Risk Factors Comparison 2023-12-22 to 2022-12-16 Form: 10-K

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

In the following paragraphs, the Company describes some of the principal risks and uncertainties that could adversely affect its business, results of operations, financial condition (including capital and liquidity), or prospects or the value of or return on an investment in the Company. These risks and uncertainties, however, are not the only ones faced by the Company. Other risks and uncertainties that are not presently known to the Company that it has failed to identify, or that it currently considers immaterial may adversely affect the Company as well. Except where otherwise noted, the risk factors address risks and uncertainties that may affect the Company as well as its subsidiaries. These risk factors should be read in conjunction with Item 7- Management' s Discussion and Analysis of Financial Condition and Results of Operations and the Notes to the Financial Statements located in Item 8 of this Form 10- K. RISKS RELATING TO OUR COMPANY GENERALLY Our results of operations could fluctuate due to factors outside of our control. Our operating results have historically fluctuated significantly, and we could continue to experience fluctuations or declining operating results due to factors that may or may not be within our control. Such factors include the following: • fluctuating demand for our products and services; • changes in economic conditions and the amount of consumers' discretionary spending; • changes in technologies favored by consumers; • customer refunds or cancellations; • our ability to continue to bill our customers through existing means; • market acceptance of new or enhanced versions of our services or products; • new product offerings or price competition (or pricing changes) by us or our competitors; • with respect to our retail segment, the opening of new stores by competitors in our markets; • with respect to our manufacturing segment, changes in import tariffs; • the amount and timing of expenditures for the acquisition of new businesses and the expansion of our operations, including the hiring of new employees, capital expenditures, and related costs (including wage cost increases due to historically low unemployment rates and staffing shortages in certain industries); • inflationary trends, including recent steep increases in the costs of consumer goods (as measured by CPI), including rising prices for gasoline, may dampen consumer spending at our retail establishments; • the COVID- 19 pandemic and **the** resulting adverse economic conditions **the pandemic** has had and may continue to have ~~a negative impact~~ on our business, financial condition and results of operations; • technical difficulties or failures affecting our **technical and operating** systems in general; and • the fixed nature of a significant amount of our operating expenses. Our obligations under our consolidated indebtedness are significant. As of September 30, ~~2022~~ **2023**, we had approximately $ ~~86~~ **152**. ~~3~~ **8** million of total consolidated **principal** indebtedness outstanding consisting of (in 000' s): ~~Bank of America Revolver Loan~~ **Notes PayableRevolver loans $ 56**, ~~variable~~ **779 Equipment loans15, 486 Term loans14, 290 Other notes payable15, 789 Subtotal notes payable102, 344 Related Party Notes PayableIsaac Capital Group, LLC, 12. 5 %** interest rate, matures ~~January~~ **May** 2025 $ **2, 000 Spriggs Investments, LLC,** 10 **%** ~~, 143 Texas Capital Bank Revolver Loan, variable~~ interest rate, matures **July 20242** ~~November 2023 9~~, **000 Spriggs Investments** ~~391 Fifth- Third Bank Revolver~~, ~~variable~~ **LLC for Flooring Liquidators, 12 %** interest rate, matures **July 20241** ~~January 2027 23~~, **000 Isaac Capital Group** ~~573 Fifth- Third Bank Term Loan~~, ~~variable~~ **LLC revolver, 12 %** interest rate, matures **April 20241** ~~January 2027 3~~, **000 Isaac Capital Group** ~~167 Fifth- Third Bank Term Loan~~, ~~variable~~ **LLC for Flooring Liquidators, 12 %** interest rate, matures January **20285** ~~2027 3~~, ~~857 Fifth~~ **000 Subtotal related party notes payable11, 000 Sellers Notes Payable** - **Related PartySeller of Flooring Liquidators** ~~Third Bank Special Advance Term Loan~~, ~~SOFR 375 basis points~~ **8. 24 % interest rate**, matures **January 202834, 000** ~~June 2025 Note Payable to the Sellers~~ - **Seller** of ~~Kinetic~~ **PMW**, ~~7~~ **8**. 0 % interest rate, matures **July 20282** ~~September 2027 3~~, **500 Seller** ~~000 Note # 3 Payable to Banc~~ of **Kinetic** ~~America Leasing & Capital LLC~~, ~~4~~ **7**. ~~8~~ % interest rate, matures ~~December 2023 Note # 4 Payable to Banc of America Leasing & Capital LLC, 4. 9 % interest rate, matures December 2023 Note # 5 Payable to Banc of America Leasing & Capital LLC, 4. 7 % interest rate, matures December 2024 1, 406 Note # 6 Payable to Banc of America Leasing & Capital LLC, 4. 7 % interest rate, matures July 2024 Note # 7 Payable to Banc of America Leasing & Capital LLC, 3. 2 % interest rate, matures February 2027 3, 542 Note # 8 Payable to Banc of America Leasing & Capital LLC, 4. 