

Risk Factors Comparison 2025-03-27 to 2024-04-01 Form: 10-K

Legend: New Text ~~Removed Text~~ Unchanged Text Moved Text Section

RISKS RELATING TO OUR BUSINESS AND OPERATIONS We face competition and cannot guarantee our continued ability to compete effectively. Our Bloomia business competes against other providers of cut tulips and other participants in the broader cut floral industry. Competition is based on, among other things, price, quality, product perception and ability to fulfill orders, particularly during seasonal peaks. We face direct competition from other growers as well as indirect competition through retailers who are supplied by our competitors, including on- line flower delivery websites. If competitors succeed in diverting business from our current customers or capturing a greater share of the overall market for cut tulips or cut flowers generally, Bloomia' s revenues and related operations would be adversely affected, potentially materially. Our revenue is highly concentrated among a small number of customers. During calendar ~~2023~~ 2024, three customers accounted for approximately ~~65~~ 64.3% of Bloomia' s revenue. Although those customers have a history of purchasing fresh- cut tulips from Bloomia, there are no long- term purchase commitments. If one or more of Bloomia' s traditional customers significantly reduces or ceases purchasing fresh- cut tulips from Bloomia, then Bloomia could experience a significant decrease in revenue. Bloomia has historically had a high retention rate, with the majority of our significant customers having business relationships in excess of five years. We may be unable to prevent our competitors from benefiting from the expertise of our former executives. In connection with the acquisition of Bloomia, we entered into non- compete agreements with its former owners. These agreements prohibit the former owners from competing with Bloomia' s business for a three- year period from the February 22, 2024 acquisition date. We may be unable to enforce these agreements under the laws of the jurisdictions in which our business operates and it may be difficult for us to restrict our competitors from benefiting from the expertise that our former owners developed while working for us. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former owners and our ability to remain competitive may be diminished.

~~RISKS~~ RISKS RELATING TO ECONOMY AND MARKET CONDITIONS We are subject to changes in interest rates. The majority of our debt carries floating interest rates and is subject to interest rate fluctuations. Borrowings under the Credit Agreement bear interest at a rate per annum equal to Term SOFR for an interest period of one month plus 3. 0 %. Changes in interest rates are caused by a number of factors beyond our control. If the SOFR interest rate increases significantly, our interest expense and cash paid for interest will increase, and our ability to obtain additional financing may decrease, which may materially adversely affect our operations. Our net sales and earnings have been and could continue to be adversely affected by economic conditions and outlook in the markets in which we conduct business. Adverse economic conditions and outlook in the U. S. and in other countries in which we conduct business, such as South Africa and South America, have previously and could in the future impact our net sales and earnings. These adverse economic conditions could include, but are not limited to, business closures, slowdowns, suspensions or delays of production and commercial activity; recessionary conditions; slow or negative economic growth rates; reduced consumer spending levels; increased or prolonged high unemployment rates; higher costs, longer lead times, and reduced availability of commodities, components, parts, and accessories, including as a result of transportation- related costs, inflation, changing prices, foreign currency fluctuations, tariffs, and / or duties; inflationary or deflationary pressures; reduced infrastructure spending; the impact of U. S. federal debt, state debt, and sovereign debt defaults and austerity measures by certain European countries; reduced credit availability or unfavorable credit terms for our distributors, dealers, and end- user customers; higher short- term, mortgage, and other interest rates; government shutdowns; and general economic and political conditions and expectations. Fresh cut tulips are something of a discretionary purchase and consumers may reduce purchases of tulips in slower economic times. In the past, some of these factors have caused and may continue to cause customers to reduce spending and delay or forego purchases of our products, which has had an adverse effect on our net sales and earnings. ~~STRATEGIC RISKS~~ RISKS Our Our company' s results are highly dependent on Bloomia' s success.

