

**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 March 31, 2024

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

For the transition period from _____ to _____

Commission File Number 001-33937

Live Ventures Incorporated

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

85-0206668

(IRS Employer Identification No.)

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

(Address of principal executive offices)

89119

(Zip Code)

(702) 997-5968

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	LIVE	The Nasdaq Stock Market LLC (The Nasdaq Capital Market)

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

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 May 10, 2024 was 3,144,028.

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FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2024
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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	March 31, 2024	September 30, 2023
	(Unaudited)	
Assets		
Cash	\$ 4,489	\$ 4,309
Trade receivables, net of allowance for doubtful accounts of \$ 1.1 million at March 31, 2024 and \$ 1.6 million at September 30, 2023	45,510	41,194
Inventories, net	130,980	131,314
Income taxes receivable	—	1,116
Prepaid expenses and other current assets	4,430	4,919
Total current assets	185,409	182,852
Property and equipment, net	78,432	80,703
Right of use asset - operating leases	64,867	54,544
Deposits and other assets	1,579	1,282
Intangible assets, net	26,942	26,568
Goodwill	76,639	75,866
Total assets	\$ 433,868	\$ 421,815
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	\$ 26,466	\$ 27,190
Accrued liabilities	33,180	31,826
Income taxes payable	322	—
Current portion of lease obligations - operating leases	13,459	11,369
Current portion of lease obligations - finance leases	361	359
Current portion of long-term debt	31,396	23,077
Current portion of notes payable related parties	1,200	4,000
Total current liabilities	106,384	97,821
Long-term debt, net of current portion	75,322	78,710
Lease obligation long term - operating leases	56,678	48,156
Lease obligation long term - finance leases	33,023	32,942
Notes payable related parties, net of current portion	10,124	6,914
Seller notes - related parties	40,354	38,998
Deferred taxes	10,320	14,035
Other non-current obligations	5,795	4,104
Total liabilities	338,000	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 March 31, 2024 and September 30, 2023, respectively, with a liquidation preference of \$0.30 per share outstanding	—	—
Common stock, \$0.001 par value, 10,000,000 shares authorized, 3,148,135 and 3,164,330 shares issued and outstanding at March 31, 2024 and September 30, 2023, respectively	2	2
Paid in capital	69,487	69,387
Treasury stock common 676,258 and 660,063 shares as of March 31, 2024 and September 30, 2023, respectively	(8,610)	(8,206)
Treasury stock Series E preferred 80,000 shares as of March 31, 2024 and September 30, 2023, respectively	(7)	(7)
Retained earnings	34,996	38,959
Total stockholders' equity	95,868	100,135
Total liabilities and stockholders' equity	\$ 433,868	\$ 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 March 31,		For the Six Months Ended March 31,	
	2024	2023	2024	2023
Revenue	\$ 118,626	\$ 91,122	\$ 236,219	\$ 160,108
Cost of revenue	83,159	59,514	164,425	106,556
Gross profit	35,467	31,608	71,794	53,552
Operating expenses:				
General and administrative expenses	29,824	22,617	57,503	37,217
Sales and marketing expenses	6,481	4,039	11,588	6,816
Total operating expenses	36,305	26,656	69,091	44,033
Operating income (loss)	(838)	4,952	2,703	9,519
Other expense:				
Interest expense, net	(4,167)	(3,235)	(8,330)	(5,282)
Other Income	507	391	223	330
Total other expense, net	(3,660)	(2,844)	(8,107)	(4,952)
(Loss) income before provision for income taxes	(4,498)	2,108	(5,404)	4,567
(Benefit) provision for income taxes	(1,217)	550	(1,441)	1,165
Net (loss) income	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
(Loss) income per share:				
Basic	\$ (1.04)	\$ 0.50	\$ (1.25)	\$ 1.10
Diluted	\$ (1.04)	\$ 0.49	\$ (1.25)	\$ 1.08
Weighted average common shares outstanding:				
Basic	3,154,771	3,143,911	3,159,180	3,101,007
Diluted	3,154,771	3,184,982	3,159,180	3,137,625

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 Six Months Ended March 31,	
	2024	2023
Operating Activities:		
Net (loss) income	\$ (3,963)	\$ 3,402
Adjustments to reconcile net (loss) income to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	8,483	6,297
Gain on disposal of fixed assets	—	(7)
Amortization of seller note discount	1,355	—
Amortization of debt issuance cost	43	105
Stock based compensation expense	100	109
Amortization of right-of-use assets	2,008	1,397
Change in reserve for uncollectible accounts	(449)	350
Change in reserve for obsolete inventory	1,557	169
Changes in assets and liabilities, net of acquisitions:		
Trade receivables	(2,357)	436
Inventories	469	2,384
Income taxes payable/receivable	1,438	166
Prepaid expenses and other current assets	791	3,453
Deposits and other assets	(295)	(1,095)
Accounts payable	(2,511)	(3,668)
Accrued liabilities	(1,709)	(3,547)
Change in deferred income taxes	(2,829)	4,168
Other Liabilities	—	59
Net cash provided by operating activities	<u>2,131</u>	<u>14,178</u>
Investing Activities:		
Acquisition of CRO	(1,034)	—
Acquisition of Johnson	(500)	—
Acquisition of Flooring Liquidators, net of cash received	—	(33,929)
Purchase of property and equipment	(3,373)	(2,900)
Net cash used in investing activities	<u>(4,907)</u>	<u>(36,829)</u>
Financing Activities:		
Net borrowings under revolver loans	7,731	12,312
Proceeds from issuance of notes payable	227	8,449
Payments on notes payable	(3,359)	(3,679)
Proceeds from issuance of related party notes payable	1,000	7,000
Payments on related party notes payable	(600)	—
Payments for debt acquisition costs	—	(96)
Purchase of common treasury stock	(405)	(639)
Payments on financing leases	(1,638)	(1,077)
Payments on seller finance arrangements	—	(51)
Net cash provided by financing activities	<u>2,956</u>	<u>22,219</u>
Change in cash	180	(432)
Cash, beginning of period	4,309	4,600
Cash, end of period	<u>\$ 4,489</u>	<u>\$ 4,168</u>
Supplemental cash flow disclosures:		
Interest paid	\$ 6,665	\$ 4,602
Income taxes received, net	\$ 106	\$ —
Income taxes paid, net	\$ —	\$ 43
Noncash financing and investing activities:		
Noncash items related to Flooring Liquidators acquisition	\$ —	\$ 36,900
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		Paid-In Capital	Series E Preferred Stock	Common Stock	Retained Earnings	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount		Treasury Stock	Treasury Stock			
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
Stock based compensation	—	—	—	—	50	—	—	—	—	50
Purchase of common treasury stock	—	—	(11,849)	—	—	—	(298)	—	—	(298)
Net loss	—	—	—	—	—	—	—	(3,281)	—	(3,281)
Balance, March 31, 2024	47,840	\$ —	3,148,135	\$ 2	\$ 69,487	\$ (7)	\$ (8,610)	\$ 34,996	\$ —	\$ 95,868

	Series E Preferred Stock		Common Stock		Paid-In Capital	Series E Preferred Stock	Common Stock	Retained Earnings	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount		Treasury Stock	Treasury Stock			
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
Purchase of common treasury stock	—	—	(674)	—	—	—	(17)	—	—	(17)
Stock based compensation	—	—	—	—	109	—	—	—	—	109
Issuance of common stock	—	—	116,441	—	3,200	—	—	—	—	3,200
Net income	—	—	—	—	—	—	—	1,558	—	1,558
Balance, March 31, 2023	47,840	\$ —	3,165,890	\$ 2	\$ 68,630	\$ (7)	\$ (7,853)	\$ 42,911	\$ (448)	\$ 103,235

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 AND SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(dollars in thousands, except per-share amounts)

Note 1: Background and Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Live Ventures Incorporated, a Nevada corporation, and its subsidiaries (collectively, "Live Ventures" or the "Company"). Live Ventures is a diversified holding company with a strategic focus on value-oriented acquisitions of domestic middle-market companies. The Company has five operating segments: Retail-Entertainment, Retail-Flooring, Flooring Manufacturing, Steel Manufacturing, and Corporate and Other. The Retail-Entertainment segment includes Vintage Stock, Inc. ("Vintage Stock"), which is engaged in the retail sale of new and used movies, music, collectibles, comics, books, games, game systems and components. The Retail-Flooring segment includes Flooring Liquidators, Inc. ("Flooring Liquidators"), which is engaged in the retail sale and installation of floors, carpets, and countertops. The Flooring Manufacturing segment includes Marquis Industries, Inc. ("Marquis"), which is engaged in the manufacture and sale of carpet and the sale of vinyl and wood floor coverings. The Steel Manufacturing Segment includes Precision Industries, Inc. ("Precision Marshall"), which is engaged in the manufacture and sale of alloy and steel plates, ground flat stock and drill rods, The Kinetic Co., Inc. ("Kinetic"), which is engaged in the production of industrial knives and hardened wear products for the tissue and metals industries, 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 and six months ended March 31, 2024 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Significant estimates made in connection with the accompanying consolidated financial statements include the estimated reserve for doubtful current 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 Chief Operating Decision Maker, as well as the aggregate amount of other segment items included in the reported measure of segment profit or loss. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, and requires retrospective adoption. Early adoption is permitted. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

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	\$	<u>1,759</u>

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 March 31, 2024 (in \$000's):

Total purchase price	\$	1,759
Accounts payable		770
Accrued liabilities		1,298
Total liabilities assumed		<u>2,068</u>
Total consideration		3,827
Accounts receivable		259
Inventory		1,406
Property, plant and equipment		261
Intangible assets		1,190
Other assets		286
Total assets acquired		<u>3,402</u>
Total goodwill	\$	<u>425</u>

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 in the form of a seller note of \$1.2 million, with additional

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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	\$	<u>2,001</u>

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 March 31, 2024 (in \$000's):

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

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 price was allocated to inventory.

Acquisition of PMW

On July 20, 2023 ("Effective Date"), the Company acquired PMW, a Kentucky-based metal stamping and value-added manufacturing company. PMW was acquired for total consideration of approximately \$28 million, comprised 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.

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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	\$	<u>26,777</u>

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		<u>15,783</u>
Total consideration		<u>42,560</u>
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		<u>38,546</u>
Total goodwill	\$	<u>4,014</u>

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 of 116,441 shares of Company Common Stock (as defined in the Purchase Agreement) (the "Share Amount"), calculated in the manner described in the Purchase Agreement;
- \$2.0 million holdback; and
- \$2.0 million of contingent consideration, comprised of \$1.0 million in cash and \$1.0 million in restricted stock units.

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

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

Under the preliminary purchase price allocation, the Company recognized goodwill of approximately \$1.4 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

Pro Forma Information

The table below presents selected proforma information for the Company for the three and six-month periods ended March 31, 2023, assuming that the acquisition had occurred on October 1, 2022 (the beginning of the Company's 2023 fiscal year), pursuant to ASC 805-10-50 (in \$000's). This proforma information does not purport to represent what the actual results of operations of the Company would have been had the acquisition occurred on that date, nor does it purport to predict the results of operations for future periods.

	As Reported		Adjustments	Proforma
	Live Unaudited Three Months Ended March 31, 2023	Flooring Liquidators Unaudited Three Months Ended March 31, 2023		
Net revenue	\$ 91,122	\$ 4,222		\$ 95,344
Net income	\$ 1,558	\$ (2,188)	\$ (300)	\$ (930)
Earnings per basic common share	\$ 0.50			\$ (0.30)
Earnings per basic diluted share	\$ 0.49			\$ (0.29)

	As Reported		Adjustments	Proforma
	Live Unaudited Six Months Ended March 31, 2023	Flooring Liquidators Unaudited Six Months Ended March 31, 2023		
Net revenue	\$ 160,108	\$ 37,702		\$ 197,810
Net income	\$ 3,402	\$ (1,033)	\$ (2,226)	\$ 143
Earnings per basic common share	\$ 1.10			\$ 0.05
Earnings per basic diluted share	\$ 1.08			\$ 0.05

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

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

Note 4: Inventory

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

	March 31, 2024	September 30, 2023
Inventory, net		
Raw materials	\$ 28,695	\$ 32,590
Work in progress	9,320	9,028
Finished goods	52,674	50,082
Merchandise	46,388	43,438
	137,077	135,138
Less: Inventory reserves	(6,097)	(3,824)
Total inventory, net	\$ 130,980	\$ 131,314

Note 5: Property and Equipment

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

	March 31, 2024	September 30, 2023
Property and equipment, net:		
Land	\$ 2,029	\$ 2,029
Building and improvements	36,955	35,684
Transportation equipment	2,086	2,062
Machinery and equipment	69,322	67,575
Furnishings and fixtures	6,285	6,028
Office, computer equipment and other	5,003	4,569
	121,680	117,947
Less: Accumulated depreciation	(43,248)	(37,244)
Total property and equipment, net	\$ 78,432	\$ 80,703

Depreciation expense was \$3.0 million and \$2.7 million for the three months ended March 31, 2024 and 2023, respectively, and \$6.1 million and \$5.1 million for the six months ended March 31, 2024 and 2023, respectively.

Note 6: Leases

The Company leases retail stores, warehouse facilities, and office space. These assets and properties are generally leased under noncancelable agreements that expire at various future dates with many agreements containing renewal options for additional periods. The agreements, which have been classified as either operating or finance leases, generally provide for minimum rent and, in some cases, percentage rent, and require the Company to pay all insurance, taxes, and other maintenance costs. As a result, the Company recognizes assets and liabilities for all leases with lease terms greater than 12 months. The amounts recognized reflect the present value of remaining lease payments for all leases. The discount rate

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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 March 31, 2024 and September 30, 2023 (in \$000's):

	March 31, 2024	September 30, 2023
Right of use asset - operating leases	\$ 64,867	\$ 54,544
Lease liabilities:		
Current - operating	13,459	11,369
Current - finance	361	359
Long term - operating	56,678	48,156
Long term - finance	33,023	32,942

As of March 31, 2024, the weighted average remaining lease term for operating leases is 10.0 years. The Company's weighted average discount rate for operating leases is 9.8%. Total cash payments for operating leases for the six months ended March 31, 2024 and 2023 were approximately \$8.8 million and \$3.9 million, respectively. Additionally, the Company recognized approximately \$17.4 million in right of use assets and liabilities upon commencement of operating leases during the six months ended March 31, 2024.