0 % interest rate, matures~~ September ~~2027~~ **20273** ~~2~~ **, 000 Subtotal sellers notes payable39**, 500 ~~Note # 9 Payable to Banc of America Leasing & Capital LLC, 3. 75 % interest rate, matures December 2026 4, 815 Note payable to the Sellers of Precision Marshall, no state or implied interest rate, buyer holdback 2, 500 Note Payable to Store Capital Acquisitions, LLC, 9. 3 % interest rate, matures June 2056 9, 171 Note payable to individual, 11. 0 % interest rate, payable on 90- day written notice Note payable to individual, 10. 0 % interest rate, payable on 90- day written notice Note payable to individual, noninterest bearing, monthly payments of $ 19 through March 2023 Note payable to individual, 7. 0 % interest rate, five- year notes, unsecured Note payable RSSI / (VSSS), no stated or implied interest rate, matures March 2023 Notes payable JCM Holdings, 6. 0 % interest rate, matures January 2030 1, 656 Total notes payable 82, 265 Isaac Capital Group, LLC, 12. 5 % interest rate, matures May 2025 2, 000 Spriggs Investments, LLC, 10 % interest rate, matures July 2023 2, 000 Total notes payable to related parties 4, 000~~ Total indebtedness $ ~~86~~ **152**, ~~265~~ **844** These financial obligations may have significant negative consequences for us, including: • limiting our ability to satisfy our obligations; • increasing our vulnerability to general adverse economic and industry conditions; • limiting our flexibility in planning for, or reacting to, changes in our businesses and the markets in which we operate; • placing us at a competitive disadvantage compared to competitors that have less debt; • increasing our vulnerability to, and limiting our ability to react to, changing market conditions, changes in our industry and economic downturns; • limiting our ability to obtain additional financing to fund working capital requirements, capital expenditures, debt service, acquisitions, general corporate or other obligations; • subjecting us to a number of restrictive covenants that, among other things, limit our ability to pay dividends and distributions, make acquisitions and dispositions, borrow additional funds and make capital expenditures and other investments; • restricting our and our wholly- owned subsidiaries ability to make dividend payments and other payments; • limiting our ability to use operating cash flow in other areas of our business because we must dedicate a significant portion of these funds to make principal and / or interest payments on our outstanding debt; • exposing us to interest rate risk due to the variable interest rate on borrowings under certain of our credit facilities; and • causing our failure to comply with the financial and restrictive covenants contained in our current or future indebtedness, which could cause a default under such indebtedness and which, if not cured or waived, could have a material adverse effect on us. Because of our floating rate credit facilities, we may be adversely affected by interest rate changes. Our financial position may be affected by fluctuations in interest rates, as our floating rate credit facilities are subject to floating interest rates. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions, and other factors beyond our control. Due to our current borrowings ~~against~~ **under** our floating rate credit facilities, or if we were to increase our floating rate credit borrowings, **an** ~~a significant~~ increase in interest rates ~~generally~~ could have an adverse effect on our financial condition and results of operations. As of the year ended September 30, ~~2022~~ **2023** , ~~the~~ **our** amount of floating rate credit borrowings ~~is~~ **was** approximately $ ~~51~~ **56** . ~~0~~ **8** million. If we do not effectively manage our growth and business, our management, administrative, operational, and financial infrastructure and results of operations may be materially and adversely affected. We have expanded our Company over the past few years through the acquisition of different businesses in different industries. We intend to acquire additional businesses (possibly in different sectors) in the future. Significant expansion of our present operations will be required to capitalize on potential growth in market opportunities, will require us to add additional management personnel, and will require us to continue to upgrade our financial and management systems and controls and information technology infrastructure. Any further expansion will also place a significant strain on our existing management, operational, and financial resources. Additionally, due to changing conditions in financial markets, financing may be more difficult **or expensive** to obtain at rates and terms that are acceptable to the Company. Although we currently have no material long- term need for capital expenditures at our existing operating subsidiaries, we will likely be required to make increased capital expenditures to fund our anticipated growth of operations, infrastructure, and personnel. In the future, we may need to seek additional capital through the issuance of debt (including convertible debt) or equity, depending upon the results of our operations, market conditions, or