Although we intend to continue to develop our ~~specialty ag non- bank lending~~ specialty ag business, we have committed a substantial portion of our capital to the acquisition and growth of Bloomia' s business. With this lack of diversification, for at least the near term, our cash flow and ability to service our debt is highly dependent on the performance of the Bloomia business. Risks inherent in the Bloomia business are discussed in this section. Failure to successfully manage the recently acquired Bloomia business and other future acquisitions could adversely affect our business. As part of our strategy to develop our specialty ag ~~and finance~~ and strategy, we ~~recently acquired Bloomia, and~~ may make additional acquisitions in the future. We cannot be certain that the businesses we acquire will become profitable or remain so. Our management and integration of the operations of acquired businesses requires significant efforts, including the coordination of information technologies and finance. These efforts result in additional expenses and involve significant amounts of management' s time that cannot then be dedicated to other projects. Factors that will affect the success of our acquisitions include:

- the presence or absence of adequate internal controls and / or significant fraud in the financial systems of acquired companies,
- our ability or inability to integrate information technology systems of acquired companies in a secure and reliable manner,
- any decrease in customer loyalty and product orders caused by dissatisfaction with the Company' s product lines and sales and marketing practices, including price increases,
- our ability to retain key employees, and
- ability to generate adequate cash flow to service the debt incurred for the acquisitions.

~~These~~ These effects, individually or in the aggregate, could cause a deterioration of our credit and result in increased borrowing costs and interest expense. We may not generate enough cash or secure enough capital to execute our business plans. As we develop and grow our businesses, we may be required to finance this process through equity offerings or additional debt financings. To the extent that we raise additional capital through the sale of equity or debt financing, the ownership interest of our stockholders

would be diluted, and the terms of those securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include additional covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Additional capital may not be available when needed, on reasonable terms, or at all, and our ability to raise additional capital may be adversely impacted by potential worsening global economic conditions and the recent disruptions to and volatility in the credit and financial markets in the U. S. and worldwide. If we are unable to raise additional funds when needed we may not be able to grow our businesses, or complete transactions related to our strategy.

OPERATIONAL RISKS Restrictions in the Credit Agreement, could adversely affect the Bloomia business, financial condition, and results of operations. The obligations under the Credit Agreement are secured by substantially all of the personal property assets of Tulp 24. 1 and its subsidiaries. The Company provided an unsecured guaranty of the obligations of Tulp 24. 1 under the Credit Agreement. The Credit Agreement contains customary affirmative and negative covenants, including covenants that restrict the ability of Tulp 24. 1 and its subsidiaries to incur additional indebtedness, dispose of significant assets, make distributions or pay dividends to the Company, make certain investments, including any acquisitions other than permitted acquisitions, make certain payments, enter into sale and leaseback transactions or grant liens on its assets, subject to certain limitations. The provisions of the Company's credit agreement or other debt instruments may restrict its ability to obtain additional financing and pursue attractive business opportunities and its flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of the Company's credit agreement, any future credit facility or other debt instruments could result in a default or an event of default that could enable its lenders or other debt holders to declare the outstanding principal of that debt, together with accrued and unpaid interest, to be immediately due and payable. If the payment obligations of Tulp 24. 1 or the Company under the Credit Agreement are accelerated, its assets may be insufficient to repay such debt in full. These factors could have a material adverse effect on the Company's business, financial condition and results of operations. The Credit Agreement restricts Tulp 24. 