As of March 31, 2024, the weighted average remaining lease term for finance leases is 27.3 years. The Company's weighted average discount rate for finance leases is 11.7%. Total cash payments for finance leases for the six months ended March 31, 2024 and 2023 were approximately \$1.6 million and \$1.1 million, respectively. No finance right-of-use assets or liabilities were recognized during the six months ended March 31, 2024.

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

	March 31, 2024	September 30, 2023
Property and equipment, at cost	\$ 22,526	\$ 22,526
Accumulated depreciation	\$ (1,048)	\$ (702)
Property and equipment, net	\$ 21,478	\$ 21,824

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

Twelve months ended March 31,		
2025		\$ 18,466
2026		16,286
2027		13,774
2028		11,132
2029		7,049
Thereafter		31,421
Total		98,128
Less implied interest		(27,991)
Present value of payments		\$ 70,137

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

Twelve months ended March 31,		
2025	\$	3,185
2026		3,197
2027		3,257
2028		3,348
2029		3,453
Thereafter		103,196
Total		119,636
Less implied interest		(86,252)
Present value of payments	\$	<u>33,384</u>

During the six months ended March 31, 2024 and 2023, the Company recorded no impairment charges relating to any of its leases.

Note 7: Intangibles

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

	March 31, 2024	September 30, 2023
Intangible assets, net:		
Intangible assets - Tradenames	\$ 14,940	\$ 14,940
Intangible assets - Customer relationships	15,139	13,874
Intangible assets - Other	3,810	2,316
	<u>33,889</u>	<u>31,130</u>
Less: Accumulated amortization	(6,947)	(4,562)
Total intangibles, net	<u>\$ 26,942</u>	<u>\$ 26,568</u>

Amortization expense was \$1.2 million and \$992,000 for the three months ended March 31, 2024 and 2023, respectively, and \$2.4 million and \$1.2 million for the six months ended March 31, 2024 and 2023, respectively.

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

Twelve months ending March 31,		
2025	\$	4,984
2026		4,984
2027		4,915
2028		4,799
2029		4,141
Thereafter		3,119
	\$	<u>26,942</u>

Note 8: Goodwill

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

	<u>Retail - Entertainment</u>	<u>Retail - Flooring</u>	<u>Flooring Manufacturing</u>	<u>Steel Manufacturing</u>	<u>Total</u>
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
March 31, 2024	<u>\$ 36,947</u>	<u>\$ 31,844</u>	<u>\$ 807</u>	<u>\$ 7,041</u>	<u>\$ 76,639</u>

During the six months ended March 31, 2024, the Company made fair value adjustments, in the amount of approximately (\$52,000) related to the acquisition of PMW, \$425,000 related to the CRO acquisition, and \$1.0 million related to the acquisition of Flooring Liquidators (see Note 3).

As of March 31, 2024, 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 March 31, 2024 and September 30, 2023 (in \$000's):

	<u>March 31, 2024</u>	<u>September 30, 2023</u>
Accrued liabilities:		
Accrued payroll and bonuses	\$ 6,524	\$ 5,802
Accrued sales and use taxes	1,884	1,529
Accrued customer deposits	6,548	4,579
Accrued gift card and escheatment liability	1,825	1,819
Accrued interest payable	846	669
Accrued inventory	2,230	5,700
Accrued professional fees	2,476	3,146
Accrued expenses - other	10,847	8,582
Total accrued liabilities	<u>\$ 33,180</u>	<u>\$ 31,826</u>

Note 10: Long-Term Debt

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

	<u>March 31, 2024</u>	<u>September 30, 2023</u>
Revolver loans	\$ 64,510	\$ 56,779
Equipment loans	13,543	15,486
Term loans	13,192	14,290
Other notes payable	15,997	15,789
Total notes payable	107,242	102,344
Less: unamortized debt issuance costs	(524)	(557)
Net amount	106,718	101,787
Less: current portion	(31,396)	(23,077)
Total long-term debt	<u>\$ 75,322</u>	<u>\$ 78,710</u>

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

Twelve months ending March 31,		
2024	\$	31,396
2025		5,992
2026		53,669
2027		4,441
2028		11,220
Total future maturities of long-term debt	\$	<u>106,718</u>

Bank of America Revolver Loan

On January 31, 2020, Marquis entered into an amended \$5.0 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 March 31, 2024 and September 30, 2023, the outstanding balance was approximately \$16.4 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 March 31, 2024 and September 30, 2023, the outstanding balance on the revolving loan was approximately \$5.0 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 \$2.1 million and \$2.3 million, respectively. The revolving loan has a variable interest rate and matures in January 2027. As of March 31, 2024 and September 30, 2023, the outstanding balance on Kinetic Term Loan #1 was approximately \$3.0 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. As of March 31, 2024 and September 30, 2023, the outstanding balance on the Capex loan was approximately \$1.3 million and 1.4 million, respectively.

Eclipse Business Capital Loans

In connection with the acquisition of Flooring Liquidators (see Note 3), on January 18, 2023, Flooring Liquidators entered into a credit facility with Eclipse Business Capital, LLC (“Eclipse”). The facility consists of \$25.0 million in revolving credit (“Eclipse Revolver”) and \$3.5 million in M&E lending (“Eclipse M&E”). The Eclipse Revolver is a three-year, asset-based facility that is secured by substantially all of Flooring Liquidators’ assets. Availability under the Eclipse Revolver is subject to a monthly borrowing base calculation. Flooring Liquidators’ ability to borrow under the Eclipse

Revolver is subject to the satisfaction of certain conditions, including meeting all loan covenants under the credit agreement with Eclipse. The Eclipse Revolver bears interest at 4.5% per annum in excess of Adjusted Term SOFR prior to April 1, 2023, and 3.5% per annum in excess of Adjusted Term SOFR after April 1, 2023. The Eclipse M&E loan bears interest at 6.0% per annum in excess of Adjusted Term SOFR prior to April 1, 2023, and 5.0% per annum in excess of Adjusted Term SOFR after April 1, 2023. The credit facility matures in January 2026. As of March 31, 2024 and September 30, 2023, the outstanding balance on the Eclipse Revolver was approximately \$9.0 million and \$8.2 million, respectively, and the outstanding balance on the Eclipse M&E loan was approximately \$2.1 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 "Revolving Credit Facility"). The facility consists of \$15.0 million in revolving credit ("Fifth-Third Revolver") and approximately \$5.0 million in M&E lending (the "Fifth-Third M&E Loan"). The Fifth-Third Revolver is a three-year, asset-based facility that is secured by substantially all of PMW's assets. Availability under the Fifth-Third Revolver is subject to a monthly borrowing base calculation. PMW's ability to borrow under the Fifth-Third Revolver is subject to the satisfaction of certain conditions, including meeting all loan covenants under the credit agreement with Fifth-Third. Loans made under the Revolving Credit Facility are considered Reference Rate Loans, and bear interest at a rate equal to the sum of the Reference Rate plus the Applicable Margin. Reference Rate means the greater of (a) 3.0% or (b) the Lender's publicly announced prime rate (which is not intended to be Lender's lowest or most favorable rate in effect at any 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 March 31, 2024 and September 30, 2023, the outstanding balance on the Fifth-Third Revolver was approximately \$10.8 million and \$11.0 million, respectively, and the balance on the Fifth-Third M&E loan was approximately \$4.4 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 March 31, 2024, the outstanding balance on the Bank Midwest Revolver was approximately \$3.4 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 March 31, 2024:

Note #3 was for approximately \$3.7 million, secured by equipment. The Equipment Loan #3 matured in December 2023. As of March 31, 2024 and September 30, 2023, the balance was \$0 and \$154,000, respectively.

Note #4 was for approximately \$1.1 million, secured by equipment. The Equipment Loan #4 matured in December 2023. As of March 31, 2024 and September 30, 2023, the balance was \$0 and \$47,000, respectively.

Note #5 is for approximately \$4.0 million, secured by equipment. The Equipment Loan #5 is due December 2024, payable in 84 monthly payments of \$55,000 beginning January 2018, bearing interest at 4.7% per annum. As of March 31, 2024 and September 30, 2023, the balance was approximately \$485,000 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 March 31, 2024 and September 30, 2023, the balance was approximately \$237,000 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 March 31, 2024 and September 30, 2023, the balance was approximately \$2.6 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 March 31, 2024 and September 30, 2023, the balance was approximately \$1.8 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 March 31, 2024 and September 30, 2023, the balance was approximately \$3.4 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 March 31, 2024 and September 30, 2023, the balance was approximately \$5.0 million and \$5.3 million.

Loan Covenant Compliance

As of March 31, 2024, 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 March 31, 2024 and September 30, 2023 consisted of the following (in \$000's):

	March 31, 2024	September 30, 2023
Isaac Capital Group, LLC, 12.5% interest rate, matures May 2025	\$ 2,000	\$ 2,000
Spriggs Investments, LLC, 10% interest rate, matures July 2025	1,400	2,000
Spriggs Investments, LLC for Flooring Liquidators, 12% interest rate, matures July 2025	1,000	1,000
Isaac Capital Group, LLC revolver, 12% interest rate, matures April 2025	2,000	1,000
Isaac Capital Group, LLC for Flooring Liquidators, 12% interest rate, matures January 2028	5,000	5,000
Total notes payable - related parties	11,400	11,000
Less: unamortized debt issuance costs	(76)	(86)
Net amount	11,324	10,914
Less: current portion	(1,200)	(4,000)
Total long-term portion, related parties	\$ 10,124	\$ 6,914
Twelve months ending March 31,		
2025		\$ 1,200
2026		5,200
2029		4,924
Total future maturities of long-term debt, related parties		\$ 11,324

Note 12: Related Party Seller Notes

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

	March 31, 2024	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)	854	(502)
Net amount	40,354	38,998
Less current portion	—	—
Long-term portion of Related party seller notes payable	<u>\$ 40,354</u>	<u>\$ 38,998</u>

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

Twelve months ending March 31,	
2026	500
2027	3,500
2028	36,354
Total	<u>\$ 40,354</u>

Note 13: Stockholders' EquitySeries E Convertible Preferred Stock

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

Treasury Stock

As of March 31, 2024 and September 30, 2023, the Company had 676,258 and 660,063 shares of Treasury Stock, respectively. During the six months ended March 31, 2024 and 2023, the Company repurchased 16,195 and 25,384 shares of its common stock for approximately \$404,000 and \$639,000, respectively. During the six months ended March 31, 2024 and 2023, the average price paid per share was \$24.99 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 six months ended March 31, 2024:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Intrinsic Value
Outstanding at September 30, 2022	87,500	\$ 18.81	0.78	\$ 771
Outstanding at March 31, 2023	87,500	\$ 18.81	0.85	\$ 1,160
Exercisable at March 31, 2023	87,500	\$ 18.81	0.85	\$ 1,160
Outstanding at September 30, 2023	53,750	\$ 21.51	1.54	\$ 540
Outstanding at March 31, 2024	53,750	\$ 21.51	1.04	\$ 499
Exercisable at March 31, 2024	53,750	\$ 21.51	1.04	\$ 499

The Company recognized compensation expense of approximately \$50,000 and \$109,000 during the three months ended March 31, 2024 and 2023, respectively, and approximately \$100,000 and \$109,000 during the six months ended March 31, 2024 and 2023, respectively, related to stock option awards and restricted stock awards granted to certain employees and officers based on the grant date fair value of the awards, and the revaluation for existing options whereby the expiration date was extended.

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

Note 15: Earnings Per Share

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

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

	Three Months Ended March 31,		Six Months Ended March 31,	
	2024	2023	2024	2023
<i>Basic</i>				
Net (loss) income	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
Less: preferred stock dividends	—	—	—	—
Net (loss) income applicable to common stock	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
Weighted average common shares outstanding	3,154,771	3,143,911	3,159,180	3,101,007
Basic (loss) earnings per share	\$ (1.04)	\$ 0.50	\$ (1.25)	\$ 1.10
<i>Diluted</i>				
Net (loss) income applicable to common stock	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
Add: preferred stock dividends	—	—	—	—
Net (loss) income applicable to diluted earnings per share	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
Weighted average common shares outstanding	3,154,771	3,143,911	3,159,180	3,101,007
Add: Options	—	40,832	—	36,379
Add: Series E Preferred Stock	—	239	—	239
Assumed weighted average common shares outstanding	3,154,771	3,184,982	3,159,180	3,137,625
Diluted (loss) earnings per share	\$ (1.04)	\$ 0.49	\$ (1.25)	\$ 1.08

Basic earnings per common share ("EPS") is computed by dividing net income by the weighted average number of shares of Common Stock outstanding for the period. Diluted EPS is computed by dividing net income by the sum of the weighted average number of shares of Common Stock outstanding and the effect of dilutive securities. No diluted EPS computation was made for the three and six months ended March 31, 2024, as the Company recorded a net loss. Had the Company calculated diluted EPS for the three and six months ended March 31, 2024, the total assumed weighted average common shares outstanding would have been 3,173,021 and 3,177,549, respectively, and there would have been 22,500 options to purchase shares of common stock that were anti-dilutive. For the three and six months ended March 31, 2023, there were 7,000 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 March 31, 2024, Isaac Capital Group, LLC ("ICG") beneficially owns 49.0% 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 \$1.00 per share, all of which are currently exercisable. Mr. Isaac's options expire on 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 2.5% and matures in May 2025. As of March 31, 2024 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 Second Amendment of the ICG Revolver that extended the maturity date to April 8, 2024, increased the interest rate from 10% to 12% per annum, and decreased the amount of available revolving credit under the facility to \$1.0 million. On January 11, 2024, the Company entered into the Third Amendment of the ICG Revolver that extended the maturity date to April 8, 2025 and increased the amount of available revolving credit under the facility to \$5.0 million. As of March 31, 2024 and September 30, 2023, the outstanding balance on the ICG Revolver was \$2.0 million and 1.0 million, respectively.

