Term SOFR Rate" appearing in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following:

"Adjusted Term SOFR Rate" means the greater of (a) the Term SOFR Rate, plus 2.36% per annum, or (b) 5.00% per annum.

(c) The definition of the term "Eligible Inventory Advance Amount" appearing in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following:

"Eligible Inventory Advance Amount" means an amount equal to 60% of the amount of the Eligible Inventory, calculated on the lower of cost or market.

(d) The following definition of the term "Inventory" is hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

"Inventory" and "inventory" each has the meaning assigned to it under the UCC.

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(e) The definition of the term "Revolving Credit Commitment" appearing in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following: "Revolving Credit Commitment" means \$10,000,000.00.

(f) The definition of the term "Termination Date" appearing in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following:

"Termination Date" means October 17, 2025.

(g) Exhibit B attached to the Credit Agreement is hereby deleted and replaced with Exhibit B attached to this Agreement.

(h) Schedule 5.18 attached to the Credit Agreement is hereby deleted and replaced with Schedule 5.18 attached to this Agreement.

3. Modification of Loan Documents. The Loan Documents are hereby amended to incorporate the terms of this Agreement. Any reference to the "Loan Documents" either collectively or to any individual "Loan Document" as contained in the Credit Agreement or any other Loan Document shall hereafter refer to such Loan Document or Loan Documents as modified by this Agreement and any future amendment, modification, renewal, extension or replacement thereof.

4. No Other Modifications. Except as expressly set forth herein, or necessary to incorporate the modifications and amendments herein, all the terms and conditions of the Loan Documents shall remain unmodified and in full force and effect, and Borrower confirms and ratifies all such documents and agrees to perform and comply with the terms and conditions of the Loan Documents, as modified herein.

5. Representations and Warranties. Borrower represents and warrants to Bank as follows:

(a) the representations and warranties of Borrower contained in the Credit Agreement and the other Loan Documents are true and correct as of the date hereof (as if such representations and warranties were made as of the date hereof);

(b) the organizational documents described in Section 4.1(j) of the Credit Agreement are and remain in full force and effect and are unchanged since delivered to Bank as of the Closing Date, and Borrower has the power under such organizational documents to enter into this Agreement and to perform its obligations hereunder;

(c) the execution, delivery and performance by the Borrower of this Agreement have each been duly authorized by all necessary action, and does not contravene (i) any provision of the organizational documents of the Borrower, (ii) any law, rule, or regulation applicable to the Borrower or its properties, or (iii) any agreement or instrument to which the Borrower is a party or by which the Borrower is bound or to which it is subject;

(d) This Agreement is the legal, valid, and binding obligation of Borrower, enforceable against Borrower in accordance with its terms;

(e) no registration with, or consent or approval of, or notice to, or other action by any other person for the execution, delivery and performance of this Agreement by Borrower is required or, if required, such registration has been made, such consent, approval or notice given, or such other appropriate action taken;

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(f) Borrower has no defenses, counterclaims or rights of setoff against Bank, and no events have occurred which, with the giving of notice or passage of time, or both, would entitle Borrower to any such defenses, counterclaims or rights of setoff; and

(g) no Default or Event of Default exists and Bank is not in default under the Loan Documents or any instrument executed in connection with the Loans, and no condition exists which, with the giving of notice or lapse of time, or both, would constitute a default by Bank thereunder.

6. Conditions Precedent. It shall be a condition precedent to the effectiveness of this Agreement that: (a) no Default or Event of Default shall exist under the Credit Agreement or any other Loan Document; (b) the Borrower has delivered evidence of its authority to enter into this Agreement as well as the capacity of the individuals executing this Agreement on its behalf; (c) Guarantor has executed and delivered the Consent of Guarantor attached hereto to Bank; (d) Borrower has paid to Bank a non-refundable renewal fee in the amount of \$15,000, which fee shall be deemed fully-earned upon receipt; (e) upon the request of the Bank, the Borrower shall have provided to the Bank, and the Bank shall be satisfied with, the documentation and other information so requested in connection with the applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act; (f) if the Borrower qualifies as a "legal entity customer" under 31 C.F.R. § 1010.230, it shall deliver a certification regarding beneficial ownership required by 31 C.F.R. § 1010.230 to the Bank if so requested; and (g) the Bank shall have received such other items as it may reasonably request.

7. **Costs and Expenses.** Borrower will promptly pay, upon demand by Bank, all costs and expenses of Bank in connection with the execution and delivery of this Agreement and the other documents referenced herein and the consummation of the transactions contemplated hereby, including the reasonable fees and expenses of counsel to Bank.

8. **No Impairment.** Nothing in this Agreement shall be deemed to or shall in any manner prejudice or impair the Loan Documents. This Agreement shall not be deemed to be nor shall it constitute any alteration, waiver, annulment or variation of the liens and encumbrances of the Security Agreement or the other Loan Documents, or the terms and conditions of or any rights, powers, or remedies under the Loan Documents, except as expressly set forth herein.

9. **Waiver of Claims and Defenses.** Borrower and Guarantor hereby release, remise, acquit and forever discharge Bank and its employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, and related corporate divisions (all of the foregoing hereinafter called the "Released Parties"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct and/or indirect, at law or in equity, of whatsoever kind or nature, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and including the date of execution hereof, and in any way directly or indirectly arising out of or in any way connected to this Agreement, the Credit Agreement or the other Loan Documents (all of the foregoing hereinafter called the "Released Matters"). Borrower and Guarantor acknowledge that the agreements in this paragraph are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters, may be pleaded as a full and complete defense to any action by Borrower or Guarantor against any or all of the Released Parties, and may be used as the basis for a permanent injunction against any action by Borrower or Guarantor against any or all of the Released Parties. Borrower and Guarantor represent and warrant to Bank that it has not purported to transfer, assign or otherwise convey any right, title or interest of Borrower or Guarantor in any Released Matter to any other Person and that the foregoing constitutes a full and complete release of all Released Matters.

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10. **Time of the Essence.** Time shall be of the essence of each and every provision of this Agreement of which time is an element.

11. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the internal laws of the State of Missouri without giving effect to any choice of law rules thereof.

12. **Binding Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

13. **Counterparts.** This Agreement may be executed in separate counterparts and all such counterparts when combined shall constitute one agreement. Delivery of an executed counterpart of this Agreement by electronic transmission shall constitute effective delivery thereof.

14. **Waiver of Jury Trial.** This Agreement and the other Loan Documents are subject to the waiver of jury set forth in Section 9.15 of the Credit Agreement.

15. **Mo. Rev. Stat. § 432.047 Statement.** The following statement is given pursuant to Mo. Rev. Stat. § 432.047: "**Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.**" For purposes of this Section 15 and the foregoing Missouri statute, all of the terms of the other Loan Documents are incorporated in and made part of this Agreement by reference; *provided, however, that to the extent of any direct conflict between the terms of this Agreement and those of the other Loan Documents, the terms of this Agreement shall prevail and govern.*

[signature page follows]

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IN WITNESS WHEREOF, Bank and Borrower have executed this Agreement as of the date first written above.

BORROWER:

VINTAGE STOCK, INC.

By:

Seth Bayless, Chief Operating Officer and Vice President

BANK:

BANK MIDWEST, A DIVISION OF NBH BANK

By:Lathem A. Scott, Vice President

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Signature Page – First Modification Agreement

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CONSENT OF GUARANTOR

The undersigned (the "Guarantor") is a party to a Guaranty dated as of October 17, 2023 (the "Guaranty") in favor of Bank. Guarantor represents and warrants to Bank as follows: (i) Guarantor has read and understands the foregoing Agreement, agrees to its terms and consents to its execution and delivery by the Borrower; (ii) Guarantor's Guaranty remains in full force and effect in accordance with its terms and remains applicable to the guaranteed obligations.

including, without limitation, the indebtedness and obligations of Borrower under the Credit Agreement and the other Loan Documents, as amended by the foregoing Agreement; (iii) Guarantor has no defenses, set-offs, counterclaims or other claims to or against Bank's enforcement of its rights and remedies under the Guaranty to which Guarantor is a party, and Guarantor hereby joins in the waiver of claims and defenses set forth in Section 9 of the foregoing Agreement; and (iv) Guarantor has had an opportunity to consult with legal counsel of its choice in connection with the execution of this Consent of Guarantor and has either done so or has elected, in his sole discretion, not to do so. Capitalized terms used and not otherwise defined in this Consent of Guarantor shall have the meanings assigned thereto in the foregoing Agreement.

Dated as October 17, 2024.