1's ability to make distributions to Lendway. Under terms of the Credit Agreement, the Bloomia business is permitted to pay a management fee of \$ 60, 000 monthly to Lendway, but generally is not permitted to make distributions to its members, including Lendway. This may constrain cash available to Lendway for corporate expenses **and expenses of the Lending Business. This constraint significantly limits the capital available for the Lending Business, for which we anticipate minimal revenue and losses during the remainder of 2024.** The restriction on distributions will also limit our ability to fund additional strategic acquisitions using capital we have contributed to the Bloomia business. The Company's success depends on its key personnel. The Company's business results depend largely upon the continued contributions of **our CEO Randy Uglem, as it relates to the Lending Business, and Bloomia's CEO Werner Jansen, as it relates to the tulip business.** If **Mr. Uglem or Mr. Jansen** no longer serves in (or serves in some lesser capacity than) **their his current roles - role**, or if the Company loses other members of our management team, we may not be able to successfully execute on our business strategy and our business, financial condition and results of operations, as well as the market price of its securities, could be adversely affected. **10f If** we fail to establish and maintain effective internal control over financial reporting, then we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our business and the market price of our common stock. Company management is responsible for establishing and maintaining effective internal controls designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance. Any internal control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Given the limited current number of employees, this resource constraint causes challenges in effectively providing appropriate segregation of duties. Because of the inherent limitations in all internal control systems, internal control over business processes and financial reporting may not prevent or detect fraud or misstatements. **We 11We** are required, pursuant to Section 404 of the Sarbanes Oxley Act (SOX), to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. As a smaller reporting company, the Company is not required to have an attestation from its external auditor on the effectiveness of its internal control over financial reporting and disclosure controls and procedures. With regards to its February 2024 acquisition of Bloomia, the Company intends to elect the provision under SOX to exclude the evaluation of internal control over financial reporting and disclosure controls and procedures for Bloomia for a one- year period after the acquisition date. We cannot assure you that the measures we have taken to date, and actions we may take in the future, will prevent or avoid potential future material weaknesses. **During fiscal year 2024, the Company incurred two late filings and needed to file extensions in order to file two quarterly reports timely.** If we are unable to maintain effective internal control over financial reporting, the accuracy and timing of our financial reporting may be adversely affected, investors could lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, we could be subject to sanctions or investigations by the Nasdaq Stock Market, the SEC or other regulatory authorities, and our ability to access the capital markets could be limited. Bloomia's international operations involve additional market and operational risks, and failure to manage these risks may adversely affect our business and operating results. We operate in several countries throughout the world including South Africa, Chile and the Netherlands. Accordingly, we face significant operational risks from doing business internationally, including: **fluctuations in foreign currency exchange rates; potentially adverse tax consequences; difficulties in staffing and managing foreign operations; laws and business practices favoring local competition; compliance with a wide variety of complex foreign laws, treaties and regulations; tariffs, trade barriers and other regulatory or contractual limitations on their ability to sell or develop their products in certain foreign markets; and being subject to the laws, regulations and the court systems of many jurisdictions.** Our failure to manage the market and operational risks associated