ICG Flooring Liquidators Note

On January 18, 2023, in connection with the acquisition of Flooring Liquidators, Flooring Affiliated Holdings, LLC, a wholly-owned subsidiary of the Company, as borrower, entered into a promissory note for the benefit of ICG in the amount of \$5.0 million ("ICG Flooring Liquidators Loan"). The ICG Flooring Liquidators Loan matures on January 18, 2028, and bears interest at 12%. Interest is payable in arrears on the last day of each calendar month. The note is fully guaranteed by the Company. As of March 31, 2024, 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 Chief Executive Officer, Jon Isaac, is the Chief Executive Officer and a director of JanOne Inc. ("JanOne"). Richard Butler, a member of the Company's board of directors, is a director of JanOne.

Lease Agreement

Customer Connexx LLC, formerly a subsidiary of JanOne, previously rented approximately 9,900 square feet of office space from the Company at its Las Vegas office, which totals 16,500 square feet. JanOne paid the Company \$39,000 and \$112,000 in rent and other reimbursed expenses for three months ended March 31, 2024 and 2023, respectively, and \$75,000 and \$256,000 for the six months ended March 31, 2024 and 2023, 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 March 31, 2024, the Company had a full allowance of approximately \$690,000 recorded in the reserve for doubtful accounts for the amount due.

On February 7, 2024, the Company converted outstanding receivables from JanOne and amounts due under the Purchase Agreement with ARCA Recycling into a promissory note with JanOne. On March 6, 2024, the Company entered into a Note Sale Agreement ("NSA") with an unaffiliated third party under which the third party acquired the promissory note for approximately \$700,000. The NSA requires payment of 50% of the amount due upon execution, and the balance due no later than three days following 60 days after the date of execution. On March 11, 2024, the Company received payment of approximately \$350,000, which was recorded as other income, and recorded a receivable for the deferred payment, which was subsequently received. In connection with the execution of the NSA, the Company recognized a gain of approximately \$0.6 million in the second quarter.

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 0.0% per annum. On January 19, 2023, the Company entered into a modification agreement of the Spriggs Loan I. Under the modification agreement, the Spriggs Promissory Note I will bear interest at a rate of 12% per annum, and the maturity date was extended to July 31, 2024. On February 29, 2024, the Company entered into a loan modification agreement of the Spriggs Loan I. Under the loan modification agreement, the Company was required to make a principal payment of \$600,000 to Spriggs Investments within five business days following the effective date of the loan modification agreement, and make principal payments of not less than \$300,000 each 90-day period thereafter, beginning on April 1, 2024, until the Spriggs Promissory Note I is fully repaid. Further, under the loan modification agreement, the maturity date of the Spriggs Promissory Note I was extended to July 31, 2025. All monthly payments under the original Spriggs Promissory Note I remain in effect through the maturity date as amended. As of March 31, 2024 and September 30, 2023, the principal amount owed was \$1.4 million and \$2.0 million, respectively.

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 of 2% per annum. On February 29, 2024, the Company entered into a loan modification agreement of the Spriggs Loan II. Under the loan modification agreement, upon full principal repayment of the Spriggs Promissory Note I (see above), the Company will make principal payments of not less than \$300,000, per each 90-day period, until the Spriggs Loan II is fully repaid. Further, under the loan modification agreement, the maturity date of the Spriggs Loan II was extended to July 31, 2025. All monthly payments under the original Spriggs Loan II remain in effect through the maturity date as amended. As of March 31, 2024 and September 30, 2023, the principal 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 certain assets and intellectual property of Better Backers, Inc., Marquis entered into two building leases with Spyglass. The building leases are for 20 years with two options to renew for an additional five years each. The provisions of the lease agreements include an initial 24-month month-to-month rental period, during which the lessee may cancel with 90-day notice, followed by a 20-year lease term with two five-year renewal options. The Company has evaluated each lease and determined the rental amounts to be at market rates.

Transactions with Flooring Liquidators CEO

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

Flooring Liquidators leases 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 March 31, 2024 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 at 8.24% 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 March 31, 2024 and September 30, 2023, the carrying value of the Sellers Note was approximately \$34.9 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 a consulting agreement with the previous owner of PMW to 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 at 8.0% per annum, with interest payable quarterly in arrears. The seller financed loans have a maturity date of July 18, 2028. As of March 31, 2024 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 and two of its executive officers - Jon Isaac, the Company's current President and Chief Executive Officer, and Virland Johnson, the Company's former Chief Financial Officer, as defendants (collectively, the "Company Defendants") as well as certain other related third parties (the "SEC Complaint"). The SEC Complaint alleges various financial, disclosure, and reporting violations related to income and earnings per share data, purported undisclosed stock promotion and trading, purported inaccurate disclosure regarding beneficial ownership of common stock, and undisclosed executive compensation from 2016 through 2018. The violations are brought under Section 10(b) of the Exchange Act and Rule 10b-5; Sections 13(a), 13(b)(2)(B) and 13(b)(5) of the Exchange Act and Rules 12b-20, 13a-1, 13a-14, 13a-13, 13b2-1, 13b2-2; Section 14(a) of the Exchange Act and Rule 14a-3; and Section 17(a) of the Securities Act of 1933. The

SEC seeks permanent injunctions against the Company Defendants, permanent officer-and-director bars, disgorgement of profits, and civil penalties. The foregoing is only a general summary of the SEC Complaint, which may be accessed on the SEC's website at <https://www.sec.gov/litigation/litreleases/2021/lr25155.htm>.

On October 1, 2021, the Company Defendants and third-party defendants moved to dismiss the SEC complaint. On September 7, 2022, the court denied the Company Defendants' motion 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. In light of this, 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. On April 10, 2024, the District Court dismissed the individual shareholders, leaving intact the company's misrepresentation claims against the shareholder representative. 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 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. Elite Builders has received early round discovery from the plaintiff and plans to engage in further discovery to establish the extent, if any, of exposure. The parties have also discussed attending mediation with the intent to minimize litigation costs.

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 March 31,		For the Six Months Ended March 31,	
	2024	2023	2024	2023
Revenues				
Retail-Entertainment	\$ 16,842	\$ 19,188	\$ 37,428	\$ 42,461
Retail-Flooring	32,032	20,769	66,351	20,769
Flooring Manufacturing	34,180	30,340	63,425	56,772
Steel Manufacturing	35,488	19,916	68,841	37,897
Corporate & Other	84	909	174	2,209
Total revenues	<u>\$ 118,626</u>	<u>\$ 91,122</u>	<u>\$ 236,219</u>	<u>\$ 160,108</u>
Gross profit				
Retail-Entertainment	\$ 9,836	\$ 10,654	\$ 21,364	\$ 22,864
Retail-Flooring	11,702	7,742	24,734	7,742
Flooring Manufacturing	8,760	7,328	15,182	11,989
Steel Manufacturing	5,090	5,647	10,352	10,040
Corporate & Other	79	237	162	917
Total gross profit	<u>\$ 35,467</u>	<u>\$ 31,608</u>	<u>\$ 71,794</u>	<u>\$ 53,552</u>
Operating income (loss)				
Retail-Entertainment	\$ 1,784	\$ 2,327	\$ 4,973	\$ 5,991
Retail-Flooring	(3,023)	(216)	(2,935)	(216)
Flooring Manufacturing	1,978	2,406	2,923	3,158
Steel Manufacturing	872	2,814	1,855	4,270
Corporate & Other	(2,449)	(2,379)	(4,113)	(3,684)
Total operating income	<u>\$ (838)</u>	<u>\$ 4,952</u>	<u>\$ 2,703</u>	<u>\$ 9,519</u>
Depreciation and amortization				
Retail-Entertainment	\$ 226	\$ 321	\$ 492	\$ 633
Retail-Flooring	1,275	995	2,627	995
Flooring Manufacturing	1,055	1,082	2,112	2,193
Steel Manufacturing	1,627	1,114	3,244	2,207
Corporate & Other	5	135	8	269
Total depreciation and amortization	<u>\$ 4,188</u>	<u>\$ 3,647</u>	<u>\$ 8,483</u>	<u>\$ 6,297</u>

Interest expense								
Retail-Entertainment	\$	82	\$	152	\$	237	\$	306
Retail-Flooring		1,275		1,021		2,474		1,021
Flooring Manufacturing		1,016		1,067		2,000		2,054
Steel Manufacturing		1,557		841		3,180		1,628
Corporate & Other		237		154		439		273
Total interest expense	\$	<u>4,167</u>	\$	<u>3,235</u>	\$	<u>8,330</u>	\$	<u>5,282</u>
Net (loss) income before provision for income taxes								
Retail-Entertainment	\$	1,845	\$	2,178	\$	4,954	\$	5,716
Retail-Flooring		(4,485)		(1,390)		(6,115)		(1,390)
Flooring Manufacturing		826		1,214		662		901
Steel Manufacturing		(1,056)		1,715		(2,074)		1,983
Corporate & Other		(1,628)		(1,609)		(2,831)		(2,643)
Total (loss) net income before provision for income taxes	\$	<u>(4,498)</u>	\$	<u>2,108</u>	\$	<u>(5,404)</u>	\$	<u>4,567</u>

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 and six months ended March 31, 2024, this "Management's Discussion and Analysis of Financial Condition and Results of Operations" (hereafter referred to as "MD&A") should be read in conjunction with the condensed consolidated financial statements, including the related notes, appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (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 Carpet Remnant Outlet, Inc. ("CRO"), a floor covering retailer and installer serving residential and commercial customers throughout Northwest Arkansas.

On November 30, 2023, CRO acquired certain assets and assumed certain liabilities of Johnson Floor & Home ("Johnson"), a floor covering retailer and installer serving residential and commercial customers through locations in Tulsa, Oklahoma and Joplin, Missouri.

Flooring Manufacturing Segment

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

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

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

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

Steel Manufacturing Segment

Our Steel Manufacturing segment is comprised of Precision Industries, Inc. ("Precision Marshall"), 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.

Results of Operations Three Months Ended March 31, 2024 and 2023

The following table sets forth certain statement of income items and as a percentage of revenue, for the three months ended March 31, 2024 and 2023 (in \$000's):

	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
		% of Total Revenue		% of Total Revenue
Selected Data				
Revenues	\$ 118,626		\$ 91,122	
Cost of revenues	83,159	70.1 %	59,514	65.3 %
General and administrative expenses	29,824	25.1 %	22,617	24.8 %
Sales and marketing expenses	6,481	5.5 %	4,039	4.4 %
Interest expense, net	4,167	3.5 %	3,235	3.6 %
(Loss) income before provision for income taxes	(4,498)	(3.8 %)	2,108	2.3 %
(Benefit) provision for income taxes	(1,217)	(1.0 %)	550	0.6 %
Net (loss) income	\$ (3,281)	(2.8 %)	\$ 1,558	1.7 %
Adjusted EBITDA (a)				
Retail-Entertainment	\$ 2,153		\$ 2,652	
Retail-Flooring	(1,849)		1,111	
Flooring Manufacturing	2,897		3,363	
Steel Manufacturing	2,331		3,670	
Corporate & Other	(1,075)		(1,609)	
Total Adjusted EBITDA	\$ 4,457		\$ 9,187	
Adjusted EBITDA as a percentage of revenue				
Retail-Entertainment	12.8 %		13.8 %	
Retail-Flooring	(5.8 %)		5.3 %	
Flooring Manufacturing	8.5 %		11.1 %	
Steel Manufacturing	6.6 %		18.4 %	
Corporate & Other	N/A		N/A	
Consolidated adjusted EBITDA as a percentage of revenue	3.8 %		10.1 %	

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

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

	For the Three Months Ended March 31, 2024		For the Three Months Ended March 31, 2023	
	Net Revenue	% of Total Revenue	Net Revenue	% of Total Revenue
Revenue				
Retail-Entertainment	\$ 16,842	14.2 %	\$ 19,188	21.1 %
Retail-Flooring	32,032	27.0 %	20,769	22.8 %
Flooring Manufacturing	34,180	28.8 %	30,340	33.3 %
Steel Manufacturing	35,488	29.9 %	19,916	21.9 %
Corporate & Other	84	0.1 %	909	1.0 %
Total Revenue	\$ 118,626	100.0 %	\$ 91,122	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 March 31, 2024		For the Three Months Ended March 31, 2023	
	Gross Profit	Gross Profit % of Total Revenue	Gross Profit	Gross Profit % of Total Revenue
Gross Profit				
Retail-Entertainment	\$ 9,836	8.3 %	\$ 10,654	11.7 %
Retail-Flooring	11,702	9.9 %	7,742	8.5 %
Flooring Manufacturing	8,760	7.4 %	7,328	8.0 %
Steel Manufacturing	5,090	4.3 %	5,647	6.2 %
Corporate & Other	79	0.1 %	237	0.3 %
Total Gross Profit	\$ 35,467	29.9 %	\$ 31,608	34.7 %

Revenue

Revenue increased approximately \$27.5 million, or 30.2%, to approximately \$118.6 million for the quarter ended March 31, 2024, compared to revenue of approximately \$91.1 million in the prior year period. The increase is primarily attributable to the acquisitions of PMW, which was acquired during the fourth quarter of fiscal year 2023, and Flooring Liquidators, which was acquired during the second quarter of fiscal year 2023 which collectively added approximately \$29.6 million, as well as an increase of approximately \$3.8 million in revenue in the Flooring Manufacturing segment. The increase was partially offset by decreased revenue of approximately \$5.9 million in the Company's other business segments due to general economic conditions.

Cost of Revenue

Cost of revenue as a percentage of revenue was 70.1% for three months ended March 31, 2024 as compared to 65.3% for the three months ended March 31, 2023. The increase was primarily attributable to the acquisition of PMW, which historically has generated lower margins, as well as a decrease in margins in our Steel Manufacturing segment as a whole due to decreased production due to a slow down in sales, partially offset by an increase in margins in our Flooring Manufacturing segment due to increased sales of Harris Flooring Group® brands, which generates higher margins.

General and Administrative Expense

General and Administrative expenses increased by 31.9% to approximately \$29.8 million for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023. The increase is primarily due to the acquisitions of Flooring Liquidators and PMW during fiscal 2023.

Sales and Marketing Expense

Sales and marketing expense increased by 60.5% to approximately \$6.5 million for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to expanding the sales force in connection with the acquisition of the Harris Flooring Group® brands from Q.E.P, 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 \$925,000 for the three months ended March 31, 2024, as compared to the three months ended March 31, 2023, primarily due to increased debt balances related to the acquisitions of Flooring Liquidators and PMW, and to fund operations, and increased interest rates during the period.

