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 December 31, 2023

☐ 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	**85-0206668**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
325 E. Warm Springs Road, Suite 102 **Las Vegas, Nevada**	**89119**
(Address of principal executive offices)	(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	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
Emerging growth company	☐		

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

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

The number of shares of the issuer's common stock, par value $0.001 per share, outstanding as of February 2, 2024 was3,159,561.

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FOR THE THREE MONTHS ENDED DECEMBER 31, 2023

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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)

	December 31, 2023 (Unaudited)	September 30, 2023
Assets		
Cash	$ 5,569	$ 4,309
Trade receivables, net of allowance for doubtful accounts of $ 1.5 million at December 31, 2023 and $ 1.6 million at September 30, 2023	42,350	41,194
Inventories, net	132,455	131,314
Income taxes receivable	—	1,116
Prepaid expenses and other current assets	4,751	4,919
Total current assets	185,125	182,852
Property and equipment, net	79,683	80,703
Right of use asset - operating leases	65,799	54,544
Deposits and other assets	1,240	1,282
Intangible assets, net	28,163	26,568
Goodwill	76,639	75,866
Total assets	$ 436,649	$ 421,815
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 25,406	$ 27,190
Accrued liabilities	39,123	31,826
Income taxes payable	431	—
Current portion of lease obligations - operating leases	12,799	11,369
Current portion of lease obligations - finance leases	361	359
Current portion of long-term debt	21,223	23,077
Current portion of notes payable related parties	4,000	4,000
Total current liabilities	103,343	97,821
Long-term debt, net of current portion	78,357	78,710
Lease obligation long term - operating leases	58,291	48,156
Lease obligation long term - finance leases	32,981	32,942
Notes payable related parties, net of current portion	6,919	6,914
Seller notes - related parties	39,672	38,998
Deferred taxes	11,714	14,035
Other non-current obligations	5,975	4,104
Total liabilities	337,252	321,680
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 December 31, 2023 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, 3,159,984 and 3,164,330 shares issued and outstanding at December 31, 2023 and September 30, 2023, respectively	2	2
Paid in capital	69,437	69,387
Treasury stock common 664,409 and 660,063 shares as of December 31, 2023 and September 30, 2023, respectively	(8,312)	(8,206)
Treasury stock Series E preferred 80,000 shares as of December 31, 2023 and September 30, 2023, respectively	(7)	(7)
Retained earnings	38,277	38,959
Total stockholders' equity	99,397	100,135
Total liabilities and stockholders' equity	$ 436,649	$ 421,815

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

LIVE VENTURES INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF (LOSS) INCOME
(UNAUDITED)
(dollars in thousands, except per-share amounts)

	For the Three Months Ended December 31,	
	2023	**2022**
Revenues	$ 117,593	$ 68,986
Cost of revenues	81,266	47,042
Gross profit	36,327	21,944
Operating expenses:		
General and administrative expenses	27,679	14,600
Sales and marketing expenses	5,107	2,777
Total operating expenses	32,786	17,377
Operating income	3,541	4,567
Other expense:		
Interest expense, net	(4,163)	(2,047)
Other expense	(284)	(61)
Total other expense, net	(4,447)	(2,108)
(Loss) income before provision for income taxes	(906)	2,459
(Benefit) provision for income taxes	(224)	615
Net (loss) income	$ (682)	$ 1,844
(Loss) income per share:		
Basic	$ (0.22)	$ 0.60
Diluted	$ (0.22)	$ 0.60
Weighted average common shares outstanding:		
Basic	3,163,541	3,059,035
Diluted	3,163,541	3,089,741

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

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

	For the Three Months Ended December 31, 2023	2022
Operating Activities:		
Net (loss) income	$ (682)	$ 1,844
Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	4,295	2,651
Amortization of seller note discount	673	—
Amortization of debt issuance cost	21	16
Stock based compensation expense	50	—
Amortization of right-of-use assets	1,143	540
Change in reserve for uncollectible accounts	(32)	20
Change in reserve for obsolete inventory	1,001	(48)
Changes in assets and liabilities, net of acquisitions:		
Trade receivables	386	5,066
Inventories	267	223
Income taxes payable/receivable	1,547	558
Prepaid expenses and other current assets	468	100
Deposits and other assets	42	(173)
Accounts payable	(3,572)	(3,416)
Accrued liabilities	3,700	(1,050)
Change in deferred income taxes	(1,435)	56
Other Liabilities	—	(133)
Net cash provided by operating activities	7,872	6,254
Investing Activities:		
Acquisition of CRO	(1,034)	—
Acquisition of Johnson	(500)	—
Purchase of property and equipment	(1,655)	(1,282)
Net cash used in investing activities	(3,189)	(1,282)
Financing Activities:		
Net payments under revolver loans	(756)	(51)
Proceeds from issuance of notes payable	—	5,709
Payments on notes payable	(1,767)	(1,362)
Purchase of common treasury stock	(107)	(622)
Payments on financing leases	(793)	(481)
Net cash (used in) provided by financing activities	(3,423)	3,193
Increase in cash	1,260	8,165
Cash, beginning of period	4,309	4,600
Cash, end of period	$ 5,569	$ 12,765
Supplemental cash flow disclosures:		
Interest paid	$ 3,271	$ 1,927
Income taxes received	$ 346	$ —
Noncash financing and investing activities:		
Kinetic goodwill adjustment	$ —	$ 312
PMW goodwill adjustment	$ 233	$ —
Noncash items related to CRO acquisition	$ 725	$ —
Noncash items related to Johnson acquisition	$ 1,501	$ —

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

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

	Series E Preferred Stock		Common Stock			Series E Preferred Stock	Common Stock			
	Shares	Amount	Shares	Amount	Paid-In Capital	Treasury Stock	Treasury Stock	Retained Earnings	Non-controlling Interest	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

	Series E Preferred Stock		Common Stock			Series E Preferred Stock	Common Stock			
	Shares	Amount	Shares	Amount	Paid-In Capital	Treasury Stock	Treasury Stock	Retained Earnings	Non-controlling Interest	Total Equity
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
Balance, December 31, 2022	47,840	$ —	3,050,123	$ 2	$ 65,321	$ (7)	$ (7,836)	$ 41,353	$ (448)	$ 98,385

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

LIVE VENTURES INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE MONTHS ENDED DECEMBER 31, 2023 AND 2022
(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, and 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. 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 months ended December 31, 2023 are not necessarily indicative of the results to be expected for the fiscal year ending September 30, 2024. 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 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 (the "2023 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. 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 revenues 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 and long-term trade and other 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.

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 CODM, 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.

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.

Note 3: Acquisitions

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 $ 1.8 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 $425,000.

The fair value of the purchase price components was $1.8 million, as detailed below (in $000's):

Cash	$	1,034
Additional consideration		425
Holdback		300
Purchase price	$	1,759

Under the preliminary purchase price allocation, the Company recognized goodwill of $425,000, 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. The Company anticipates the $425,000 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 December 31, 2023 (in $000’s):

Total purchase price		$	1,759
Accounts payable			770
Accrued liabilities			1,298
Total liabilities assumed			2,068
Total consideration			3,827
Accounts receivable			259
Inventory			1,406
Property, plant and equipment			261
Intangible assets			
Non-compete agreement	1,190		
Subtotal intangible assets			1,190
Other assets			286
Total assets acquired			3,402
Total goodwill		$	425

Acquisition of Johnson

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 four locations in the Tulsa, Oklahoma area, and one in Joplin, Missouri. Total consideration for the acquisition was $2.0 million, comprised of cash at close of $500,000, deferred consideration of $1.2 million, with additional consideration paid in the form of an earnout valued at approximately $300,000. The deferred consideration is payable in three $400,000 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, 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, liabilities assumed and goodwill as of December 31, 2023 (in $000's):

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		$ —

Acquisition of Harris Flooring Group® Brands

On September 20, 2023, Marquis acquired the Harris Flooring Group® brands from Q.E.P., a designer, manufacturer, and distributor 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 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 of a $25 million purchase price, plus closing cash, 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.

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, as detailed below (in $000's):

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

Under the preliminary purchase price allocation, the Company recognized goodwill of approximately $4.0 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 July 20, 2023, as calculated by an independent third-party firm. Because the transaction was considered a stock purchase for tax purposes, none of the goodwill arising from the acquisition will be 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, plant 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, plant 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 of116,441 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 to the acquired identifiable assets, liabilities assumed and goodwill (in $000's):

Purchase price		$ 78,700
Accounts payable		5,189
Accrued liabilities		10,700
Debt		60
Total liabilities assumed		15,949
Total consideration		94,649
Cash		9,131
Accounts receivable		4,824
Inventory		19,402
Property, plant and equipment		4,643
Intangible assets		
Trade names	$ 13,275	
Customer relationships	7,700	
Non-compete agreements	1,625	
Other	49	
Subtotal intangible assets		22,649
Other		2,581
Total assets acquired		63,230
Total goodwill		$ 31,419

Note 4: Inventory

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

Inventory, net	December 31, 2023	September 30, 2023
Raw materials	$ 29,690	$ 32,590
Work in progress	9,682	9,028
Finished goods	51,806	50,082
Merchandise	46,098	43,438
	137,276	135,138
Less: Inventory reserves	(4,821)	(3,824)
Total inventory, net	$ 132,455	$ 131,314

Note 5: Property and Equipment

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

	December 31, 2023	September 30, 2023
Property and equipment, net:		
Land	$ 2,029	$ 2,029
Building and improvements	36,417	35,684
Transportation equipment	2,088	2,062
Machinery and equipment	68,202	67,575
Furnishings and fixtures	6,287	6,028
Office, computer equipment and other	4,941	4,569
	119,964	117,947
Less: Accumulated depreciation	(40,281)	(37,244)
Total property and equipment, net	$ 79,683	$ 80,703

Depreciation expense was $3.1 million and $2.4 million for the three months ended December 31, 2023 and 2022, 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 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 assets and lease liabilities as of December 31, 2023 and September 30, 2023 (in $000's):

	December 31, 2023	September 30, 2023
Right of use asset - operating leases	$ 65,799	$ 54,544
Lease liabilities:		
Current - operating	12,799	11,369
Current - finance	361	359
Long term - operating	58,291	48,156
Long term - finance	32,981	32,942

As of December 31, 2023, the weighted average remaining lease term for operating leases is10.3 years. The Company's weighted average discount rate for operating leases is 9.9%. Total cash payments for operating leases for the three months ended December 31, 2023 and 2022 were approximately $4.3 million and $2.4 million, respectively. Additionally, the Company recognized approximately $14.9 million in right of use assets and liabilities upon commencement of operating leases during the three months ended December 31, 2023.