GUARANTOR:

VINTAGE STOCK AFFILIATED HOLDINGS LLC

By: Jon Isaac, President and Chief Executive Officer

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Exhibit B

**[Form of Borrowing Base Certificate] BORROWING BASE CERTIFICATE
(for the month ended)**

This Borrowing Base Certificate (the "Certificate") is delivered pursuant to Section 6.2(e) of the Credit Agreement dated as of October 17, 2023, between Vintage Stock, Inc., a Missouri corporation (the "Borrower") and Bank Midwest, a division of NBH Bank (the "Bank") (the "Credit Agreement"). Capitalized terms used and not defined in this Certificate have the meanings given to them in the Credit Agreement.

The undersigned hereby certifies (solely in his or her capacity as an officer of Borrower and not in any personal capacity) that he or she is the of the Borrower and, as such, is authorized to execute and deliver this Certificate on behalf of the Borrower, and that:

1. The Borrowing Base for the Borrower [and its Subsidiaries], at the month-end indicated above, is as follows:

A. Eligible Credit Card Receivables

1. total amount of Credit Card Receivables \$
2. less ineligible Credit Card Receivables \$
3. total Eligible CCR (line A1, minus A2) \$
4. 85% of Eligible CCR: \$

B. Eligible Inventory

1. New Inventory \$
2. Used Inventory \$
3. In-Transit Inventory \$
4. Total Inventory \$
5. Less ineligible Inventory: \$
6. total Eligible Inventory (line B4, minus B5) \$
7. 60% of Eligible Inventory \$

C. Borrowing Base

| | |
|--|----|
| 1. sum of lines A4 and B7 | \$ |
| 2. Revolving Credit Commitment | \$ |
| 3. lesser of line C1 or C2 | \$ |
| 4. L/C Obligations | \$ |
| 5. Borrowing Base Reserves | \$ |
| 6. Line C3, less lines C4 and C5 | \$ |
| 7. Outstanding principal balance of Revolving Credit Loans | \$ |
| 8. Availability | \$ |

2. This Certificate is delivered to and may be conclusively relied upon by the Bank.

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IN WITNESS WHEREOF, the undersigned has executed this certificate on behalf of the Borrower on .

VINTAGE STOCK, INC.

By:Name:Title:

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SCHEDULE 5.18

Real Property and Collateral Locations

| Store # | Address | | | |
|----------------|--|----|-------|--|
| 101 | 3120 S. Main St., Ste. 7 Joplin | MO | 64804 | |
| 104 | 3040 S. Glenstone Ave. Springfield | MO | 65804 | |
| 107 | 2856 S. Glenstone Ave. Springfield | MO | 65804 | |
| 110 | 2611 N. Kansas Expressway Springfield | MO | 65803 | |
| 124 | 101 N. Range Line Rd., Ste. 118 Joplin | MO | 64801 | |
| 129 | 1320 Mid Rivers Mall St. Peters | MO | 63376 | |
| 130 | 25 South County Centerway St. Louis | MO | 63129 | |
| 134 | 651 N. Academy Blvd Colorado Springs | CO | 80909 | |
| 136 | 101 St Clair Square Fairview Heights | IL | 62208 | |
| 137 | 12120 15th Street Grandview | MO | 64030 | |
| 139 | 2300 Bernadatte Dr Columbia | MO | 65203 | |
| 147 | 1201 North Field Road Layton | UT | 84041 | |
| 153 | 74 West County Center Des Peres | MO | 63131 | |
| 157 | 14200 E. Alameda Ave Aurora | CO | 80012 | |
| 162 | 2424 US-6 Grand Junction | CO | 81505 | |
| 165 | 3020 E 20th Street Farmington | NM | 87402 | |

| | | | | |
|-----|---------------------------------|-----------------|----|-------|
| 172 | 8501 Bowles Ave Space #2215 | Littleton | CO | 80123 |
| 203 | 6808 S. Memorial, Ste. 320 | Tulsa | OK | 74133 |
| 205 | 2409 W. Kenosha, Ste. 129 | Broken Arrow | OK | 74012 |
| 206 | 4505 W. Walnut, Ste. 5 | Rogers | AR | 72756 |
| 208 | 5353 E. 41st | Tulsa | OK | 74135 |
| 211 | 9045 N. 121 E. Ave., Ste. 200 | Owasso | OK | 74055 |
| 214 | 745 E. Joyce Blvd., Ste. 120 | Fayetteville | AR | 72703 |
| 215 | 7201 S.E. 29th. St., Ste. 208 | Midwest City | OK | 73110 |
| 218 | 1700 24th Ave., N.W. | Norman | OK | 73069 |
| 221 | 7257 S. Olympia Ave., W. | Tulsa | OK | 74132 |
| 222 | 7407 N. May Ave. | Oklahoma City | OK | 73116 |
| 227 | 30 E. 33rd. St. | Edmond | OK | 73013 |
| 232 | 5111 Rogers Ave, Suite 188 | Fort Smith | AR | 72903 |
| 233 | 7700 E Kellogg Dr, Ste G03B | Wichita | KS | 67207 |
| 235 | 4600 W. KELLOGG DR. SPACE Q06B | Wichita | KS | 67209 |
| 238 | 6317 SW 3rd St | Oklahoma City | OK | 73128 |
| 241 | 4901 N. Kickapoo St, Suite 5000 | Shawnee | OK | 74804 |
| 246 | 7301 B S. Pennsylvania Ave | Oklahoma City | OK | 73159 |
| 261 | 1155 Garth Brooks Blvd | Yukon | OK | 73099 |
| 309 | 1500 Harvey Road | College Station | TX | 77840 |
| 340 | 5809 Greenville Ave. | Dallas | TX | 75206 |
| 342 | 4601 S Broadway Ave | Tyler | TX | 75703 |
| 343 | 2620 N. Belt Line Rd. | Irving | TX | 75062 |

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| | | | | |
|-----|---------------------------------|----------------|----|-------|
| 344 | 2811 Southwest Parkway | Wichita Falls | TX | 76308 |
| 348 | 6001 West Waco Drive | Waco | TX | 76681 |
| 349 | 4604 Southwest Loop, Ste. 820 | Fort Worth | TX | 76109 |
| 351 | 4280 Lavon Dr., Ste. 210 | Dallas | TX | 75040 |
| 354 | 1327 W. Pipeline Rd. | Hurst | TX | 76053 |
| 355 | 4115 S. Cooper St., Ste. 201 | Arlington | TX | 76015 |
| 356 | 2311 Colorado Blvd., Ste. 111 | Denton | TX | 76205 |
| 358 | 2595 Preston Rd., Ste. 400 | Frisco | TX | 75034 |
| 359 | 4310 Buffalo Gap Road | Abilene | TX | 79606 |
| 360 | 3500 McCann Rd, Space N01B | Longview | TX | 75605 |
| 363 | 501 Main Street | Kerrville | TX | 78028 |
| 364 | 3111 W Cuthbert Avenue | Midland | TX | 79701 |
| 382 | 2100 Hamilton Place | Chattanooga | TN | 37421 |
| 383 | 2801 Memorial Parkway South | Huntsville | AL | 35801 |
| 384 | 2397 S. Stemmons Frwy., Ste. C | Lewisville | TX | 75067 |
| 402 | 9200 Metcalf Ave., Ste. 2 | Overland Park | KS | 64804 |
| 412 | 902 E. North Ave. | Belton | MO | 64012 |
| 413 | 1918 Star Dr., Ste. A | Liberty | MO | 64068 |
| 416 | 4163 Sterling Ave. | Kansas City | MO | 64133 |
| 417 | 3600 Country Club Dr, Space 230 | Jefferson City | MO | 65109 |

| | | | | |
|-----|----------------------------------|---------------|----|-------|
| 419 | 12280 Shawnee Mission Pkwy. | Shawnee | KS | 66218 |
| 420 | 625 N.E. Coronado Dr. | Blue Springs | MO | 64014 |
| 423 | 626 N.E. 291 Hwy. | Lee's Summit | MO | 64086 |
| 425 | 8500 N.W. Prairie View Rd. | Kansas City | MO | 64153 |
| 426 | 1930 S.W. Wanamaker Rd., Ste. B | Topeka | KS | 66604 |
| 431 | 5351 N. Antioch Road | Kansas City | MO | 64119 |
| 466 | 340 East 525 North | Harrisville | UT | 84404 |
| 467 | 101 Best Avenue | Coeur d'Alene | ID | 83814 |
| 468 | 605 N. Belt Highway | St. Joseph | MO | 64506 |
| 469 | 2300 E 17th Street, Space 01232 | Idaho Falls | ID | 83404 |
| 470 | 6100 O Street Space 220 | Lincoln | NE | 68505 |
| 471 | 11717 W 95th Street | Overland Park | KS | 66214 |
| 473 | 350 N. Milwaukee St Space #02323 | Boise | ID | 83704 |
| 474 | 2901 Brooks Street, Suite B-3 | Missoula | MT | 59801 |
| 910 | 202 E 32nd Street | Joplin | MO | 64804 |

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Settlement Agreement") is entered into by and among The Richard Stanley Family Trust (the "Stanley Trust"); The John Locke Family Trust (the "Locke Trust"); Live Ventures Incorporated, a Nevada corporation ("Live"); Precision Metal Works, Inc., a Kentucky corporation ("Precision"); and PMW Affiliated Holdings, LLC, a Delaware limited liability company ("PMW"), effective as of December 24, 2024 (the "Effective Date"). The Stanley Trust, the Locke Trust, Live, Precision, and PMW are each individually referred to as a "Party" and collectively referred to herein as the "Parties".