Results of Operations Six Months Ended March 31, 2024 and 2023

The following table sets forth certain statement of income items and as a percentage of revenue, for the six months ended March 31, 2024 and 2023 (in \$000's):

	For the Six Months Ended March 31, 2024		For the Six Months Ended March 31, 2023	
		% of Total Revenue		% of Total Revenue
Statement of Income Data:				
Revenues	\$ 236,219		\$ 160,108	
Cost of revenues	164,425	69.6 %	106,556	66.6 %
General and administrative expenses	57,503	24.3 %	37,217	23.2 %
Sales and marketing expenses	11,588	4.9 %	6,816	4.3 %
Interest expense, net	8,330	3.5 %	5,282	3.3 %
Income before provision for income taxes	(5,404)	(2.3 %)	4,567	2.9 %
Provision for income taxes	(1,441)	(0.6 %)	1,165	0.7 %
Net income	\$ (3,963)	(1.7 %)	\$ 3,402	2.1 %
Adjusted EBITDA (a)				
Retail-Entertainment	\$ 5,867		\$ 6,656	
Retail-Flooring	(546)		1,111	
Flooring Manufacturing	4,774		5,147	
Steel Manufacturing	5,133		6,195	
Corporate & Other	(2,075)		(2,382)	
Total Adjusted EBITDA	\$ 13,153		\$ 16,727	
Adjusted EBITDA as a percentage of revenue				
Retail-Entertainment	15.7 %		15.7 %	
Retail-Flooring	(0.8 %)		5.4 %	
Flooring Manufacturing	7.5 %		9.1 %	
Steel Manufacturing	7.5 %		16.3 %	
Corporate & Other	N/A		N/A	
Consolidated adjusted EBITDA as a percentage of revenue	5.6 %		10.4 %	

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

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

	For the Six Months Ended March 31, 2024		For the Six Months Ended March 31, 2023	
	Net Revenue	% of Total Revenue	Net Revenue	% of Total Revenue
Revenue				
Retail-Entertainment	\$ 37,428	15.8 %	\$ 42,461	26.5 %
Retail-Flooring	66,351	28.1 %	20,769	13.0 %
Flooring Manufacturing	63,425	26.9 %	56,772	35.5 %
Steel Manufacturing	68,841	29.1 %	37,897	23.7 %
Corporate & other	174	0.1 %	2,209	1.4 %
Total Revenue	\$ 236,219	100.0 %	\$ 160,108	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 Six Months Ended March 31, 2024		For the Six Months Ended March 31, 2023	
	Gross Profit	Gross Profit % of Total Revenue	Gross Profit	Gross Profit % of Total Revenue
Gross Profit				
Retail-Entertainment	\$ 21,364	9.0 %	\$ 22,864	14.3 %
Retail-Flooring	24,734	10.5 %	7,742	4.8 %
Flooring Manufacturing	15,182	6.4 %	11,989	7.5 %
Steel Manufacturing	10,352	4.4 %	10,040	6.3 %
Corporate & other	162	0.1 %	917	0.6 %
Total Gross Profit	\$ 71,794	30.4 %	\$ 53,552	33.4 %

Revenue

Revenue increased approximately \$76.1 million, or 47.5%, to \$236.2 million for the six months ended March 31, 2024, as compared to the prior year period revenue of \$160.1 million. The increase is primarily attributable to the acquisitions of PMW and Flooring Liquidators, which collectively added \$81.4 million, as well as an increase of approximately \$6.7 million in revenue in the Flooring Manufacturing segment. The increase was partially offset by decreased revenue of approximately \$11.9 million in the Company's other business segments due to general economic conditions.

Cost of Revenue

Cost of revenue as a percentage of revenue was 69.6% for six months ended March 31, 2024 as compared to 66.6% for the six months ended March 31, 2023. The increase was primarily attributable to the acquisition of PMW, which historically has generated lower margins, as well as a decrease in margins in our Steel Manufacturing segment as a whole due to decreased production due to a slow down in sales, partially offset by an increase in margins in our Flooring Manufacturing segment due to increased sales of Harris Flooring Group® brands, which generates higher margins.

General and Administrative Expense

General and Administrative expenses increased by 54.5% to approximately \$57.5 million for the six months ended March 31, 2024, as compared to the six months ended March 31, 2023. The increase is primarily due to the acquisitions of Flooring Liquidators and PMW during fiscal 2023.

Sales and Marketing Expense

Sales and marketing expense increased by 70.0% to approximately \$11.6 million for the six months ended March 31, 2024, as compared to the six months ended March 31, 2023, primarily due to expanding the sales force in connection with the

acquisition of the Harris Flooring Group® brands from Q.E.P, increased convention and trade show activity in our Flooring Manufacturing segment, as well as the acquisition of Flooring Liquidators.

Interest Expense, net

Interest expense, net, increased by approximately \$3.0 million for the six months ended March 31, 2024, as compared to the six months ended March 31, 2023, primarily due to increased debt balances related to the acquisitions of Flooring Liquidators and PMW, and to fund operations, and increased interest rates during the period.

Results of Operations by Segment for the Three Months Ended March 31, 2024 and 2023

	For the Three Months Ended March 31, 2024						For the Three Months Ended March 31, 2023					
	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total
Revenue	\$ 16,842	\$ 32,032	\$ 34,180	\$ 35,488	\$ 84	\$ 118,626	\$ 19,188	\$ 20,769	\$ 30,340	\$ 19,916	\$ 909	\$ 91,122
Cost of Revenue	7,006	20,330	25,420	30,398	5	83,159	8,534	13,027	23,012	14,269	672	59,514
Gross Profit	9,836	11,702	8,760	5,090	79	35,467	10,654	7,742	7,328	5,647	237	31,608
General and Administrative Expense	7,919	13,469	1,866	4,048	2,524	29,826	8,164	7,873	1,438	2,676	2,466	22,617
Selling and Marketing Expense	133	1,256	4,916	170	4	6,479	163	85	3,484	157	150	4,039
Operating Income (Loss)	\$ 1,784	\$ (3,023)	\$ 1,978	\$ 872	\$ (2,449)	\$ (838)	\$ 2,327	\$ (216)	\$ 2,406	\$ 2,814	\$ (2,379)	\$ 4,952

Retail-Entertainment Segment

Retail-Entertainment segment revenue for the quarter ended March 31, 2024 was approximately \$16.8 million, a decrease of approximately \$2.3 million, or 12.2%, compared to prior year period revenue of approximately \$19.2 million. Revenue decreased 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 58.4% for the quarter ended March 31, 2024, compared to 55.5% for the prior year period. Operating income for the quarter ended March 31, 2024 was approximately \$1.8 million, compared to operating income of approximately \$2.3 million for the prior year period.

Retail-Flooring Segment

The Retail-Flooring segment consists of Flooring Liquidators, which was acquired in January 2023. Revenue for the quarter ended March 31, 2024, was approximately \$32.0 million, an increase of approximately \$11.3 million, or 54.2%, compared to prior year period revenue of approximately \$20.8 million. The increase is due to the acquisition of Flooring Liquidators in the second quarter of fiscal year 2023 and the acquisitions of CRO and Johnson by Flooring Liquidators during the first quarter of fiscal year 2024. The gross margin for the quarter ended March 31, 2024 was 36.5%, compared to 37.3% for the prior year period. Operating loss for the quarter ended March 31, 2024 was approximately \$3.0 million, compared to an operating loss of approximately \$0.2 million for the prior year period. The increase in operating loss was primarily due to temporary inefficiencies associated with the acquisitions of CRO and Johnson in the current period.

Flooring Manufacturing Segment

Revenue for the quarter ended March 31, 2024 was approximately \$34.2 million, an increase of approximately \$3.8 million, or 12.7%, compared to prior year period revenue of approximately \$30.3 million. The gross margin was 25.6% for the quarter ended March 31, 2024, compared to 24.2% for the prior year period. The revenue and gross margin increases are primarily due to increased sales associated with the acquisition of the Harris Flooring Group® brands in the fourth quarter of fiscal year 2023. Operating income for the quarter ended March 31, 2024 was approximately \$2.0 million, compared to operating income of approximately \$2.4 million for the prior year.

Steel Manufacturing Segment

Revenue for the quarter ended March 31, 2024 was approximately \$35.5 million, an increase of approximately \$15.6 million or 78.2%, compared to the prior year period revenue of approximately \$19.9 million. The increase is primarily due to increased revenue of approximately \$18.3 million at PMW, partially offset by a \$2.9 million decrease in the Company's other Steel Manufacturing businesses. The gross margin was 14.3% for the quarter ended March 31, 2024, compared to 28.4% for the prior year period. The increase is primarily due to increased revenue of approximately \$18.3 million at

PMW, partially offset by a \$2.9 million decrease in the Company's other Steel Manufacturing business. The gross margin was 14.3% for the quarter ended March 31, 2024, compared to 28.4% for the prior year period. The decrease in gross margin is primarily due to the acquisition of PMW, which has historically generated lower margins, as well as an overall decrease in margins in the Steel Manufacturing segment due to reduced production efficiencies as a result of lower demand. Operating income for the quarter ended March 31, 2024 was approximately \$0.9 million, compared to operating income of approximately \$2.8 million in the prior year period.

Corporate and Other Segment

Revenue for the quarter ended March 31, 2024 was approximately \$0.1 million, a decrease of approximately \$0.8 million, or 90.8%, compared to the prior year period revenue of approximately \$0.9 million. The decrease was primarily due to the due to the closure of SW Financial in May 2023. Operating loss for both quarters ended March 31, 2024 and March 31, 2023 was approximately \$2.4 million.

Results of Operations by Segment for the Six Months Ended March 31, 2024 and 2023

	For the Six Months Ended March 31, 2024						For the Six Months Ended March 31, 2023					
	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total	Retail-Entertainment	Retail-Flooring	Flooring Manufacturing	Steel Manufacturing	Corporate & Other	Total
Revenue	\$ 37,428	\$ 66,351	\$ 63,425	\$ 68,841	\$ 174	\$ 236,219	\$ 42,461	\$ 20,769	\$ 56,772	\$ 37,897	\$ 2,209	\$ 160,108
Cost of Revenue	16,064	41,617	48,243	58,489	12	164,425	19,597	13,027	44,783	27,857	1,292	106,556
Gross Profit	21,364	24,734	15,182	10,352	162	71,794	22,864	7,742	11,989	10,040	917	53,552
General and Administrative Expense	16,074	25,491	3,471	8,204	4,263	57,503	16,549	7,873	2,928	5,468	4,399	37,217
Selling and Marketing Expense	317	2,178	8,788	293	12	11,588	324	85	5,903	302	202	6,816
Operating Income (Loss)	\$ 4,973	\$ (2,935)	\$ 2,923	\$ 1,855	\$ (4,113)	\$ 2,703	\$ 5,991	\$ (216)	\$ 3,158	\$ 4,270	\$ (3,684)	\$ 9,519

Retail-Entertainment Segment

Retail-Entertainment segment revenue for the six months ended March 31, 2024 was approximately \$37.4 million, a decrease of approximately \$5.0 million, or 11.9%, compared to the prior year period revenue of approximately \$42.5 million. The decrease in revenue is primarily due to reduced consumer demand and a shift in sales mix toward used products, which generally have lower ticket sales with higher margins. The shift in sales mix also contributed to the increase in gross margin to 57.1% for the six months ended March 31, 2024, compared to 53.8% for the prior year period. Operating income for the six months ended March 31, 2024 was approximately \$5.0 million, compared to operating income of approximately \$6.0 million for the prior year period.

Retail-Flooring Segment

The Retail-Flooring segment consists of Flooring Liquidators, which was acquired in January 2023. Revenue for the six months ended March 31, 2024 was approximately \$66.4 million, an increase of approximately \$45.6 million, or 219.5%, compared to the prior year period revenue of \$20.8 million. The increase is due to the acquisition of Flooring Liquidators in the second quarter of fiscal year 2023 and the acquisitions of CRO and Johnson by Flooring Liquidators during the first quarter of fiscal year 2024. The gross margin for both of the six months ended March 31, 2024 and March 31, 2023 was 37.3%. Operating loss for the six months ended March 31, 2024 was approximately \$2.9 million, compared to an operating loss of approximately \$0.2 million for the prior year period. The increase in operating loss was primarily due to temporary inefficiencies associated with the acquisitions of CRO and Johnson in the current period.

Flooring Manufacturing Segment

Revenue for the six months ended March 31, 2024 was approximately \$63.4 million, an increase of approximately \$6.7 million, or 11.7%, compared to the prior year period revenue of approximately \$56.8 million. The gross margin was 23.9% for the six months ended March 31, 2024, compared to 21.1% for the prior year period. The increase in revenue and gross margin are primarily due to increased sales associated with the acquisition of the Harris Flooring Group® brands in the fourth quarter of fiscal year 2023. Operating income for the six months ended March 31, 2024 was approximately \$2.9 million, compared to operating income of approximately \$3.2 million for the prior year period.

Steel Manufacturing Segment

Revenue for the six months ended March 31, 2024 increased approximately \$31.0 million or 81.7% to approximately \$68.8 million, as compared to the prior year period revenue of \$35.8 million. The increase is primarily due to increased revenue

of approximately \$35.8 million at PMW, partially offset by a \$4.8 million decrease in the Company's other Steel Manufacturing businesses. The gross margin was 15.0% for the six months ended March 31, 2024, compared to 26.5% for the prior year period. The decrease in gross margin is primarily due to the acquisition of PMW, which has historically generated lower margins, as well as overall decreased margins in the Steel Manufacturing segment due to reduced production. Operating income for the six months ended March 31, 2024 was approximately \$1.9 million, compared to operating income of approximately \$4.3 in the prior year period.

Corporate and Other Segment

Revenue for the six months ended March 31, 2024 decreased by approximately \$2.0 million. The decrease was primarily due to the closure of SW Financial in May 2023. Operating loss for the six months ended March 31, 2024 was approximately \$4.1 million, compared to a loss of approximately \$3.7 million in the prior year period.