As of December 31, 2023, the weighted average remaining lease term for finance leases is27.4 years. The Company's weighted average discount rate for finance leases is 11.7%. Total cash payments for finance leases for the three months ended December 31, 2023 and 2022 were approximately $793,000 and $481,000, respectively. No finance right-of-use assets or liabilities were recognized during the three months ended December 31, 2023.

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

	December 31, 2023	September 30, 2023
Property and equipment, at cost	$ 22,526	$ 22,526
Accumulated depreciation	$ (861)	$ (702)
Property and equipment, net	$ 21,665	$ 21,824

Total present value of future lease payments of operating leases as of December 31, 2023 (in $000's):

Twelve months ended December 31,	
2024	$ 18,564
2025	16,784
2026	14,155
2027	12,252
2028	8,107
Thereafter	36,737
Total	106,599
Less implied interest	(35,509)
Present value of payments	$ 71,090

Total present value of future lease payments of finance leases as of December 31, 2023 (in $000's):

Twelve months ended December 31,	
2024	$ 3,167
2025	3,197
2026	3,241
2027	3,320
2028	3,425
Thereafter	104,066
Total	120,416
Less implied interest	(87,074)
Present value of payments	$ 33,342

During the three months ended December 31, 2023 and 2022, the Company recordedno impairment charges relating to any of its leases.

Note 7: Intangibles

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

	December 31, 2023	September 30, 2023
Intangible assets, net:		
Intangible assets - Tradenames	$ 14,940	$ 14,940
Intangible assets - Customer relationships	15,175	13,874
Intangible assets - Other	3,811	2,316
	33,926	31,130
Less: Accumulated amortization	(5,763)	(4,562)
Total intangibles, net	$ 28,163	$ 26,568

Amortization expense was $1.2 million and $253,000 for the three months ended December 31, 2023 and 2022, respectively.

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

Twelve months ending December 31,	
2024	$ 4,984
2025	4,984
2026	4,945
2027	4,866
2028	4,335
Thereafter	4,049
	$ 28,163

Note 8: Goodwill

The following table details the Company's goodwill as of September 30, 2023 and December 31, 2023 (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
PMW adjustment	—	—	—	(652)	(652)
Flooring Liquidators adjustment	—	1,000	—	—	1,000
December 31, 2023	$ 36,947	$ 31,844	$ 807	$ 7,041	$ 76,639

During the three months ended December 31, 2023, the Company made fair value adjustments, in the amount of approximately $652,000, related to the acquisition of PMW, and $1.0 million related to the acquisition of Flooring Liquidators (see Note 3).

As of December 31, 2023, the Company did not identify any triggering events that would require impairment testing.

Note 9: Accrued Liabilities

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

	December 31, 2023	September 30, 2023
Accrued liabilities:		
Accrued payroll and bonuses	$ 5,775	$ 5,802
Accrued sales and use taxes	1,921	1,529
Accrued customer deposits	6,093	4,579
Accrued gift card and escheatment liability	1,873	1,819
Accrued interest payable	697	669
Accrued inventory	7,262	5,700
Accrued professional fees	5,454	3,146
Accrued expenses - other	10,048	8,582
Total accrued liabilities	$ 39,123	$ 31,826

Note 10: Long-Term Debt

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

	December 31, 2023	September 30, 2023
Revolver loans	$ 56,022	$ 56,779
Equipment loans	14,419	15,486
Term loans	13,669	14,290
Other notes payable	16,011	15,789
Total notes payable	100,121	102,344
Less: unamortized debt issuance costs	(541)	(557)
Net amount	99,580	101,787
Less: current portion	(21,223)	(23,077)
Total long-term debt	$ 78,357	$ 78,710

Future maturities of long-term debt at December 31, 2023, are as follows which does not include related party debt separately stated (in $000's):

Twelve months ending December 31,	
2024	$ 21,223
2025	7,504
2026	28,217
2027	31,134
2028	1,306
Thereafter	10,196
Total future maturities of long-term debt	$ 99,580

Bank of America Revolver Loan

On January 31, 2020, 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, asset-based facility that is secured by substantially all of Marquis’ assets. Availability under the BofA Revolver is subject to a monthly 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 2025. As of December 31, 2023 and September 30, 2023, the outstanding balance was approximately $6.5 million and $6.1 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 plus 200 basis points for lending under the revolving facility, and 30-day SOFR 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 acquisition of Kinetic, the existing revolving facility was amended to add Kinetic as a borrower. 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 December 31, 2023 and September 30, 2023, the outstanding balance on the revolving loan was approximately $26.0 million and $23.0 million, respectively, and the outstanding balance on the original M&E lending, which is documented as a term note, was approximately $2.2 million and $2.3 million, respectively. The revolving loan has a variable interest rate and matures in January 2027. As of December 31, 2023 and September 30, 2023, the outstanding balance on Kinetic Term Loan #1 was approximately $3.1 million and $3.3 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. 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. The outstanding balance on the Capex loan was $1.4 million as of each of December 31, 2023 and September 30, 2023.

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 December 31, 2023 and September 30, 2023, the outstanding balance on the Eclipse Revolver was approximately $8.8 million and $8.2 million, respectively, and the outstanding balance on the Eclipse M&E loan was approximately $2.3 million and $2.4 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 with Fifth Third Bank. The facility consists of $15.0 million in revolving credit and approximately $5.0 million in M&E lending. 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 time) in effect from time to time. The Applicable Margin for revolving loans is zero, while for the 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 December 31, 2023 and September 30, 2023, the outstanding balance on the Fifth-Third Revolver was approximately $10.2 million and $11.0 million, respectively, and the balance on the Fifth-Third M&E loan was approximately $4.7 million and $4.8 million, respectively.

Bank Midwest Revolver Loan

On October 17, 2023, Vintage entered into a $15.0 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 Bank Midwest Revolver 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% per annum, and matures on October 17, 2024. As of December 31, 2023, the outstanding balance on the Bank Midwest Revolver was approximately $4.5 million. As of September 30, 2023, the outstanding balance on the TCB Revolver was approximately $5.3 million.

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 December 31, 2023:

Note #3 is for approximately $3.7 million, secured by equipment. The Equipment Loan #3 matured in December 2023, payable in 84 monthly payments of $52,000 beginning January 2017, bearing interest rate at 4.8% per annum. As of December 31, 2023 and September 30, 2023, the balance was $0 and $154,000, respectively.

Note #4 is for approximately $1.1 million, secured by equipment. The Equipment Loan #4 matured in December 2023, payable in 81 monthly payments of $16,000 beginning April 2017, bearing interest at 4.9% per annum. As of December 31, 2023 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 December 31, 2023 and September 30, 2023, the balance was approximately $643,000 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 December 31, 2023 and September 30, 2023, the balance was approximately $277,000 and $317,000, 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 December 31, 2023 and September 30, 2023, the balance was approximately $2.8 million and $2.9 million, respectively.

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 December 31, 2023 and September 30, 2023, the balance was approximately $1.9 million and $2.0 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 December 31, 2023 and September 30, 2023, the balance was approximately $3.6 million and $3.9 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 December 31, 2023 and September 30, 2023, the balance was approximately $5.1 million and $5.3 million.

Loan Covenant Compliance

As of December 31, 2023, the Company was in compliance with all covenants under its existing revolving and other loan agreements.

Note 11: Notes Payable-Related Parties

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

	December 31, 2023	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 2024	2,000	2,000
Spriggs Investments, LLC for Flooring Liquidators, 12% interest rate, matures July 2024	1,000	1,000
Isaac Capital Group, LLC revolver, 12% interest rate, matures April 2024	1,000	1,000
Isaac Capital Group, LLC for Flooring Liquidators, 12% interest rate, matures January 2028	5,000	5,000
Total notes payable - related parties	11,000	11,000
Less: unamortized debt issuance costs	(81)	(86)
Net amount	10,919	10,914
Less: current portion	(4,000)	(4,000)
Total long-term portion, related parties	$ 6,919	$ 6,914

Twelve months ending December 31,	
2024	$ 4,000
2025	2,000
2028	5,000
Total future maturities of long-term debt, related parties	$ 11,000

Note 12: Related Party Seller Notes

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

	December 31, 2023	September 30, 2023
Seller of Flooring Liquidators, 8.24% interest rate, matures January 2028	$ 34,000	$ 34,000
Seller of PMW, 8.0% interest rate, matures July 2028	2,500	2,500
Seller of Kinetic, 7.0% interest rate, matures September 2027	3,000	3,000
Total Related party seller notes payable	39,500	39,500
Unamortized debt premium (discount)	172	(502)
Net amount	39,672	38,998
Less current portion	—	—
Long-term portion of Related party seller notes payable	$ 39,672	$ 38,998

Future maturities of seller notes at December 31, 2023 are as follows (in $000's):

Twelve months ending December 31,	
2026	500
2027	3,500
2028	35,672
Total	$ 39,672

Note 13: Stockholders' Equity

Series E Convertible Preferred Stock

As of December 31, 2023 and September 30, 2023, there were47,840 shares of Series E Convertible Preferred Stock issued and outstanding, respectively.

Treasury Stock

As of December 31, 2023 and September 30, 2023, the Company had664,409 and 660,063 shares of Treasury Stock, respectively. During the three months ended December 31, 2023 and 2022, the Company repurchased 4,346 and 24,710 shares of its common stock for approximately $106,532 and $622,000, respectively. During the three months ended December 31, 2023 and 2022, the average price paid per share was $24.51 and $25.16, 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, officer, 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.

