

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

(Mark One)

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

For the quarterly period ended December 31, 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 February 3, 2025 was 3,106,431.

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FOR THE THREE MONTHS ENDED DECEMBER 31, 2024  
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**PART I - FINANCIAL INFORMATION**

**Item 1. Financial Statements**

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

	December 31, 2024	September 30, 2024
	(Unaudited)	
<b>Assets</b>		
Cash	\$ 7,407	\$ 4,601
Trade receivables, net of allowance for doubtful accounts of \$ 1.4 million at December 31, 2024 and \$ 1.5 million at September 30, 2024	38,040	46,861
Inventories, net	123,389	126,350
Prepaid expenses and other current assets	3,594	4,123
Total current assets	172,430	181,935
Property and equipment, net	81,527	82,869
Right of use asset - operating leases	55,113	55,701
Deposits and other assets	1,455	787
Intangible assets, net	23,847	25,103
Goodwill	61,152	61,152
Total assets	\$ 395,524	\$ 407,547
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 28,478	\$ 31,002
Accrued liabilities	30,548	31,740
Income taxes payable	1,483	948
Current portion of lease obligations - operating leases	13,219	12,885
Current portion of lease obligations - finance leases	467	368
Current portion of long-term debt	39,595	43,816
Current portion of notes payable related parties	7,670	6,400
Seller notes - related parties	—	2,500
Total current liabilities	121,460	129,659
Long-term debt, net of current portion	54,339	54,994
Lease obligation long term - operating leases	46,566	50,111
Lease obligation long term - finance leases	42,200	41,677
Notes payable related parties, net of current portion	6,871	4,934
Seller notes - related parties	41,119	40,361
Deferred tax liability, net	5,812	6,267
Other non-current obligations	3,882	6,655
Total liabilities	322,249	334,658
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Series E convertible preferred stock, \$ 0.001 par value, 200,000 shares authorized, 47,840 shares issued and outstanding at December 31, 2024 and September 30, 2024, with a liquidation preference of \$0.30 per share outstanding	—	—
Common stock, \$0.001 par value, 10,000,000 shares authorized, 3,115,674 and 3,131,360 shares issued and outstanding at December 31, 2024 and September 30, 2024, respectively	2	2
Paid in capital	69,743	69,692
Treasury stock common 710,373 and 694,687 shares as of December 31, 2024 and September 30, 2024, respectively	(9,229)	(9,072)
Treasury stock Series E preferred 80,000 shares as of December 31, 2024 and September 30, 2024	(7)	(7)
Retained earnings	12,766	12,274
Total stockholders' equity	73,275	72,889
Total liabilities and stockholders' equity	\$ 395,524	\$ 407,547

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

**LIVE VENTURES INCORPORATED**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)**  
**(UNAUDITED)**

(dollars in thousands, except per-share amounts)

	For the Three Months Ended December 31,	
	2024	2023
Revenue	\$ 111,508	\$ 117,593
Cost of revenue	76,146	81,266
Gross profit	35,362	36,327
Operating expenses:		
General and administrative expenses	30,071	27,679
Sales and marketing expenses	4,529	5,107
Total operating expenses	34,600	32,786
Operating income	762	3,541
Other expense:		
Interest expense, net	(4,162)	(4,163)
Gain on extinguishment of debt	713	—
Gain on settlement of earnout liability	2,840	—
Other income (expense)	420	(284)
Total other expense, net	(189)	(4,447)
Income (loss) before provision for income taxes	573	(906)
Provision (benefit) for income taxes	81	(224)
Net Income (loss)	\$ 492	\$ (682)
Income (loss) per share:		
Basic and diluted	\$ 0.16	\$ (0.22)
Weighted average common shares outstanding:		
Basic	3,124,581	3,163,541
Diluted	3,124,820	3,163,541

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

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

	For the Three Months Ended December 31,	
	2024	2023
<b>Operating Activities:</b>		
Net income (loss)	\$ 492	\$ (682)
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of acquisition:		
Depreciation and amortization	4,415	4,295
Amortization of seller note discount	757	673
Amortization of debt issuance cost	21	21
Stock based compensation expense	51	50
Amortization of right-of-use assets	1,031	1,143
Gain on extinguishment of debt	(713)	—
Gain on settlement of earnout liability	(2,840)	—
Change in deferred income taxes	(455)	(1,435)
Change in allowance for doubtful accounts	(110)	(32)
Change in reserve for obsolete inventory	(73)	1,001
Changes in assets and liabilities, net of acquisitions:		
Trade receivables	8,931	386
Inventories	3,035	267
Prepaid expenses and other current assets	531	468
Deposits and other assets	(667)	42
Accounts payable	(2,525)	(3,572)
Accrued liabilities	(3,016)	3,700
Income taxes payable	535	1,547
Net cash provided by operating activities	<u>9,400</u>	<u>7,872</u>
<b>Investing Activities:</b>		
Acquisition of CRO	—	(1,034)
Acquisition of Johnson	—	(500)
Purchase of property and equipment	(1,817)	(1,655)
Net cash used in investing activities	<u>(1,817)</u>	<u>(3,189)</u>
<b>Financing Activities:</b>		
Net payments under revolver loans	(3,121)	(756)
Net borrowings under related party revolver loans	1,570	—
Payments on related party notes payable	(300)	—
Proceeds from the issuance of related party notes payable	1,932	—
Cash paid for settlement of seller notes	(1,932)	—
Payments on notes payable	(1,770)	(1,767)
Purchase of common treasury stock	(157)	(107)
Payments on financing leases	(999)	(793)
Net cash used in financing activities	<u>(4,777)</u>	<u>(3,423)</u>
Increase in cash	2,806	1,260
Cash, beginning of period	4,601	4,309
Cash, end of period	<u>\$ 7,407</u>	<u>\$ 5,569</u>
<b>Supplemental cash flow disclosures:</b>		
Interest paid	\$ 3,284	\$ 3,271
Income taxes received	\$ —	\$ 346
<b>Noncash financing and investing activities:</b>		
PMW goodwill adjustment	\$ —	\$ 233
Noncash items related to CRO acquisition	\$ —	\$ 725
Noncash items related to Johnson acquisition	\$ —	\$ 1,501
Noncash debt discount on related party notes	\$ 713	\$ —

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	Total Equity
	Shares	Amount	Shares	Amount		Treasury Stock	Treasury Stock		
Balance, September 30, 2024	47,840	\$ —	3,131,360	\$ 2	\$ 69,692	\$ (7)	\$ (9,072)	\$ 12,274	\$ 72,889
Stock based compensation	—	—	—	—	51	—	—	—	51
Purchase of common treasury stock	—	—	(15,686)	—	—	—	(157)	—	(157)
Net loss	—	—	—	—	—	—	—	492	492
Balance, December 31, 2024	47,840	\$ —	3,115,674	\$ 2	\$ 69,743	\$ (7)	\$ (9,229)	\$ 12,766	\$ 73,275

	Series E Preferred Stock		Common Stock		Paid-In Capital	Series E Preferred Stock	Common Stock	Retained Earnings	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

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

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

**Note 1: Background and Basis of Presentation**

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

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

**Note 2: Summary of Significant Accounting Policies**

**Principles of Consolidation**

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

**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 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, and estimated useful lives for intangible assets.