Adjusted EBITDA Reconciliation

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

	For the Three Months Ended		For the Six Months Ended	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Net (loss) income	\$ (3,281)	\$ 1,558	\$ (3,963)	\$ 3,402
Depreciation and amortization	4,188	3,647	8,483	6,297
Stock-based compensation	50	109	100	109
Interest expense, net	4,167	3,235	8,330	5,282
Income tax (benefit) expense	(1,217)	550	(1,441)	1,165
SW Financial settlement gain	—	(1,000)	—	(1,000)
Acquisition costs	468	1,088	874	1,472
Debt acquisition costs	—	—	183	—
Other non-recurring charges	82	—	587	—
Adjusted EBITDA	\$ 4,457	\$ 9,187	\$ 13,153	\$ 16,727

Adjusted EBITDA¹ for the quarter ended March 31, 2024 was approximately \$4.5 million, a decrease of approximately \$4.7 million, or 51.5%, compared to the prior year period. The decrease is primarily due to decreases in gross profit and operating income.

Adjusted EBITDA for the six months ended March 31, 2024 was \$13.2 million, a decrease of approximately \$3.6 million, or 21.4%, compared to the prior year period. The decrease is primarily due to decreases in gross profit and operating income.

Liquidity and Capital Resources

As of March 31, 2024, we had total cash on hand of approximately \$4.5 million and approximately \$31.5 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 \$79.0 million as of March 31, 2024, as compared to working capital of approximately \$85.0 million as of September 30, 2023; a decrease of approximately \$6.0 million. The decrease is primarily due to increases in accrued liabilities, the current portion of long-term debt, and the current portion of operating lease obligations, and a decrease in income taxes receivable, partially offset by decreases in the current portion of notes payable to related parties and accounts payable, and an increase in accounts receivable.

Cash Flows from Operating Activities

The Company's cash, as of March 31, 2024, was approximately \$4.5 million compared to approximately \$4.3 million as of September 30, 2023, an increase of approximately \$0.2 million. Net cash provided by operations was approximately \$2.1 million and \$14.2 million for the six months ended March 31, 2024 and 2023, respectively. The decrease was primarily due to decreases in net income and deferred income tax liabilities, and an increase in accounts receivable, partially offset by increases in depreciation and amortization expense, reserve for inventory obsolescence and income taxes payable.

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 \$4.9 million for the six months ended March 31, 2024 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 \$36.8 million for the six months ended March 31, 2023 consisted of purchases of property and equipment.

Cash Flows from Financing Activities

Our cash flows used in financing activities of approximately \$3.0 million during the six months ended March 31, 2024 consisted of net borrowings under revolver loans of approximately \$7.7 million, payments on notes payable of approximately \$3.4 million, proceeds from related parties of \$1.0 million, purchases of treasury stock and payments for finance leases of approximately \$0.4 million, and payments of related party notes payable of \$0.6 million.

Our cash flows provided by financing activities of approximately \$22.2 million during the six months ended March 31, 2023 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 March 31, 2024, we did not participate in any market risk-sensitive commodity instruments for which fair value disclosure would be required. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases or commodity price risk. We believe we are not subject in any material way to other forms of market risk, such as foreign currency exchange risk or foreign customer purchases or commodity price risk.

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 March 31, 2024, 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 Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent or detect all errors and all fraud. A control system, regardless of how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be met. These inherent limitations include the following: judgements in decision-making can be faulty, and control and process breakdowns can occur because of simple errors or mistakes, controls can be circumvented by individuals, acting alone or in collusion with each other, or by management override. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Our management assessed the design and effectiveness of our internal control over financial reporting as of March 31, 2024. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission of 2013 regarding Internal Control – Integrated Framework. Based on our assessment using those criteria, as of March 31, 2024, 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 six months ended March 31, 2024 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 and therein, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

ITEM 1A. Risk Factors

None.

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

On February 20, 2018, the Company announced a \$10 million common stock repurchase program. During the three months ended March 31, 2024, the Company made the following repurchases:

Month	Number of Shares Purchased	Average Purchase Price Paid	Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Amount that May be Purchased Under the Announced Plan or Program
January 2024	135	\$ 26.10	135	\$ 3,189,629
February 2024	10,114	\$ 25.15	10,114	\$ 2,935,292
March 2024	1,600	\$ 25.19	1,600	\$ 2,894,985
Totals	11,849	\$ 25.16	11,849	\$ 2,894,985

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.

Exhibit Number	Exhibit Description	Form	File Number	Exhibit Number	Filing Date
3.1	Amended and Restated Articles of Incorporation	8-K	001-33937	3.1	08/15/07
3.2	Certificate of Change	8-K	001-33937	3.1	09/07/10
3.3	Certificate of Correction	8-K	001-33937	3.1	03/11/13
3.4	Certificate of Change	10-Q	001-33937	3.1	02/14/14
3.5	Articles of Merger	8-K	001-33937	3.1.4	10/08/15
3.6	Certificate of Change	8-K	001-33937	3.1.5	11/25/16
3.7	Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016	10-K	001-33937	3.1.6	12/29/16
3.8	Bylaws	10-Q	001-33937	3.8	08/14/18
10.128	Third Amendment to Employment Agreement, dated as of January 6, 2024, by and between Precision Industries, Inc. and Thomas Sedlak,	10-Q	001-33937	10.128	02/08/24
10.129	Cooperation Agreement, dated as of April 29, 2024, by and among Live Ventures Incorporated, a Nevada corporation, Isaac Capital Group LLC, a Delaware limited liability company, and LL Flooring Holdings, Inc., a Delaware corporation (filed as Exhibit 10.1).	8-K	001-33937	10.129	04/30/24
10.130	* Third Amendment to ICG Promissory Note dated April 9, 2020, and as Amended June 23, 2022, April 1, 2023, dated January 11, 2024.				
10.131	* Loan Modification Agreement to Subordinated Promissory Notes, dated July 20, 2020 and January 18, 2023, issued by Live Ventures Incorporated in favor of Spriggs Investments LLC, dated February 22, 2024.				
10.132	* First Amendment of ARCA Recycling, Inc. Promissory Note issued in favor of Live Ventures Incorporated, dated May 24, 2023, effective February 7, 2024.				
10.133	* Note Purchase Agreement by and between Live Ventures Incorporated and MSW Projects Limited, dated March 6, 2024.				
31.1	* Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2	* Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
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: May 14, 2024

/s/ Jon Isaac

President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 14, 2024

/s/ David Verret

Chief Financial Officer
(Principal Financial Officer)

This THIRD AMENDMENT TO PROMISSORY NOTE (this "**Amendment**") is entered into as of January 11, 2024, between Live Ventures Incorporated, a Nevada corporation ("**Borrower**"), and Isaac Capital Group, LLC, a Delaware limited liability company ("**Noteholder**").

RECITALS

A. Whereas, Noteholder and Borrower are parties to an Unsecured Revolving Line of Credit Promissory Note dated April 9, 2020, as amended effective June 23, 2022 and April 1, 2023 (the "**Note**"); and

B. Whereas, the Note matures on April 8, 2024;

C. Whereas, the outstanding principal bears interest at 12.0% per annum;

D. Whereas, the credit amount is \$1,000,000;

E. Whereas, Borrower and Noteholder desire to extend the maturity date of the Note to April 8, 2025; and

F. Whereas, Borrower and Noteholder desire to increase the credit amount from \$1,000,000 to \$5,000,000.

NOW, THEREFORE, in consideration of the parties' mutual promises in this Amendment, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

Maturity Date. The maturity date of the Note is extended to April 8, 2025.

Increase. The credit amount is increased from \$1,000,000 to \$5,000,000.

Ratification. The Note shall, together with this Amendment and any related documents, instruments, and agreements hereafter, refer to the Note, as amended hereby.

Other Provisions. All other provisions of the Note that are not expressly amended in this Amendment shall remain unchanged and in full force and effect. In the event of any conflict between the terms and provisions of this Amendment and the Note, the provisions of this Amendment shall control.

Signatures. This Amendment may be signed in counterparts. A facsimile or other electronic transmission of a signature page will be considered an original signature page. At the request of a party, the other party will confirm a fax-transmitted or electronically transmitted signature page by delivering an original signature page to the requesting party.

(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 effective as of the date first written above.

Borrower:

Live Ventures Incorporated By: __ Name: David Verret
Title: Chief Financial Officer

Noteholder:

Isaac Capitol Group, LLC
By: __
Name: Jon Isaac
Title: Managing Member

LOAN MODIFICATION AGREEMENT

THIS LOAN MODIFICATION AGREEMENT (this “**Modification**”), dated as of the February [*], 2024 (the “**Effective Date**”), is entered into among LIVE VENTURES INCORPORATED, a Nevada corporation (“**Borrower**”), JON ISAAC, individually (“**Isaac**”), ISAAC CAPITAL GROUP, LLC, a Delaware limited liability company (“**ICG**” and collectively with Isaac, the “**Guarantors**” and each, a “**Guarantor**”), and SPRIGGS INVESTMENTS, LLC, a Missouri limited liability company (“**Lender**”). Borrower and Guarantors are herein sometimes referred to individually as a “**Borrower Party**” and collectively as “**Borrower Parties**.”

RECITALS:

A. On July 10, 2020, Lender made a loan to Borrower in the original principal amount of \$2,000,000 USD (the “**First Loan**”), evidenced by that certain promissory note payable to Lender in the amount of the Loan (the “**First Note**”). The obligations of Borrower under the First Loan are guaranteed by that certain guaranty dated as of July 10, 2020, executed by Isaac in favor of Lender (the “**First Isaac Guaranty**”) and that certain guaranty dated as of July 10, 2020, executed by ICG in favor of Lender (the “**First ICG Guaranty**”) and together with the First Isaac Guaranty, collectively, the “**First Guarantees**”). The First Note and the First Guarantees and all other documents and instruments evidencing, securing, or guarantying the First Loan, as may be amended or modified, are herein collectively referred to as, the “**First Loan Documents**”.

B. On January 19, 2023, Lender made a loan to Borrower in the original principal amount of \$1,000,000 USD (the “**Second Loan**”), evidenced by the certain promissory note payable to Lender in the amount of the Second Loan (the “**Second Note**”). The obligations of Borrower under the Second Loan are guaranteed by that certain guaranty dated as of January 19, 2023, executed by Isaac in favor of Lender (the “**Second Isaac Guaranty**”) and that certain guaranty dated as of January 19, 2023, executed by ICG in favor of Lender (the “**Second ICG Guaranty**”) and together with the Second Isaac Guaranty, collectively, the “**Second Guarantees**”). The Second Note and the Second Guarantees and all other documents and instruments evidencing, securing, or guarantying the Second Loan, as may be amended or modified, are herein collectively referred to as, the “**Second Loan Documents**”.

C. On January 19, 2023, the Borrower Parties and Lender entered into a Loan Modification Agreement whereby terms of the First Loan Documents were modified.

D. Borrower has requested that Lender modify the First Loan Documents and Second Loan Documents (collectively the “**Loan Documents**”) as set forth in this Modification, and in reliance of the representations and warranties made by the Borrower Parties herein, Lender is willing to enter into this Modification on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrower, Guarantors, and Lender hereby mutually agree as follows:

1. **Incorporation by Reference.** The foregoing recitals are incorporated herein by reference as if set forth in full in the body of this Modification. Capitalized terms used but not defined herein shall have the meaning given to such terms in the Loan Documents, as applicable.
2. **Modification of First Loan Documents.** From and after the Effective Date, the following modifications are made to the First Loan Documents:
 - (a) The defined term “Maturity Date” used in the First Note is amended from July 31, 2024 to July 31, 2025.

(b) All monthly payments under the First Note shall continue in full force and effect through the Maturity Date as amended by this Modification.

(c) Within 5 business days of the Effective Date, Borrower shall make a principal payment to Lender of \$600,000 USD and make principal payments of not less than \$100,000 USD per month thereafter (or such lesser amount if the unpaid principal balance of the First Note is less than \$100,000 USD).

(d) The terms and provisions of the First Loan Documents are hereby amended and modified to give effect to the foregoing amendments and agreements. All references in the First Loan Documents to the First Note and First Guarantees shall hereafter mean and refer to the First Note and First Guarantees, as modified by this Modification.

3. Modification of Second Loan Documents. From and after the Effective Date, the following modifications are made to the Second Loan Documents:

(a) The defined term “Maturity Date” used in the Second Note is amended from July 31, 2024 to July 31, 2025.

(b) All monthly payments under the Second Note shall continue in full force and effect through the Maturity Date as amended by this Modification.

(c) After the principal amount of the First Note has been paid, Borrower shall make principal payments under the Second Note of not less than \$100,000 USD per month (or such lesser amount if the unpaid principal balance of the Second Note is less than \$100,000 USD).

(d) The terms and provisions of the Second Loan Documents are hereby amended and modified to give effect to the foregoing amendments and agreements. All references in the Second Loan Documents to the Second Note and Second Guarantees shall hereafter mean and refer to the Second Note and Second Guarantees, as modified by this Modification.

4. Representations and Warranties. In entering into this Modification each Borrower Party acknowledges and agrees that Lender has relied on the truth, completeness, and accuracy of the representations and warranties made by Borrower Parties in this Section 4. Each Borrower Party represents and warrants to Lender that, as of the Effective Date:

(a) Each Borrower Party has full power, authority, and legal right to execute, deliver, and perform all the obligations under this Modification and has taken all necessary actions to authorize: (i) the execution and delivery of this Modification and all other documents executed or delivered pursuant hereto; and (ii) the performance of all obligations hereunder. The officer or representative of each Borrower Party signing this Modification on behalf of each such entity has been duly authorized and empowered to do so.

(b) The execution of this Modification does not violate, contravene, breach, or result in a default under any: (i) agreement or instrument to which any Borrower Party may be bound; or (ii) applicable laws to which any Borrower Party may be subject. The execution and delivery of this Modification does not require any authorization or consent from, or any filing with, any third party or Governmental Authority.

(c) Since the date of the First Note and Second Note (collectively the “**Notes**”), (i) no change has occurred in the financial condition of any Borrower Party that would have a material adverse effect on the Borrower’s ability to repay the First Loan or Second Loan (collectively the “**Loans**”), as modified by this Modification; and (ii) no filing of any petition, either voluntary or involuntary, in any proceeding seeking the insolvency, bankruptcy, liquidation, or reorganization of any Borrower Party has occurred.

(d) The Loans are in full force and effect and no Event of Default exists, either by Lender or Borrower, under the Loans. Borrower has no claims or disputes against Lender, and no offsets or defenses to the repayment of the Loans in accordance with its terms.

(e) All representations and warranties made by the Borrower Parties in the Loan Documents are true, accurate, and correct in all material respects as of the Effective Date.