unforeseen needs or opportunities. Our future liquidity and capital requirements will depend on numerous factors, including: • the pace of expansion of our operations; • our response to competitive pressures; and • future acquisitions of complementary products, technologies or businesses. The sale of equity or convertible debt securities could result in additional dilution to existing stockholders. There is no assurance that any financing arrangements will be available in amounts or on terms acceptable to us, if at all. If we identify a material weakness in our internal control over financial reporting, fail to remediate a material weaknesses, or fail to establish and maintain effective internal control over financial reporting, our ability to accurately and timely report our financial results could be adversely affected. The effectiveness of any controls or procedures is subject to certain inherent limitations, and as a result, there can be no assurance that our controls and procedures will prevent or detect misstatements. Even an effective system of internal control over financial reporting will provide only reasonable, not absolute, assurance with respect to financial statement preparation. Also, projections of any evaluations 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. If we fail to remediate a material weakness, or are otherwise unable to maintain effective internal control over financial reporting, management could be required to expend significant resources and we could fail to meet our public reporting requirements on a timely basis, and be subject to fines, penalties, investigations or judgements, all of which could negatively affect investor confidence and adversely impact our stock price. Our failure to comply with various applicable federal and state employment and labor laws and regulations could have a material, adverse impact on our business. Various federal and state employment and labor laws and regulations govern our relationships with our employees. These laws and regulations relate to matters, such as employment discrimination, wage and hour laws, requirements to provide meal and rest periods or other benefits, family leave mandates, requirements regarding working conditions and accommodations to certain employees, citizenship or work authorization and related requirements, insurance and workers' compensation rules, healthcare laws and regulations (including with respect to the COVID- 19 pandemic), and anti- discrimination and anti- harassment laws. Complying with these laws and regulations subjects us to substantial expense and non- compliance could expose us to significant liabilities. We **have previously been subject to litigation regarding certain of these matters and may be subject to similar cases in the future. We** could suffer losses from these and similar cases, and the amount of such losses or costs could be significant. In addition, several states and localities in which we operate (as well as the federal government) have from time- to- time enacted minimum wage increases, changes to eligibility for overtime pay, changes to paid sick leave, changes to mandatory vacation accruals, and changes to other similar requirements. These changes have increased our labor costs and may have a further negative impact on our labor costs in the future. A significant number of our employees are paid at rates related to the applicable minimum wage. Federal, state and local proposals that increase minimum wage requirements or mandate other employee matters will likely, to the extent implemented, materially increase our labor and other costs. Several states in which we operate have approved minimum wage increases that are above the federal minimum. As more jurisdictions implement minimum wage increases, our labor costs will continue to increase. Our ability to respond to minimum wage increases by increases in our prices depends on the willingness of our customers to pay higher prices and our perceived value relative to our competitors. Our distributors and suppliers could also be affected by higher minimum wages, benefit standards, and compliance costs, which would result in higher costs for goods and services that they supply to us. We may not be able to protect our intellectual property rights adequately. Our success depends both on our internally developed technology and licensed third- party technology. We rely on a variety of trademarks, service marks, and designs to promote our brand names and identity. We also rely on a combination of contractual provisions, confidentiality procedures, and trademark, copyright, trade secrecy, unfair competition, and other intellectual property laws to protect the proprietary aspects of our products and services. The commercially reasonable steps we take to protect our intellectual property rights may not be adequate to protect our intellectual property and may not prevent our competitors from gaining access to our intellectual property and proprietary information. In addition, we cannot provide assurance that courts will always uphold our intellectual property rights or enforce the contractual arrangements that we have entered into to obtain and protect our proprietary technology. Third