WHEREAS, the Stanley Trust, the Locke Trust, and Live are parties to that certain Case No. 1:24-cv- 00970-CFC filed in the United States District Court for the District of Delaware and styled *Richard Stanley, as trustee of The Richard Stanley Family Trust, and John Locke, as the Trustee of The John Locke Family Trust v. Live Ventures, Incorporated* (the "Litigation"); and

WHEREAS, the Parties wish to fully and finally resolve any and all disputes among them and to cease and terminate any and all current and future business or other relationships or obligations among them.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained in this Settlement Agreement, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties, intending to be legally bound, hereby stipulate and agree as follows:

1. Settlement.

(a) In accordance with the provisions of this Settlement Agreement, Live, in its roles as guarantor of the obligations under those certain Secured Subordinated Promissory Notes of Precision in favor of the Stanley Trust and of the Locke Trust (collectively, the "Notes") and as the indirect and direct corporate parent of Precision and PMW, respectively, shall pay the aggregate amount of One Million Nine Hundred Seven Thousand Three Hundred Thirteen Dollars (\$1,907,313.00) (the "Settlement Payment") to the Stanley Trust and the Locke Trust in full satisfaction of their respective claims against Live in connection with the Guaranty, as follows:

- i. Live shall pay Nine Hundred Fifty-Three Thousand Six Hundred Fifty-Six and 50/100 Dollars (\$953,656.50) of the Settlement Payment to the Stanley Trust; and
- ii. Live shall pay Nine Hundred Fifty-Three Thousand Six Hundred Fifty-Six and 50/100 Dollars (\$953,656.50) of the Settlement Payment to the Locke Trust.

Prior to the Effective Date, Live has deposited the Settlement Payment with Mercantile Title Agency, Inc. (the "Escrow Agent"). Concurrently with the execution and delivery of this Settlement Agreement, Live authorizes the Escrow Agent to release the respective portion of the Settlement Payment to the Stanley Trust and the respective portion of the Settlement Payment to the Locke Trust in accordance with this Section 1(a) and the written instructions provided by the Stanley Trust and the Locke Trust as applicable.

(b) Concurrently with the execution of this Settlement Agreement, Live shall also pay Jesse Caldwell the amount of Twenty-Five Thousand Dollars (\$25,000.00) (the "Caldwell Payment"). Prior to the Effective Date, Live has deposited the Caldwell Payment with the Escrow Agent. Concurrently with the execution of this Settlement Agreement, Live authorizes the Escrow Agent to release the Caldwell Payment to Jesse Caldwell in accordance with the written instructions provided by Jesse Caldwell.

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(c) Concurrently with the execution and delivery of this Settlement Agreement, Live, Precision, and PMW agree that the Stanley Trust and the Locke Trust shall be entitled to all Escrow Funds (as that term is defined in the Stock Purchase Agreement by and among The Stanley Trust, the Locke Trust, Precision, and PMW dated July 19, 2023 (the "SPA")) remaining on deposit with Fifth Third Bank as of the Effective Date. Concurrently with the execution and delivery of this Settlement Agreement, Live, Precision, and PMW shall provide written instruction to Fifth Third Bank and take such further actions as are reasonably necessary to cause Fifth Third Bank to release all Escrow Funds remaining on deposit with Fifth Third Bank as of the Effective Date to the Stanley Trust and the Locke Trust, with fifty percent (50%) of such Escrow Funds to be paid to the Stanley Trust in accordance with the written instructions provided by the Stanley Trust and fifty percent (50%) of such Escrow Funds to be paid to the Locke Trust in accordance with the written instructions provided by the Locke Trust. Prior to the Effective Date, Live, Precision, and PMW represent and warrant that Fifth Third Bank has confirmed in writing that they will release the Escrow Funds in accordance with this Section 1(c). Notwithstanding anything herein to the contrary, the Parties agree that none of Live, Precision, or PMW is a guarantor of the performance by Fifth Third Bank in respect of the release of any or all of the Escrow Funds to the Stanley Trust and the Locke Trust and none of such parties shall act or be deemed to act as a surety for the tender of any amounts equivalent thereto. Live, Precision, and PMW each represent and warrant to the Stanley Trust and the Locke Trust that Fifth Third Bank has not communicated, either orally or in writing, to any of Live, Precision, and PMW that Fifth Third Bank does not intend to release the Escrow Funds to the Stanley Trust and the Locke Trust consistent with the terms and conditions set forth in this Settlement Agreement. Further, for purposes of clarity, the Stanley Trust and the Locke Trust disclaim any right or interest to the amounts previously paid by Precision that were remitted by the Stanley Trust and the Locke Trust to Fifth Third Bank on or around November 14, 2024.

(d) Live, Precision, and PMW represent, warrant, and covenant that all funds deposited with the Escrow Agent and/or otherwise remitted to the Stanley Trust and to the Locke Trust as the Settlement Payment and to Jesse Caldwell as the Caldwell Payment, each pursuant to this Settlement Agreement (i) are funds belonging solely to Live that were received by Live from funds provided to it by Isaac Capital Group, LLC ("ICG"), whether through a drawdown of Live's existing line of credit from ICG or an alternative financing arrangement with ICG, in each case fully outside of the purview of Precision or PMW, and (ii) are not funds directly or indirectly belonging to, or received from, Precision or PMW. Live shall provide documentation to the Stanley Trust and the Locke Trust simultaneously with the execution of this Settlement Agreement showing that the funds transferred to the Escrow Agent are funds belonging solely to Live and that any portion of such funds were not received, directly or indirectly, from Precision or PMW, which documentation for the "transfer" shall consist of the Fed Reference Number and for the "belonging" shall consist of a confirmatory e-mail from counsel for Live to counsel for the Stanley Trust and the Locke Trust. Live, Precision, and PMW represent, warrant, and covenant that they have received all necessary approvals from third parties, including, but not limited to, Fifth Third Bank, in order to execute and deliver this Settlement Agreement, to remit the payments pursuant to this Settlement Agreement, and to consummate the transactions described in this Settlement Agreement and otherwise be bound by the terms and conditions set forth in this Settlement Agreement.

2. Release of Claims; Termination of Future Liabilities and Obligations. Each Party, on behalf of itself and its respective Related Parties, hereby fully and irrevocably releases, remises, gives up, quit claims, settles, compromises, and forever discharges any and all of the other Parties and all of their respective Related Parties of and from any and all Claims of every kind, nature, or description, whether known or

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unknown, liquidated or unliquidated, matured or unmatured, disputed or undisputed, fixed or contingent, in law or equity, whether or not well-founded in law or fact, that such Party ever had, may have, now have, may

have had, or may ever have against any other Parties, upon or by reason of any matter, cause, or thing, whether known or unknown, from the beginning of time until and through the Effective Date. For clarity, and not for limitation, this Section 2 shall also release each Party and its respective Related Parties from (a) any and all past and current liabilities or obligations to any other Party and its respective Related Parties in respect of any and all issues connected with the SPA, the transactions contemplated thereby, and all other associated documents, agreements, contracts, or relationships among the Parties, specifically referencing and including the rights of any Party to any "Earn-Out Payments" (as that term is defined in Section 2.08 of the SPA) and (b) any and all future liabilities and obligations that otherwise, but for the execution and delivery of this Settlement Agreement, could arise or could have arisen by virtue of the SPA, the transactions contemplated thereby, and all other associated documents, agreements, contracts, or relationships among the Parties, specifically referencing and including the rights of any Party to any such Earn-Out Payments.

3. **Dismissal.** The Parties agree to jointly file in the Litigation the Stipulation of Dismissal contained in EXHIBIT A within fifteen (15) days of the Stanley Trust and the Locke Trust's receipt of the Settlement Payment.

4. **No Reliance.** No Party has executed this Settlement Agreement in reliance upon any statement or representation of any other Party or their representatives or agents other than those express representations set forth in this Settlement Agreement. The Parties enter into this Settlement Agreement voluntarily after having received legal advice from legal counsel of their choosing.