**Revenue Recognition**

*General*

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

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

*Retail - Entertainment Segment*

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

*Retail - Flooring Segment*

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

*Flooring and Steel Manufacturing Segments*

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

*Spare Parts*

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

**Recently Issued Accounting Pronouncements**

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



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

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

**Note 3: Acquisitions**

Acquisition of Midwest Grinding

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

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

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

Acquisition of Central Steel

On May 15, 2024, Precision Marshall acquired Central Steel. Total consideration for the acquisition was approximately \$3.9 million, comprised of \$10.7 million paid at closing, a seller note of \$1.1 million, a holdback, in the amount of \$0.3 million, and contingent consideration of \$2.0 million paid in the form of a five-year earn-out. The consideration paid at close was funded in part by borrowings under Precision Marshall's credit facility of approximately \$3.3 million, and

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

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

The lease agreement includes a 20-year lease term with two five-year renewal options. The base rent under the lease agreement is \$58,795 per month for the first year of the term and a 2.0% per annum escalator thereafter. The lease agreement is a "net lease," such that Central Steel is also obligated to pay all taxes, insurance, assessments, and other costs, expenses, and obligations of ownership of the real property incurred by Central Steel. Due to the highly specialized nature of the leased property, the Company currently believes it is more likely than not that each of the two five-year options will be exercised. Consequently, because the aggregate term of the lease at its conclusion will represent approximately 75% of the economic life of the building, the Company concluded that the lease is a financing transaction and a failed sale and leaseback transaction, as defined under ASC 842. The proceeds, net of closing fees, from the failed sale and leaseback transaction were used to assist in funding the acquisition of Central Steel. No gain was recognized as a result of the sale.

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

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

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

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

Total purchase price	\$	13,880
Accounts payable		464
Accrued liabilities		969
Total liabilities assumed		1,433
Total purchase price plus liabilities assumed		15,313
Cash		184
Accounts receivable		2,418
Inventory		2,171
Property and equipment		5,034
<u>Intangible assets</u>		
Trade names	400	
Customer relationships	900	
Non-compete	825	
Subtotal intangible assets		2,125
Other assets		475
Total assets acquired		12,407
Total goodwill	\$	2,906

Acquisition of Johnson

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

The fair value of the purchase price components outlined above was approximately \$2.0 million, 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 and liabilities assumed as of December 31, 2024:

Total purchase price	\$	2,001
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		306
Subtotal intangible assets		1,607
Other assets		16
Total assets acquired		<u>4,159</u>
Total goodwill	\$	<u>—</u>

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

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

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

#### Acquisition of CRO

On October 13, 2023, CRO Affiliated acquired certain assets and assumed certain liabilities of Carpet Remnant Outlet, Inc. ("CRO"), a floor covering retailer and installer serving residential and commercial customers throughout Northwest Arkansas. Total consideration for the acquisition was approximately \$ 1.4 million and was comprised of cash at close of approximately \$1.0 million, an indemnification holdback amount of \$0.3 million, and additional consideration valued at \$89,000.

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

Cash	\$	1,034
Additional consideration		89
Holdback		<u>300</u>
Purchase price	\$	<u>1,423</u>

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

consideration was calculated by management. The Company anticipates the \$89,000 of goodwill arising from the acquisition to be fully deductible for tax purposes.

The table below outlines the purchase price allocation of the purchase for CRO to the acquired identifiable assets, liabilities assumed and goodwill (in \$000's):

Total purchase price	\$	1,423
Accounts payable		770
Accrued liabilities		1,298
Total liabilities assumed		2,068
Total consideration		3,491
Accounts receivable		259
Inventory		1,406
Property and equipment		261
<u>Intangible assets</u>		
Non-compete agreement	1,190	
Subtotal intangible assets		1,190
Other assets		286
Total assets acquired		3,402
Total goodwill	\$	89

**Note 4: Inventory**

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

Inventory, net	December 31, 2024	September 30, 2024
Raw materials	\$ 41,239	\$ 31,994
Work in progress	8,946	7,581
Finished goods	50,961	49,264
Merchandise	28,594	43,935
	129,740	132,774
Less: Inventory reserves	(6,351)	(6,424)
Total inventory, net	\$ 123,389	\$ 126,350

**Note 5: Property and Equipment**

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

	December 31, 2024	September 30, 2024
Property and equipment, net:		
Land	\$ 3,469	\$ 3,469
Building and improvements	40,869	40,490
Transportation equipment	2,858	2,765
Machinery and equipment	72,932	73,309
Furnishings and fixtures	6,392	6,301
Office, computer equipment and other	4,369	4,285
	130,889	130,619
Less: Accumulated depreciation	(49,362)	(47,750)
Total property and equipment, net	\$ 81,527	\$ 82,869

Depreciation expense was \$3.2 million and \$3.1 million for the three months ended December 31, 2024 and 2023, respectively.

**Note 6: Leases**

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

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

	December 31, 2024	September 30, 2024
Right of use asset - operating leases	\$ 55,113	\$ 55,701
Lease liabilities:		
Current - operating	13,219	12,885
Current - finance	467	368
Long term - operating	46,566	50,111
Long term - finance	42,200	41,677

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

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

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

Twelve months ended December 31,	
2025	\$ 18,041
2026	15,194
2027	12,800
2028	8,659
2029	5,141
Thereafter	26,727
Total	86,562
Less implied interest	(26,777)
Present value of payments	\$ 59,785

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

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

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

Twelve months ended December 31,	
2025	\$ 4,133
2026	4,210
2027	4,305
2028	4,424
2029	4,534
Thereafter	125,077
Total	146,683
Less implied interest	(104,016)
Present value of payments	\$ 42,667

During the three months ended December 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 December 31, 2024 and September 30, 2024 (in \$000's):

	December 31, 2024	September 30, 2024
Intangible assets, net:		
Intangible assets - Tradenames	\$ 15,356	\$ 15,356
Intangible assets - Customer relationships	13,599	14,799
Intangible assets - Other	4,330	4,330
	<u>33,285</u>	<u>34,485</u>
Less: Accumulated amortization	(9,438)	(9,382)
Total intangibles, net	<u>\$ 23,847</u>	<u>\$ 25,103</u>

Amortization expense was \$1.3 million and \$1.2 million for the three months ended December 31, 2024 and 2023, respectively.

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

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

**Note 8: Goodwill**

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

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

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

	December 31, 2024	September 30, 2024
Accrued liabilities:		
Accrued payroll and bonuses	\$ 7,090	\$ 8,125
Accrued sales and use taxes	1,610	1,326
Accrued customer deposits	3,960	4,675
Accrued gift card liability	2,066	1,986
Accrued interest payable	370	840
Accrued inventory	4,310	6,722
Accrued professional fees	4,174	2,644
Accrued expenses - other	6,968	5,422
Total accrued liabilities	<u>\$ 30,548</u>	<u>\$ 31,740</u>

**Note 10: Long-Term Debt**

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

	December 31, 2024	September 30, 2024
Revolver loans	\$ 57,078	\$ 60,199
Equipment loans	12,308	13,346
Term loans	9,940	10,465
Other notes payable	15,018	15,227
Total notes payable	94,344	99,237
Less: unamortized debt issuance costs	(410)	(427)
Net amount	93,934	98,810
Less: current portion	(39,595)	(43,816)
Total long-term debt	<u>\$ 54,339</u>	<u>\$ 54,994</u>

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

Twelve months ending December 31,		
2025	\$	39,595
2026		15,259
2027		27,704
2028		1,311
2029		1,810
Thereafter		8,255
Total future maturities of long-term debt	<u>\$</u>	<u>93,934</u>

***Bank of America Revolver Loan***

On January 31, 2020, as amended on September 4, 2024, Marquis entered into an amended \$25.0 million revolving credit agreement (“BofA Revolver”) with Bank of America Corporation (“BofA”). The BofA Revolver is an 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 July 2025. As of December 31, 2024 and September 30, 2024, the outstanding balance was approximately \$16.0 million and \$17.6 million, respectively.

*Loan with Fifth Third Bank (Precision Marshall)*

On January 20, 2022, Precision Marshall refinanced its Encina Business Credit loans with Fifth Third Bank, and the balance outstanding was repaid. The refinanced credit facility, totaling \$29 million, is comprised of \$23.0 million in revolving credit, \$3.5 million in M&E lending, and \$2.5 million for Capex lending. Advances under the new credit facility will bear interest at Prime Rate plus 0 basis points for lending under the revolving facility, and Prime Rate plus 25 basis points for M&E and Capex lending. The refinancing of the Borrower's existing credit facility reduces interest costs and improves the availability and liquidity of funds by approximately \$3.0 million at the close. The facility terminates on January 20, 2027, unless terminated earlier in accordance with its terms.