parties, including our partners, contractors, or employees may infringe or misappropriate our copyrights, trademarks, service marks, trade dress, and other proprietary rights. Any such infringement or misappropriation could have a material adverse effect on our business operations and prospects, financial condition, liquidity, cash flow, profitability, and results of operations generally. We may be unable to prevent third parties from acquiring domain names that are similar to, infringe upon or otherwise decrease the value of our trademarks and other proprietary rights, which may result in the dilution of the brand identity of our services and the pricing of our services. We may decide to initiate litigation in order to enforce our intellectual property rights or to determine the validity and scope of our proprietary rights. Any such litigation could result in substantial expense and may not adequately protect our intellectual property rights. In addition, we may be exposed to future litigation by third parties based on claims that our products or services infringe or misappropriate their intellectual property rights. Any such claim or litigation against us, whether or not successful, could result in substantial costs and harm our reputation. In addition, such claims or litigation could force us to do one or more of the following: • cease selling or using any of our products and services that incorporate the subject intellectual property, which would adversely affect our revenue; • attempt to obtain a license from the holder of the intellectual property right alleged to have been infringed or misappropriated, which license may not be available on reasonable terms, if at all; and • attempt to redesign or, in the case of trademark claims, rename our products or services to avoid infringing or misappropriating the intellectual property rights of third parties, which may be costly and time- consuming **and fail to gain market acceptance** . Even if we were to prevail, such claims or litigation could be time- consuming and expensive to prosecute or defend and could result in the diversion of our management' s time and attention. These expenses and diversion of managerial resources could have a material adverse effect on our business operations and prospects, financial condition, cash flow, profitability, and results of operations generally. We may be subject to intellectual property claims that create uncertainty about ownership or use of technology essential to our business and divert our managerial and other resources. Our success depends, in part, on our ability to operate without infringing the intellectual property rights of others. Third parties may, in the future, claim our current or future services, products, trademarks, technologies, business methods or processes infringe their intellectual property rights, or challenge the validity of our intellectual property rights. We may be subject to patent infringement claims or other intellectual property infringement claims that would be costly to defend and could limit our ability to use certain critical technologies or business methods. We may also become subject to interference proceedings conducted in the patent and trademark offices of various countries to determine the priority of inventions. The defense and prosecution, if necessary, of intellectual property suits, interference proceedings, and related legal and administrative proceedings can become very costly and may divert our technical and management personnel from their normal responsibilities. We may not prevail in any of these suits or proceedings. An adverse determination of any litigation or defense proceedings could require us to pay substantial compensatory and exemplary damages, could restrain us from using critical technologies, business methods or processes, and could result in us losing, or not gaining, valuable intellectual property rights. Furthermore, due to the voluminous amount of discovery frequently conducted in connection with intellectual property litigation, some of our confidential information could be disclosed to competitors during this type of litigation. In addition, public announcements of the results of hearings, motions or other interim proceedings or developments in the litigation could be perceived negatively by investors, and thus have an adverse effect on the trading price of our common stock. Data breaches involving customer or employee data stored by us could adversely affect our reputation and revenues. We **collect and** store confidential information with respect to our customers and employees. A compromise of our data security systems or those of businesses with which we interact could result in information related to our customers or employees being obtained by unauthorized persons. Any such breach of our systems could lead to fraudulent activity resulting in claims and lawsuits against us or other operational problems or interruptions in connection with such breaches. Any breach or unauthorized access in the future could result in significant legal and financial exposure and damage to our reputation that could potentially have an adverse effect on our business. While we also seek to