5. **Unknown Claims.** For purposes of clarity, this Agreement contains a complete, total, and absolute settlement of all matters between the Parties, regardless of whether those matters are presently known or unknown, foreseen or unforeseen. Each Party acknowledges that it may have sustained or acquired against another Party other Claims of a presently unknown and unforeseen nature ("Unknown Claims"). Each Party acknowledges that, in connection with this Settlement Agreement, it shall knowingly and expressly waive Unknown Claims, and each Party waives any and all rights and benefits conferred by any statute, regulation, or principle of common law or civil law of the United States; of any state, commonwealth, territory, or other jurisdiction thereof; or of any foreign country or other foreign jurisdiction, which is similar, comparable, or equivalent to Section 1542 of the California Civil Code with respect to any such Unknown Claim.

6. **Review and Advice.** Each Party represents and warrants to the other Party that: (a) such Party has not assigned, transferred, or distributed to any person or any other entity, including through subrogation, operation of law, or the enforcement of a lien, any portion of any Claim or rights that are affected by this Settlement Agreement; and (b) that each Party has read this entire Settlement Agreement and knows the contents hereof, that the terms hereof are contractual and not merely recitals, and that each has signed this Settlement Agreement of their own free will.

7. **No Admission of Liability.** Each Party agrees that nothing in this Settlement Agreement is to be construed as an admission of liability by any other Party. Each Party acknowledges that the other Parties deny liability of any type, and this Settlement Agreement is made and entered into as a full and complete compromise and settlement of disputed matters and to avoid any Party from seeking or pursuing legal or other rights or remedies, by any future lawsuit, action, or proceeding of any type or kind, whether legal or equitable, in any jurisdiction.

8. **Successors and Assigns.** This Settlement Agreement shall bind and inure to the benefit of, and be enforceable by, each Party and its respective Related Parties.

9. **Amendment and Waiver.** This Settlement Agreement may only be amended, modified, or supplemented by an agreement in writing signed by all of the Parties. No waiver by any Party of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by the Party so waiving.

Unless expressly identified by such written waiver, no failure, breach, or default by any Party shall operate or be construed as a waiver, whether of a similar or different character, and whether occurring before or after the expressly identified written waiver. No failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from this Settlement Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

10. **Expenses.** Each Party shall pay all of its own fees, costs, and expenses (including, without limitation, fees, costs, and expenses of legal counsel) incurred in connection with the dispute between the Parties and the negotiation, preparation, and execution and delivery of this Settlement Agreement.

11. **Choice of Law/Venue.** This Settlement Agreement shall be construed in accordance with, and governed by, the laws of the State of Delaware, without regard to principles of conflict of laws or choice of laws. The Parties agree that any proceeding or action brought by either Party under, or in any way related to, this Settlement Agreement shall be brought solely and exclusively in the United States District Court for the District of Delaware. Each Party expressly consents to personal jurisdiction and venue in the foregoing court and expressly waives any defense based upon lack of personal jurisdiction, improper venue, *forum non conveniens*, and defenses of similar import.

12. **Due Authorization.** Each Party signing this Settlement Agreement on behalf of any corporation, partnership, joint venture, limited liability company, or other entity, by so signing, hereby represents and warrants that the signature is duly authorized by said entity, that said entity is fully and completely bound by this Settlement Agreement, and that all requisite authorizations and approvals for said entity to enter into this Settlement Agreement and to perform the terms of this Settlement Agreement have been duly granted and approved by appropriate action of the owners, members, shareholders, directors, managers, partners, and officers, as appropriate, of said entity.

13. **Preparation of Agreement.** Each Party acknowledges that this Settlement Agreement was the result of negotiations and discussions among the Parties. Each Party further acknowledges that this Settlement Agreement shall be deemed to have been jointly prepared and that no particular Party is to be deemed the drafter or preparer of this Settlement Agreement or any provisions hereof. Accordingly, to the extent there should later prove to be ambiguities in the Settlement Agreement, the Parties agree that such ambiguity shall not be construed in favor of or against a particular Party on account of who drafted any portion of this Settlement Agreement.

14. **Counterparts and Copies.** This Settlement Agreement may be executed in one or more duplicates or counterparts, each of which shall be deemed to be a part of the fully-executed original of this Settlement Agreement. Facsimile, electronic signatures, and scanned signatures shall be accepted by the Parties as originals. This Settlement Agreement shall become binding when one or more counterparts, individually or taken together, shall bear the signature of all Parties. Copies of the executed version of this Settlement Agreement shall be enforceable as if such copies were an original version of the Settlement Agreement.

15. **Notice.** Any notice to be served on the Party, or information to be exchanged among Parties, related to this Settlement Agreement shall be sent to the applicable Party by nationally-recognized overnight courier at the applicable address set forth on the signature page of this Settlement Agreement or such other address as the applicable Party provides written notice of after the Effective Date.

16. **Entire Agreement.** This Settlement Agreement is fully integrated and represents the entire understanding among the Parties concerning the settlement and resolution of all matters between them, and

there are no other agreements, representations, promises, or negotiations with respect thereto which have not been set forth expressly in this Settlement Agreement. Each Party agrees that, in entering into this Settlement

Agreement, they have not relied on any representation or opinion of fact, law, or otherwise, made by any other Party or that Party's attorney, employee, or agent other than the representations set forth in this Settlement Agreement. This Settlement Agreement supersedes all prior and contemporaneous understandings and agreements, both written and oral, with respect to the subject matter set forth in this Settlement Agreement. The recitals set forth at the beginning of this Settlement Agreement are incorporated into this Settlement Agreement as if fully restated herein and form an integral part of this Settlement Agreement. The section headings in this Settlement Agreement are for convenience and reference only and shall not be deemed to alter or affect any provision of this Settlement Agreement or used for the interpretation of any such provision. The representations, warranties, and covenants set forth in this Settlement Agreement shall survive in perpetuity unless otherwise expressly stated otherwise in this Settlement Agreement.

17. **Further Assurances.** The Parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the terms and intent of this Settlement Agreement.

18. **Attorney Fees.** In the event that the Stanley Trust or the Locke Trust incurs any costs or expenses in connection with a successful enforcement of the terms of this Settlement Agreement or the collection of amounts due and payable pursuant to this Settlement Agreement, whether suit is brought or not, including, but not limited to, attorneys' fees and costs, Live shall pay the Stanley Trust and the Locke Trust all such costs and expenses.

19. **Severability.** The provisions of this Settlement Agreement shall be severable, and if any provision of this Settlement Agreement is determined to be invalid, illegal, or unenforceable under any applicable statute, rule, regulation, or law by a court of competent jurisdiction, that provision shall be deemed omitted and shall not affect other provisions or applications of this Settlement Agreement, and the remainder of the Settlement Agreement shall be valid and enforceable to the maximum extent possible.

20. **Definitions.** The following terms, when used in this Settlement Agreement, shall have the meaning specified or referred to in this section:

- a. "Affiliate" means, with respect to any entity, any other entity that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, such entity. For this purpose, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.
- b. "Claims" means any and all rights, actions, causes of action, suits, debts, sums of money, torts, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, abstracts of judgments, executions, claims of interest, claims for attorneys' fees and costs, extents, executions, claims and demands.
- c. "Family Member" means a person who is a spouse, former spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother, sister, brother-in-law, or sister-in-law, including adoptive relationships, of any designated person.
- d. "Related Parties" of a person or entity means their respective heirs, Family Member, legal representative, assigns and successors, and present and former parent companies, subsidiaries, Affiliates, officers (in both their official and personal capacities), directors (in both their official and personal capacities), shareholders, partners, members, managers, employees, agents,

attorneys, other professionals, predecessors, successors, insurers, assignees, and assignors, and all persons or entities in privity therewith. For purposes of clarity, the Related Parties of the Stanley Trust shall

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include Family Members of Richard Stanley (including, but not limited to, Jesse Caldwell), and the Related Parties of the Locke Trust shall include Family Members of John Locke.

[SIGNATURES FOLLOW; REMAINDER OF PAGE BLANK]

10

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Release as of the Effective Date:

7

THE RICHARD STANLEY FAMILY
TRUST

THE JOHN LOCKE FAMILY TRUST

By: _____
Name: _____
Title: _____

Title: _____

k?

By: _____
Name: _____
Title: _____

Address: _____

c/o Dinsmore & Shohl LLP

Attn: Jerrad Howard

255 East Fifth Street, Suite 1900

Cincinnati, OH 45202

Address: c/o Dinsmore & Shohl LLP

Attn: Jerrad Howard

255 East Fifth Street, Suite 1900

Cincinnati, OH 45202

7

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Release as of the Effective Date:

8

LIVE VENTURES INCORPORATED

By: _____
Name: Jon Isaac
Title: Chief Executive Officer

Address: 325 E. Warm Springs Road Suite 102
Las Vegas, Nevada 89119

PRECISION METAL WORKS, INC.