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

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

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

*Eclipse Business Capital Loans*

In connection with the acquisition of Flooring Liquidators, 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 3.5% per annum in excess of Adjusted Term SOFR. The Eclipse M&E loan bears interest at 6.0% per annum in excess of Adjusted Term SOFR prior to April 1, 2023, and 5.0% per annum in excess of Adjusted Term SOFR after April 1, 2023. The credit facility matures in January 2026. As of December 31, 2024 and September 30, 2024, the outstanding balance on the Eclipse Revolver was approximately \$9.1 million and \$9.3 million, respectively, and the outstanding balance on the Eclipse M&E loan was approximately \$1.6 million and \$1.8 million, respectively.

*Loan with Fifth Third Bank (PMW)*

In connection with the acquisition of PMW, on July 20, 2023, PMW entered into a revolving credit facility (the "Revolving Credit Facility") with Fifth Third Bank. The facility consists of \$15.0 million in revolving credit (the "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 Fifth Third M&E Loan or any Capital Expenditure Term Loan, it is 50 basis points (0.5%). The credit facility matures in July 2026. As of December 31, 2024, the Company concluded that PMW was in default of its Fixed Cost Coverage Ratio (“FCCR”) covenant, as specified in the credit agreement governing the Revolving Credit Facility. This default provides the creditor rights to accelerate and made immediately due the borrowings under the Revolving Credit Facility and Fifth Third M&E Loan. As of the date of the filing of this 10-Q, Fifth Third Bank has not exercised these rights and management is actively working with Fifth Third Bank to resolve the default. As such, as of December 31, 2024 and September 30, 2024, PMW’s long-term debt balances, in the amount of approximately \$13.0 million and \$14.4 million, respectively, have been reclassified to current liabilities. As of December 31, 2024 and September 30, 2024, the outstanding balance on the Fifth Third Revolver was approximately \$9.7 million and \$10.1 million, respectively, and the balance on the Fifth Third M&E Loan was approximately \$3.9 million and \$4.1 million, respectively.

*Bank Midwest Revolver Loan*

On October 17, 2024, Vintage entered into an amended \$10.0 million credit agreement with Bank Midwest (“Bank Midwest Revolver”). The amended Bank Midwest Revolver accrues interest 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) 5.0% per annum, and matures on October 17, 2025. As of December 31, 2024 and September 30, 2024 the outstanding on the Bank Midwest Revolver was approximately \$0 and \$1.9 million, respectively.

*Note payable to JCM Holdings*

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

*Note Payable to Store Capital Acquisitions, LLC*

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

*Equipment Loans*

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

Note #5 is for approximately \$4.0 million, secured by equipment. The Equipment Loan #5 is due December 2024, payable in 84 monthly payments of \$55,000 beginning January 2018, bearing interest at 4.7% per annum. As of December 31, 2024 and September 30, 2024, the balance was approximately \$0 and \$164,000, respectively.

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

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

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

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

Loan Covenant Compliance

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

**Note 11: Notes Payable-Related Parties**

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

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

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

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

**Note 12: Related Party Seller Notes**

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

	December 31, 2024	September 30, 2024
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
Seller of Kinetic, 7.0% interest rate, matures September 2027	3,000	3,000
Seller of Central Steel, 7.0% interest rate, matures May 2029	1,100	1,100
<b>Total Related party seller notes payable</b>	<b>38,100</b>	<b>40,600</b>
Unamortized debt premium (discount)	3,019	2,261
<b>Net amount</b>	<b>41,119</b>	<b>42,861</b>
Less current portion	—	(2,500)
<b>Long-term portion of Related party seller notes payable</b>	<b>\$ 41,119</b>	<b>\$ 40,361</b>

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

Twelve months ending December 31,	
2027	3,000
2028	37,019
2029	1,100
<b>Total</b>	<b>\$ 41,119</b>

Note Payable to the Seller of Kinetic

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

Note Payable to the Seller of Flooring Liquidators

In connection with the purchase of Flooring Liquidators, on January 18, 2023, the Company entered into an employment agreement with the previous owner of Flooring Liquidators to serve as its Chief Executive Officer. The employment agreement is for an initial term of five years and shall be automatically extended in 90-day increments unless either party provides notice as required under the agreement. Additionally, the Company entered into a seller financed mezzanine loan (the "Seller Note"), which is fully guaranteed by the Company, in the amount of \$34.0 million with the previous owners of Flooring Liquidators. The Seller Note bears interest at the contractual rate of 8.24% per annum, with interest payable monthly in arrears beginning on January 18, 2024. The Seller Note has a maturity date of January 18, 2028. The fair value assigned to the Sellers Note, as calculated by an independent third-party firm, was \$31.7 million, or a discount of \$2.3 million. The \$2.3 million discount is being accreted to interest expense, using the effective interest rate method, as required by U.S. GAAP, over the term of the Seller Note. As of December 31, 2024 and September 30, 2024, the carrying value of the Seller Note was approximately \$37.0 million and \$36.3 million, respectively.

Notes Payable to the Sellers of PMW

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

Loans"). The Seller Financed Loans bear interest at 8.0% per annum, with interest payable quarterly in arrears. As of September 30, 2024, the Company concluded that PMW was in default of its FCCR covenant, as specified in the credit agreement governing the Revolving Credit Facility, and the balances on the Seller Financed Loans, in the amount of \$2.5 million in the aggregate, were classified as current liabilities (see Note 10).

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

#### Note Payable to the Seller of Central Steel

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

#### **Note 13: Stockholders' Equity**

##### Series E Convertible Preferred Stock

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

##### Treasury Stock

As of December 31, 2024 and September 30, 2024, the Company had 710,373 and 694,687 shares of Treasury Stock, respectively. During the three months ended December 31, 2024 and 2023, the Company repurchased 15,686 and 4,346 shares of its common stock for approximately \$157,000 and \$107,000, respectively. During the three months ended December 31, 2024 and 2023, the average price paid per share was \$10.01 and \$24.51, respectively.

#### **Note 14: Stock-Based Compensation**

Our 2014 Omnibus Equity Incentive Plan (the "2014 Plan") authorizes the issuance of distribution equivalent rights, incentive stock options, non-qualified stock options, performance stock, performance units, restricted ordinary shares, restricted stock units, stock appreciation rights, tandem stock appreciation rights and unrestricted ordinary shares to our directors, 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, 2024 and the three months ended December 31, 2024:

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

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

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

#### Note 15: Earnings Per Share

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

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

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

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

calculated diluted EPS for the three months ended December 31, 2023, the total assumed weighted average common shares outstanding would have been 3,182,083, and there would have been 17,000 options to purchase shares of common stock that were anti-dilutive, and not included in the diluted EPS computation.

**Note 16: Related Party Transactions**

Transactions with Isaac Capital Group, LLC

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

ICG Term Loan

During 2015, Marquis entered into a mezzanine loan in the amount of up to \$7.0 million (the "ICF Loan") with Isaac Capital Fund I, LLC ("ICF"), a private lender whose managing member is Jon Isaac. On July 10, 2020, (i) ICF released and discharged Marquis from all obligations under the loan, (ii) ICF assigned all of its rights and obligations under the instruments, documents, and agreements with respect to the ICF Loan to ICG, of which Jon Isaac, the Company's President and Chief Executive Officer, is the sole member, and (iii) Live Ventures borrowed \$ 2.0 million (the "ICG Loan") from ICG. The ICG Loan bears interest at 12.5% and matures in May 2025. As of December 31, 2024 and September 30, 2024, the outstanding balance on this note was \$2.0 million.

ICG Revolving Promissory Note

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

ICG Flooring Liquidators Note

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

ICG PMW Note

On December 14, 2024, in connection with the Settlement Agreement of the PMW Seller Financed Loans (see Note 12), the Company, as borrower, entered into a promissory note for the benefit of ICG in the amount of approximately \$2.6 million ("ICG PMW Note"). The Company received proceeds of approximately \$1.9 million from ICG, which was used to settle the loans plus accrued interest. The \$700,000 discount is being accreted to interest expense using the effective interest rate method, as required by U.S. GAAP, over the term of the note. The ICG PMW Note matures on December 17, 2029, and bears interest at the contractual rate of 12% per annum. Interest is payable in arrears on the first business day of each month commencing on January 2, 2025. As of December 31, 2024, the balance on this loan was approximately \$2.6 million.