with our international operations effectively could limit the future growth of our business and adversely affect our operating results. Exchange rate fluctuations between the U. S. dollar and the Euro and other non- U. S. currencies may negatively affect the earnings of our operations. We report our financial results and most of our revenues are recorded in U. S. dollars. However, most of our tulip bulb costs as well as a portion of our general and administrative expenses, are incurred in euros. As a result, we are exposed to exchange rate risks that may adversely affect our financial results. For example, if the euro appreciates against the U. S. dollar, then the U. S. dollar cost of our operations in the Netherlands would increase and our results of operations would be adversely affected. ~~From~~ **From** time to time, we engage in currency hedging activities. These measures, however, may not adequately protect us from material adverse effects due to the fluctuations in the relative values of the U. S. dollar and the euro and other foreign currencies in which we transact business, and may result in a financial loss. ~~Failure~~ **12Failure** to comply with the U. S. Foreign Corrupt Practices Act or other applicable anti- corruption legislation could result in fines, criminal penalties and an adverse effect on our business. We are committed to doing business in accordance with applicable anti- corruption laws. We are subject, however, to the risk that our affiliated entities or our affiliates' respective officers, directors, employees and agents may take action determined to be in violation of such anti- corruption laws, including the U. S. Foreign Corrupt Practices Act of 1977 and similar anti- bribery laws in non- U. S. jurisdictions, as well as trade sanctions administered by the Office of Foreign Assets Control and the U. S. Department of Commerce. Any such violation could result in substantial fines, sanctions, civil and / or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our results of operations. In addition, actual or alleged violations could damage our reputation and ability to do business. Compliance with employment laws may adversely affect Bloomia' s business. With the acquisition of Bloomia, we significantly increased the size and scope of our workforce. Various federal and state labor laws govern the relationship with Bloomia' s employees in the United States and impact operating costs. These laws include: ~~employee classification as exempt or non-exempt for overtime and other purposes;~~ **employee classification as exempt or non-exempt for overtime and other purposes;** ~~minimum wage requirements;~~ **minimum wage requirements;** ~~unemployment tax rates;~~ **unemployment tax rates;** ~~workers' compensation rates;~~ **immigration status;** ~~mandatory health benefits;~~ **mandatory health benefits;** ~~paid leaves of absence, including paid sick leave;~~ **tax reporting;** and ~~other wage and benefit requirements.~~ **other wage and benefit requirements.** Although Bloomia verifies the employment eligibility status of its employees, some of its employees may, without Bloomia' s knowledge, be unauthorized workers. Unauthorized workers are subject to deportation and may subject Bloomia to fines or penalties, and if any of Bloomia' s workers are found to be unauthorized, Bloomia could experience adverse publicity that negatively impacts its brand and may make it more difficult to hire and keep qualified employees. Termination of a significant number of employees who were unauthorized employees may disrupt Bloomia' s operations, cause temporary increases in its labor costs as it trains new employees and result in additional adverse publicity. Bloomia could also become subject to fines, penalties and other costs related to claims that it did not fully comply with all recordkeeping obligations of federal and state immigration compliance laws. Failure to fully comply with one or more of these requirements could have a material adverse effect on the Company' s business, financial condition and results of operations. Through Bloomia, we are subject to risks inherent in the operation of an agricultural business. Our business involves agricultural products with the procuring of tulip bulbs and the growing of tulips. Such business is subject to the risks inherent in the agricultural business, such as insects, plant diseases, government regulations regarding bulb production and similar agricultural risks. We can reduce, but cannot eliminate, the impacts of adverse weather conditions because the significant majority of our tulips are grown in a hydroponic greenhouse. ~~Tulip~~ **13Tulip** bulbs, like any plant, are subject to quality issues and disease, and we could have significant inventory loss or production delays resulting from low quality tulips. In June of 2023 Bloomia wrote off \$ 900, 000 of tulip bulb inventory due to the bulbs not meeting Bloomia' s quality standards. The bulbs were sourced during the off- season which we believe contributed to the quality issues and subsequent write- off. Additionally, **in fiscal year 2024, a portion of our Southern Hemisphere bulbs suffered from poor temperature treatment which resulted in less stem production.** ~~Although~~ **Although** we coordinate with recurring customers to plan production based on anticipated demand and projections, we may have to write down inventory or recognize a material impairment if our production significantly exceeds customer demand. Accordingly, any of these factors may have a material adverse effect on our inventory and any future production of tulips and a corresponding adverse effect on our results of operations. ~~Energy~~ **12Energy** and water price increases could adversely impact our profit margins. Bloomia' s hydroponic greenhouse cultivation process uses significant energy and water. Certain factors which may impact the availability of energy and water are out of Bloomia' s control including, but not limited to, disruptions resulting from weather, economic conditions, and interruption of energy supply. Significant increases in the cost or access of energy and water, and the failure to fully pass any such increased prices and costs through to our customers or to modify our activities to mitigate the impact, would have an adverse effect on our production results and operating income. Inclement weather and other disruptions to the transportation network could adversely impact our distribution system and demand for our products. Bloomia' s operations rely on dependable and efficient transportation services, the disruption of which could result in difficulties supplying materials to Bloomia' s facilities and impair Bloomia' s ability to deliver products to its retail customers in a timely manner. Specifically, our ability to receive shipments of tulip bulbs from Bloomia' s Netherlands or Chilean facilities on a timely basis and to provide efficient distribution of our stems to our retail customers are integral components of our overall business strategy. The volumes handled by, and operating challenges at, ocean ports have at times been volatile and can delay the receipt of tulip bulbs or cause the cost of shipping goods to be more expensive. Additionally, the availability and reliability of truck transportation has been negatively impacted by a number of factors, including limited availability of qualified drivers and equipment and limitations on drivers' hours of service. Impairment in our ability to receive timely shipments of tulip bulbs or distribute stems to our retail customers may affect our ability to both maintain core products in inventory and deliver products to customers on a timely basis, which may in turn adversely affect our consolidated results of operations. ~~TECHNOLOGY AND CYBERSECURITY RISKS~~ **RISKS** ~~We~~ **We** rely on our management information systems for inventory management, distribution, and other key functions. If our information systems fail to adequately perform these functions, or if we experience an interruption in their operation, our business and operating results