5. Reaffirmation; Ratification; No Novation. Borrower hereby ratifies and reaffirms the Loan Documents, and all their obligations under the same. Except as expressly modified by this Modification, all the terms, covenants, and conditions in the Loan Documents shall remain unchanged and in full force and effect. Nothing in this Modification, or in any other document executed in connection herewith is, or shall be deemed or construed

to be, a novation, cancellation, satisfaction, release, extinguishment, or substitution of the indebtedness evidenced by the Notes or of any obligation of Borrower under the Notes or the other Loan Documents.

6. Consent of Guarantors. Each Guarantor: (a) has reviewed this Modification and any and all other documents and instruments in connection herewith; (b) hereby consents to the execution and delivery hereof; and (c) agrees and confirms that Guarantors' liabilities and obligations under the Guaranty shall continue in full force and effect and shall not in any manner be impaired, discharged, or released by the execution and delivery of this Modification or any other documents or instruments in connection herewith. Nothing contained in this Modification, or the transactions contemplated hereby, shall be deemed or construed to be a consent to or a waiver of any breach or default in the performance by Borrower Parties of their respective obligations to Lender, whether evidenced by the Notes, the Guarantees, or otherwise, nor shall Lender be impaired or limited in its ability to fully and completely enforce any and all rights and remedies presently available to Lender under the Loan Documents for a breach of Borrower's obligations as required by the Notes or the other Loan Documents as may exist at the time of the making of this Modification.

7. Miscellaneous. This Modification is made and entered into for the sole protection and benefit of Lender, Lender's successors and/or assigns, Borrower, and Guarantors, and no other person, entity, or entities shall have the right of action hereon, the right to claim any right or benefit from the terms contained herein, or be deemed a third-party beneficiary hereunder. The provisions of this Modification shall govern and control in the event of any conflict between this Modification and the provisions of any of the Loan Documents. This Modification and the Loan Documents, as amended by this Modification, constitute the entire agreement of the parties hereto with respect to the matters addressed herein, and supersede all prior or contemporaneous contracts, representations, statements, and warranties, whether oral or written, with respect to such matters. Borrower Parties acknowledge and represent that they were adequately represented by legal counsel in this transaction and that this Modification is the result of negotiation and compromise between the parties and shall not be construed against Lender. This Modification shall be governed and construed in accordance with the laws of the State of Missouri, without giving effect to any choice or conflict of law provision or rule (whether of the State of Missouri or any other jurisdiction) that would cause the application of laws of any jurisdiction other than those of the State of Missouri. If any provision of this Modification shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Modification, and all such other provisions shall remain in full force and effect. This Modification may be executed in one or more counterparts, all of which when taken together shall constitute the same Modification. Delivery of an executed counterpart of a signature page to this Modification by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Modification. Upon Lender's request, Borrower shall take such actions, perform such duties, and execute, acknowledge, and deliver such documents as may be reasonably required by Lender to carry out the intent and purpose of this Modification. The title and the headings of the various sections of this Modification have been inserted only for the purpose of convenience, are not part of this Modification, and should not be deemed in any manner to modify, explain, expand, or restrict any of the provisions of this Modification.

IN WITNESS WHEREOF, the parties hereto have executed this Modification as of the Effective Date.

BORROWER:

LIVE VENTURES INCORPORATED, a Nevada corporation

By: ___
Name: Jon Isaac
Title: President & CEO

GUARANTOR:

ISAAC CAPITAL GROUP, LLC, a Delaware limited liability company

By: _____
Name: Jon Isaac
Title: Managing Member

GUARANTOR:

Jon Isaac, an individual

LENDER:

SPRIGGS INVESTMENTS, LLC, a Missouri limited liability company

By: ___
Name: Rodney Spriggs Title: Managing Member

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

FIRST AMENDMENT TO PROMISSORY NOTE

THIS FIRST AMENDMENT TO PROMISSORY NOTE (this "**First Amendment**") memorializes, modifies, amends, and ratifies that certain Promissory Note, made as of May 24, 2023, of ARCA Recycling Inc., a California corporation as the "**Borrower**" ("**ARCA**"), and JanOne Inc., a Nevada corporation as the "**Co-Borrower**" ("**JanOne**"), in favor of Live Ventures Incorporated, a Nevada corporation, as the "**Lender**" (the "**Promissory Note**"). ARCA and JanOne are sometimes referred to herein, collectively, as the "**Joint Obligors**." Lender, ARCA, and JanOne are sometimes referred to herein, individually, as a "**Party**" and, collectively, as the "**Parties**." The "**Effective Date**" of this First Amendment is February 7, 2024.

RECITALS

- A. WHEREAS, Lender and ARCA are parties to that certain Promissory Note and wish to memorialize, modify, amend, and ratify certain aspects thereof as more particularly set forth herein;
- B. WHEREAS, each of the Parties desires to maintain the interest rate on the remaining obligations under the Promissory Note as amended by this First Amendment at the rate of 10.00% per annum, without compounding;
- C. WHEREAS, each of the Parties desires to provide for a convertibility option in favor of Lender for the Joint Obligors' obligations under the Promissory Note, as more particularly set forth herein and limited hereinbelow;
- D. WHEREAS, as of the Effective Date, the Joint Obligors' obligations under the Promissory Note, as updated through the Effective Date in connection with this First Amendment, are set forth on the "**Funding Matrix**", attached hereto as "Schedule 1.

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

AGREEMENT

1. **Funding Matrix.** Subsequent to the date of the Promissory Note, the Lender has advanced funds under the Promissory Note, the amounts and dates thereof are set forth on the Funding Matrix.

2. **Conversion.**

a) **Conversion.** At any time after the Effective Date until all of the obligations hereunder are no longer outstanding, any remaining obligations set forth on the Funding Matrix shall be convertible, in whole or in part, into shares of common stock, \$0.001 par value per share, of JanOne (the “**Common Stock**”) at the option of the Lender (such shares of Common Stock, the shares of “**Conversion Stock**”), at any time and from time to time (subject to the conversion limitations set forth in Section 2(d) hereof); *provided, however,* that any remaining obligations set forth on the Funding Matrix shall not be convertible through and including the six (6)-month anniversary of the respective funding by Lender thereof. The Lender shall effect conversions by delivering to JanOne a Notice of Conversion, the form of which is attached hereto as Annex A (each, a “**Notice of Conversion**”), specifying therein the amount of the remaining obligations hereunder with interest accrued thereon to be converted and the date on which such conversion shall be effected (such date, the “**Conversion Date**”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. No ink-original Notice of Conversion shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Conversion form be required. To effect conversions hereunder, the Lender shall not be required to physically surrender the Promissory Note or this First Amendment to JanOne unless all of the remaining obligations thereunder and hereunder have been so converted and the shares of Conversion Stock have been delivered. Conversions hereunder shall have the effect of lowering the amount of any remaining obligations thereunder and hereunder with interest accrued thereon in an amount equal to the applicable conversion. The Lender and JanOne shall maintain a Conversion Schedule showing the amount(s) converted and the date(s) of such conversion(s). JanOne may deliver an objection to any Notice of Conversion within one (1) Business Day of delivery of such Notice of Conversion. In the event of any dispute or discrepancy, the records of the Lender shall be controlling and determinative in the absence of manifest error. **Each of the Lender and any assignee by acceptance hereof Amendment, acknowledges and agrees that, by reason of the provisions of this paragraph, following conversion of a portion hereof, the unpaid and unconverted then-outstanding obligations set forth in the Promissory Note and this First Amendment may be less than the amount stated on the face hereof.**

b) **Fixed Conversion Price.** The “**Fixed Conversion Price**” of obligations set forth in the Promissory Note and this First Amendment, is \$0.61 per share, subject to adjustment as set forth below.

c) **Mechanics of Conversion.**

i. **Conversion Stock Issuable Upon Conversion.** The number of shares of Conversion Stock issuable upon a conversion hereunder shall be determined by

the quotient obtained by dividing (x) the outstanding hereunder to be converted and any accrued and unpaid interest to be converted related to the converted principal amount

of the obligations set forth in the Promissory Note and this First Amendment, by (y) the Fixed Conversion Price.

ii. Delivery of Certificate Upon Conversion. Not later than two (2) Business Days¹ after each Conversion Date (the “**Share Delivery Date**”), JanOne shall deliver, or cause to be delivered, to the Lender a certificate or certificates representing the shares of Conversion Stock that, on or after the date on which such shares of Conversion Stock are (A) eligible to be sold under Rule 144 without the need for current public information and JanOne has received an opinion of counsel to such effect reasonably acceptable to JanOne (which opinion JanOne will be responsible for obtaining at the cost of JanOne) or (B) subject to a registration statement that has been declared effective by the Securities and Exchange Commission (the “**Commission**”) and which registration statement is then neither stale nor subject to any stop order, shall be free of restrictive legends and trading restrictions, representing the number of shares of Conversion Stock being acquired upon the relevant conversion hereof. All certificate or certificates required to be delivered by JanOne under this Section 2(c) shall be delivered electronically through the Depository Trust Company or another established clearing corporation performing similar functions. If the Conversion Date is prior to the date on which such shares of Conversion Stock are eligible to be sold under Rule 144 without the need for current public information the shares of Conversion Stock shall bear a restrictive legend in the following form, as appropriate:

“NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE LENDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.”

Notwithstanding the foregoing, commencing on such date that the shares of Conversion Stock are eligible for sale under Rule 144 subject to current public information requirements, JanOne, upon request and at the expense of JanOne, shall obtain a legal opinion to allow for such sales under Rule 144.

iii. Failure to Deliver Certificates. If, in the case of any Notice of Conversion, such certificate or certificates are not delivered to or as directed by the Lender by the Share Delivery Date, the Lender shall be entitled to elect by written

¹ **“Business Day”** means a day that is not a Saturday, Sunday, or other holiday or day that commercial banks in Las Vegas, Nevada are authorized or required to be closed.

notice to JanOne at any time on or before its receipt of such certificate or certificates, to rescind such Conversion, in which event JanOne shall promptly return to the Lender any of the Promissory Note and this First Amendment, delivered to JanOne and the Lender shall promptly return to JanOne the Common Stock certificates issued to such Lender pursuant to the rescinded Conversion Notice.

iv. Obligation Absolute; Partial Liquidated Damages. JanOne's obligations to issue and deliver the shares of Conversion Stock upon conversion hereof in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Lender to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation, or termination, or any breach or alleged breach by the Lender or any other Person of any obligation to JanOne or any violation or alleged violation of law by the Lender or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of JanOne to the Lender in connection with the issuance of such shares of Conversion Stock; *provided, however*, that such delivery shall not operate as a waiver by JanOne of any such action JanOne may have against the Lender. In the event the Lender shall elect to convert any or all of the outstanding principal or interest amount hereof, JanOne may not refuse conversion based on any claim that the Lender or anyone associated or affiliated with the Lender has been engaged in any violation of law, agreement, or for any other reason, unless an injunction from a court, on notice to Lender, restraining and or enjoining conversion of all or part hereof shall have been sought. If the injunction is not granted, JanOne shall promptly comply with all conversion obligations herein. If the injunction is obtained, JanOne must post a surety bond for the benefit of the Lender in the amount of 150% of the outstanding amount that is subject to the injunction, which bond shall remain in effect until the completion of arbitration/litigation of the underlying dispute and the proceeds of which shall be payable to the Lender to the extent it obtains judgment. In the absence of seeking such injunction, JanOne shall issue The shares of Conversion Stock or, if applicable, cash, upon a properly noticed conversion. If JanOne fails for any reason to deliver to the Lender such certificate or certificates pursuant to Section 2(c)(ii) by the Share Delivery Date, JanOne shall pay to the Lender, in cash, as liquidated damages and not as a penalty, \$1,000 per Business Day for each Business Day after such Share Delivery Date until such certificates are delivered or Lender rescinds such conversion. Nothing herein shall limit Lender's right to pursue actual damages or declare an event of default for JanOne's failure to deliver The shares of Conversion Stock within the period specified herein and the Lender shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Lender from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

v. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Lender, if JanOne fails for any reason to deliver to the Lender such certificate or certificates by the

Share Delivery Date pursuant to Section 2(c)(ii), and, if after such Share Delivery Date the Lender is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Lender's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Lender of the shares of Conversion

Stock that the Lender was entitled to receive upon the conversion relating to such Share Delivery Date (a “**Buy-In**”), then JanOne shall (A) pay in cash to the Lender (in addition to any other remedies available to or elected by the Lender) the amount, if any, by which (x) the Lender’s total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Lender was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Lender, either reissue (if surrendered) the Promissory Note and this First Amendment in an amount equal to the amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to the Lender the number of shares of Common Stock that would have been issued if JanOne had timely complied with its delivery requirements under Section 2(c)(ii). For example, if the Lender purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted conversion hereof with respect to which the actual sale price of the shares of Conversion Stock (including any brokerage commissions) giving rise to such purchase obligation was a total of \$10,000 under clause (A) of the immediately preceding sentence, JanOne shall be required to pay to the Lender the sum of \$1,000. The Lender shall provide JanOne written notice indicating the amounts payable to the Lender in respect of the Buy-In and, upon request of JanOne, evidence of the amount of such loss. Nothing herein shall limit Lender’s right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to JanOne’s failure to timely deliver certificates representing shares of Common Stock upon conversion of this Note as required pursuant to the terms hereof.

vi. Reservation of Shares Issuable Upon Conversion. JanOne covenants that it will at all times reserve and keep available out of its authorized and unissued shares of Common Stock a number of shares of Common Stock at least equal to 200% of the Required Minimum (the “Reserve Amount”) for the sole purpose of issuance of shares of Common Stock hereunder, as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Lender. JanOne covenants that all shares of Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid, and nonassessable.

vii. Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion hereof. As to any fraction of a share to which the Lender would otherwise be entitled to purchase upon such conversion, JanOne shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Fixed Conversion Price or round up to the next whole share.

viii. Transfer Taxes and Expenses. The issuance of certificates for shares of the Common Stock on partial or complete conversion hereof shall be made

without charge to the Lender for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, JanOne shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Lender so converted and JanOne shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof

shall have paid to JanOne the amount of such tax or shall have established to the satisfaction of JanOne that such tax has been paid. JanOne shall pay all Transfer Agent fees required for same-day processing of any Notice of Conversion.