Transactions with Vintage Stock CEO

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

Spriggs Promissory Note I

On July 10, 2020, the Company executed a promissory note (the “Spriggs Promissory Note I”) in favor of Spriggs Investments that memorializes a loan by Spriggs Investments to the Company in the initial principal amount of \$2.0 million (the “Spriggs Loan I”). The Spriggs Loan I originally matured on July 10, 2022; however, the maturity date was extended to July 10, 2023, pursuant to unanimous written consent of the Board of Directors. The Spriggs Promissory Note I bears simple interest at a rate of 10.0% per annum. On January 19, 2023, the Company entered into a modification agreement of the Spriggs Loan I. Under the modification agreement, the Spriggs Promissory Note I will bear interest at a rate of 12% per annum, and the maturity date was extended to July 31, 2024. On February 29, 2024, the Company entered into a loan modification agreement of the Spriggs Loan I. Under the loan modification agreement, the Company was required to make a principal payment of \$600,000 to Spriggs Investments within five business days following the effective date of the loan modification agreement, and make principal payments of not less than \$300,000 each 90-day period thereafter, beginning on April 1, 2024, until the Spriggs Promissory Note I is fully repaid. Further, under the loan modification agreement, the maturity date of the 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 December 31, 2024 and September 30, 2024, the principal amount owed was \$0.5 million and \$0.8 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 December 31, 2024 and September 30, 2024, the principal amount owed was \$1.0 million.

Transactions with ALT5 Sigma Corporation, formerly JanOne Inc.

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

Lease Agreement

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

Transactions with Spyglass Estate Planning, LLC

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

Building Leases

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

*Transactions with Flooring Liquidators CEO*

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

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

*Seller Notes*

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

**Note 17: Commitments and Contingencies**

*Litigation*

SEC Investigation

On February 21, 2018, the Company received a subpoena from the 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 [www.sec.gov/litigation/litreleases/2021/lr25155.htm](http://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. Fact discovery was completed on May 20, 2024. The parties completed expert discovery in September 2024 and filed cross Motions for Summary Judgment in October 2024. The parties are currently preparing oppositions to the respective motions. We expect it will take a number of months for the court to rule on the motions, during which time much of the activity in the case will be on pause.

Sieggreen Class Action

On August 13, 2021, Daniel E. Sieggreen, individually and on behalf of all others similarly situated claimants (the "Plaintiff"), filed a class action Complaint 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. The Motion to Dismiss was heard on September 30, 2024. The Court granted the Motion with Leave to Amend. The Second Amended Complaint was recently filed. We are currently evaluating our response thereto which may result in another Motion to Dismiss being filed.

Holdback Matter

On October 10, 2022, a representative for the former shareholders of Precision Marshall 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 Court recently denied plaintiff's Motion for Leave to Amend to assert statute of limitations defenses. Discovery is ongoing and is expected to last six months.

Wage and Hour Matter

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

General

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

**Note 18: Segment Reporting**

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

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

	For the Three Months Ended December	
	2024	2023
<b>Revenue</b>		
Retail-Entertainment	\$ 21,273	\$ 20,586
Retail-Flooring	31,747	34,319
Flooring Manufacturing	25,996	29,245
Steel Manufacturing	32,435	33,354
Corporate & Other	57	89
Total revenue	<u>\$ 111,508</u>	<u>\$ 117,593</u>
<b>Gross profit</b>		
Retail-Entertainment	\$ 12,044	\$ 11,528
Retail-Flooring	11,803	13,032
Flooring Manufacturing	5,523	6,422
Steel Manufacturing	5,942	5,262
Corporate & Other	50	83
Total gross profit	<u>\$ 35,362</u>	<u>\$ 36,327</u>
<b>Operating income (loss)</b>		
Retail-Entertainment	\$ 3,408	\$ 3,143
Retail-Flooring	(2,174)	90
Flooring Manufacturing	(81)	945
Steel Manufacturing	1,166	982
Corporate & Other	(1,557)	(1,619)
Total operating income	<u>\$ 762</u>	<u>\$ 3,541</u>
<b>Depreciation and amortization</b>		
Retail-Entertainment	\$ 252	\$ 266
Retail-Flooring	1,314	1,352
Flooring Manufacturing	935	1,056
Steel Manufacturing	1,910	1,617
Corporate & Other	4	4
Total depreciation and amortization	<u>\$ 4,415</u>	<u>\$ 4,295</u>
<b>Interest expense</b>		
Retail-Entertainment	\$ 39	\$ 164
Retail-Flooring	1,320	1,200
Flooring Manufacturing	1,115	984
Steel Manufacturing	1,457	1,622
Corporate & Other	231	193
Total interest expense	<u>\$ 4,162</u>	<u>\$ 4,163</u>
<b>Net (loss) income before provision for income taxes</b>		
Retail-Entertainment	\$ 3,519	\$ 3,055
Retail-Flooring	(3,655)	(1,628)
Flooring Manufacturing	(1,299)	(163)
Steel Manufacturing	2,891	(1,018)

Corporate & Other	(883)	(1,152)
Total net income (loss) before provision for income taxes	<u>\$ 573</u>	<u>\$ (906)</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 months ended December 31, 2024, this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” (hereafter referred to as “MD&A”) should be read in conjunction with the condensed consolidated financial statements, including the related notes, appearing in Part I, Item 1 of this Quarterly Report on Form 10-Q, as well as our Annual Report on Form 10-K for the fiscal year ended September 30, 2024 (the “2024 Form 10-K”).

### **Note about Forward-Looking Statements**

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

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

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

In addition, the foregoing factors may generally affect our business, results of operations and financial position. Forward-looking statements speak only as of the date the statements were made. We do not undertake and specifically decline any obligation to update any forward-looking statements except as required by federal securities laws. Any information contained on our website [www.liveventures.com](http://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](http://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 73 retail locations strategically positioned across Arkansas, Colorado, Idaho, Illinois, Kansas, Missouri, Nebraska, New Mexico, Oklahoma, Texas, and Utah.

### **Retail-Flooring Segment**

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

Flooring Liquidators is a leading retailer and installer of flooring, carpeting, and countertops to consumers, builders, and contractors in California and Nevada, operating 27 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.

### **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.

### **Steel Manufacturing Segment**

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

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

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

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

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

On July 20, 2023, 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.

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

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

#### **Corporate and Other Segment**

Our Corporate and Other segment consists of certain corporate general and administrative costs, 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 ("U.S. 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. 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 2024 Form 10-K.

#### **Adjusted EBITDA**

We evaluate the performance of our operations based on financial measures such as "Adjusted EBITDA", which is a non-U.S. 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 U.S. 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 U.S. GAAP. As companies often define non-U.S. 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 December 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 December 31, 2024 and 2023 (in \$000's):

	Three Months Ended December 31, 2024		Three Months Ended December 31, 2023	
		% of Total Revenue		% of Total Revenue
<b>Selected Data</b>				
Revenue	\$ 111,508		\$ 117,593	
Gross Profit	35,362	31.7 %	36,327	30.9 %
General and administrative expenses	30,071	27.0 %	27,679	23.5 %
Sales and marketing expenses	4,529	4.1 %	5,107	4.3 %
Interest expense, net	4,162	3.7 %	4,163	3.5 %
Income (loss) before provision for income taxes	573	0.5 %	(906)	(0.8 %)
Provision (benefit) for income taxes	81	0.1 %	(224)	(0.2 %)
Net income (loss)	\$ 492	0.4 %	\$ (682)	(0.6 %)
<b>Adjusted EBITDA (a)</b>				
Retail-Entertainment	\$ 3,810		\$ 3,667	
Retail-Flooring	(971)		1,303	
Flooring Manufacturing	750		1,877	
Steel Manufacturing	2,801		2,802	
Corporate & Other	(646)		(953)	
Total Adjusted EBITDA	\$ 5,744		\$ 8,696	
<b>Adjusted EBITDA as a percentage of revenue</b>				
Retail-Entertainment	17.9 %		17.8 %	
Retail-Flooring	(3.1 %)		3.8 %	
Flooring Manufacturing	2.9 %		6.4 %	
Steel Manufacturing	8.6 %		8.4 %	
Corporate & Other	N/A		N/A	
Consolidated adjusted EBITDA as a percentage of revenue	5.2 %		7.4 %	