obtain assurances that others with whom we interact will protect confidential information, there is a risk the confidentiality of data held or accessed by others may be compromised. If a compromise of our data security or function of our computer systems or website were to occur, it could have a material adverse effect on our operating results and financial condition, cash flows and liquidity and possibly, subject us to additional legal, regulatory and operating costs and damage our reputation in the marketplace. Also, the interpretation and enforcement of data protection laws in the United States **and abroad** are uncertain and, in certain circumstances, contradictory. These laws may be interpreted and enforced in a manner that is inconsistent with our policies and practices. If we are subject to data security breaches or government- imposed fines, we may have a loss in sales or be forced to pay damages or other amounts, which could adversely affect profitability, or be subject to substantial costs related to compliance. Tax matters, including the changes in corporate tax rates, disagreements with taxing authorities and imposition of new taxes could impact our results of operations and financial condition. We are subject to income and other taxes in the U. S. and our operations, plans and results are affected by tax and other initiatives. We are also subject to regular reviews, examinations, and audits by the Internal Revenue Service and other **state and local** taxing authorities with respect to our tax filings. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position. We also need to comply with new, evolving or revised tax laws and regulations. The enactment of or increases in tariffs, or other changes in the application or interpretation of the Tax Cuts and Jobs Act, or on specific products that we sell or with which our products compete, may have an adverse effect on our business or on our results of operations. We are involved in an ongoing SEC investigation, which could divert management' s focus, result in substantial investigation expenses and have an adverse impact on our reputation, financial condition, results of operations and cash flows. On ~~February 21~~ **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 ~~received~~ **Defendants, permanent officer- and- director bars, disgorgement of profits, and civil penalties. The foregoing is only** a ~~subpoena from~~ **general summary of** the SEC ~~and a letter from~~ **Complaint, which may be accessed on** the SEC ~~stating that it is conducting an~~ **' s website at https: / / www. sec. gov /** ~~investigation~~ ---- **litigation / litreleases / 2021 / lr25155. htm** . On October 1, ~~2018~~ **2021** , the Company ~~received a letter from~~ **Defendants and third- party defendants moved to dismiss** 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. 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 Company' s previously- disclosed SEC investigation. On August 2, 2021, the SEC Complaint~~ **complaint** ~~was filed and, on August 13, 2021, the Sieggreen Class Action was filed. On October 1, 2021, the Company filed a motion to dismiss the SEC Complaint. The SEC filed its response opposing the motions on November 1, 2021. The defendants filed their reply responses to the SEC' s opposition on November 15, 2021~~ . On September 7, 2022, the court denied the **Company Defendants' motion to dismiss, but granted one of the third- party defendant' s** motions to dismiss **, granting the SEC leave to file an amended complaint. On September 21, 2022, the SEC filed an amended complaint to which the Company Defendants filed an answer on October 11, 2022, denying liability. The court subsequently entered a discovery scheduling order and the parties exchanged initial disclosures. The parties participated in a mediation in June 2023. The mediation was not successful and the case is currently in the midst of discovery. Discovery deadlines have been extended because counsel for JanOne and Virland Johnson moved to withdraw on August 18, 2023, which motion the court granted on October 2, 2023. JanOne and Virland Johnson have until January 4, 2024, to obtain new counsel, after which time the Company anticipates depositions will commence. The SEC complaint has been costly to defend and has and may continue to divert our management personnel from their normal responsibilities. Further, we may not prevail in the SEC complaint. An adverse determination of the SEC complaint against any of the Company Defendants – including the Company and certain of our executive officers – could require us to pay substantial fines and damages, could restrain certain executive officers from providing director and officer services to the Company, and could negatively affect our reputation, financial condition, results of operations and cash flows** . RISKS RELATED TO OUR BUSINESS STRATEGY We may not be able to identify, acquire or establish control of, or effectively integrate previously acquired businesses, which could materially adversely affect our growth. As part of our business strategy, we intend to pursue a wide array of potential strategic transactions, including acquisitions of new businesses, as