By: _____
Name: Mike Valeri Title: Secretary

Address: 99 Berry Road Washington, PA 15301

PMW AFFILIATED HOLDINGS, LLC

By: _____
Name: Tom Sediak Title: President

Address: 99 Berry Road Washington, PA 15301

8

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement and Release as of the Effective Date:

LIVE VENTURES INCORPORATED

Address: 325 E. Warm Springs Road Suite 102
Las Vegas, Nevada 89119

By: Name: Jon Isaac

Title: Chief Executive Officer

PRECISION METAL WORKS, INC.

By: Name: Iviike Valeri

Title: Secretary

Address: 99 Berry Road Washington, PA 15301

PMW AFFILIATED HOLDINGS, LLC

By: Name: Tom Sedlak

Title: President

Address: 99 Berry Road Washington, PA 15301

EXHIBIT A**IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE**

RICHARD STANLEY, as the trustee of)
THE RICHARD STANLEY FAMILY)
TRUST, and JOHN LOCKE, as the trustee of) THE JOHN LOCKE FAMILY TRUST,)

)

)

Plaintiffs,) Case No. 1:24-cv-00970-CFC

)

vs.)

) LIVE VENTURES, INCORPORATED,)

)

)

Defendant.)

STIPULATION OF DISMISSAL WITH PREJUDICE

The parties hereby stipulate to the dismissal *with prejudice* of this action in its entirety. Each party shall bear its own costs of the action.

Dated:

By: *DRAFT*

Lisa M. Zwally
DE Bar ID No. 4328 GREENBERG TRAURIG, LLP
222 Delaware Avenue, Suite 1600
Wilmington, DE 19801

Attorney for Defendant

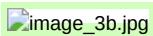
By: *DRAFT*

Shari Lumb Milewski DE Bar ID
No. 5362
1201 N. Market Street, Ste. 1100
Wilmington, DE 19801

Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that on the day of December, 2024, the foregoing was filed using the Court's electronic filing system and that by virtue of same, notification was electronically served on all counsel of record.



Attorney

NINETEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS NINETEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made and entered into this 4th day of September, 2024, by and among **MARQUIS AFFILIATED HOLDINGS LLC**, a Delaware limited liability company ("Holdings"), **MARQUIS INDUSTRIES, INC.**, a Georgia corporation, and successor by merger with A-O Industries, LLC, a Georgia limited liability company, Astro Carpet Mills, LLC, a Georgia limited liability company, Constellation Industries, LLC, a Georgia limited liability company, S F Commercial Properties, LLC, a Georgia limited liability company, and Lonesome Oak Trading Co., Inc., a Georgia corporation ("Marquis"), **BETTER BACKERS FINISHING LLC**, a Delaware limited liability company ("BB Finishing"); together with Holdings and Marquis, collectively, "Borrowers" and each, individually, a "Borrower"), and **BANK OF AMERICA, N.A.**, a national banking association (together with its successors and assigns, "Lender").

Recitals:

Lender and Borrowers are parties to a certain Loan and Security Agreement dated as of July 6, 2015 (as at any time amended, restated, supplemented or otherwise modified, the "Loan Agreement") pursuant to which Lender has made loans and other financial accommodations to Borrowers.

The parties desire to amend the Loan Agreement as hereinafter set forth.

NOW, THEREFORE, for TEN DOLLARS (\$10.00) in hand paid and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

1. Definitions. Capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

2. Amendment to Loan Agreement. The Loan Agreement is hereby amended by deleting the definition of "Revolver Termination Date" as such definition appears in **Section 1.1** of the Loan Agreement and substituting in lieu thereof the following:

Revolver Termination Date: July 31, 2025.

3. Ratification and Reaffirmation. Borrowers hereby ratify and reaffirm the Obligations, each of the Loan Documents, and all of Borrowers' covenants, duties, indebtedness and liabilities under the Loan Documents.

4. Acknowledgments and Stipulations. Each Borrower acknowledges and stipulates that each of the Loan Documents executed by such Borrower creates legal, valid and binding obligations of such Borrower that are enforceable against such Borrower in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby knowingly and voluntarily waived by such Borrower); the security interests and liens granted by such Borrower in favor of Lender are duly perfected, first priority security interests and liens.

5. Representations and Warranties. Each Borrower represents and warrants to Lender, to induce Lender to enter into this Amendment, that no Default or Event of Default exists on the date hereof; the execution, delivery and performance of this Amendment have been duly authorized by all requisite company action on the part of such Borrower and this Amendment has been duly executed and delivered

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by such Borrower; and all of the representations and warranties made by such Borrower in the Loan Agreement are true and correct on and as of the date hereof.

6. Reference to Loan Agreement. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to "this Agreement," "hereunder," or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

7. Breach of Amendment. This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default.

8. Conditions Precedent. The effectiveness of the amendment contained in **Section 2** hereof is subject to the satisfaction of each of the following conditions precedent, in form and substance satisfactory to Lender, unless satisfaction thereof is specifically waived in writing by Lender:

(a) Lender shall have received a counterpart of this Amendment, duly executed by each Borrower;

(b) Lender shall have received an executed secretary's certificate for each Borrower, in substantially the forms attached hereto;

(c) No Default or Event of Default shall exist either before or after giving effect to the terms of this Amendment;

(d) Lender shall have received the Amendment Fee, as defined in **Section 9** hereof;

and

(e) Lender shall have received such other certificates, agreements, instruments and documents as Lender may reasonably request in connection herewith.

9. Amendment Fee; Expenses of Lender. In consideration of Lender's willingness to enter into this Amendment as set forth herein, Borrowers jointly and severally agree to pay to Lender an amendment fee in the amount of \$12,500 in immediately available funds on the date hereof (the "Amendment Fee").

Additionally, Borrowers jointly and severally agree to pay to Lender, **on demand**, all costs and expenses incurred by Lender in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Lender's legal counsel and any taxes, filing fees and other expenses associated with or incurred in connection with the execution, delivery or filing of any instrument or agreement referred to herein or contemplated hereby.

10. Release of Claims. To induce Lender to enter into this Amendment, each Borrower hereby **RELEASES, ACQUITS AND FOREVER DISCHARGES** Lender, and all officers, directors, agents, employees, successors and assigns of Lender, from any and all liabilities, claims, demands, actions or causes of action of any kind or nature (if there be any), whether absolute or contingent, disputed or undisputed, at law or in equity, or known or unknown, that such Borrower now has or ever had against Lender arising under or in connection with any of the Loan Documents or otherwise. Each Borrower represents and warrants to Lender that such Borrower has not transferred or assigned to any Person any claim that such Borrower ever had or claimed to have against Lender.

11. Effectiveness; Governing Law. This Amendment shall be effective upon acceptance by Lender in Atlanta, Georgia (notice of which acceptance is hereby waived), whereupon the same shall be governed by and construed in accordance with the internal laws of the State of Georgia.

- 2 -

12. No Novation, etc. Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any of the other Loan Documents, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

13. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

14. Further Assurances. Each Borrower agrees to take such further actions as Lender shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

15. Miscellaneous. This Amendment expresses the entire understanding of the parties with respect to the subject matter hereof and may not be amended except in a writing signed by the parties.

16. Waiver of Jury Trial. To the fullest extent permitted by Applicable Law, each party hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment.

17. Execution. This Amendment may be in the form of an Electronic Record and may be executed using electronic signatures (including facsimile and .pdf) and shall be considered an original, and shall have the same legal effect, validity and enforceability as a paper record. This Amendment may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Amendment. For the avoidance of doubt, the authorization under this paragraph may include use or acceptance by Lender of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention.

[Remainder of page intentionally left blank; signatures appear on the following pages]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed under seal and delivered by their respective **duty**authorized officers on the date first written above.

BORROWERS:

ATTEST:

[COMPANY SEAL]

ATTEST:

"**MARQUIS AFFILIATED HOLDINGS LLC**

[COMPANY SEAL] ATTEST:

By:-

Weston A.; Godfrey, Jr. Co-Chief Executive
Officer

[CORPORATE SEAL]

[Signatures continue on the following page.]

Nineteenth Amendment to Loan and Security Agreement (Marquis)

LENDER:

BANK OF AMERICA, N.A.