(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 December 31, 2024		For the Three Months Ended December 31, 2023	
	Net Revenue	% of Total Revenue	Net Revenue	% of Total Revenue
<b>Revenue</b>				
Retail-Entertainment	\$ 21,273	19.1 %	\$ 20,586	17.5 %
Retail-Flooring	31,747	28.5 %	34,319	29.2 %
Flooring Manufacturing	25,996	23.3 %	29,245	24.9 %
Steel Manufacturing	32,435	29.1 %	33,354	28.4 %
Corporate & Other	57	0.1 %	89	0.1 %
<b>Total Revenue</b>	<b>\$ 111,508</b>	<b>100.0 %</b>	<b>\$ 117,593</b>	<b>100.0 %</b>

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

	For the Three Months Ended December 31, 2024		For the Three Months Ended December 31, 2023	
	Gross Profit	Gross Profit % of Total Revenue	Gross Profit	Gross Profit % of Total Revenue
<b>Gross Profit</b>				
Retail-Entertainment	\$ 12,044	10.8 %	\$ 11,528	9.8 %
Retail-Flooring	11,803	10.6 %	13,032	11.1 %
Flooring Manufacturing	5,523	5.0 %	6,422	5.5 %
Steel Manufacturing	5,942	5.3 %	5,262	4.5 %
Corporate & Other	50	—%	83	0.1 %
<b>Total Gross Profit</b>	<b>\$ 35,362</b>	<b>31.7 %</b>	<b>\$ 36,327</b>	<b>30.9 %</b>

#### Revenue

Revenue decreased approximately \$6.1 million, or 5.2%, to approximately \$111.5 million for the three months ended December 31, 2024, as compared to the corresponding prior year period. The decrease is primarily attributable to Flooring Manufacturing, Retail Flooring, and Steel Manufacturing, which decreased by approximately \$6.7 million in aggregate.

#### Gross Profit

Gross profit was 31.7% for three months ended December 31, 2024 as compared to 30.9% for the three months ended December 31, 2023. The increase was primarily attributable to increased margins in our Steel Manufacturing segment primarily due to improved efficiencies, as well as the acquisition of Central Steel during May 2024, which has historically generated higher margins.

#### General and Administrative Expense

General and Administrative expenses increased by 8.6% to approximately \$30.1 million for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023. The increase is primarily due to increased compensation expense related to new store openings at Flooring Liquidators.

#### Sales and Marketing Expense

Sales and marketing expense decreased by 11.3% to approximately \$4.5 million for the three months ended December 31, 2024, as compared to the three months ended December 31, 2023, primarily due to reduced sales and marketing activities at Flooring Liquidators.

### Interest Expense, net

Interest expense, net, remained consistent at approximately \$4.2 million for the three months ended December 31, 2024 and 2023.

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

	For the Three Months Ended December 31, 2024						For the Three Months Ended December 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	\$ 21,273	\$ 31,747	\$ 25,996	\$ 32,435	\$ 57	\$ 111,508	\$ 20,586	\$ 34,319	\$ 29,245	\$ 33,354	\$ 89	\$ 117,593
Cost of Revenue	9,229	19,944	20,473	26,493	7	76,146	9,058	21,287	22,823	28,092	6	81,266
Gross Profit	12,044	11,803	5,523	5,942	50	35,362	11,528	13,032	6,422	5,262	83	36,327
General and Administrative Expense	8,480	13,709	1,634	4,646	1,602	30,071	8,200	12,019	1,605	4,157	1,698	27,679
Selling and Marketing Expense	156	268	3,970	130	5	4,529	185	923	3,872	123	4	5,107
Operating Income (Loss)	\$ 3,408	\$ (2,174)	\$ (81)	\$ 1,166	\$ (1,557)	\$ 762	\$ 3,143	\$ 90	\$ 945	\$ 982	\$ (1,619)	\$ 3,541

#### Retail-Entertainment Segment

Retail-Entertainment segment revenue for the quarter ended December 31, 2024 was approximately \$21.3 million, an increase of approximately \$0.7 million, or 3.3%, compared to prior year period revenue of approximately \$20.6 million. Revenue increased primarily due to increased consumer demand for used products. The increase in used products contributed to the increase in gross margin to 56.6% for the quarter ended December 31, 2024, compared to 56.0% for the prior year period. Operating income for the quarter ended December 31, 2024 was approximately \$3.4 million, compared to operating income of approximately \$3.1 million for the prior year period.

#### Retail-Flooring Segment

The Retail-Flooring segment revenue for the quarter ended December 31, 2024, was approximately \$31.7 million, a decrease of approximately \$2.6 million, or 7.5%, compared to the prior year period revenue of approximately \$34.3 million. The decrease was primarily due to reduced demand. Gross margin for the quarter ended December 31, 2024 was 37.2%, compared to 38.0% for the prior year period. The decrease in gross margin was primarily driven by a change in product mix. Operating loss for the quarter ended December 31, 2024 was approximately \$2.2 million, compared to operating income of approximately \$0.1 million for the prior year period. The increase in operating loss was primarily due to additional wages and other costs related to new store openings during the quarter ended December 31, 2024.

#### Flooring Manufacturing Segment

Revenue for the quarter ended December 31, 2024 was approximately \$26.0 million, a decrease of approximately \$3.2 million, or 11.1%, compared to prior year period revenue of approximately \$29.2 million. The decrease in revenue was primarily due to reduced consumer demand. Gross margin was 21.2% for the quarter ended December 31, 2024, compared to 22.0% for the prior year period. The decrease in gross margin was primarily due to changes in product mix. Operating loss for the quarter ended December 31, 2024 was approximately \$0.1 million, compared to operating income of approximately \$0.9 million for the prior year period.

#### Steel Manufacturing Segment

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

### Corporate and Other Segment

Revenue for the quarter ended December 31, 2024 was approximately \$57,000, a decrease of approximately \$32,000, or 36.0%, compared to prior year period revenue of approximately \$89,000. Operating loss for the quarters ended December 31, 2024 and 2023 were approximately \$1.6 million.

### Adjusted EBITDA Reconciliation

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

	For the Three Months Ended	
	December 31, 2024	December 31, 2023
Net income (loss)	\$ 492	\$ (682)
Depreciation and amortization	4,415	4,295
Stock-based compensation	50	50
Interest expense, net	4,162	4,163
Income tax expense (benefit)	81	(224)
Debt refinancing costs	—	183
Gain on extinguishment of debt	(713)	—
Gain on settlement of earnout liability	(2,840)	—
Acquisition costs	97	406
Adjusted EBITDA	\$ 5,744	\$ 8,696

Adjusted EBITDA decreased by approximately \$3.0 million, or 33.9%, for the three months ended December 31, 2024, as compared to the prior year period. The decrease was primarily due to an overall decrease in operating income, as discussed above.

### Liquidity and Capital Resources

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

Based on our current operating plans, we believe that available cash balances, cash generated from our operating activities and funds available under our asset-based revolver lines of credit will provide sufficient liquidity to do the following for the next 12 months: fund our operations; pay our scheduled loan payments; 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.

### Working Capital

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

million in aggregate, partially offset by an increase in cash, and decreases in accounts payable, accrued liabilities the current portion of long-term debt, and the current portion of seller notes of approximately \$13.2 million in the aggregate.