d)= Lender's Conversion Limitations. Lender shall not effect any conversion of any amount due hereunder and shall not have the right to convert any amounts due hereunder, to the extent that after giving effect to the conversion set forth on the applicable Notice of Conversion, the Lender (together with the Lender's Affiliates, and any Persons acting as a group together with the Lender or any of the Lender's Affiliates) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Lender and its Affiliates shall include the number of shares of Common Stock issuable upon the relevant conversion hereof with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which are issuable upon (i) conversion of the remaining, unconverted amounts due hereunder beneficially owned by the Lender or any of its Affiliates and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of JanOne subject to a limitation on conversion or exercise analogous to the limitation contained herein (including, without limitation, any obligations in favor of any Affiliates, and any Persons acting as a group together with the Lender or any of the Lender's Affiliates) beneficially owned by the Lender or any Persons acting as a group together with the Lender. Except as set forth in the preceding sentence, for purposes of this Section 2(d), beneficial ownership shall be calculated in accordance with Section 13(d) of the Securities Exchange Act of 1934 (the "**Exchange Act**") and the rules and regulations promulgated thereunder. To the extent that the limitation contained in this Section 2(d) applies, the determination of whether the Joint Obligor's obligations hereunder are convertible (in relation to other securities owned by the Lender together with any Affiliates and any Persons acting as a group together with the Lender or any of the Lender's Affiliates) and of which obligations hereunder are convertible shall be in the sole discretion of the Lender, and the submission of a Notice of Conversion shall be deemed to be the Lender's determination of whether any of the Joint Obligor's obligations hereunder may be converted (in relation to other securities owned by the Lender together with any Affiliates, and any Persons acting as a group together with the Lender or any of the Lender's Affiliates, and which amount owing hereunder is convertible, in each case subject to the Beneficial Ownership Limitation. To ensure compliance with this restriction, the Lender will be deemed to represent to JanOne each time it delivers a Notice of Conversion that such Notice of Conversion has not violated the restrictions set forth in this paragraph and JanOne shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(d), in determining the number of outstanding shares of Common Stock, the Lender may rely on the number of outstanding shares of Common Stock as stated in the most recent of the following: (i) JanOne's most recent periodic or annual report filed with the Commission, as the case may be, (ii) a more recent public announcement by JanOne, or (iii) a more recent written notice by JanOne or JanOne's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of the Lender, JanOne shall, within two Business Days confirm orally and in writing to the Lender the number of shares of Common

Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of JanOne, including the obligations set forth in the Promissory Note and this First Amendment, by the Lender or its Affiliates since the date as of which such number of

outstanding shares of Common Stock was reported. The “**Beneficial Ownership Limitation**”² shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon the relevant conversion hereunder. The Lender, upon not less than sixty-one (61) days’ prior notice to JanOne, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(d), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon the relevant conversion hereunder held by the Lender and the Beneficial Ownership Limitation provisions of this Section 2(d) shall continue to apply. Any such increase or decrease will not be effective until the sixty-first (61st) calendar day after such notice is delivered to JanOne. The Beneficial Ownership Limitation provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(d) to correct this paragraph (or any portion hereof) that may be defective or inconsistent with the intended Beneficial Ownership Limitation contained herein or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder hereof.

3. **Certain Adjustments.**

a) **Stock Dividends and Stock Splits.** If JanOne, at any time while any obligations hereunder are outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in shares of Common Stock on shares of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any shares of Common Stock issued by JanOne upon conversion of, or payment of interest hereon),

(ii) subdivides outstanding shares of Common Stock into a larger number of shares,

(iii) combines (including by way of a reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of shares of the Common Stock, any shares of capital stock of JanOne, then the Fixed Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of JanOne) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination, or re-classification.

b) **Dilution.** JanOne specifically acknowledges that its obligation to issue the Common Stock is binding upon JanOne and enforceable regardless of the dilution such issuance may have on the ownership interests of other stockholders of JanOne.

c) **Subsequent Rights Offerings.** In addition to any adjustments pursuant to Section 3(a) above, if at any time JanOne grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record stockholders of any class of shares of Common Stock (the “**Purchase Rights**”), then

the Lender will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights that the Lender could have acquired if the Lender had held the

² To assist the Lender in adhering to the Beneficial Ownership Limitation, JanOne shall, within two Business Days of Lender's written request, provide to the Lender (or shall cause the Common Stock transfer agent to provide to the Lender) the number of shares of Common Stock then issued and outstanding.

number of shares of Common Stock acquirable upon complete conversion hereof (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue, or sale of such Purchase Rights (*provided, however*, that, to the extent that the Lender's right to participate in any such Purchase Right would result in the Lender exceeding the Beneficial Ownership Limitation, then the Lender shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Lender until such time, if ever, as its right thereto would not result in the Lender exceeding the Beneficial Ownership Limitation).

d) Pro Rata Distributions. During such time as any obligations hereunder are outstanding, if JanOne shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the Effective Date, then, in each such case, the Lender shall be entitled to participate in such Distribution to the same extent that the Lender would have participated therein if the Lender had held the number of shares of Common Stock acquirable upon complete exercise of the obligations set forth in the Promissory Note and this First Amendment (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (*provided, however*, to the extent that the Lender's right to participate in any such Distribution would result in the Lender exceeding the Beneficial Ownership Limitation, then the Lender shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Lender until such time, if ever, as its right thereto would not result in the Lender exceeding the Beneficial Ownership Limitation).

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of JanOne) issued and outstanding.

f) Notice to the Lender.

i. Adjustment to Fixed Conversion Price. Whenever the Fixed Conversion Price is adjusted pursuant to any provision of this Section 3, JanOne shall promptly deliver to the Lender a notice setting forth the Fixed Conversion

Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Conversion by Lender. If (A) JanOne shall declare a dividend (or any other distribution in whatever form) on the Common Stock,

(B) JanOne shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) JanOne shall authorize the granting to all holders of the Common Stock or of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of JanOne shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which JanOne is a party, any sale or transfer of all or substantially all of the assets of JanOne, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash, or property, or (E) JanOne shall authorize the voluntary or involuntary dissolution, liquidation, or winding up of the affairs of JanOne, then, in each case, JanOne shall cause to be filed at each office or agency maintained for the purpose of conversion hereof, and shall cause to be delivered to the Lender at its last address as it shall appear upon JanOne's records, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights, or warrants, or, if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights, or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash, or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding JanOne, JanOne shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Lender shall remain entitled to convert the obligations set forth in the Promissory Note and this First Amendment, during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

1. **NASDAQ Limitation.** Notwithstanding anything to the contrary herein, the Lender may not effectuate any Conversion and JanOne may not issue any shares of Common Stock in connection therewith that would trigger any Nasdaq requirement to obtain stockholder approval prior to a Conversion or any issuance of shares of Common Stock in connection therewith that would be in excess of that number of shares of Common Stock equivalent to 19.9% of the number of shares of Common Stock as of the Effective Date; *provided, however*, that the Lender may effectuate any Conversion and JanOne shall be obligated to issue shares of Common Stock in connection therewith that would not trigger such a requirement. This restriction shall be of no further force or effect upon the approval of the stockholders in compliance with Nasdaq's stockholder voting requirements.

2. **Other Provisions.** The provisions of the Promissory Note that have not been expressly amended in any prior amendments thereof, including the Third Amendment, or have not been expressly modified or amended hereby shall remain unchanged and in full force and effect. In

the event of any conflict between the terms and provisions of this First Amendment and the Promissory Note, the provisions of this First Amendment shall control.

3. **Signatures.** This First Amendment may be signed in counterparts. A facsimile or other electronic transmission of a signature page will be considered an original signature page. At the

request of any Party, each other Party will confirm a fax-transmitted or electronically transmitted signature page by delivering an original signature page to the requesting Party.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be duly executed and delivered as of the Effective Date.

Joint Obligors:

ARCA RECYCLING, INC.

By: ___
Virland A. Johnson Chief Executive Officer

JANONE INC.

By: ___
Tony Isaac
Chief Executive Officer

Lender:

ISAAC CAPITAL GROUP, LLC

By: ___
Jon Isaac
President and Chief Executive Officer

SCHEDULE 1

Funding Matrix

LIVE JANONE FIRST AMENDMENT.3 (corrected) FUNDING MATRIX

ANNEX A NOTICE OF CONVERSION

The undersigned hereby elects to convert obligations of the Joint Obligors under the Promissory Note, as amended, of ARCA Recycling, Inc. and JanOne Inc. (“**JanOne**”) into shares of common stock (the “**Common Stock**”) of JanOne according to the conditions hereof, as of the date written below. If shares of Common Stock are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto and is delivering herewith such certificates and opinions as reasonably requested by JanOne in accordance therewith. No fee will be charged to the holder for any conversion, except for such transfer taxes, if any.

By the delivery of this Notice of Conversion the undersigned represents and warrants to the Companies that its ownership of the Common Stock does not exceed the amounts specified under Section 2(d) of this First Amendment, as determined in accordance with Section 13(d) of the Securities Exchange Act of 1934.

The undersigned agrees to comply with the prospectus delivery requirements under the applicable securities laws in connection with any transfer of the aforesaid shares of Common Stock.

Conversion calculations:

Date to Effect Conversion: ____ Amount of obligations to be Converted: \$__ Number of shares of Common

Stock to be issued: _____

Signature: __

Name: __

Delivery Instructions: __

NOTE PURCHASE AGREEMENT

THIS NOTE PURCHASE AGREEMENT (this “**Agreement**”) is made and entered into this 6th day of March 2024, by and between Live Ventures Incorporated, a Nevada corporation (the “**Seller**”), and MSW Projects Limited, a Canadian entity, or designee (the “**Buyer**”), on the following premises:

PREMISES

A. Seller is the record and beneficial owner of an Amended Promissory Note in its favor in the current principal amount of \$1,001,856.93 (the “**Note**”) issued by JanOne Inc., a Nevada corporation (the “**Company**”); and

B. Buyer desires to purchase the Note from the Seller, and the Seller desires to sell the Note to the Buyer, on the terms and conditions stated herein.

AGREEMENT

Based upon the foregoing premises, which are incorporated herein by this reference, and for and in consideration of the mutual promises and covenants hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, it is agreed as follows:

ARTICLE I PURCHASE OF THE NOTE

1.1 Purchase and Sale of the Note. Subject to the provisions of Section 5.01, the Buyer agrees to purchase from the Seller and the Seller agrees to sell the Note to the Buyer for a purchase price (the “**Purchase Price**”) of \$701,856.93.

1.2 Pre-Closing. Prior to the Closing (as that term is defined in Section 1.03) and subject to the provisions of Section 5.01,

(a) The Seller shall provide to Randolph Katz, c/o Clark Hill PLC, counsel to the Seller as escrow holder (the “**Escrow Holder**”) (i) the Note and (ii) an original short-form Note Assignment Agreement (the “**Note Agreement**”) in the form identical to the copy of the Note Agreement that is attached hereto as Exhibit A with instructions for the Escrow Holder to hold the Note and the Note Agreement in escrow until the counsel for the Seller has provided to the Escrow Holder written release instructions for the Escrow Holder to deliver the Note and the Note Agreement to the Buyer; and

(b) The Buyer shall transmit the Purchase Price by wire transfer to the IOLTA trust account of Clark Hill PLC to hold the Purchase Price in escrow until the counsel for the Buyer has provided to the Escrow Holder written release instructions for the Escrow Holder to deliver the Purchase Price to the Buyer.

1.3 Closing. Subject to the provisions of Section 5.01, the purchase and sale of the Note shall take place at a Closing (the “**Closing**”), to be held at such date, time, and place as shall be determined by the Buyer and the Seller. At the Closing:

(a) Counsel for the Buyer shall provide written instructions to the Escrow Holder to release the Purchase Price to the Seller;

(b) Counsel for the Seller shall provide written instructions to the Escrow Holder to deliver to the Buyer the Note and the Note Agreement at the address set forth herein, such that the Buyer shall thereupon become the owner of the Note; and

(c) All representations, covenants, and warranties of the Buyer and the Seller contained in this Agreement shall be true and correct on and as of the Closing with the same effect as though the same had been made on and as of such date.

ARTICLE II REPRESENTATIONS, COVENANTS, AND WARRANTIES OF THE SELLER

As an inducement to, and to obtain the reliance of the Buyer, in connection with its purchase of the Note, the Seller represents and warrants as follows:

1.1 Private Transaction. The offer, offer for sale, and sale of the Note by the Seller to the Buyer have not been and do not need to be registered with the Securities and Exchange Commission (the “**Commission**”). The Note and, if converted, the shares of Underlying Stock (collectively, the “**JanOne Securities**”) may constitute “restricted securities”, as that term is defined in Rule 144 promulgated by the Commission under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Neither the Seller, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with the offer or sale of the JanOne Securities.

1.2 Execution and Delivery; No Conflict; Approval of Agreement. This Agreement has been duly executed and delivered by the Seller and constitutes the valid and binding obligation of the Seller, enforceable against the Seller in accordance with the terms herein, except as the same may be limited by: (i) bankruptcy, insolvency, reorganization, moratorium, or other laws affecting generally the enforcement of creditors’ rights; (ii) equitable principles; and (iii) public policies with respect to the enforcement of indemnification agreements. The Seller has full authority, and legal right and has taken, or will take, all action required by law to execute and deliver this Agreement and to consummate the transactions contemplated hereby, including the transfer of the Note, in accordance with the provisions of this Agreement. The execution, delivery, and performance of this Agreement by the Seller and the consummation of the transactions contemplated hereby: (i) have been duly and validly authorized by all necessary entity or individual action on the part of the Seller and (ii) are not prohibited by, do not violate any provision of, and will not result in the breach of or accelerate or permit the acceleration of, the performance required by the terms of any applicable law, rule regulation, judgment, decree, order, or other requirement of any governmental body or any court, authority, department, commission, board, bureau, agency, or instrumentality of any thereof in a manner that would have a material adverse effect on the Seller, or any material contract, indenture, agreement, or commitment to which the Seller is a party or bound.

1.3 Legal Right. The performance of this Agreement and the consummation of the transactions contemplated hereby will not result in a material breach or violation of any of the terms and provisions of, or constitute a default under, any statute, indenture, mortgage, or other agreement

or instrument to which the Seller is a party or by which it is bound by any order, rule, or regulation directed to the Seller or its affiliates by any court or governmental agency or body having jurisdiction

over them; and no other consent, approval, authorization, or action is required for the consummation of the transactions contemplated hereby other than such as have been obtained.