Nineteenth Amendment to Loan and Security Agreement (Marquis)

**SECRETARY'S CERTIFICATE OF
SOLE MEMBER RESOLUTIONS**

I, Tony Isaac, DO HEREBY CERTIFY, that I am the Secretary of **MARQUIS AFFILIATED HOLDINGS LLC**, a Delaware limited liability company (the "Company"), a limited liability company duly organized and existing under the laws of the State of Delaware and am keeper of the records and seal thereof; that

the following is a true, correct and complete copy of the resolutions duly adopted by the sole member of said Company effective as of September 4, 2024; and that said resolutions are still in full force and effect:

RESOLVED, that the Chairman of the Board, Chief Executive Officer, President, any Vice President, Secretary or Assistant Secretary or any other officer or board member of this Company (or the designee of any of them), each be, and each hereby is, authorized and empowered (either alone or in conjunction with any one or more of the other officers of the Company) to take, from time to time, all or any part of the following actions on or in behalf of the Company: (i) to make, execute and deliver to Bank of America, N.A. ("Lender") (1) a Nineteenth Amendment to Loan and Security Agreement (the "Amendment") providing for the amendment of certain terms of that certain Loan and Security Agreement dated as of July 6, 2015 among the Company, certain affiliates of the Company and Lender (as at any time amended, the "Loan Agreement"), and (2) all other agreements, documents and instruments contemplated by or referred to in the Amendment or executed by the Company in connection therewith; said Amendment and other agreements, documents and instruments to be substantially in the form presented by Lender with such additional, modified or revised terms as may be acceptable to any officer or director of the Company, as conclusively evidenced by his or her execution thereof; and

(ii) to carry out, modify, amend or terminate any arrangements or agreements at any time existing between the Company and Lender.

RESOLVED, that any arrangements, agreements, security agreements, or other instruments or documents referred to in or executed pursuant to the Amendment by Jon Isaac, Tony Isaac, any other member, officer or director of the Company, or by an employee of the Company acting pursuant to delegation of authority, may be attested by such person and may contain such terms and provisions as such person shall, in his or her sole discretion, determine.

RESOLVED, that the Loan Agreement and each amendment to the Loan Agreement heretofore executed by any officer or director of the Company and any actions taken under the Loan Agreement as thereby amended are hereby ratified and approved.



IDO FURTHER CERTIFY that Jon Isaac is the President and Chief Executive Officer of the Company and Tony Isaac is the Secretary of the Company and each is duly elected, qualified and acting as such, respectively.

I DO FURTHER CERTIFY that the Company's Certificate of Formation certified to Lender on September 18, 2023 and the Operating Agreement certified to Lender on July 6, 2015 have not been amended, supplemented or otherwise modified in any manner since such date and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Company on the date first written above.

Tony Isaac, Secretary [COMPANY SEAL]

I, Jon Isaac, President and Chief Executive Officer of said Company, do hereby certify that the foregoing is a correct copy of the resolutions passed by the sole member of the Company and that Tony Isaac is Secretary of the Company and is duly authorized to attest to the assage o said resolutions.

Jon Isa Chief Executive Officer

/ /

Secret<ll>"s Certificate of Sole Member Resolutions - Marquis Affiliated Holdings, LLC (Marquis)

SECRETARY'S CERTIFICATE OF BOARD OF DIRECTORS RESOLUTIONS

I, Tim Young, DO HEREBY CERTIFY, that I am the Secretary of **MARQUIS INDUSTRIES, INC.**, a Georgia corporation (the "Corporation"), a corporation duly organized and existing under the laws of the State of Georgia and am keeper of the records and seal thereof; that the following is a true, correct and complete copy of the resolutions duly adopted by the unanimous consent of all members of the Board of Directors of said Corporation effective as of September 4, 2024; and that said resolutions are still in full force and effect:

RESOLVED, that the Chairman of the Board, Chief Executive Officer, Co-Chief Executive Officer, President, any Vice President, Secretary or Assistant Secretary or any other officer or board member of this Corporation (or the designee of any of them), each be, and each hereby is, authorized and empowered (either alone or in conjunction with any one or more of the other officers of the Corporation) to take, from time to time, all or any part of the following actions on or in behalf of the Corporation: (i) to make, execute and deliver to Bank of America, N.A. ("Lender") (1) a

Nineteenth Amendment to Loan and Security Agreement (the "Amendment") providing for the amendment of certain terms of that certain Loan and Security Agreement dated as of July 6, 2015 among the Company, certain affiliates of the Company and Lender (as at any time amended, the "LoanAgreement"), and (2) all other agreements, documents and instruments contemplated by or referred to in the Amendment or executed by the Corporation in connection therewith; said Amendment and other agreements, documents and instruments to be substantially in the form presented by Lender with such additional, modified or revised terms as may be acceptable to any officer or director of the Corporation, as conclusively evidenced by his or her execution thereof; and (ii) to carry out, modify, amend or terminate any arrangements or agreements at any time existing between the Corporation and Lender.

RESOLVED, that any arrangements, agreements, security agreements, or other instruments or documents referred to in or executed pursuant to the Amendment by Weston

A. Godfrey, Jr., Tim Young, Edward Hine, Jr., any other officer or director of the Corporation, or by an employee of the Corporation acting pursuant to delegation of authority, may be attested by such person and may contain such terms and provisions as such person shall, in his or her sole discretion, determine.

RESOLVED, that the Loan Agreement and each amendment to the Loan Agreement heretofore executed by any officer or director of the Corporation and any actions taken under the Loan Agreement as thereby amended are hereby ratified and approved, including any signed by Weston A. Godfrey, Jr. as the Chief Executive Officer.

I DO FURTHER CERTIFY that Weston A. Godfrey, Jr. is the Co-Chief Executive Officer of the Corporation, Tim Young is the Chief Financial Officer, Treasurer and Secretary of the Corporation and Edward Hine, Jr. is the Assistant Secretary of the Corporation and each is duly elected, qualified and acting as such, respectively.

I DO FURTHER CERTIFY that the Company's Articles of Incorporation, certificate to Lender on September 18, 2023 and Bylaws certified to Lender on July 6, 2015 have not been amended, supplemented or otherwise modified in any manner since such date and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Corporation on the date first written above.

[CORPORATE SEAL]

I, Weston A. Godfrey, Jr., Co-Chief Executive Officer of said Corporation, do hereby certify that the foregoing is a correct copy of the resolutions passed by the Board of Directors of the Corporation and that Tim Young is Secretary of the Corporation and is duly authorized to attest to the passage of said resolutions.

Weston A. Godfrey, Jr., Co-Chief Executive Officer

Secretary's Certificate of Board of Directors Resolutions - Marquis Industries, Inc. (Marquis)

SECRETARY'S CERTIFICATE OF SOLE MEMBER RESOLUTIONS

I, Tim Young, DO HEREBY CERTIFY, that I am the Secretary of BETTER BACKERS FINISHING LLC, a Delaware limited liability company (the "Company"), a limited liability company duly organized and existing under the laws of the State of Delaware and am keeper of the records and seal thereof; that the following is a true, correct and complete copy of the resolutions duly adopted by the sole member of said Company effective as of September 4, 2024; and that said resolutions are still in full force and effect:

RESOLVED, that the Chairman of the Board, Chief Executive Officer, President, any Vice President, Secretary or Assistant Secretary or any other officer or board member of this Company (or the designee of any of them), each be, and each hereby is, authorized and empowered (either alone or in conjunction with any one or more of the other officers of the Company) to take, from time to time, all or any part of the following actions on or in behalf of the Company: (i) to make, execute and deliver to Bank of America, N.A. ("Lender") (1) a Nineteenth Amendment to Loan and Security Agreement (the "Amendment") providing for the amendment of certain terms of that certain Loan and Security Agreement dated as of July 6, 2015 among the Company, certain affiliates of the Company and Lender (as at any time amended, the "Loan Agreement"), and (2) all other

agreements, documents and instruments contemplated by or referred to in the Amendment or executed by the Company in connection therewith; said Amendment and other agreements, documents and instruments to be substantially in the form presented by Lender with such additional, modified or revised terms as may be acceptable to any officer or director of the Company, as conclusively evidenced by his or her execution thereof; and

(ii) to carry out, modify, amend or terminate any arrangements or agreements at any time existing between the Company and Lender.

RESOLVED, that any arrangements, agreements, security agreements, or other instruments or documents referred to in or executed pursuant to the Amendment by Weston

A. Godfrey, Jr., Tim Young, any other member, officer or director of the Company, or by an employee of the Company acting pursuant to delegation of authority, may be attested by such person and may contain such terms and provisions as such person shall, in his or her sole discretion, determine.

RESOLVED, that the Loan Agreement and each amendment to the Loan Agreement heretofore executed by any officer or director of the Company and any actions taken under the Loan Agreement as thereby amended are hereby ratified and approved.