*Cash Flows from Operating Activities*

The Company's cash, as of December 31, 2024, was approximately \$7.4 million compared to approximately \$4.6 million as of September 30, 2024, an increase of approximately \$2.8 million. Net cash provided by operations was approximately \$9.4 million for the three months ended December 31, 2024, as compared to net cash provided by operations of approximately \$7.9 million for the three months ended December 31, 2023. The increase was primarily due to increases in net income, accounts receivable, inventories, accounts payable of approximately \$13.6 million in aggregate, partially offset by decreases in adjustments to net income, accrued liabilities, and income taxes receivable of approximately \$12.1 million in aggregate.

Our primary sources of cash inflows are from customer receipts from sales on account and factored accounts receivable proceeds. 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 \$1.8 million for the three months ended December 31, 2024 consisted of the purchases of property and equipment. Our cash flows used in investing activities of approximately \$3.2 million for the three months ended December 31, 2023 consisted of the acquisitions of CRO by Flooring Liquidators, and Johnson by CRO, and purchases of property and equipment.

*Cash Flows from Financing Activities*

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

Our cash flows used in financing activities of approximately \$3.4 million during the three months ended December 31, 2023 consisted of payments on notes payable of approximately \$1.8 million, purchases of treasury stock and payments for finance leases of approximately \$0.9 million, and net payments under revolver loans of approximately \$0.8 million.

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

*Future Sources of Cash; New Products and Services*

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

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

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

#### 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, we concluded that, as of December 31, 2024, the period covered in this report, our disclosure controls and procedures were not effective due to the material weakness in internal control over financial reporting further described below.

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

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

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

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

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

In response to the above identified weakness in our internal control over financial reporting, we plan to improve the control policies and procedures over financial reporting and consolidation processes. We expect to conclude these remediation initiatives during the fiscal year ended September 30, 2025. We continue to evaluate testing of our internal control policies and procedures, including assessing internal and external resources that may be available to complete these tasks, but do not know when these tasks will be completed.

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

There were no changes in our internal control over financial reporting that occurred during the three months ended December 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 2024 Form 10-K for information regarding material pending legal proceedings. Except as set forth herein, and therein, there have been no new material legal proceedings and no material developments in the legal proceedings previously disclosed.

**ITEM 1A. Risk Factors**

None.

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

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

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

**ITEM 3. Defaults Upon Senior Securities**

None.

**ITEM 4. Mine Safety Disclosures**

None.

**ITEM 5. Other Information**

None.

**ITEM 6. Exhibits**

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

3.1	<a href="#">Amended and Restated Articles of Incorporation</a>	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	8-K	001-33937	3.1	02/14/14
3.5	Articles of Merger	10-K	001-33937	3.1.4	10/08/15
3.6	Certificate of Change	8-K	001-33937	3.1.5	11/25/16
3.7	Certificate of Designation for Series B Convertible Preferred Stock filed with Secretary of State for the State of Nevada on December 23, 2016, and effective as of December 27, 2016	10-K	001-33937	3.1.6	12/29/16
3.8	<a href="#">Bylaws</a>	10-Q	001-33937	3.8	08/14/18
10.134	* <a href="#">First Amendment to Credit Agreement by and between Vintage Stock, Inc. and Bank Midwest, a division of NBH BANK, dated October 17, 2024.</a>				
10.135	* <a href="#">Settlement Agreement and Release by and among Live Ventures Incorporated, Precision Metal Works, Inc., and Precision Affiliated Holdings, LLC, and The Richard Stanley Family Trust, and The John Locke Family Trust, , dated December 24, 2024.</a>				
10.136	* <a href="#">Nineteenth Amendment to Loan and Security Agreement and Consent dated September 4, 2024 by and among Marquis Affiliated Holdings LLC, Marquis Industries, Inc., and Bank of America, N.A.</a>				
10.137	* <a href="#">ICG Promissory note for PMW Settlement, dated December 16, 2024.</a>				
31.1	* <a href="#">Certification of the President and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
31.2	* <a href="#">Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>				
32.1	* <a href="#">Certification of the President and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
32.2	* <a href="#">Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>				
101.INS	* Inline XBRL Instance Document				
101.SCH	* Inline XBRL Taxonomy Extension Schema Document				
101.CAL	* Inline XBRL Taxonomy Extension Calculation Linkbase Document				
101.DEF	* Inline XBRL Taxonomy Extension Definition Linkbase Document				
101.LAB	* Inline XBRL Taxonomy Extension Label Linkbase Document				
101.PRE	* Inline XBRL Taxonomy Extension Presentation Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				



\* Filed herewith

† Indicates a management contract or compensatory plan or arrangement.

**SIGNATURES**

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

Live Ventures Incorporated

Dated: February 7, 2025

/s/ Jon Isaac

\_\_\_\_\_  
President and Chief Executive Officer  
(Principal Executive Officer)

Dated: February 7, 2025

/s/ David Verret

\_\_\_\_\_  
Chief Financial Officer  
(Principal Financial Officer)

## **FIRST MODIFICATION AGREEMENT**

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

### **RECITALS**

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

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

### **AGREEMENTS**

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

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

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

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

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

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

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

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

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

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

(e) The definition of the term “Revolving Credit Commitment” appearing in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following: “Revolving Credit Commitment” means

\$10,000,000.00.

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

“Termination Date” means October 17, 2025.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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10. Time of the Essence. Time shall be of the essence of each and every provision of this Agreement of which time is an element.
11. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Missouri without giving effect to any choice of law rules thereof.
12. Binding Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
13. Counterparts. This Agreement may be executed in separate counterparts and all such counterparts when combined shall constitute one agreement. Delivery of an executed counterpart of this Agreement by electronic transmission shall constitute effective delivery thereof.
14. Waiver of Jury Trial. This Agreement and the other Loan Documents are subject to the waiver of jury set forth in Section 9.15 of the Credit Agreement.
15. Mo. Rev. Stat. § 432.047 Statement. The following statement is given pursuant to Mo. Rev. Stat. § 432.047: **“Oral or unexecuted agreements or commitments to loan money, extend credit or to forbear from enforcing repayment of a debt including promises to extend or renew such debt are not enforceable, regardless of the legal theory upon which it is based that is in any way related to the credit agreement. To protect you (borrower(s)) and us (creditor) from misunderstanding or disappointment, any agreements we reach covering such matters are contained in this writing, which is the complete and exclusive statement of the agreement between us, except as we may later agree in writing to modify it.”** For purposes of this Section 15 and the foregoing Missouri statute, all of the terms of the other Loan Documents are incorporated in and made part of this Agreement by reference; *provided, however*, that to the extent of any direct conflict between the terms of this Agreement and those of the other Loan Documents, the terms of this Agreement shall prevail and govern.

[signature page follows]

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

**BORROWER:**

**VINTAGE STOCK, INC.**

By:\_\_\_\_  
Seth Bayless, Chief Operating Officer and Vice President

**BANK:**

**BANK MIDWEST, A DIVISION OF NBH BANK**

By:\_\_\_\_\_ Lathem A. Scott, Vice President

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*Signature Page – First Modification Agreement*

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**CONSENT OF GUARANTOR**

The undersigned (the "Guarantor") is a party to a Guaranty dated as of October 17, 2023 (the "Guaranty") in favor of Bank. Guarantor represents and warrants to Bank as follows: (i) Guarantor has read and understands the foregoing Agreement, agrees to its terms and consents to its execution and delivery by the Borrower; (ii) Guarantor's Guaranty remains in full force and effect in accordance with its terms and remains applicable to the guaranteed obligations, including, without limitation, the indebtedness and obligations of Borrower under the Credit Agreement and the other Loan Documents, as amended by the foregoing Agreement; (iii) Guarantor has no defenses, set-offs, counterclaims or other claims to or against Bank's enforcement of its rights and remedies under the Guaranty to which Guarantor is a party, and Guarantor hereby joins in the waiver of claims and defenses set forth in Section 9 of the foregoing Agreement; and (iv) Guarantor has had an opportunity to consult with legal counsel of its choice in connection with the execution of this Consent of Guarantor and has either done so or has elected, in his sole discretion, not to do so. Capitalized terms used and not otherwise defined in this Consent of Guarantor shall have the meanings assigned thereto in the foregoing Agreement.

Dated as October 17, 2024.