well as strategic investments and joint ventures. Although we regularly evaluate such opportunities, we may not be able to identify suitable acquisition candidates or investment opportunities successfully, obtain sufficient financing on acceptable terms or at all to fund such strategic transactions, complete any such acquisitions and integrate the acquired businesses with our existing businesses, or manage profitable acquired businesses or strategic investments. The acquisition of a company or business is accompanied by a number of risks, including: • failure of due diligence during the acquisition process; • adverse short- term effects on reported operating results; • the potential loss of key partners or key personnel in connection with, or as the result of, a transaction; • the impairment of relationships with clients of the acquired business, or our own customers, partners or employees, as a result of any integration of operations or the expansion of our offerings; • the recording of goodwill and intangible assets that will be subject to impairment testing on a regular basis and potential periodic impairment charges; • the diversion of management' s time and resources; • the risk of entering into markets or producing products where we have limited or no experience, including the integration or removal of the acquired or disposed products with or from our existing products; and • the inability properly to implement or remediate internal controls, procedures and policies appropriate for a public company at businesses that prior to our acquisition were not subject to federal securities laws and may have lacked appropriate controls, procedures and policies. The acquisition of new businesses is costly and such acquisitions may not enhance our financial condition. Our growth strategy is to acquire companies and identify and acquire assets and technologies from companies in various industries that have a demonstrated history of strong earnings potential. The process to undertake a potential acquisition is time- consuming and costly. We expend significant resources to undertake business, financial, and legal due diligence on our potential acquisition target and there is no guarantee that we would acquire a target company after we complete due diligence. Our acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities or convertible debt securities, significant write- downs of goodwill, and other intangible assets and exposure to undisclosed or potential liabilities of the acquired companies. To the extent that the goodwill arising from the acquisitions carried on the financial statements does not pass the ~~annual~~ goodwill impairment test, excess goodwill will be charged to, and reduce, future earnings. Because we do not intend to use our own employees or members of management to run the daily operations at our acquired companies, business operations might be interrupted if employees at the acquired businesses were to resign, or be terminated. As part of our acquisition strategy, we do not use our own employees or members of our management team to operate the acquired companies. Key members of management at these acquired companies have been in place for several years and have established relationships with their customers. Competition for executive- level personnel is strong and we can make no assurance that we will be able to retain these key members of management for any period of time. Although we have entered into employment agreements with certain of these key members of management and provided incentives to stay with the business after it has been acquired, if such key persons were to resign, we might face impairment of relationships with remaining employees or customers, which might cause long- term customers to terminate their relationships with the acquired companies, which may, in turn, materially adversely affect our business, financial condition, and results of operations. RISKS RELATED TO OUR RETAIL **- ENTERTAINMENT AND RETAIL- FLOORING** ~~SEGMENT~~ **SEGMENTS** Economic conditions in the U. S. could adversely affect demand for the products we sell. Sales of products ~~by Vintage Stock~~ are driven, in part, by discretionary spending by consumers. Consumers are typically more likely to make discretionary purchases, including purchasing movies, games, music **, flooring** , and other discretionary products when there are favorable economic conditions. Consumer spending may be affected by many economic factors outside of our control, such as a decline in consumer confidence in current and future economic conditions, levels of employment, consumer debt levels, and inflation. These and other economic factors could negatively impact our business, results of operations and financial condition. ~~The video game industry is cyclical and affected by the introduction of next- generation consoles, two of which were released in Fall 2020. The introduction of these new consoles could negatively impact the demand for existing products or Vintage Stock' s pre- owned business model. The video game industry is cyclical in nature because of the introduction and maturation of new technology: Two new consoles were introduced in November 