I DO FURTHER CERTIFY that Weston A. Godfrey, Jr. is the President and Chief Executive Officer of the Company and Tim Young is the Secretary of the Company and each is duly elected, qualified and acting as such, respectively.

I DO FURTHER CERTIFY that the Company's Certificate of Formation certified to Lender on September 18, 2023 and the Operating Agreement certified to Lender on August 19, 2022 have not been amended, supplemented or otherwise modified in any manner since such date and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the Company on the date first written above.

[COMPANY SEAL]

I, Weston A. Godfrey, Jr., President and Chief Executive Officer of said Company, do hereby certify that the foregoing is a correct copy of the resolutions passed by the sole member of the Company and that Tim Young is Secretary of the Company and is duly authorized to execute this to the passage of said

resolutions. W1 Weston A. Godfrey, Jr.

Weston A. Godfrey, Jr., President and Chief Executive Officer

Secretary's Certificate of Board of Directors Resolutions - Better Backers Finishing LLC (Marquis)

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NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANIES. THIS SECURITY AND THE SECURITIES ISSUABLE UPON CONVERSION OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

PROMISSORY NOTE

Issue Date: December 16, 2024

Base Principal Amount: \$1,932,312.40 Transitory OID: \$712,583.60¹

Initial Principal Amount: \$2,644,896.00

WHEREAS, as of July 19, 2023, Precision Metal Works, Inc. ("PMW"), a second-tier wholly-owned subsidiary of Live Ventures Incorporated (the "Company"), PMW Affiliated Holdings, LLC ("Affiliated Holdings"), a first-tier wholly-owned subsidiary of the Company, and the Company entered into that certain Stock Purchase Agreement (the "SPA"), the counter-parties to which are The Richard Stanley Family Trust and The John Locke Family Trust, Precision Metal Works, Inc. (collectively, the "Trusts");

WHEREAS, in connection with the transactions contemplated by the SPA, PMW was contingently obligated to tender certain earn-out payments (the "Earn-out Payments") to the Trusts;

WHEREAS, in connection with the transactions contemplated by the SPA, PMW entered into a Certain Secured Subordinated Promissory Note in favor of each of the Trusts that bore interest at the rate of 8% per annum with a maturity date of July 28, 2028 (collectively, the "PMW Notes"), the obligations and performance of each of which is guaranteed (the "Guarantees") by the Company;

WHEREAS, the Trusts commenced litigation against the Company to enforce their putative rights under the Guarantees (the "Litigation");

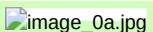
WHEREAS, as of the Issue Date hereof, the aggregate balance of principal, interest, and fees owing under the PMW Notes is \$2,644,896 (the "Current PMW Notes Obligations");

WHEREAS, as of the Issue Date hereof, the Company and the Trusts settled their respective claims under the Litigation (the "Litigation Settlement") for an aggregate payment by the Company to the Trusts in the discounted amount of \$1,907,312.00.40, inclusive of outstanding interest owed

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under the PMW Notes and legal fees incurred by the Trusts (collectively, the "PMW Notes Settlement")



¹ The Transitory Original Issue Discount (the "Transitory OID") represents the difference between the Current PMW Notes Obligations and the Litigation Settlement Amount.

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"Amount") in full and final satisfaction of (i) the obligations memorialized by the PMW Notes and (ii) the collateral extinguishment of the Earn-out Provisions in favor of the Trusts;

WHEREAS, in conjunction with the Litigation Settlement, the Company will also satisfy the third-party claim of a former consultant to PMW through a discounted payment to him in the amount of \$25,000.00 (the "Third-party Settlement Amount" with the PMW Notes Settlement Amount, collectively, the "Litigation Settlement Amount");

WHEREAS, as of the Issue Date hereof, Isaac Capital Group, LLC ("ICG"), of which Jon Issac, the Company's President and Chief Executive Officer, is the Managing Member, has tendered an amount equivalent to the Base Principal Amount to the Company, such that the Company contemporaneously has tendered the Litigation Settlement Amount into a third-party escrow in connection with the Litigation Settlement;

WHEREAS, prior to the Issue Date hereof, ICG entered into a series of negotiations with the Trusts for a purchase of the PMW Notes in connection with what became the Litigation Settlement;

WHEREAS, although ICG and the Trusts reached an agreement in principle as to the economic and related components of ICG's purchase of the PMW Notes and the various transactions related thereto, ICG and the Trusts were unable to reach a final agreement as to the specific form of the proposed purchase and assignment transaction (the "Pre-litigation Settlement Negotiations");

WHEREAS, in connection with the Pre-litigation Settlement Negotiations, the Trusts required that the form of the Litigation Settlement provide that the Litigation Settlement Amount would be tendered to the Trusts directly by the Company, rather than directly by ICG;

WHEREAS, it is the intention of ICG that the terms and structure of this Promissory Note substantially mirror a transaction in which ICG purchased the PMW Notes from the Trusts through a payment of the Litigation Settlement Amount directly to them (a "Direct Purchase Transaction"), rather than ICG having advanced funds to the Company for its payment of the Litigation Settlement Amount to the Trusts;

WHEREAS, the Company is in agreement that the terms and structure of this Promissory Note substantially mirror a Direct Purchase Transaction, pursuant to which ICG would have directly purchased the PMW Notes and become the assignee thereof; and

WHEREAS, as set forth hereinbelow, subject to the terms and provisions contained herein, until the first anniversary of the Issue Date hereof (the "Transitory OID Period"), the Company may tender to ICG an amount equivalent to the Base Principal Amount, plus all accrued and unpaid interest on the unpaid Initial Principal Amount (which includes the Transitory OID) and all other amounts payable under this Note, as full satisfaction of its obligations hereunder.

NOW, THEREFORE, FOR VALUE RECEIVED, the Company, a Nevada corporation with its principal place of business at 325 E. Warm Springs Road, Suite 102, Las Vegas, Nevada 89119, hereby unconditionally promises to pay to the order of ICG, a Delaware limited liability company, at 505 E. Windmill Ln, Ste 1C #295, Las Vegas, Nevada 89123, or at such other place as ICG hereof may from time to time designate in writing to the Company, the Initial Principal Amount (which

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includes the Transitory OID in the amount of seven hundred twelve thousand five hundred eighty-three and 60/100th Dollars (\$712,583.60) (the "Loan"), together with all accrued interest thereon, as provided in this Promissory Note (this "Note").

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The Company Covenants and Agrees with ICG as follows:

1. Payment of Indebtedness. The Company will pay the indebtedness evidenced by this Note as provided herein. All amounts due hereunder shall be payable in lawful money of the United States, and all or any portion thereof may be prepaid at any time or from time to time without premium, penalty, or advance notice. Notwithstanding the foregoing, if, after the Issue Date hereof, the Company is sold, merged, or consolidated

with another business entity or is reorganized or recapitalizes, the aggregate unpaid Initial Principal Amount (which includes the Transitory OID) of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note immediately shall become due and payable; provided, however, that, if such event shall occur during the Transitory OID Period, then the Base Principal Amount (which does not include the Transitory OID), all accrued and unpaid interest on the unpaid Initial Principal Amount (which includes the Transitory OID), and all other amounts payable under this Note immediately shall become due and payable (either event, the "Mandatory Pre-payment Event.").

2. Maturity Date Hereof. Absent the occurrence and continuation of an Event of Default (as hereinafter defined) or a Mandatory Pre-payment Event, the sum of the Initial Principal Amount (which includes the Transitory OID) and all accrued and unpaid interest thereon and other amounts payable under this Note shall be due and payable not later than 12:00 noon Pacific Standard Time on December 17, 2029 (the "Maturity Date").

3. Interest.

(a) **Interest Rate**. The principal amount outstanding under this Note from time to time shall bear interest at twelve percent (12%) per annum (the "Interest Rate").

(b) **Computation of Interest**. All computations of interest hereunder shall be made on the basis of a year of 365/366 days, as the case may be, and the actual number of days elapsed. Interest shall begin to accrue on the Loan on the Issue Date hereof. For any portion of the Loan that is repaid, interest shall not accrue on the date on which such payment is made.

(c) **Interest Rate Limitation**. If, at any time, the Interest Rate payable on the Loan shall exceed the maximum rate of interest permitted under applicable law, such Interest Rate shall be reduced automatically to the maximum rate permitted.

(d) **Payments of Interest**. Interest shall be payable herein on the then-unpaid Initial Principal Amount (which includes the Transitory OID) on a monthly basis, in arrears, commencing on January 2, 2025, and continuing on the first Business Day of each month thereafter.

4. Payment Mechanics.

(a) **Manner of Payment**. All payments hereunder shall be made in US dollars. Such payments shall be made by wire transfer of immediately available funds to ICG's account at a bank specified by ICG in writing to the Company from time to time.