**GUARANTOR:**

**VINTAGE STOCK AFFILIATED HOLDINGS LLC**

By:\_\_\_\_ Jon Isaac, President and Chief Executive Officer

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**Exhibit B**

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

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

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

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

A. Eligible Credit Card Receivables

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

B. Eligible Inventory

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

C. Borrowing Base

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

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

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

**VINTAGE STOCK, INC.**

By: \_\_ Name: \_\_ Title: \_\_

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**SCHEDULE 5.18****Real Property and Collateral Locations**

<b><u>Store #</u></b>	<b><u>Address</u></b>		
101	3120 S. Main St., Ste. 7	Joplin	MO 64804
104	3040 S. Glenstone Ave.	Springfield	MO 65804
107	2856 S. Glenstone Ave.	Springfield	MO 65804
110	2611 N. Kansas Expressway	Springfield	MO 65803
124	101 N. Range Line Rd., Ste. 118	Joplin	MO 64801
129	1320 Mid Rivers Mall	St. Peters	MO 63376
130	25 South County Centerway	St. Louis	MO 63129
134	651 N. Academy Blvd	Colorado Springs	CO 80909
136	101 St Clair Square	Fairview Heights	IL 62208
137	12120 15th Street	Grandview	MO 64030
139	2300 Bernadatte Dr	Columbia	MO 65203
147	1201 North Field Road	Layton	UT 84041
153	74 West County Center	Des Peres	MO 63131
157	14200 E. Alameda Ave	Aurora	CO 80012
162	2424 US-6	Grand Junction	CO 81505
165	3020 E 20th Street	Farmington	NM 87402
172	8501 Bowles Ave Space #2215	Littleton	CO 80123
203	6808 S. Memorial, Ste. 320	Tulsa	OK 74133
205	2409 W. Kenosha, Ste. 129	Broken Arrow	OK 74012
206	4505 W. Walnut, Ste. 5	Rogers	AR 72756
208	5353 E. 41st	Tulsa	OK 74135
211	9045 N. 121 E. Ave., Ste. 200	Owasso	OK 74055
214	745 E. Joyce Blvd., Ste. 120	Fayetteville	AR 72703
215	7201 S.E. 29th. St., Ste. 208	Midwest City	OK 73110
218	1700 24th Ave., N.W.	Norman	OK 73069
221	7257 S. Olympia Ave., W.	Tulsa	OK 74132
222	7407 N. May Ave.	Oklahoma City	OK 73116
227	30 E. 33rd. St.	Edmond	OK 73013
232	5111 Rogers Ave, Suite 188	Fort Smith	AR 72903
233	7700 E Kellogg Dr, Ste G03B	Wichita	KS 67207
235	4600 W. KELLOGG DR. SPACE Q06B	Wichita	KS 67209
238	6317 SW 3rd St	Oklahoma City	OK 73128
241	4901 N. Kickapoo St, Suite 5000	Shawnee	OK 74804
246	7301 B S. Pennsylvania Ave	Oklahoma City	OK 73159
261	1155 Garth Brooks Blvd	Yukon	OK 73099
309	1500 Harvey Road	College Station	TX 77840
340	5809 Greenville Ave.	Dallas	TX 75206
342	4601 S Broadway Ave	Tyler	TX 75703
343	2620 N. Belt Line Rd.	Irving	TX 75062

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344	2811 Southwest Parkway	Wichita Falls	TX	76308
348	6001 West Waco Drive	Waco	TX	76681
349	4604 Southwest Loop, Ste. 820	Fort Worth	TX	76109
351	4280 Lavon Dr., Ste. 210	Dallas	TX	75040
354	1327 W. Pipeline Rd.	Hurst	TX	76053
355	4115 S. Cooper St., Ste. 201	Arlington	TX	76015
356	2311 Colorado Blvd., Ste. 111	Denton	TX	76205
358	2595 Preston Rd., Ste. 400	Frisco	TX	75034
359	4310 Buffalo Gap Road	Abilene	TX	79606
360	3500 McCann Rd, Space N01B	Longview	TX	75605
363	501 Main Street	Kerrville	TX	78028
364	3111 W Cuthbert Avenue	Midland	TX	79701
382	2100 Hamilton Place	Chattanooga	TN	37421
383	2801 Memorial Parkway South	Huntsville	AL	35801
384	2397 S. Stemmons Frwy., Ste. C	Lewisville	TX	75067
402	9200 Metcalf Ave., Ste. 2	Overland Park	KS	64804
412	902 E. North Ave.	Belton	MO	64012
413	1918 Star Dr., Ste. A	Liberty	MO	64068
416	4163 Sterling Ave.	Kansas City	MO	64133
417	3600 Country Club Dr, Space 230	Jefferson City	MO	65109
419	12280 Shawnee Mission Pkwy.	Shawnee	KS	66218
420	625 N.E. Coronado Dr.	Blue Springs	MO	64014
423	626 N.E. 291 Hwy.	Lee's Summit	MO	64086
425	8500 N.W. Prairie View Rd.	Kansas City	MO	64153
426	1930 S.W. Wanamaker Rd., Ste. B	Topeka	KS	66604
431	5351 N. Antioch Road	Kansas City	MO	64119
466	340 East 525 North	Harrisville	UT	84404
467	101 Best Avenue	Coeur d'Alene	ID	83814
468	605 N. Belt Highway	St. Joseph	MO	64506
469	2300 E 17th Street, Space 01232	Idaho Falls	ID	83404
470	6100 O Street Space 220	Lincoln	NE	68505
471	11717 W 95th Street	Overland Park	KS	66214
473	350 N. Milwaukee St Space #02323	Boise	ID	83704
474	2901 Brooks Street, Suite B-3	Missoula	MT	59801
910	202 E 32nd Street	Joplin	MO	64804



## SETTLEMENT AGREEMENT AND RELEASE

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

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

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

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

1. Settlement.

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

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

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

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

- (c) Concurrently with the execution and delivery of this Settlement Agreement, Live, Precision, and PMW agree that the Stanley Trust and the Locke Trust shall be entitled to all Escrow Funds (as that term is defined in the Stock Purchase Agreement by and among The Stanley Trust, the Locke Trust, Precision, and PMW dated July 19, 2023 (the “SPA”)) remaining on deposit with Fifth Third Bank as of the Effective Date. Concurrently with the execution and delivery of this Settlement Agreement, Live, Precision, and PMW shall provide written instruction to Fifth Third Bank and take such further actions as are reasonably necessary to cause Fifth Third Bank to release all Escrow Funds remaining on deposit with Fifth Third Bank as of the Effective Date to the Stanley Trust and the Locke Trust, with fifty percent (50%) of such Escrow Funds to be paid to the Stanley Trust in accordance with the written instructions provided by the Stanley Trust and fifty percent (50%) of such Escrow Funds to be paid to the Locke Trust in accordance with the written instructions provided by the Locke Trust. Prior to the Effective Date, Live, Precision, and PMW represent and warrant that Fifth Third Bank has confirmed in writing that they will release the Escrow Funds in accordance with this Section 1(c). Notwithstanding anything herein to the contrary, the Parties agree that none of Live, Precision, or PMW is a guarantor of the performance by Fifth Third Bank in respect of the release of any or all of the Escrow Funds to the Stanley Trust and the Locke Trust and none of such parties shall act or be deemed to act as a surety for the tender of any amounts equivalent thereto. Live, Precision, and PMW each represent and warrant to the Stanley Trust and the Locke Trust that Fifth Third Bank has not communicated, either orally or in writing, to any of Live, Precision, and PMW that Fifth Third Bank does not intend to release the Escrow Funds to the Stanley Trust and the Locke Trust consistent with the terms and conditions set forth in this Settlement Agreement. Further, for purposes of clarity, the Stanley Trust and the Locke Trust disclaim any right or interest to the amounts previously paid by Precision that were remitted by the Stanley Trust and the Locke Trust to Fifth Third Bank on or around November 14, 2024.
- (d) Live, Precision, and PMW represent, warrant, and covenant that all funds deposited with the Escrow Agent and/or otherwise remitted to the Stanley Trust and to the Locke Trust as the Settlement Payment and to Jesse Caldwell as the Caldwell Payment, each pursuant to this Settlement Agreement (i) are funds belonging solely to Live that were received by Live from funds provided to it by Isaac Capital Group, LLC (“ICG”), whether through a drawdown of Live’s existing line of credit from ICG or an alternative financing arrangement with ICG, in each case fully outside of the purview of Precision or PMW, and (ii) are not funds directly or indirectly belonging to, or received from, Precision or PMW. Live shall provide documentation to the Stanley Trust and the Locke Trust simultaneously with the execution of this Settlement Agreement showing that the funds transferred to the Escrow Agent are funds belonging solely to Live and that any portion of such funds were not received, directly or indirectly, from Precision or PMW, which documentation for the “transfer” shall consist of the Fed Reference Number and for the “belonging” shall consist of a confirmatory e-mail from counsel for Live to counsel for the Stanley Trust and the Locke Trust. Live, Precision, and PMW represent, warrant, and covenant that they have received all necessary approvals from third parties, including, but not limited to, Fifth Third Bank, in order to execute and deliver this Settlement Agreement, to remit the payments pursuant to this Settlement Agreement, and to consummate the transactions described in this Settlement Agreement and otherwise be bound by the terms and conditions set forth in this Settlement Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