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

	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
Outstanding at December 31, 2022	87,500	$ 18.81	0.52	$ 1,201
Exercisable at December 31, 2022	87,500	$ 18.81	0.52	$ 1,201
Outstanding at September 30, 2023	53,750	$ 21.51	1.54	$ 540
Outstanding at December 31, 2023	53,750	$ 21.51	1.29	$ 450
Exercisable at December 31, 2023	53,750	$ 21.51	1.29	$ 450

The Company recognized compensation expense of approximately $50,000 and $0 during the three months ended December 31, 2023 and 2022, 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 December 31, 2023, 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 December 31, 2023	Three Months Ended December 31, 2022
Basic		
Net (loss) income	$ (682)	$ 1,844
Less: preferred stock dividends	—	—
Net (loss) income applicable to common stock	$ (682)	$ 1,844
Weighted average common shares outstanding	3,163,541	3,059,035
Basic (loss) earnings per share	$ (0.22)	$ 0.60
Diluted		
Net (loss) income applicable to common stock	$ (682)	$ 1,844
Add: preferred stock dividends	—	—
Net (loss) income applicable for diluted earnings per share	$ (682)	$ 1,844
Weighted average common shares outstanding	3,163,541	3,059,035
Add: Options	—	30,467
Add: Series E Preferred Stock	—	239
Assumed weighted average common shares outstanding	3,163,541	3,089,741
Diluted (loss) earnings per share	$ (0.22)	$ 0.60

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 months ended December 31, 2023, as the Company recorded a net loss. Had the Company calculated diluted EPS for the three months ended December 31, 2023, the total assumed weighted average common shares outstanding would have been 3,182,083. For the three months ended December 31, 2022, there were 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 December 31, 2023, Isaac Capital Group, LLC ("ICG") beneficially owns 48.9% 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. Mr. Isaac's options to purchase 25,000 shares of common stock were originally scheduled to expire on January 15, 2023, but, as amended on January 13, 2023, the expiration date was extended 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 million (the "ICG Loan") from ICG. The ICG Loan bears interest at 12.5% and matures in May 2025. As of December 31, 2023 and September 30, 2023, 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 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. As of each of December 31, 2023 and September 30, 2023, the the ICG Revolver was $1.0 million.

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%. Interest is payable in arrears on the last day of each calendar month. The note is fully guaranteed by the Company. As of December 31, 2023, the outstanding balance on this loan was $5.0 million.

Transactions with JanOne Inc.

Tony Isaac, a member of the Company's board of directors, and father of the Company's CEO, 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, rents approximately9,900 square feet of office space from the Company at its Las Vegas office, which totals16,500 square feet. JanOne paid the Company $36,000 and $52,000 in rent and other reimbursed expenses for three months ended December 31, 2023 and 2022, respectively.

Purchase Agreement with ARCA Recycling

On April 5, 2022, the Company entered into a Purchasing Agreement with ARCA Recycling ("ARCA"), which was a wholly owned subsidiary of JanOne, Inc. 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 December 31, 2023, the Company has a full allowance of approximately $690,000 recorded in the reserve for doubtful accounts for the amount due.

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. Consequently, 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. As of December 31, 2023 and September 30, 2023, the amount owed was $2.0 million.

Spriggs Promissory Note II

On January 19, 2023, in connection with the acquisition of Flooring Liquidators, the Company executed a promissory note in favor of Spriggs Investments in the initial principal amount of $1.0 million (the "Spriggs Loan II"). The Spriggs Loan II matures on July 31, 2024, and bears interest at a rate of12% per annum. As of December 31, 2023 and September 30, 2023, the amount owed was $1.0 million.

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 Better Backers, Marquis entered intotwo building leases with Spyglass. The building leases are for20 years with two options to renew for an additional five years each. The provisions of the lease agreements include an initial24-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.

Transactions with Flooring Liquidators CEO

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

Flooring Liquidators leases five properties from K2L Property Management, and one from Railroad Investments, 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 from each of The Stephen Kellogg and Kimberly Hendrick Trust, The Stephen Kellogg Trust, and Mr. Kellogg personally. Ms. Hendrick is Mr. Kellogg's spouse.

Sellers Notes

Note Payable to the Sellers 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 Sellers Subordinated Acquisition Note bears interest at 7.0% per annum, with interest payable quarterly in arrears. The Sellers Subordinated Acquisition Note has a maturity date of September 27, 2027. As of December 31, 2023 and September 30, 2023, 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, which is fully guaranteed by the Company, in the amount of $34.0 million with the previous owners of Flooring Liquidators. The Seller Subordinated Acquisition Note bears interest at8.24% per annum, with interest payable monthly in arrears beginning on January 18, 2024. The Sellers 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 GAAP, over the term of the Sellers Note. As of December 31, 2023 and September 30, 2023, the carrying value of the Sellers Note was approximately $34.2 million and $33.5 million, respectively.

Note Payable to the Seller of PMW

In connection with the purchase of PMW (see Note 3), on July 20, 2023, the Company entered into an consulting agreement with the previous owner of PMWto serve as part-time President and Chief Executive Officer. The consulting agreement commenced on the Effective Date and 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, which are fully guaranteed by the Company. The seller financed loans bear interest at8.0% per annum, with interest payable quarterly in arrears. The seller financed loans have a maturity date of July 18, 2028. As of December 31, 2023 and September 30, 2023, the carrying value of the seller financed loans was approximately $2.5 million.

Procedures for Approval of Related Party Transactions

In accordance with its charter, the Audit Committee reviews and determines whether to approve 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") 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 in the United States District Court for the District of Nevada naming the Company andtwo 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 to dismiss, but granted one of the third-party defendant's motions to dismiss, granting the SEC leave to file an amended complaint. On September 21, 2022, the SEC filed an amended complaint to which the Company Defendants filed an 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. Discovery deadlines have been extended because counsel for JanOne Inc. and Virland Johnson moved to withdraw on August 18, 2023, which motion the court granted on October 2, 2023. Since that time, JanOne Inc. and Virland Johnson have obtained new counsel who have appeared in the case. In light of the new counsel in this case, the Court approved a stipulated order to extend the discovery period approximately 45 days. Fact discovery is now set to be completed by May 20, 2024.

The Company Defendants strongly dispute and deny the allegations and intend to continue to defend themselves vigorously against the claims.

Sieggreen Class Action

On August 13, 2021, Daniel E. Sieggreen, individually and on behalf of all others similarly situated claimants ("Plaintiff"), filed a class action 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 to dismiss in the SEC Complaint. On February 1, 2023, the final motion to 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. If the 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.

Holdback Matter

On October 10, 2022, a representative for the former shareholders of Precision Industries, Inc. filed a civil complaint in the Court of Chancery of the State of Delaware. The complaint alleged that the Company violated the terms of an agreement and plan of 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. Several of the individual shareholders have moved to dismiss the counterclaim. The Company expects discovery to last for approximately one year.

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 against Elite Builders in the Superior Court of California, County of Alameda. The 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 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 Court has set this for a Case Management Conference on September 30, 2024 after the parties have had a chance to exchange discovery regarding the claims. Elite Builders maintains that Ms. Sanchez's claims lack merit and intends to defend this action vigorously. The Company is currently unable to estimate the range of possible losses associated with this proceeding as we are in the early stages of discovery and the scope of class is not yet known.

Generally

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.

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

	For the Three Months Ended December 31,	
	2023	2022
Revenues		
Retail-Entertainment	$ 20,586	$ 23,273
Retail-Flooring	34,319	—
Flooring Manufacturing	29,245	26,432

Steel Manufacturing	33,354	17,981
Corporate & Other	89	1,300
Total revenues	$ 117,593	$ 68,986
Gross profit		
Retail-Entertainment	$ 11,528	$ 12,210
Retail-Flooring	13,032	—
Flooring Manufacturing	6,422	4,661
Steel Manufacturing	5,262	4,392
Corporate & Other	83	681
Total gross profit	$ 36,327	$ 21,944
Operating income (loss)		
Retail-Entertainment	$ 3,143	$ 3,664
Retail-Flooring	90	—
Flooring Manufacturing	945	751
Steel Manufacturing	982	1,455
Corporate & Other	(1,619)	(1,303)
Total operating income	$ 3,541	$ 4,567
Depreciation and amortization		
Retail-Entertainment	$ 266	$ 311
Retail-Flooring	1,352	—
Flooring Manufacturing	1,056	1,111
Steel Manufacturing	1,617	1,093
Corporate & Other	4	136
Total depreciation and amortization	$ 4,295	$ 2,651
Interest expense		
Retail-Entertainment	$ 164	$ 154
Retail-Flooring	1,200	—
Flooring Manufacturing	984	987
Steel Manufacturing	1,622	787
Corporate & Other	193	119
Total interest expense	$ 4,163	$ 2,047
Net (loss) income before provision for income taxes		
Retail-Entertainment	$ 3,055	$ 3,538
Retail-Flooring	(1,628)	—
Flooring Manufacturing	(163)	(313)
Steel Manufacturing	(1,018)	268
Corporate & Other	(1,152)	(1,034)
Total (loss) net income before provision for income taxes	$ (906)	$ 2,459

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.

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 months ended December 31, 2023, 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 (the "2023 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 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 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, 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 70 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 20 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 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, a floor covering retailer and installer serving residential and commercial customers through locations in Tulsa, Oklahoma and Joplin, Missouri.

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, 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"), its wholly-owned subsidiary The Kinetic Co., Inc. ("Kinetic"), and Precision Metal Works, Inc. ("PMW").

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, 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.

Corporate and Other Segment

Our Corporate and Other segment consists of certain corporate general and administrative costs, Salomon Whitney LLC, which was shut down during the three months ended June 30, 2023, and operations of certain legacy products and service offerings for which we are no longer accepting new customers.

Critical Accounting Policies

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Preparation of these statements requires us to make judgments and estimates. Some accounting policies have a significant and material impact on amounts reported in these financial statements. Estimates and assumptions are based on management's experience and other information available prior to the issuance of our financial statements. Our actual realized results may differ materially from management’s initial estimates as reported. Our critical and significant accounting policies include Trade and Other Receivables, Inventories, Goodwill, Revenue Recognition, Fair Value Measurements, Income Taxes, Segment Reporting and Concentrations of Credit Risk. For a summary of our significant accounting policies and the means by which we develop estimates thereon, see Part II, Item 8 – Financial Statements - Notes to unaudited condensed consolidated financial statements Note 2 – summary of significant accounting policies in our 2023 Form 10-K.