could be adversely affected. The efficient operation of our business is dependent on our management information systems, both internal and outsourced. We rely on our management information systems to, among other things, effectively manage our accounting and financial functions, including maintaining our internal controls, and to manage our procurement, greenhouse, distribution and sales processes. The failure of our management information systems to perform properly could disrupt our business, which may result in decreased sales, increased overhead costs, excess or obsolete inventory, causing our business and operating results to suffer. We also have automated processes in our greenhouse operations, which could be adversely impacted by interruptions in their operations. Although we take steps to secure our management information systems and automated processes, including our computer systems, intranet and internet sites, email and other telecommunications and data networks, the security measures we have implemented may not be effective and our systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, natural or man-made disasters, cyber- attacks, computer viruses, power loss, or other disruptive events. Our reputation, brand, and financial condition could be adversely affected if, as a result of a significant cyber event or otherwise, our operations are disrupted or shutdown; our confidential, proprietary information is stolen or disclosed; we incur costs or are required to pay fines in connection with stolen customer, employee, or other confidential information; ~~we~~ **14** ~~we~~ must dedicate significant resources to system repairs or increase cyber security protection; or we otherwise incur significant litigation or other costs. ~~13~~ **RISKS**

RISKS RELATED TO AN INVESTMENT IN OUR COMPANY ~~COMPANY~~ **Our Results** ~~results~~ **of Operations** ~~operations~~ **Have** ~~have~~ **Been** ~~been~~ **and May Be** ~~may be~~ **Subject** ~~subject~~ **to Significant** ~~significant~~ **Fluctuations** ~~fluctuations~~. Our quarterly and annual operating results have fluctuated in the past and may vary in the future due to a wide variety of factors including: ~~•~~ **•** our ability to successfully operate the acquired Bloomia business at the levels of revenue and cash flow planned; ~~•~~ **•** inability to close loans; ~~•~~ **•** changes in interest rates; and ~~•~~ **•** the impact of other strategic activities. Due to these factors, our quarterly and annual net sales, expenses and results of operations could vary significantly in the future, and this could adversely affect the market price of our common stock. Investment in ~~Our~~ **our** ~~Stock~~ **stock** ~~Could~~ **could** ~~Result~~ **result** ~~in~~ **Fluctuating** ~~fluctuating~~ **Returns** ~~returns~~. During ~~fiscal year~~ **2023-2024**, the sale prices of our common stock as reported by The Nasdaq Stock Market ranged from a low of \$ ~~4.3~~ **05-02** to a high of \$ ~~9.6~~ **67-88**. We believe factors such as the fluctuations in our quarterly and annual operating results described above, the market's acceptance of our services and products, the performance of our business relative to market expectations, the results of our acquired Bloomia business, as well as limited daily trading volume of our stock and general volatility in the securities markets, could cause the market price of our common stock to fluctuate substantially. In addition, the stock markets have experienced price and volume fluctuations, resulting in changes in the market prices of the stock of many companies, which may not have been directly related to the operating performance of those companies. We may need to raise additional capital, which might not be available or might be available only on terms unfavorable to us or our investors. In order to continue to operate and grow our businesses, we will likely need to raise additional capital beyond this current financing round by offering shares of our common or preferred stock and / or other classes of equity. All of these would result in dilution to our existing investors, plus they may include additional rights or terms that may be unfavorable to our existing investor base. We cannot assure you that the necessary funds will be available on a timely basis, on favorable terms, or at all, or that such funds, if raised, would be sufficient. The level and timing of future expenditure will depend on a number of factors, many of which are outside our control. If we are not able to obtain additional capital on acceptable terms, or at all, we may be forced to curtail or abandon our growth plans, which could adversely impact the Company, its business, development, financial condition, operating results or prospects. ~~14~~ **We** ~~We~~ may be required to recognize impairment charges that could materially affect our results of operations. We assess our intangible assets, and our other long-lived assets as and when required by GAAP to determine whether they are impaired. If they are impaired, we will record appropriate impairment charges. It is possible that we may be required to record significant impairment charges in the future and, if we do so, our results of operations could be materially adversely affected. ~~Certain~~ **15** ~~Certain~~ significant stockholders of our company may exert a degree of control in a manner that conflicts with the interests of other stockholders. Current significant holders of shares may have interests that are different than or adverse to our other stockholders. Based on public filings with the SEC, we believe that our largest stockholders and its affiliates hold approximately ~~40~~ **38.9** % of our issued and outstanding common shares. Based on this share ownership and the simple majority vote of shares present in person or by proxy that is sufficient for the approval of most actions at any stockholders meeting, those stockholders may be able to exercise a certain degree of control over certain matters requiring stockholders' approval. Those matters include the election of directors, amendment of our articles of association and approval of significant corporate transactions, subject to rules requiring the approval of a special majority among non- interested stockholders in certain situations. This control could have the effect of delaying or preventing a change of control of our Company or changes in management and will make the approval of certain transactions difficult without the support of those significant stockholders, including transactions in which a non- significant stockholder might otherwise receive a premium for its shares over the then- current market price. We could be deemed to have been a " shell company " after completion of the August 2023 asset sale and, as such, we and our stockholders could be restricted in reliance on certain rules or forms. We ~~were~~ **have been** ~~focused~~ **on the** ~~successful~~ **startup** and growth of our ~~non-~~ **bank** ~~Lending~~ **lending** ~~Business~~ **business** since before the sale of assets relating to our former In- Store Marketing Business. Following the ~~recent~~ acquisition of the Bloomia business we have ~~also~~ been focused on managing Bloomia's operations and growth. We do not believe that the Company, even after completion of the sale of the In- Store Marketing Business was a " shell company " as described under Rule 405 promulgated under the Securities Act and Rule 12b- 2 promulgated under the Exchange Act, which is a company that has: no or nominal operations; and either (a) no or nominal assets; (b) assets consisting solely of cash and cash equivalents; or (c) assets consisting of any amount of cash and cash equivalents and nominal other assets. However, a designation as a " shell company " could result in the application of Rule 144 (i), which would limit the availability of the exemption from registration provided in Rule 144 for certain shares of Company common stock and could result in