*[SIGNATURES FOLLOW; REMAINDER OF PAGE BLANK]*

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

**THE RICHARD STANLEY FAMILY TRUST**

**THE JOHN LOCKE FAMILY TRUST**

By:  
Name:  
Title:

By:  
Name:  
Title:

k?

Trustee

Title:

Address: c/o Dinsmore & Shohl LLP  
Attn: Jerrad Howard  
255 East Fifth Street, Suite 1900  
Cincinnati, OH 45202

By: Name: c/o Dinsmore & Shohl LLP  
Title: Attn: Jerrad Howard  
255 East Fifth Street, Suite 1900  
Cincinnati, OH 45202

Address:

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

**LIVE VENTURES INCORPORATED**

By: \_\_\_  
Name: Jon Isaac  
Title: Chief Executive Officer

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

**PRECISION METAL WORKS, INC.**

By: \_\_\_  
Name: Mike Valeri Title: Secretary

Address: 99 Berry Road Washington, PA 15301

**PMW AFFILIATED HOLDINGS, LLC**

By:  
Name: Tom Sedlak Title: President

Address: 99 Berry Road Washington, PA 15301

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

**LIVE VENTURES INCORPORATED**

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

By: \_\_\_ Name: Jon Isaac  
Title: Chief Executive Officer

**PRECISION METAL WORKS, INC.**

By: \_\_\_ Name: Iviike Valeri  
Title: Secretary

Address: 99 Berry Road Washington, PA 15301

**PMW AFFILIATED HOLDINGS, LLC**

By: \_\_\_ Name: Tom Sedlak  
Title: President

Address: 99 Berry Road Washington, PA 15301





By: *DRAFT*

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

*Attorney for Defendant*

By: *DRAFT*

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

*Attorneys for Plaintiffs*

CERTIFICATE OF SERVICE

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

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Attorney

## NINETEENTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

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

### Recitals:

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

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

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

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

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

Revolver Termination Date: July 31, 2025.

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

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

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



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

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

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

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

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

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

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

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

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

9. **Amendment Fee; Expenses of Lender.** In consideration of Lender’s willingness to enter into this Amendment as set forth herein, Borrowers jointly and severally agree to pay to Lender an amendment fee in the amount of \$12,500 in immediately available funds on the date hereof (the “Amendment Fee”). Additionally, Borrowers jointly and severally agree to pay to Lender, **on demand**, all costs and expenses incurred by Lender in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Lender’s legal counsel and any taxes, filing fees and other expenses associated with or incurred in connection with the execution, delivery or filing of any instrument or agreement referred to herein or contemplated hereby.

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

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



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

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

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

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

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

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

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

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

**BORROWERS:**

ATTEST:

[COMPANY SEAL]

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ATTEST:

"MARQUIS AFFILIATED HOLDINGS LLC

[COMPANY SEAL] ATTEST:

By:--  
**Weston A. Godfrey, Jr.** Co-Chief Executive  
Officer

[CORPORATE SEAL]

[Signatures continue on the following page.]

**LENDER:**

**BANK OF AMERICA, N.A.**

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

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

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

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

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

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

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

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

**Tony Isaac**, Secretary [COMPANY SEAL]

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

**Jon Isaac** Chief Executive Officer



**SECRETARY'S CERTIFICATE OF  
BOARD OF DIRECTORS RESOLUTIONS**

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

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

RESOLVED, that any arrangements, agreements, security agreements, or other instruments or documents referred to in or executed pursuant to the Amendment by Weston A. Godfrey, Jr., Tim Young, Edward Hine, Jr., any other officer or director of the Corporation, or by an employee of the Corporation acting pursuant to delegation of authority, may be attested by such person and may contain such terms and provisions as such person shall, in his or her sole discretion, determine.

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

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

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

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

[CORPORATE SEAL]

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

**resolutions.**

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

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

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

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

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

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

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

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

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

[COMPANY SEAL]

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

resolutions. W1

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

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

### PROMISSORY NOTE

**Base Principal Amount: \$1,932,312.40** **Transitory OID: \$712,583.60<sup>1</sup>**  
**Initial Principal Amount: \$2,644,896.00**

**Issue Date: December 16, 2024**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**The Company Covenants and Agrees with ICG as follows:**

1. Payment of Indebtedness. The Company will pay the indebtedness evidenced by this Note as provided herein. All amounts due hereunder shall be payable in lawful money of the United States, and all or any portion thereof may be prepaid at any time or from time to time without premium, penalty, or advance notice. Notwithstanding the foregoing, if, after the Issue Date hereof, the Company is sold, merged, or consolidated with another business entity or is reorganized or recapitalizes, the aggregate unpaid Initial Principal Amount (which includes the Transitory OID) of the Loan, all accrued and unpaid interest, and all other amounts payable under this Note immediately shall become due and payable; provided, however, that, if such event shall occur during the Transitory OID Period, then the Base Principal Amount (which does not include the Transitory OID), all accrued and unpaid interest on the unpaid Initial Principal Amount (which includes the Transitory OID), and all other amounts payable under this Note immediately shall become due and payable (either event, the “Mandatory Pre-payment Event.”).

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

3. Interest.

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

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

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

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

4. Payment Mechanics.

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



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

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

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

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

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

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

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

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

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

(c) Bankruptcy; Insolvency.

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) If to the Company:

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

(b) If to ICG:

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

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

13. Disputes.

(a) Submission to Jurisdiction.



(i) The Company irrevocably and unconditionally (A) agrees that any action, suit, or proceeding arising from or relating to this Note may be brought in the courts of the State of Nevada sitting in Clark County, and in the United States District Court for the Nevada and

(B) submits to the exclusive jurisdiction of such courts in any such action, suit, or proceeding. Final judgment against the Company in any such action, suit, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

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

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

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

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

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

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

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

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

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

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

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

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



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

**LIVE VENTURES INCORPORATED**

By: \_\_\_ Name: David Verret  
Title: Chief Financial Officer

ACKNOWLEDGED AND ACCEPTED ON THE ISSUE DATE BY:

**ISAAC CAPITAL GROUP, LLC**

By: \_\_\_ Name: Jon Isaac  
Title: Managing Member

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

I, Jon Isaac, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 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*

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

Dated: February 7, 2025

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

I, David Verret, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended December 31, 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*

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**David Verret**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

Dated: February 7, 2025

**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 December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jon Isaac, the President and Chief Executive Officer of the Company, to the best of my knowledge and belief, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

*/s/ Jon Isaac*

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

Dated: February 7, 2025

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

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

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

In connection with the Quarterly Report of Live Ventures Incorporated (the "Company") on Form 10-Q for the period ended December 31, 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*

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**David Verret**

**Chief Financial Officer**

**(Principal Financial Officer)**

Dated: February 7, 2025

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

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