1.4 No Liens, Encumbrances. The Seller owns the Note free and clear of all liens, claims, encumbrances, preemptive rights, rights of first refusal, and adverse interests of any kind and has the full legal right and ability to transfer the Note under this Agreement.

1.5 Transfer of Note. The Note will be transferred free and clear of any and all liens, claims, encumbrances, preemptive rights, rights of first refusal, and adverse interests of any kind.

1.6 Company Information. Seller has not provided any information to the Buyer related to the Company, including, but not limited, to the Company's operations, management, business plans, and/or financial information of likelihood of future financial performance.

ARTICLE III REPRESENTATIONS, COVENANTS, AND WARRANTIES OF THE BUYER

As an inducement to, and to obtain the reliance of the Seller in connection with its sale of the Note, the Buyer represents and warrants as follows:

1.1 Standing and Authority of the Buyer. The Buyer has all requisite power and authority to execute and deliver this Agreement, to perform Buyer's obligations hereunder, and to consummate the transactions contemplated hereby.

1.2 Execution and Delivery: No Conflict.

(a) This Agreement has been duly executed and delivered by the Buyer and constitutes the valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with the terms herein, except as the same may be limited by: (i) bankruptcy, insolvency, reorganization, moratorium, or other laws affecting generally the enforcement of creditors' rights, (ii) equitable principles, and (iii) public policies with respect to the enforcement of indemnification agreements. The Buyer has full authority, and legal right and has taken, or will take, all action required by law to execute and deliver this Agreement and to consummate the transactions herein contemplated including the purchase of the Note and the delivery of the Purchase Price, all in accordance with the provisions of this Agreement.

(b) The execution, delivery, and performance of this Agreement by the Buyer and the consummation of the transactions contemplated hereby: (i) have been duly and validly authorized by all necessary action on the part of the Buyer and (ii) are not prohibited by, do not violate any provision of, and will not result in the breach of or accelerate or permit the acceleration of, the performance required by the terms of any applicable law, rule regulation, judgment, decree, order, or other requirement of any governmental body or any court, authority, department, commission, board, bureau, agency, or instrumentality of either thereof in a manner which would have a material adverse effect on the Buyer, or any material contract, indenture, agreement or commitment, to which the Buyer is a party or bound.

1.3 Consents and Approvals. The execution, delivery, and performance by the Buyer of this Agreement and the consummation by Buyer of the transactions contemplated hereby do not require the Buyer to obtain any consent, approval, or action of, or give any notice to, any corporation, person, firm, or judicial authority except: (i) such as have been duly obtained or made, as the case

may be, and are in full force and effect on the date hereof and (ii) those which the failure to obtain would have no material adverse effect on the transactions contemplated hereby.

1.4 Securities Representations. The Buyer understands and agrees that: (i) the consummation of this Agreement, including the transfer of the Note and the tender of the Purchase Price, each as contemplated hereby, constitutes a private offer and sale of securities that constitute “restricted securities” and (ii) the Note has not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned, or transferred unless (A) subsequently registered thereunder, (B) sold, assigned, or transferred pursuant to an exemption from such registration requirements, or (C) sold, assigned, or transferred pursuant to Rule 144 or Rule 144A promulgated under the Securities Act (or a successor rule thereto). The Buyer is an “accredited investor” within the meaning of Regulation D promulgated under the Securities Act.

1.5 Company Information. The Buyer has not relied upon, nor asked for, any information from the Seller related to the business, finances, and/or operations of the Company. Likewise, the Buyer has not relied upon, nor asked for, any information from the Seller related to the business, finances, and/or operations of the Company. The Buyer acknowledges that its sole source of information about the Company has been the disclosures made by the Company to the public required under the Securities Act and press releases of the Company. The Buyer acknowledges and agrees that the Seller may have material non-public information related to the Company, and the Buyer has not requested that the Seller disclose any such material non-public information related to the Company.

1.6 Investment Experience. The Buyer has been an investor in securities of companies similar to the Company and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of the purchase of and investment in the Note.

(a) The Buyer acknowledges that the JanOne Securities constitute “restricted securities” and that none of the JanOne Securities can be publicly sold unless registered with the Commission and qualified by appropriate state securities regulators, or unless the Buyer otherwise complies with an exemption from such registration and qualification (including, without limitation, compliance with Rule 144).

(b) The Buyer has adequate means of providing for current needs and contingencies, has no need for liquidity in the investment, and is able to bear the economic risk of a purchase of the Note. The Buyer represents that it is able to bear the economic risk of the investment and at the present time could afford a complete loss of such investment. The Buyer has reviewed this Agreement with care.

(c) The Buyer is an “Accredited Investor” as defined in Regulation D of the Securities Act. The Buyer, either alone or with the Buyer’s professional advisers who are unaffiliated with, have no equity interest in, and are not compensated by the Seller or the Company or by any affiliate of the Seller or the Company or by any selling agent of the Buyer or the Company, directly or indirectly, has sufficient knowledge and experience in financial and business matters that the Buyer is capable of evaluating the merits and risks of

a purchase of the Note and of making an informed investment decision with respect thereto and has the capacity to protect its own interests in connection with its purchase of the Note.

(d) The Buyer is acquiring the JanOne Securities solely for its own account as principal, for investment purposes only, and not with a view to the resale or distribution

thereof, in whole or in part, and no other person or entity has a direct or indirect beneficial interest in the JanOne Securities.

(e) The Buyer will not sell or otherwise transfer any of the JanOne Securities without registration thereof under the Securities Act or an exemption therefrom and fully understands and agrees that it must bear the economic risk of the its purchase of the JanOne Securities for an indefinite period of time because, among other reasons, none of the JanOne Securities has been registered under the Securities Act or qualified under the securities laws of any state and, therefore, cannot be resold, pledged, assigned, or otherwise disposed of unless they are subsequently registered under the Securities Act and qualified under the applicable securities laws of such states or unless an exemption from such registration and qualification is available.

ARTICLE IV SPECIAL COVENANTS

1.1 Purchase of the Note. The Seller and the Buyer agree and understand that the consummation of the sale of the Note to the Buyer as contemplated herein constitutes the offer and sale of securities under the Securities Act and applicable state statutes. The Seller and the Buyer agree such transactions shall be consummated in reliance, if applicable, on exemptions from the registration and prospectus delivery requirements of such statutes, which depend, among other items, on the circumstances under which the Note is acquired.

(a) The parties accept, and concur in, the following representations and warranties:

(i) The Buyer acknowledges that neither the Commission nor the securities commission of any state or other federal agency has made any determination as to the merits of acquiring any of the JanOne Securities, and that this transaction involves certain risks.

(ii) The Buyer has received and read this Agreement and understands the risks related to the consummation of the transactions herein contemplated.

(iii) The Buyer has such knowledge and experience in business and financial matters that it is capable of evaluating the transactions contemplated hereby.

(iv) The Buyer has been provided with copies of all materials and information requested by the Buyer or its representatives regarding the Seller, including any information requested to verify any information furnished (to the extent such information is available or can be obtained without unreasonable effort or expense), and the parties have been provided the opportunity for direct communication regarding the transactions contemplated hereby.

(b) In order more fully to document reliance on the exemptions, if any, as provided herein, the Seller and the Buyer shall execute and deliver to the other, at or prior to

the Closing, such further letters of representation, acknowledgment, suitability, or the like as the Seller or the Buyer and their respective counsel may reasonably request in connection with the transactions contemplated hereby.

(c) The Seller and Buyer acknowledge that the basis for relying on exemptions, if any, are factual, depending on the conduct of the various parties, and that no legal opinion or other assurance will be required or given to the effect that the transactions contemplated hereby are in fact exempt from registration or qualification, if applicable.

1.2 Expenses of Sale. The Seller and the Buyer will pay their own expenses incident to the performance of their respective obligations hereunder, including but not limited to the fees and expenses of their counsel and accountants.

1.3 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments, and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

ARTICLE V MISCELLANEOUS

1.1 Split Closings. Notwithstanding the other provisions of this Agreement, the transactions contemplated hereby will be divided into two parts with two separate Closings – the first for an amount equivalent to fifty percent (50%) the amounts set forth hereinabove and the second for an amount equivalent to the first Closing amount *plus* an amount equivalent to the interest that has accrued from and after the date of the first Closing. The first Closing shall occur on the time set forth above. The second Closing shall occur not later than three business days after the earliest of (x) an announcement by the Securities and Exchange Commission (the “SEC”) that it has settled its litigation with the Company in the matter styled as *Live Ventures, Incorporated; Janone, Inc. (fka Appliance Recycling Centers of America, Inc.); John Isaac aka Jon Isaac; Kingston Diversified Holdings LLC; and Virland A. Johnson, Defendants*, United States District Court, District of Nevada Court Case No. 2:21-cv-1433-JCM-VCF (the “**Litigation**”), (y) the date on which the Company files a Current Report on Form 8-K with the SEC, which Current Report discloses that the Company has settled the Litigation, or (z) 60 days from the date of the initial Closing.

1.2 Attorney’s Fees. In the event that any party institutes any action or suit to enforce this Agreement or to secure relief from any default hereunder or breach hereof, the breaching party or parties shall reimburse the non-breaching party or parties for all costs, including reasonable attorneys’ fees, incurred in connection therewith and in enforcing or collecting any judgment rendered therein.

1.3 Notice. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by e-mail, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by e-mail, with accurate confirmation generated by the transmitting computer, at the physical or e-mail address designated below (if delivered on a business day during normal business hours where such notice is

to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received), (b) on the third business day following the date of transmittal by express courier service, fully prepaid, addressed to such address,

or (c) upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be:

If to the Seller, to: Live Ventures Incorporated
325 E. Warm Springs Road, Suite 102 Las Vegas, Nevada 89119
Attn: Jon Isaac
E-mail: jisaac@liveventures.com

With a mandatory copy to
(which shall not constitute notice): Clark Hill PLC
555 South Flower Street, 24th Floor Los Angeles, California 90071 Attn:
Randolf W. Katz, Esq.
E-mail: rkatz@clarkhill.com And
E-mail: randy@randykatzlaw.com

If to the Buyer, to: MSW Projects Limited 6745 Century Ave, Suite 3
Mississauga, Ontario L5N 6P7 Canada Bruce Bent
E-mail: brpbent32@gmail.com Each party shall provide notice to the

other party of any change in address.

1.4 Entire Agreement. This Agreement represents the entire agreement between the parties relating to the subject matter hereof. All previous agreements between the parties, whether written or oral, have been merged into this Agreement. This Agreement alone fully and completely expresses the agreement of the parties relating to the subject matter hereof. There are no other courses of dealing, understandings, agreements, representations, or warranties, written or oral, except as set forth herein.

1.5 Survival; Termination. The representations, warranties, and covenants of the respective parties shall survive the closing and the consummation of the transactions herein contemplated for a period of six months from the closing, unless otherwise provided herein.

1.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall be but a single instrument.

1.7 Amendment or Waiver. Every right and remedy provided herein shall be cumulative with every other right and remedy, whether conferred herein, at law, or in equity, and such remedies may be enforced concurrently, and no waiver by any party of the performance of any obligation by the other shall be construed as a waiver of the same or any other default then, theretofore, or thereafter occurring or existing. At any time prior to the closing, this Agreement may be amended by a writing signed by all parties hereto, with respect to any of the terms contained herein, and any term or condition of this Agreement may be waived or the time for performance thereof may be extended by a writing signed by the party or parties for whose benefit the provision is intended.

1.8 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the Seller and Buyer and their respective successors. Nothing expressed in this Agreement is intended to

give any person other than the persons mentioned in the preceding sentence any legal or equitable right, remedy or claim under this Agreement.

1.9 Severability. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder hereof.

1.10 Captions. The captions or headings in this Agreement are inserted for convenience and identification only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provisions hereof.

1.11 Applicable Law; Jurisdiction; Venue. The Agreement and the transactions contemplated hereby shall be governed by and construed in accordance with the internal laws of the State of Nevada without regard to the conflicts of laws principles thereof. The Buyer and the Seller Parties hereby agree that any suit or proceeding arising directly and/or indirectly pursuant to or under this Agreement shall be brought solely in a federal or state court located in Clark County, State of Nevada. By its execution hereof, each of the Buyer and the Seller hereby covenants and irrevocably submits to the *in personam* jurisdiction of the federal and state courts located in Clark County, State of Nevada, and agrees that any process in any such action may be served upon him or it personally, or by certified mail or registered mail upon such party or his or its respective agent, return receipt requested, postage prepaid, with the same full force and effect as if personally served upon such party. Each of the Buyer and the Seller waives any claim that any such jurisdiction is not a convenient forum for any such suit or proceeding and any defense or lack of *in personam* jurisdiction with respect thereto. In the event of any such action or proceeding, the party prevailing therein shall be entitled to payment from the other Party of its reasonable counsel fees and disbursements in an amount judicially determined.

1.12 Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

[Signatures on following page]

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

LIVE VENTURES INCORPORATED MSW PROJECTS LIMITED

By: _____
Jon Isaac, President

By: _____
Bruce Bent, director

CLARK HILL PLC – solely in respect of Sections 1.02, 1.03, and 5.01

By: _____
Randolf Katz, Member

JanOne Inc. acknowledges the terms and conditions of this Agreement and the transactions contemplated hereby.

JANONE INC.

By: _____
Tony Isaac, Chief Executive Officer

EXHIBIT A

[attach Note Agreement]

EXHIBIT A Live Ventures Note Purchase Agreement.5

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 March 31, 2024 of Live Ventures Incorporated (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ Jon Isaac

Jon Isaac
President and Chief Executive Officer
(Principal Executive Officer)

Dated: May 14, 2024

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 March 31, 2024 of Live Ventures Incorporated (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

/s/ David Verret

David Verret
Chief Financial Officer
(Principal Financial Officer)

Dated: May 14, 2024

**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 the 3 Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q for the period ended March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), 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: May 14, 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.

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 March 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Verret, the Chief Accounting Officer (Principal Financial Officer) of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ David Verret

David Verret

Chief Financial Officer

(Principal Financial Officer)

Dated: May 14, 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.