Adjusted EBITDA

We evaluate the performance of our operations based on financial measures such as “Adjusted EBITDA”, which is a non-GAAP financial measure. We define Adjusted EBITDA as net income (loss) before interest expense, interest income, income taxes, depreciation, amortization, stock-based compensation, and other non-cash or nonrecurring charges. We believe that Adjusted EBITDA is an important indicator of the operational strength and performance of the business, including the business’ ability to fund acquisitions and other capital expenditures, and to service its debt. Additionally, this measure is used by management to evaluate operating results and perform analytical comparisons and identify strategies to improve performance. Adjusted EBITDA is also a measure that is customarily used by financial analysts to evaluate a company's financial performance, subject to certain adjustments. Adjusted EBITDA does not represent cash flows from operations, as defined by GAAP, and should not be construed as an alternative to net income or loss and is indicative neither of our results of operations, nor of cash flows available to fund all our cash needs. It is, however, a measurement that the Company believes is useful to investors in analyzing its operating performance. Accordingly, Adjusted EBITDA should be considered in addition to, but not as a substitute for, net income, cash flow provided by operating activities, and other measures of financial performance prepared in accordance with GAAP. As companies often define non-GAAP financial measures differently, Adjusted EBITDA, as calculated by the Company, should not be compared to any similarly titled measures reported by other companies.

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Results of Operations Three Months Ended December 31, 2023 and 2022

The following table sets forth certain statement of income items and as a percentage of revenue, for the three months ended December 31, 2023 and 2022 (in $000's):

	Three Months Ended December 31, 2023		Three Months Ended December 31, 2022	
		% of Total Revenue		% of Total Revenue
Selected Data				
Revenues	$ 117,593		$ 68,986	
Cost of revenues	81,266	69.1 %	47,042	68.2 %
General and administrative expenses	27,679	23.5 %	14,600	21.2 %
Sales and marketing expenses	5,107	4.3 %	2,777	4.0 %
Interest expense, net	4,163	3.5 %	2,047	3.0 %
(Loss) income before provision for income taxes	(906)	(0.8 %)	2,459	3.6 %
(Benefit) provision for income taxes	(224)	(0.2 %)	615	0.9 %
Net (loss) income	$ (682)	(0.6 %)	$ 1,844	2.7 %
Adjusted EBITDA (a)				
Retail-Entertainment	$ 3,667		$ 4,003	
Retail-Flooring	1,303		—	
Flooring Manufacturing	1,877		1,785	
Steel Manufacturing	2,802		2,525	
Corporate & Other	(953)		(774)	
Total Adjusted EBITDA	$ 8,696		$ 7,539	
Adjusted EBITDA as a percentage of revenue				
Retail-Entertainment	17.8 %		17.2 %	
Retail-Flooring	3.8 %		N/A	
Flooring Manufacturing	6.4 %		6.8 %	
Steel Manufacturing	8.4 %		14.0 %	
Corporate & Other	N/A		N/A	
Consolidated adjusted EBITDA as a percentage of revenue	7.4 %		10.9 %	

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

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

	For the Three Months Ended December 31, 2023		For the Three Months Ended December 31, 2022	
	Net Revenue	% of Total Revenue	Net Revenue	% of Total Revenue
Revenue				
Retail-Entertainment	$ 20,586	17.5 %	$ 23,273	33.7 %
Retail-Flooring	34,319	29.2 %	—	0.0 %
Flooring Manufacturing	29,245	24.9 %	26,432	38.3 %
Steel Manufacturing	33,354	28.4 %	17,981	26.1 %
Corporate & Other	89	0.1 %	1,300	1.9 %
Total Revenue	$ 117,593	100.0 %	$ 68,986	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 Three Months Ended December 31, 2023		For the Three Months Ended December 31, 2022	
	Gross Profit	Gross Profit % of Total Revenue	Gross Profit	Gross Profit % of Total Revenue
Gross Profit				
Retail-Entertainment	$ 11,528	9.8 %	$ 12,210	17.7 %
Retail-Flooring	13,032	11.1 %	—	— %
Flooring Manufacturing	6,422	5.5 %	4,661	6.8 %
Steel Manufacturing	5,262	4.5 %	4,392	6.4 %
Corporate & Other	83	0.1 %	681	1.0 %
Total Gross Profit	$ 36,327	30.9 %	$ 21,944	31.8 %

Revenue

Revenue increased approximately $48.6 million, or 70.5%, to approximately $117.6 million for the three months ended December 31, 2023, as compared to the corresponding prior year period. The increase is primarily attributable to Flooring Liquidators and PMW, both of which were acquired after the first quarter of fiscal year 2023, as well as an increase of approximately $2.8 million in the Flooring Manufacturing segment. The increase was partially offset by decreased revenues of approximately $6.2 million in our other businesses.

Cost of Revenue

Cost of revenue as a percentage of revenue was 69.1% for three months ended December 31, 2023 as compared to 68.2% for the three months ended December 31, 2022. 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, partially offset by the acquisition of Flooring Liquidators, which historically has generated higher margins.

General and Administrative Expense

General and Administrative expenses increased by 89.6% to approximately $27.9 million for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022. 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 83.9% to approximately $5.1 million for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022, primarily due to increased compensation for sales personnel acquired as part of the acquisition of the Harris Flooring Group® brands from Q.E.P, and 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 $2.1 million for the three months ended December 31, 2023, as compared to the three months ended December 31, 2022, 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 December 31, 2023 and 2022

	For the Three Months Ended December 31, 2023					
	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total
Revenue	$ 20,586	$ 34,319	$ 29,245	$ 33,354	$ 89	$ 117,593
Cost of Revenue	9,058 —	21,287 —	22,823 —	28,092 —	6	81,266
Gross Profit	11,528	13,032	6,422	5,262	83	36,327
General and Administrative Expense	8,200	12,019	1,605	4,157	1,698	27,679
Selling and Marketing Expense	185	923	3,872	123	4	5,107
Operating Income (Loss)	$ 3,143	$ 90	$ 945	$ 982	$ (1,619)	$ 3,541

	For the Three Months Ended December 31, 2022					
	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total
Revenue	$ 23,273	$ —	$ 26,432	$ 17,981	$ 1,300	$ 68,986
Cost of Revenue	11,063	— —	21,771 —	13,589 —	619	47,042
Gross Profit	12,210	—	4,661	4,392	681	21,944
General and Administrative Expense	8,385	—	1,491	2,792	1,932	14,600
Selling and Marketing Expense	161	—	2,419	145	52	2,777
Operating Income (Loss)	$ 3,664	$ —	$ 751	$ 1,455	$ (1,303)	$ 4,567

Retail-Entertainment Segment

Revenue for the three months ended December 31, 2023 decreased by approximately $2.7 million, or 11.5%, as compared to the prior year, 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 56.0% for the quarter ended December 31, 2023, compared to 52.5% for the prior year period. Operating income for the quarter ended December 31, 2023, was approximately $3.1 million, compared to operating income of approximately $3.7 million for the prior year period.

Retail-Flooring Segment

Our Retail-Flooring segment consists of Flooring Liquidators, which we acquired in January 2023. Revenue for the three months ended December 31, 2023 was $34.3 million, and cost of revenue as a percentage of revenue was 62.0%. Operating income for the three months ended December 31, 2023 was approximately $90,000. During the three months ended December 31, 2023, Flooring Liquidators acquired certain assets and assumed certain liabilities of CRO. Additionally, during the three months ended December 31, 2023, CRO acquired certain assets and assumed certain liabilities of Johnson.

Flooring Manufacturing Segment

Revenue for the three months ended December 31, 2023 increased by approximately $2.8 million, or 10.6%, as compared to the prior year period. The gross margin was 22.0% for the quarter ended December 31, 2023, compared to 17.6% for the prior year period. The increase in revenue and gross margin is primarily due to the buildup of the sales force as a result of the acquisition of the Harris Flooring Group® brands in the fourth quarter of fiscal year 2023. Operating income for the year ended December 31, 2023, was approximately $0.95 million, compared to operating income of approximately $0.75 million for the prior year.

Steel Manufacturing Segment

Revenue for the three months ended December 31, 2023 increased by approximately $15.4 million, or 85.5%, as compared to the prior year period. The increase is primarily due to increased revenues of approximately $18.3 million at The Kinetic Co., Inc. and PMW, partially offset by a $2.9 million decrease in our other Steel Manufacturing business. This decrease is primarily due to reduced customer demand as a result of general economic conditions. The gross margin was 15.8% for the quarter ended December 31, 2023, compared to 24.4% for the prior year period. The decrease in gross margin is primarily due to the acquisition of PMW, which has historically generated lower margins and decreased margins in the Steel

Manufacturing segment due to reduced production. Operating income for the year ended December 31, 2023, was approximately $1.0 million, compared to operating income of approximately $1.5 million in the prior year period.

Corporate and Other Segment

Revenues for the three months ended December 31, 2023 decreased by $1.2 million, or 93.2%, as compared to the prior year period. The decrease was primarily due to the closure of SW Financial in May 2023. Operating loss for the quarter ended December 31, 2023, was approximately $1.6 million, compared to a loss of approximately $1.3 million in the prior year.

Adjusted EBITDA Reconciliation

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

	For the Three Months Ended	
	December 31, 2023	December 31, 2022
Net (loss) income	$ (682)	$ 1,844
Depreciation and amortization	4,295	2,651
Stock-based compensation	50	—
Interest expense, net	4,163	2,047
Income tax (benefit) expense	(224)	615
Debt refinancing costs	183	—
Acquisition costs	406	382
Other noncash charges	505	—
Adjusted EBITDA	$ 8,696	$ 7,539

Adjusted EBITDA increased by approximately $1.2 million, or 15.3%, for the three months ended December 31, 2023, as compared to the prior year period. The increase is primarily due to an increase in non-operating and other non-recurring expenses, partially offset by decreases in operating income, as discussed above.

Liquidity and Capital Resources

As of December 31, 2023, we had total cash on hand of approximately $5.6 million and approximately $39.4 million of available borrowing under our revolving credit facilities. 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: 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.

Working Capital

We had working capital of approximately $81.8 million as of December 31, 2023, as compared to working capital of approximately $85.0 million as of September 30, 2023; a decrease of approximately $3.2 million. The decrease is primarily due to increases in accrued liabilities and the current portion of operating lease obligations, and a decrease in prepaid expenses of approximately $8.6 million, partially offset by decreases in accounts payable, and increases in accounts receivable, inventories, and cash of approximately $5.3 million.