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(b) **Application of Payments**. All payments shall be applied, *first*, to fees or charges outstanding under this Note, *second*, to accrued interest, and, *third*, to principal outstanding under this Note.

5. Representations and Warranties. The Company represents and warrants to ICG as follows:

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(a) **Existence**. The Company is a corporation duly incorporated, validly existing, and in good standing under the laws of the State of Nevada. The Company has the requisite power and authority to own, lease, and operate its property, and to carry on its business.

(b) **Compliance with Law**. The Company is in compliance with all laws, statutes, ordinances, rules, and regulations applicable to or binding on the Company, its property, and business.

(c) Power and Authority. The Company has the requisite power and authority to execute, deliver, and perform its obligations under this Note.

(d) Authorization; Execution and Delivery. The execution and delivery of this Note by the Company and the performance of its obligations hereunder have been duly authorized by all necessary corporate action in accordance with applicable law. The Company has duly executed and delivered this Note.

6. Events of Default. The occurrence and continuance of any of the following shall constitute an "**Event of Default**" hereunder:

(a) Failure to Pay. The Company fails to pay any amount due by the Initial Maturity Date.

(b) Breach of Representations and Warranties. Any representation or warranty made by the Company to ICG herein contains an untrue or misleading statement of a material fact as of the date made.

(c) Bankruptcy; Insolvency.

(i) The Company institutes a voluntary case seeking relief under any law relating to bankruptcy, insolvency, reorganization, or other relief for debtors.

(ii) An involuntary case is commenced seeking the liquidation or reorganization of the Company under any law relating to bankruptcy or insolvency, and such case is not dismissed or vacated within sixty (60) days of its filing.

(iii) The Company makes a general assignment for the benefit of its creditors.

(iv) The Company is unable, or admits in writing its inability, to pay its debts as they become due.

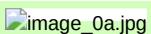
(v) A case is commenced against the Company or its assets seeking attachment, execution, or similar process against all or a substantial part of its assets, and such case is not dismissed or vacated within sixty (60) days of its filing.

(d) Failure to Give Notice. The Company fails to give the notice of Event of Default specified in Section 7.

7. Notice of Event of Default. As soon as possible after it becomes aware that an Event of Default has occurred, and in any event within two (2) Business Days², the Company shall notify ICG

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²A "Business Day" is any day other than a Saturday, Sunday, or any other day on which banks are permitted or required to be closed in Las Vegas, Nevada.

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in writing of the nature and extent of such Event of Default and the action, if any, it has taken or proposes to take with respect to such Event of Default.

8. **Remedies.** Upon the occurrence and during the continuance of an Event of Default, the aggregate unpaid Initial Principal Amount (which includes the Transitory OID) of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note immediately shall become due and payable.

9. **Pre-payment.** At any time or from time to time after the Issue Date hereof and provided that no Event of Default has occurred, the Company may repay any or all of the Initial Principal Amount (which includes the Transitory OID), any accrued and unpaid interest, and any other amounts payable under this Note without penalty or notice.

10. **Expenses.** The Company shall reimburse ICG on demand for all reasonable out-of-pocket costs, expenses, and fees, including the reasonable fees and expenses of counsel, incurred by ICG in connection with the enforcement of ICG's rights hereunder.

11. **Notices.** All notices and other communications relating to this Note shall be in writing and shall be deemed given upon the first to occur of (x) deposit with the United States Postal Service or overnight courier service, properly addressed and postage prepaid; (y) transmittal by electronic communication (including email, internet, or intranet websites, or facsimile properly addressed (with written acknowledgment from the intended recipient such as "return receipt requested" function, return e-mail, or other written acknowledgment); or (z) actual receipt by an employee or agent of the other party. Notices hereunder shall be sent to the following addresses, or to such other address as such party shall specify in writing:

(a) **If to the Company:**

Live Ventures Incorporated
325 E. Warm Springs Road, Suite 102 Las Vegas, Nevada 89119
Attention: Chief Financial Officer E-mail: dverret@liveventures.com

(b) **If to ICG:**

Isaac Capital Group LLC
505 E. Windmill Ln, Ste 1C #295 Las Vegas, Nevada 89123 Attention: Managing Member
E-mail: j.isaac@isaac.com

12. **Governing Law.** This Note and any claim, controversy, dispute, or cause of action (whether in contract, tort, or otherwise) based on, arising out of, or relating to this Note and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the State of Nevada without regard for any principals of conflicts of laws.

13. **Disputes.**

(a) **Submission to Jurisdiction.**

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(i) The Company irrevocably and unconditionally (A) agrees that any action, suit, or proceeding arising from or relating to this Note may be brought in the courts of the State of Nevada sitting in Clark County, and in the United States District Court for the Nevada and (B) submits to the exclusive jurisdiction of such courts in any such action, suit, or proceeding. Final judgment against the Company in any such action, suit, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(ii) Nothing in this Section 13(a) shall affect the right of ICG to bring any action, suit, or proceeding relating to this Note against the Company or its properties in the courts of any other jurisdiction.

(iii) Nothing in this Section 13(a) shall affect the right of ICG to serve process upon the Company in any manner authorized by the laws of any such jurisdiction.

(b) Venue. The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, (i) any objection that it may now or hereafter have to the laying of venue in any action, suit, or proceeding relating to this Note in any court referred to in Section 13(a), and (ii) the defense of inconvenient forum to the maintenance of such action, suit, or proceeding in any such court.

(c) Waiver of Jury Trial. THE COMPANY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS NOTE OR THE TRANSACTIONS CONTEMPLATED HEREBY, WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY.

14. Successors and Assigns. This Note may be assigned or transferred by ICG to any individual, corporation, company, limited liability company, trust, joint venture, association, partnership, unincorporated organization, governmental authority, or other entity.

15. Integration. This Note constitutes the entire contract between the Company and ICG with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto.

16. Amendments and Waivers. No term of this Note may be waived, modified, or amended, except by an instrument in writing signed by the Company and ICG. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

17. No Waiver; Cumulative Remedies. No failure by ICG to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power. The rights, remedies, and powers herein provided are cumulative and not exclusive of any other rights, remedies, or powers provided by law.

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18. Severability. If any term or provision of this Note is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other term or provision of this Note or render such term or provision invalid or unenforceable in any other jurisdiction.

19. Counterparts. This Note and any amendments, waivers, consents, or supplements hereto may be executed in counterparts, each of which shall constitute an original, but all of which taken together

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shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Note by facsimile or in electronic ("pdf" or "tiff" or any other electronic means that reproduces an image of the actual executed signature page) format shall be as effective as delivery of a manually executed counterpart of this Note.

20. **Electronic Execution.** The words "execution," "signed," "signature," and words of similar import in this Note shall be deemed to include electronic and digital signatures and the keeping of records in electronic form, each of which shall be of the same effect, validity, and enforceability as manually executed signatures and paper-based recordkeeping systems, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 U.S.C. §§ 7001-7031), the Electronic Signatures and Records Act of 1999 (N.Y. State Tech. Law §§ 301-309), and any other similar state laws based on the Uniform Electronic Transactions Act.

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IN WITNESS WHEREOF, the Company has executed this Note as of the Issue Date hereof.

LIVE VENTURES INCORPORATED

By: Name: David Verret
Title: Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED ON THE ISSUE DATE BY:

ISAAC CAPITAL GROUP, LLC

By: Name: Jon Isaac
Title: Managing Member

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Exhibit 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jon Isaac, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2024** December 31, 2024 of Live Ventures Incorporated (the "Registrant");
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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.

/s/ Jon Isaac

Jon Isaac

President and Chief Executive Officer
(Principal Executive Officer)

Dated: **August 8, 2024** **February 7, 2025**

Exhibit 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, David Verret, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended **June 30, 2024** **December 31, 2024** of Live Ventures Incorporated (the "registrant");
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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) 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.

/s/ David Verret

David Verret

Chief Financial Officer

(Principal Financial Officer)

Dated: **August 8, 2024** **February 7, 2025**

Exhibit 32.1

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

In connection with the3 Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q for the period ended **June 30, 2024** **December 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon Isaac, the President and Chief Executive Officer of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ Jon Isaac

Jon Isaac

President and Chief Executive Officer

(Principal Executive Officer)

Dated: **August 8, 2024** **February 7, 2025**

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of the Company or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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

In connection with the Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q for the period ended **June 30, 2024** **December 31, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Verret, the Chief Accounting Officer (Principal Financial Officer) of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ David Verret

David Verret

Chief Financial Officer

(Principal Financial Officer)

Dated: **August 8, 2024** **February 7, 2025**

The certification set forth above is being furnished as an exhibit solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and is not being filed as part of the Report as a separate disclosure document of the Company or the certifying officers.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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