certain persons affiliated with the Company being deemed “ statutory underwriters under Rule 145 (c). Some of the presently outstanding shares of our common stock are “ restricted securities ” as defined under Rule 144 promulgated under the Securities Act and may only be sold pursuant to an effective registration statement or an exemption from registration, if available. Pursuant to Rule 144, if we were designated a “ shell company ” as defined in Rule 405 of the Securities Act and Rule 12b- 2 of the Exchange Act, one year would be required to elapse from the time, we ceased to be a “ shell company ” and filed a Form 8- K addressing Item 5. 06 with such information as may be required in a Form 10 Registration Statement with the SEC, before our restricted stockholders could resell their holdings in reliance on Rule 144. The Form 10 information or disclosure is equivalent to the information that a company would be required to file if it were registering a class of securities on Form 10 under the Exchange Act. Under amended Rule 144, restricted or unrestricted securities that were initially issued by a reporting or non-reporting shell company, or a company that was at any time previously a reporting or non- reporting shell company, can only be resold in reliance on Rule 144 if the following conditions are met: --● The issuer of the securities that was formerly a shell company has ceased to be a shell company; --● The issuer of the securities has filed all reports and material required to be filed under Section 13 or 15 (d) of the Exchange Act, as applicable, during the preceding twelve months (or shorter period that the issuer was required to file such reports and materials), other than Form 8- K reports; and --● At least one year has elapsed from the time the issuer filed the current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company. ~~15~~We ~~We~~ have never been classified as a “ shell company ” under rules promulgated under the Securities Act or the Exchange Act. However, in the event we were to be so designated, we may have to retroactively adjust our reporting or accounting for affected periods. **16**