Cash Flows from Operating Activities

The Company's cash, as of December 31, 2023, was approximately $5.6 million compared to approximately $4.3 million as of September 30, 2023, an increase of approximately $1.3 million. Net cash provided by operations was approximately $7.9 million for the three months ended December 31, 2023, as compared to net cash provided by operations of approximately $6.3 million for the three months ended December 31, 2022. The increase was primarily due to increases in accrued liabilities, depreciation and amortization expense, and allowance for obsolete inventory, partially offset by an increase in accounts receivable and decrease in deferred income tax liabilities.

Our primary sources of cash inflows are from customer receipts from sales on account, factored accounts receivable proceeds, receipts for securities sales commissions, and net remittances from directory services customers processed in the form of ACH billings. 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 $3.2 million for the three months ended December 31, 2023 consisted of the acquisitions of CRO by Flooring Liquidators, and Johnson by CRO, and purchases of property and equipment. Our cash flows used in investing activities of approximately $1.3 million for the three months ended December 31, 2022 consisted of purchases of property and equipment.

Cash Flows from Financing Activities

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 $1.8 million, purchases of treasury stock and payments for finance leases of approximately $900,000, and net payments under revolver loans of approximately $750,000.

Our cash flows provided by financing activities of approximately $3.2 million during the three months ended December 31, 2022 consisted of proceeds from notes payable of approximately $5.7 million, partially offset by payments of notes payable and financing leases of approximately $1.8 million, and purchases of treasury stock and net borrowings under revolver loans of approximately $670,000.

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 December 31, 2023, 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.

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 December 31, 2023, we concluded that the Company's disclosure, controls, and procedures were effective.

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 CEO and CFO, do 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 December 31, 2023. 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 December 31, 2023, our management concluded that our internal controls over financial reporting were operating effectively.

There were no changes in our internal control over financial reporting that occurred during the three months ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 Form 10-K for information regarding material pending legal proceedings. Except as set forth herein, 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 funds

On February 20, 2018, the Company announced a $10 million common stock repurchase program. During the three months ended December 31, 2023, 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 2023	—	$ —	—	$ 3,299,685
November 2023	—	—	—	3,299,685
December 2023	4,346	24.51	4,346	3,193,153
Totals	4,346	$ 24.51	4,346	$ 3,193,153

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

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

3.1		Amended and Restated Articles of Incorporation	8-K	001-33937	3.1	08/15/07
3.8		Bylaws	10-Q	001-33937	3.8	08/14/18
10.122		Credit Agreement by and between Vintage Stock, Inc. and Bank Midwest, a division of NBH BANK, dated October 17, 2023.	8-K	001-33937	10.122	10/23/23
10.123		Revolving Credit Note by and between Vintage Stock, Inc. and Bank Midwest, a division of NBH BANK, dated October 17, 2023.	8-K	001-33937	10.123	10/23/23
10.124		Security Agreement by and between Vintage Stock, Inc. and Bank Midwest, a division of NBH BANK, dated October 17, 2023.	8-K	001-33937	10.124	10/23/23
10.125	*	First Amendment of a Credit and Security Agreement by and among Precision Metal Works, Inc. and PMW Affiliated Holdings, Inc. and Fifth Third Bank, National Association, dated as of December 22, 2023.				
10.126	*†	First Amendment to Employment Agreement by and between Flooring Liquidators, Inc. and Stephen J. Kellogg, dated December 28, 2023.				
10.127	*†	First Amendment to Employment Agreement between Live Ventures Incorporated and David Verret, effective October 1, 2023.				
10.128	*†	Third Amendment to Employment Agreement, dated as ofJanuary 6, 2024, by and between Precision Industries, Inc. and Thomas Sedlak				
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)				

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

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: February 8, 2024	/s/ Jon Isaac
	President and Chief Executive Officer (Principal Executive Officer)
Dated: February 8, 2024	/s/ David Verret
	Chief Financial Officer (Principal Financial Officer)

Exhibit 10.125

First Amendment to Credit and Security Agreement

This First Amendment to Credit and Security Agreement (this "**First Amendment**") is made and entered into as of December 22, 2023, by and among Fifth Third Bank, National Association ("**Lender**"), Precision Metal Works, Inc., a Kentucky corporation ("**Metals**"), and PMW Affiliated Holdings, LLC, a Delaware limited liability company ("**Holdings**"; Metals and Holdings are also collectively referred to as "Borrowers" and individually as a "**Borrower**").

W I T N E S S E T H:

Whereas, prior hereto, Lender provided certain loans, extensions of credit and other financial accommodations to Borrowers pursuant to (a) that certain Credit and Security Agreement dated as of July 19, 2023 (the "**Credit Agreement**"), and (b) the other documents, agreements and instruments referenced in the Credit Agreement or executed and delivered pursuant thereto;

Whereas, Borrowers desire Lender to, among other things, (i) modify certain covenants, (ii) modify testing of minimum Fixed Charge Coverage, (iii) implement a minimum Excess Availability covenant, (iv) modify certain financial reporting requirements, (v) waive certain post- closing obligation requirements, and (vi) waive the "Existing Default" (as hereinafter defined), in each case on the terms and subject to the conditions set forth herein (collectively, the "**Additional Financial Accommodations**"); and

Whereas, Lender is willing to provide the Additional Financial Accommodations, but solely on the terms and subject to the provisions set forth in this First Amendment and the other agreements, documents and instruments referenced herein or executed and delivered pursuant hereto.

Now, Therefore, in consideration of the foregoing, the mutual promises and understandings of the parties hereto set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lender and Borrowers hereby agree as set forth in this First Amendment.

I. **Definitions**.

A. **Use of Defined Terms**. Except as expressly set forth in this First Amendment, all terms which have an initial capital letter where not required by the rules of grammar are defined in the Credit Agreement.

B. **Amended Definitions**. Effective as of the First Amendment Effective Date (as hereinafter defined), Section 1.01 of the Credit Agreement is hereby amended by substituting the definitions set forth below for the corresponding definitions set forth in the Credit Agreement:

"**Availability Reserve**" means, as of any date of determination, one or more amounts or a percent of a specified category or item that Lender, in its Permitted Discretion, establishes from time to time to reduce availability under the Borrowing Base (a) to reflect events, conditions, contingencies or risks which affect the assets, business or prospects of a Borrower, or the Collateral or its value, or the enforceability, perfection or priority of Lender's Lien in the Collateral, (b) to reflect Lender's judgment that any collateral report or financial information relating to a Borrower and furnished to Lender may be incomplete, inaccurate or misleading in any material respect, (c) in respect of any state of facts which does or would with notice or passage of time or both, constitute an Event of Default, (d) to reflect liability, contingent or otherwise, of Lender or any affiliate of Lender to any third party in connection with any Bank Product, (e) to reflect conditions, contingencies or risks in connection with Bank Products offered by Lender or any Affiliate of Lender to a Borrower, (f) for rent at locations leased by a Borrower and for storage, processing, and other charges of third-parties in possession of Collateral, including, but, not limited to, a reserve equal to $144,000, which such reserve (1) shall be subject to adjustments in Lender's sole discretion[1] and (2) shall remain in effect until a landlord agreement in respect of Preston Highway, Jefferson County, KY has been received by Lender, in form and substance acceptable to Lender in its sole discretion, (g) for payroll, taxes, fees, assessments, and other governmental charges with respect to the Collateral or any Borrower, (h) for holding insurance or sale proceeds for application under Section 2.07(f), and (i) if applicable, a reserve of $3,000 (or such other amount determined by Lender) for each employee of any Borrower or any Subsidiary located in the State of Wisconsin to cover potential wage and benefit obligations under the Wisconsin Wage Payment and Collection Law (and any successor).

"**Fixed Charges**" means, for any period, without duplication, the sum of: (a) paid or scheduled payments of principal during the applicable period with respect to all Indebtedness of Borrowers (other than payments of Revolving Loans); plus (b) paid or scheduled payments of principal during the applicable period with respect to all capitalized lease obligations of Borrowers; plus (c) Interest Expense but excluding non-cash PIK interest; plus (d) any pre-payments of Indebtedness (other than in respect of the Obligations); provided that, "Fixed Charges" as used herein shall be calculated without giving pro forma effect to any Permitted Acquisition or other Investment permitted hereunder for historical periods other than historical Fixed Charges related to Indebtedness which is in place and not repaid or terminated in connection with such Permitted Acquisition or Investment. Notwithstanding the forgoing, solely for each of the one (1) month periods commencing with the one (1) month period ending October 31, 2022 through and including the one (1) month period ending September 30, 2023, Borrowers' Fixed Charges shall be equal to the respective dollar amount for such one (1) month period as set forth on the row titled "Monthly Fixed Charges" on Schedule 1 attached to the First Amendment.

"**Operating Cash Flow**" means, for any period, the sum of (without duplication):
(a) EBITDA; minus (b) Capital Expenditures not financed made by Borrowers and their Subsidiaries (excluding the initial $100,000 of unfinanced Capital Expenditures incurred after the Closing Date which was prefunded on the Closing Date funds flow); minus (c) all payments in cash for taxes made by Borrowers and their Subsidiaries; minus (d) cash dividends paid or accrued and cash withdrawals paid or accrued to Owners or other Affiliates by Borrowers and their Subsidiaries, minus (e) all payments in cash for fees,

1 Bank's internal approval requires the ability to adjust.

costs, expenses and indemnities arising under the Management Agreement made by Borrowers and their Subsidiaries. Notwithstanding the forgoing, solely for each of the one (1) month periods commencing with the one (1) month period ending October 31, 2022 through and including the one (1) month period ending September 30, 2023, Borrowers' Operating Cash Flow shall be equal to the respective dollar amount for such one (1) month period as set forth on the row titled "Operating Cash Flow" on Schedule 1 attached to the First Amendment.

C. **New Definitions**. Effective as of the First Amendment Effective Date, Section 1.01 of the Credit Agreement is hereby amended by adding the following new definitions thereto in the appropriate alphabetical order, respectively:

"**First Amendment**" means that certain First Amendment to Credit and Security Agreement dated as of the First Amendment Effective Date, by and among Borrowers and Lender.

"**First Amendment Effective Date**" means December 22, 2023.

II. **Amendments to Credit Agreement**. Effective as of the First Amendment Effective Date, the Credit Agreement is hereby amended as follows:

A. Mexican Subsidiary Affirmative Covenant. Section 10 of the Credit Agreement is hereby amended by adding a new Section 10.14 immediately following the existing Section 10.13 as follows:

"10.14. **Nth/Works De Mexico S. De R.L. De C.V.**

At all times from and after the First Amendment Effective, Nth/Works De Mexico S. De R.L. De C.V., a Mexican variable capital limited liability company (the "**Mexican Subsidiary**"), shall remain a dormant entity."

B. Mexican Subsidiary Negative Covenant. Section 11 of the Credit Agreement is hereby amended by adding a new Section 11.15 immediately following the existing Section 11.14 as follows:

"11.15. **Nth/Works De Mexico S. De R.L. De C.V.**

No Borrower shall cause or permit the Mexican Subsidiary to own or hold any assets or incur any liabilities or engage in any operations or business from and after the First Amendment Effective Date and, for avoidance of doubt, Borrowers hereby confirm that as of the First Amendment Effective Date, the Mexican Subsidiary has no assets or liabilities on its balance sheet and has no operations. Furthermore, from and after the First Amendment Effective Date, no Borrower shall transfer any assets or business opportunities to the Mexican Subsidiary."

C. Fixed Charge Coverage. Section 12.01 of the Credit Agreement is hereby amended by deleting Section 12.01 in its entirety and substituting therefor as follows:

“12.01. **Fixed Charge Coverage**.

Borrowers shall not permit the Fixed Charge Coverage of Borrowers to be less than (a) 0.70 to 1.00, as of December 31, 2023, March 31, 2024 and June 30, 2024, (b) 0.95 to 1.00, as of September 30, 2024, and (c) 1.10 to 1.00, as of December 31, 2024 and as of the last day of each fiscal quarter thereafter. For each test period, the Fixed Charge Coverage ratio shall be calculated on a trailing twelve (12) month basis as of the last day of each such test period. Borrowers’ compliance with this covenant will be determined quarterly.”

D. Excess Availability. Section 12 of the Credit Agreement is hereby amended by adding a new Section 12.02 immediately following the existing Section 12.01 as follows:

“12.02. **Excess Availability**.

Borrowers shall not permit their aggregate Excess Availability at any time from the First Amendment Effective Date through and including December 31, 2024 (such period, the “**Excess Availability Test Period**”) to be less than Two Million and no/100 Dollars ($2,000,000), to be tested as of the last day of each month during the Excess Availability Test Period.”

E. Compliance Certificate. Exhibit A attached to the Credit Agreement is hereby deleted in its entirety and replaced with Exhibit A attached hereto and hereby incorporated by reference.

III. **Delivery of 2023 Audited Financial Statements**. Notwithstanding the provisions of Section 7.03 of the Credit Agreement to the contrary, Lender hereby waives delivery by Borrowers of an audited Statement of Income in connection with Borrowers’ Fiscal Year ending September 30, 2023, provided that Borrowers deliver to Lender on or before January 31, 2024: (1) an audited balance sheet for Metals for the Fiscal Year ending September 30, 2023, (2) audited financial statements for Live Ventures for the Fiscal Year ending September 30, 2023, including, without limitation, balance sheets and statements of income (together with a corresponding unaudited consolidating statement of income for Live Ventures), retained earnings and cash flow, each on a consolidated basis, and (3) a comparison report, in form and substance satisfactory to Lender, comparing Borrowers’ actual statement of income for Borrowers’ fiscal quarter ending September 30, 2023 to the projected statement of income previously delivered to Lender on or before December 22, 2023 for such period pursuant to Section 7.04 of the Credit Agreement.

. Other than as expressly set forth in this Section III for the reporting periods specified above, Borrowers shall comply with all reporting requirements as set forth in Section 7.03 of the Credit Agreement for the reporting periods specified therein.

IV. **Waiver of Certain Post-Closing Obligations**. Notwithstanding the provisions of Section 10.13 to the contrary, Lender hereby waives delivery by Borrowers of evidence satisfactory to Lender that the Mexican Subsidiary has been dissolved. Other than as expressly set forth in this Section IV, Borrowers shall comply with all deliverable requirements as set forth in Section 10.13 of the Credit Agreement on the due dates specified therein.

V. **<u>Conditions Precedent</u>**. Lender's obligation to provide the Additional Financial Accommodations to Borrowers is subject to the full and timely performance of the following covenants:

A. Borrowers executing and delivering, or causing to be executed and delivered to Lender, the following documents, each of which shall be in form and substance reasonably acceptable to Lender:

(i) an original of this First Amendment;

(ii) a First Amendment to Management Fee Subordination Agreement dated as of the First Amendment Effective Date, by and among Borrowers, Lender and Live Ventures, in form and substance satisfactory to Lender; and

(iii) such other agreements, documents and instruments as Lender may reasonably request.

B. Borrowers shall have provided Lender evidence on or prior to the Frist Amendment Effective Date of Borrowers' receipt of cash equity contributions from Live Venture in an aggregate amount of not less than Four Hundred Thousand and No/100 Dollars ($400,000.00).

C. No Default or Event of Default exists under the Credit Agreement, as amended by this First Amendment, or the other Loan Documents, other than the Existing Default; and

D. No claims, litigation, arbitration proceedings or governmental proceedings not disclosed in writing to Lender prior to the date hereof shall be pending or known to be threatened against any Loan Party and no known material development not so disclosed shall have occurred in any claims, litigation, arbitration proceedings or governmental proceedings so disclosed which in the opinion of Lender is likely to materially or adversely affect the financial position or business of any Loan Party or the capability of any Loan Party to pay its Obligations to Lender.

VI. **<u>Waiver of Existing Default</u>**. Borrower hereby acknowledges and agrees as follows: (A) the following Event of Default has occurred and is continuing under the Credit Agreement (the "**Existing Default**"): Borrower failed to meet the minimum Fixed Charge Coverage set forth in Section 12.01 of the Credit Agreement for the period ending September 30, 2023 and (B) as a result of the above-referenced Existing Default, Lender has the right to immediately exercise such of its rights and remedies in accordance with the Credit Agreement and the other Loan Documents as it deems appropriate. Borrower hereby represents and warrants to Lender that no Event of Default currently exists other than the Existing Default set forth above. Effective as of the First Amendment Effective Date, Lender hereby waives the Existing Default; provided that such waiver shall not be or be deemed to be a waiver of any other Events of Default, whether now existing or hereafter arising or occurring, other than the Existing Default set forth above.

VII. **<u>Organizational Information</u>**. Each Borrower hereby represents and warrants to Lender that, as of the First Amendment Effective Date, (a) the formation and organizational documents of each such Borrower attached to the Officer's Certificate and Secretary's Certificate, as applicable, dated as of July 19, 2023, executed and delivered by each such Borrower to Lender (collectively, the "**Certificates**") have not been modified or altered in any way, (b) the members, managers, officers and/or directors, as applicable, set forth in the Certificates of each such Borrower that are authorized to execute documents on behalf of each such Borrower remain duly authorized members, managers, officers and/or directors, as applicable, of each such Borrower, (c) the resolutions attached to each of the Certificates have not been modified, rescinded or altered in any way and are sufficient to authorize the execution and delivery of this First Amendment and the other agreements, documents and instruments executed and delivered in connection herewith by the members, managers, officers and directors noted above and (d) each such Borrower is and continues to be in good standing in the state of its formation and in all other states where it is required to be authorized to do business where the failure to do so could reasonably be expected to have a Material Adverse Effect.

VIII. **Conflict**. If, and to the extent, the terms and provisions of this First Amendment contradict or conflict with the terms and provisions of the Credit Agreement, the terms and provisions of this First Amendment shall govern and control; provided, however, to the extent the terms and provisions of this First Amendment do not contradict or conflict with the terms and provisions of the Credit Agreement, the Credit Agreement, as amended by this First Amendment, shall remain in and have its intended full force and effect, and Lender and each Borrower hereby affirms, confirms and ratifies the same.

IX. **Severability.** Wherever possible, each provision of this First Amendment shall be interpreted in such manner as to be valid and enforceable under applicable law, but if any provision of this First Amendment is held to be invalid or unenforceable by a court of competent jurisdiction, such provision shall be severed herefrom and such invalidity or unenforceability shall not affect any other provision of this First Amendment, the balance of which shall remain in and have its intended full force and effect. Provided, however, if such provision may be modified so as to be valid and enforceable as a matter of law, such provision shall be deemed to be modified so as to be valid and enforceable to the maximum extent permitted by law.

X. **Reaffirmation**. Each Borrower hereby reaffirms and remakes all of its representations, warranties, covenants, duties, obligations and liabilities contained in the Credit Agreement, as amended hereby.

XI. **Fees, Costs and Expenses**. Borrowers agree to pay, promptly following demand, all reasonable and documented fees, costs and expenses of Lender, including, but not limited to, reasonable and documented attorneys' fees, in connection with the preparation, execution, delivery and administration of this First Amendment and the other agreements, documents and instruments executed and delivered in connection herewith or pursuant hereto.

XII. **Release**. Each Borrower does hereby release, remise, acquit and forever discharge Lender and Lender's employees, agents, representatives, consultants, attorneys, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporation, and related corporate divisions (all of the foregoing hereinafter called the "**Released Parties**"), from any and all action 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, whether heretofore or hereafter arising, 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 First Amendment, the Credit Agreement and the other Loan Documents (all of the foregoing hereinafter called the "**Released Matters**"). Each Borrower acknowledges 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. Each Borrower represents and warrants to Lender that it has not purported to transfer, assign or otherwise convey any right, title or interest of any Borrower in any Released Matter to any other Person and that the foregoing constitutes a full and complete release of all Released Matters.

XIII. **Counterpart**. This First Amendment may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. A facsimile or email transmitted executed counterpart to this First Amendment and the other agreements, documents and instruments executed in connection herewith will be deemed an acceptable original for purposes of consummating this First Amendment and such other agreements, documents and instruments; provided, however, Borrowers shall be required to deliver to Lender original executed signature pages in substitution for said facsimile or email transmitted signature pages upon Lender's request therefor.

XIV. **Choice of Law**. This First Amendment has been delivered and accepted in Chicago, Illinois, and shall be governed by and construed in accordance with the laws of the State of Illinois, regardless of the laws that might otherwise govern under applicable principles of conflicts of law as to all matters, including matters of validity, construction, effect, performance and remedies.

XV. **Jury Trial Waiver** . EACH BORROWER AND LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN BORROWERS AND LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS FIRST AMENDMENT, THE CREDIT AGREEMENT OR ANY OF THE OTHER AGREEMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDER TO PROVIDE THE FINANCING DESCRIBED HEREIN AND IN THE OTHER AGREEMENTS.

[signature page follows]

In Witness Whereof, Lender and each Borrower have caused this First Amendment to be executed and delivered by their duly authorized officers as of the date first set forth above.

Borrowers:

PRECISION METAL WORKS, INC.,
a Kentucky corporation

By:
Name: Eric Althofer Title: Vice President

PMW AFFILIATED HOLDINGS, LLC,
a Delaware limited liability company

By:
Name: Eric Althofer Title:
President

Lender:

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By: __ Name: John Littrell
Title: Senior Vice President

IN WITNESS WHEREOF, Lender and each Borrower have caused this First Amendment to be executed and delivered by their duly authorized officers as of the date first set forth above.

BORROWERS:

PRECISION METAL WORKS, INC.,
a Kentucky corporation

By:__

Name: Eric Althofer Title: Vice President

PMW AFFILIATED HOLDINGS, LLC,
a Delaware limited liability company

By:__

Name: Eric Althofer Title: President

LENDER:

FIFTH THIRD BANK, NATIONAL ASSOCIATION

By

Name: John Littrell

Title:1.-,Senior Vice President

[Signature Page to First Amendment to Credit and Security Agreement}

EXHIBIT A

FORM OF COMPLIANCE CERTIFICATE

Compliance Certificate

To: Fifth Third Bank
Date: __, 20__ Subject: Precision Metal Works, Inc.

Financial Statements

In accordance with our Credit and Security Agreement dated as of July 19, 2023, as amended, modified, extended, renewed, supplemented or restated (the "**Credit Agreement**"), attached are the financial statements of Precision Metal Works, Inc., a Kentucky corporation and PMW Affiliated Holdings, LLC, a Delaware limited liability company (collectively, the "**Borrowers**") of and for the month ended ____, 20 (the "**Reporting Date**") and the year-to-date period then ended (the "**Current Financials**") required to be delivered pursuant to **Section 7.03** of the Credit Agreement. All terms used in this certificate have the meanings given in the Credit Agreement.

Borrowers certify that the Current Financials have been prepared in accordance with GAAP and fairly present in all material respects the consolidated financial condition of Borrowers as of the date thereof, subject in the case of unaudited statements to changes resulting from audit and normal year-end adjustment.

Defaults. (Check one):

Each Borrower further certifies that:

Except as previously reported in writing to the Lender, there exists no event or circumstance which is or which with the passage of time, the giving of notice, or both would constitute an Event of Default, as that term is defined in the Agreement, or, if such an event of circumstance exists, a writing attached hereto specifies the nature thereof, the period of existence thereof and the action that Borrowers have taken or proposes to take with respect thereto.

There exists no event or circumstance which is or which with the passage of time, the giving of notice, or both would constitute an Event of Default, as that term is defined in the Agreement, or, if such an event of circumstance exists, a writing attached hereto specifies the nature thereof, the period of existence thereof and the action that Borrowers have taken or proposes to take with respect thereto.

Representations and Warranties:

Each Borrower further certifies that each of the representations and warranties made by such Borrower, any Subsidiary and/or any Owner of such Borrower in the Credit Agreement and/or in any other Loan Document are true and correct in all material respects on and as of the date of this Compliance Certificate as if made on and as of the date of this Compliance Certificate (and for purposes of this Compliance Certificate, the representations and warranties made by Borrowers in **Section 9.01** of the Credit Agreement shall be deemed to refer to the financial statements of Borrowers delivered to the Lender with this Compliance Certificate).

Financial Covenants. Borrower further certifies as follows:

1. Minimum Fixed Charge Coverage. Pursuant to **Section 12.01** of the Credit Agreement, as of the Reporting Date, Borrowers' Fixed Charge Coverage was to 1.00 which
satisfies does not satisfy the requirement that such ratio be no less than to 1.00 on the Reporting Date.

2. Minimum Excess Availability. Pursuant to **Section 12.02** of the Credit Agreement, at all times during the period set forth in the Current Financials, the Borrowers' Excess Availability was at least __ , which • satisfies • does not satisfy the requirement that such amount be not less than $2,000,000 at all times.

Attached hereto are all relevant facts in reasonable detail to evidence, and the computations of the financial covenants referred to above. These computations were made in accordance with GAAP, subject to normal year-end adjustments and absence of footnotes.

PRECISION METAL WORKS, INC.,
a Kentucky corporation

By__ Name:__ Title:__

PMW AFFILIATED HOLDINGS, LLC,
a Delaware limited liability company

By__ Name:__ Title:__

Signature page to Form of Compliance Certificate

SCHEDULE 1

ACHIEVED OPERATING CASH FLOW

PRECISION METAL WORKS - COVENANT CALCULATION WORKSHEET
Section 12.02 - Fixed Charge Coverage Ratio

	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Net Income After Taxes	352,508.5	260,489.3	(606,245.3)	128,457.8	42,179.2	206,125.1	241,590.2	112,868.4	(152,170.9)	(1,628,390.0)	(221,768.0)	(913,278.7)
Plus:												
Interest Expense	59,714.2	59,314.6	76,114.0	69,614.9	67,163.2	73,313.6	65,038.5	75,306.0	63,346.2	56,397.0	113,730.0	423,233.2
Income Tax Expense	33,210.0	26,568.0	245,516.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation/Amortization	67,577.7	67,424.6	110,627.1	68,334.3	74,110.0	70,866.9	70,245.8	71,462.6	86,810.3	89,968.0	89,968.7	298,338.1
Addbacks / Adjustment:												
Pro Forma Rent Adjustment												
Management Fees										17,473.0	41,667.0	41,667.0
Transaction Fees & Expenses									236,592.0	1,522,778.0	89,250.0	166,500.0
EBITDA Prior to Overall Cap	513,010.3	413,796.4	(173,988.2)	266,407.1	183,452.4	350,305.6	376,874.4	259,637.0	234,577.5	58,226.0	112,847.7	16,459.6
Testing Period EBITDA Prior to Cap	513,010.3	413,796.4	(173,988.2)	266,407.1	183,452.4	350,305.6	376,874.4	259,637.0	234,577.5	58,226.0	112,847.7	16,459.6
Cap for Adjustments below:	51,301.0	41,379.6	(17,398.8)	26,640.7	18,345.2	35,030.6	37,687.4	25,963.7	23,457.7	5,822.6	11,284.8	1,646.0
Extraordinary Losses (clause (b)(v))												
Non-recurring Restructuring, retention, optimization expenses (clause (b)(xii))												
Total for Clause (b)(v) and (b)(xii)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lesser of Cap and Actual												0.0
Adjusted EBITDA	513,010.3	413,796.4	(173,988.2)	266,407.1	183,452.4	350,305.6	376,874.4	259,637.0	234,577.5	58,226.0	112,847.7	16,459.6
Adjusted EBITDA For FCC Calc.												
Adjusted EBITDA with Nth Addbacks												
Adjusted EBITDA	513,010.3	413,796.4	(173,988.2)	266,407.1	183,452.4	350,305.6	376,874.4	259,637.0	234,577.5	58,226.0	112,847.7	16,459.6
Nth Addbacks	51,605.8	41,284.6	116,284.6	46,168.0	36,934.0	36,934.0	46,168.0	44,434.2	44,435.0	0.0	0.0	0.0
Adjusted EBITDA with Nth Addbacks	**564,616.0**	**455,081.0**	**(57,703.6)**	**312,575.1**	**220,386.4**	**387,239.6**	**423,042.4**	**304,071.2**	**279,012.5**	**58,226.0**	**112,847.7**	**16,459.6**
Less:												
Unfinanced Capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(65,424.0)	(132,447.4)
Cash Taxes	(6,713.2)	(6,713.2)	(6,713.2)									
Cash or Accrued Dividends/Withdrawals												
Other non-cash gains or income												
Management Fees												
Operating Cash Flow	557,902.9	448,367.8	(64,416.8)	312,575.1	220,386.4	387,239.6	423,042.4	304,071.2	279,012.5	58,226.0	47,423.7	(115,987.8)
Fixed Charges:												
Interest Expense - Cash Paid	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	242,420.0	259,329.5
M&E Term Loan Amort. 5/3	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4	58,952.4
CapEx Loan Amort.												
Cap Lease Payments												
Sub Debt Principal												
Monthly Fixed Charges	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	301,372.3	318,281.9

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AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "***Amendment***") is made and entered into this 28th day of December, 2023, by and between FLOORING LIQUIDATORS, INC., a California corporation ("***Employer***"), and Stephen J. Kellogg ("***Employee***").

WHEREAS, Employer and Employee (each a "***Party***" and collectively the "***Parties***") are parties to that certain Employment Agreement dated January 18, 2023 (the "***Employment Agreement***"); and

WHEREAS, the Parties desire to amend the Employment Agreement on the terms and conditions as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the Parties, 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 Employment Agreement.

2. Amendments to Employment Agreement. Section 3 of the Employment Agreement is hereby amended such that "Salary" is Three Hundred Thousand Dollars ($300,000.00), such amendment to be effective January 1, 2024.

3. Miscellaneous. For the avoidance of doubt, the Parties acknowledge that Employee: (i) is expected to work a minimum of two days per week, such work to be performed at an Employer location of Employee's choosing; (ii) may provide consulting services to other entities, consistent with the non-compete obligations outlined in the Employment Agreement; and (iii) is not required to work more than two days per week for Company, but Employee may elect to do so for no additional compensation.

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

5. Effect of Amendment. Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Employment Agreement, which shall remain in full force and effect.

6. Governing Law. This Amendment, for all purposes, shall be construed in accordance with the laws of the State of California without regard to conflicts of law principles.

7. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

8. 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.

9. Further Assurances. Each Party agrees to take such further actions as the other 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.

10. Electronic Execution and Delivery. A reproduction of this Amendment may be executed by one or more of the Parties, and an executed copy of this Amendment may be delivered by one or more of the Parties by electronic transmission pursuant to which the signature of or on behalf of such Party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes.

11. Representations. It is important that Employee completely understands the terms and conditions in this Amendment. Employee expressly acknowledges and represents that: (i) Employee is competent to execute this Amendment; (ii) the Company has advised Employee to consult with an attorney before signing this Amendment; and (iii) Employee is executing this Amendment voluntarily.

12. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(Remainder of this page intentionally left blank; signatures begin on the next page.)

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed on the date first written above.

EMPLOYER: EMPLOYEE:

By: __ Signature: __
Name: Eric Althofer Stephen J. Kellogg
Title: Director

By: __ Name: David Verret
Title: Director

AMENDMENT TO EMPLOYMENT AGREEMENT

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (this "**Amendment**") is made and entered into as of the 1st day of October, 2023, by and between Live Ventures Incorporated, a Nevada corporation (the "**Company**"), and David Verret, the Company's Chief Financial Officer ("**Executive**").

WHEREAS, the Company and Executive have entered into an employment agreement as of September 27, 2021 (the "**Employment Agreement**"); and

WHEREAS, the Company and Executive desire to amend the Employment Agreement in the manner reflected herein.

In consideration of the mutual promises, covenants and agreements herein contained, intending to be legally bound, the parties agree as follows:

1. Section 2 of the Employment Agreement is hereby amended so that the Term is deemed to continue until January 31, 2028, or upon the date of termination of employment pursuant thereto; provided, however, that the Term may be extended as mutually agreed to by the parties.

2. Section 3 of the Employment Agreement is hereby amended so that the annual base salary is a minimum of $325,000.00 and the annual performance bonus opportunity is a minimum of 45% of the annual base salary.

3. All capitalized terms in this Amendment that are undefined shall have the same meaning as ascribed to them in the Employment Agreement.

4. Except as specifically amended hereby, the Employment Agreement shall remain in full force and effect.

5. This Amendment may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

LIVE VENTURES INCORPORATED

By: ____ Name: Jon Isaac

Title: President and Chief Executive Officer EXECUTIVE

<u>THIRD AMENDMENT TO EMPLOYMENT AGREEMENT</u>

THIS THIRD AMENDMENT TO EMPLOYMENT AGREEMENT (this ***Amendment***”) is made and entered into this 6th day of January, 2024 (the “***Effective Date***”), by and between PRECISION INDUSTRIES, INC., a Pennsylvania corporation (the “***Company***”), and THOMAS SEDLAK (the “***Executive***”).

WHEREAS, the Company and the Executive (each a “***Party***” and collectively the “***Parties***”) are parties to the certain Employment Agreement dated July 14, 2020, as amended, (the “***Employment Agreement***”); and

WHEREAS, the Parties desire to amend the Employment Agreement on the terms and conditions as hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the Parties, intending to be legally bound hereby, agree as follows:

1. **<u>Definitions</u>**. Capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Employment Agreement.

2. **<u>Amendments to Employment Agreement</u>**. The Employment Agreement is hereby amended as follows:

a. The first sentence of Section 1 shall be amended and restated in its entirety to read as follows:

“The Executive’s employment hereunder shall be effective as of the date hereof (the “***Effective Date***”) and shall continue until September 30, 2027 (the “***Termination Date***”), unless terminated earlier pursuant to Section 5 of this Agreement.”

b. Section 4.1 shall be amended and restated in its entirety to read as follows, such amendment to be effective as of October 1, 2023:

“4.1 <u>Base Salary</u>. The Company shall pay the Executive an annual base salary of at least $475,000 in periodic installments in accordance with the Company’s customary payroll practices and applicable wage payment laws. During the Employment Term, the base salary shall be increased by 5% for each business acquired and included as part of Live Ventures’ steel manufacturing segment, the annual revenue or purchase price being equal to or greater than $10,000,000, the annual revenue to be determined on a trailing twelve-month basis. An increase in base salary shall be effective on the date of closing. The parties agree to reevaluate from time-to-time the conditions under which an increase in base salary will occur. The Executive’s annual base salary, as in effect from time to time, is hereinafter referred to as “***Base Salary***”.”

c. Section 4.2 shall be amended and restated in its entirety to read as follows, such amendment to be effective as of October 1, 2023:

"4.2 Annual Bonus. Executive shall be eligible for an annual cash bonus ("***Annual Bonus***") of up to 100% of Base Salary, with 75% of the Annual Bonus derived from achievement of annual mutually agreed upon EBITDA target(s) and 25% as determined by the Compensation Committee of the Live Ventures Board of Directors in consultation with the Live Ventures CEO. The Annual Bonus, if any, shall be paid to the Executive within 60 days of completion of the Company's financial year and in accordance with the Company's customary payroll practices and applicable wage payment laws.

"**EBITDA**" means with respect to each Annual Bonus, operating earnings adjusted to exclude special items and impairments (such special items and impairments to be mutually agreed upon by the Executive and the Live Ventures CEO, both parties agreeing to act reasonably), interest, income tax expense and benefits, depreciation, management fees paid by the Company to Live Ventures, costs associated with future and prior acquisitions, if any, payment of any bonuses by the Company to Executive in connection with EBITDA targets, capitalization of fixed assets, and amortization that are directly related to the operations of the Company's business. Notwithstanding, there shall be a deduction from operating earnings for investment-related interest expenses. Furthermore, if Live Ventures or any of its Affiliates completes an acquisition or other transaction and the Company or its employees, systems, properties, or assets are utilized in connection with the acquisition or management or operation of that business after the acquisition, then the positive incremental EBITDA shall be included as an addition to EBITDA for purposes of this calculation. The calculation of EBITDA shall be consistent throughout the Employment Term."

d. Section 4.3 shall be amended and restated in its entirety to read as follows: "4.3 Fringe Benefits and Perquisites. During the Employment Term, the Executive shall be entitled to fringe benefits and perquisites (including but not limited to any applicable benefits related to health, dental, vision, life, disability, retirement, etc.) consistent with the practices of the Company and governing benefit plan requirements (including plan eligibility provisions), and to the extent the Company provides similar benefits or perquisites (or both) to similarly situated executives of the Company.

Notwithstanding the foregoing, during the Employment Term, the Company shall provide the Executive with: (i) a vehicle allowance of $2,400 per month; (ii) an allowance of $400 per month to contribute towards the premiums of a $4.0 million life insurance policy; provided, however, that the Company shall have the option of purchasing additional coverage on such policy (the "***Additional Coverage***") provided that the Company is named as the beneficiary of such Additional Coverage and pays the premiums associated with such Additional Coverage; and (iii) an annual contribution (as determined under a Deferred Compensation Agreement between the Company and Executive) equal to 15% of the Executive's annual Base Salary; (each individually referred to as an "***Executive Fringe Benefit***")."

3. Fiscal Year 2023 Bonus. The Parties agree that the Annual Bonus for fiscal year 2023 shall be $325,000 and paid to the Executive within 10 days of the Effective Date, in accordance with the Company's customary payroll practices and applicable wage payment laws.

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

5. Effect of Amendment. Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Employment Agreement, which shall remain in full force and effect.

6. Release. For and in consideration of the additional compensation and benefits provided in this Amendment, the Executive, for himself and on behalf of his heirs, executors, agents, representatives, successors and assigns, hereby releases and forever discharges the Company, its past and present parent corporations, subsidiaries, divisions, subdivisions, affiliates and related companies (collectively, the "***Released Parties***") and the Released Parties' past, present and future agents, directors, officers, employees, representatives, successors and assigns (hereinafter "***those associated with the Released Parties***") with respect to any and all claims, demands, actions and liabilities, whether in law or equity, which the Executive may have against the Released Parties or those associated with the Released Parties of whatever kind, including but not limited to those arising out of the Executive's employment with the Company (collectively, "***Claims***" or individually, a "***Claim***"). The Executive agrees that the release described herein includes Claims based on breach of contract (express or implied), tort or Claims otherwise related to the Executive's employment, the Employment Agreement or this Amendment and any Claim for attorneys' fees, expenses, or costs of litigation. The release described herein covers all Claims based on any facts or events, whether known or unknown by the Executive, that occurred on or before the Effective Date. The release described herein does not modify any release that may be required of the Executive as more particularly set forth in the Employment Agreement.

7. Governing Law. This Amendment, for all purposes, shall be construed in accordance with the laws of the State of Nevada without regard to conflicts of law principles.

8. Successors and Assigns. This Amendment shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

9. 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.

10. Further Assurances. Each Party agrees to take such further actions as the other 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.

11. Electronic Execution and Delivery. A reproduction of this Amendment may be executed by one or more of the Parties, and an executed copy of this Amendment may be delivered by one or more of the Parties by electronic transmission pursuant to which the signature of or on behalf of such party can be seen, and such execution and delivery shall be considered valid, binding and effective for all purposes. At the request of any Party, all Parties agree to execute an original of this Amendment as well as any electronic or other reproduction hereof.

12. Representations. Executive hereby represents and warrants to the Company that the execution and delivery of this Amendment, and the performance of his obligations hereunder, are not in violation of, and do not and will not conflict with or constitute a default under, any of the terms and provisions of any agreement or instrument to which the Executive is subject; and that this Amendment has been executed and delivered by the Executive and is a valid and binding obligation in accordance with its terms. It is important that the Executive completely understands the terms and conditions in this Amendment. Executive expressly acknowledges and represents that: (i) the Executive is competent to execute this Amendment; (ii) the Company has advised the Executive to consult with an attorney before signing this Amendment; and (iii) the Executive is executing this Amendment voluntarily.

13. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(Remainder of this page intentionally left blank; signatures begin on the next page.)

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed effective as of the date first written above.

PRECISION INDUSTRIES, INC.

By: __ Name: Eric Althofer

Title: Director EXECUTIVE

Signature: __ Name: Thomas Sedlak

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 December 31, 2023 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: February 8, 2024

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 December 31, 2023 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: February 8, 2024

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 December 31, 2023, 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: February 8, 2024

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 December 31, 2023, 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: February 8, 2024

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.