2020; following the introduction of the new video game consoles, sales of these consoles and related software and accessories generally increase due to initial demand, while sales of older platforms and related products generally decrease as customers migrate to the new platforms. There is a shortage of new consoles and there is no guaranty that Vintage Stock will receive any of these new consoles to sell to its customers, or, if it does receive any of these new consoles to sell, that Vintage Stock will receive enough inventory to meet customer demand. If the new video game consoles are not successful, or the developers of video games do not make games to play on these new consoles, or there are no games that the public finds interesting to play, Vintage Stock' s sales of new video game products could decline. In addition, some of the new consoles are " backwards compatible, " meaning that games on the prior generation consoles may also be played on these new consoles. As a result, our customers may not be incentivized to sell to us or trade in their older games, resulting in less used product that we would like to obtain, which reduction could negatively impact Vintage Stock' s pre- owned business and, in turn, could have a negative impact on our business, results of operations, financial condition, cash flow, and liquidity.~~ Technological advances in the delivery and types of video, video games and PC entertainment software, as well as changes in consumer behavior related to these new technologies, could lower ~~Vintage Stock' s~~ sales. While it is currently possible to download video, video game content, and music to the current generation of video and gaming systems, downloading is somewhat constrained by bandwidth capacity and video game and movie file sizes. However, broadband speeds are increasing and downloading technology is becoming more prevalent and continues to evolve rapidly. The current game consoles from Sony, Microsoft, and Nintendo have facilitated download technology. If these consoles and other advances in technology continue to expand our customers' ability to access and download the current format of video, music and games and incremental content from their games and videos through these and other sources, our customers may no longer choose to purchase videos, DVDs, video games and music in our stores or they may reduce their purchases in favor of other forms of video, digital, and game delivery. As a result, our sales and earnings could decline. Vintage Stock may not compete effectively as browser, mobile and social video viewing and gaming becomes more popular. Listening to music, gaming, and viewing video and digital content continues to evolve rapidly. The popularity of browser, mobile and social viewing and gaming have increased greatly, and this popularity is expected to continue to grow. Browser, mobile and social video viewing, listening to music and gaming are accessed through hardware other than the game consoles and traditional hand- held video and game devices we currently sell. If there is continued growth in popularity of browser, mobile and social viewing and gaming, our financial position, results of operations, cash flows and liquidity could be impacted negatively. Sales of video games containing graphic violence may decrease as a result of actual violent events or other reasons, and Vintage Stock' s, and our, financial results may be adversely affected as a result. Many popular video games contain material with graphic violence. These games receive an " M " or " T " rating from the Entertainment Software Ratings Board. As actual violent events occur and are publicized, or for other reasons, public acceptance of graphic violence in video games may decline. Consumer advocacy groups may increase their efforts to oppose sales of graphically- violent video games and may seek legislation prohibiting their sales. As a result, our sales of those games may decrease, which could negatively impact our results of operations. As a seller of certain consumer products, **we are** ~~Vintage Stock is~~ subject to various federal, state, and local laws, regulations, and statutes related to product safety and consumer protection. While **we** ~~Vintage Stock takes~~ **take** steps to comply with these laws, there can be no assurance that they will be in compliance, and failure to comply with these laws could result in penalties that could have a negative impact on their respective businesses, financial condition, and results of operations, cash flows and liquidity. Each of them may also be subject to involuntary or voluntary product recalls or product liability lawsuits. Direct costs or reputational damage associated with product recalls or product liability lawsuits, individually or in the aggregate, could have a negative impact on future revenues and results of operations, cash flows and liquidity. International events could delay or prevent the delivery of products to our suppliers. Some of **our** ~~Vintage Stock' s~~ suppliers rely on foreign sources to manufacture a portion of the products or raw materials that we purchase from them. As a result, any event causing a disruption of imports, including natural disasters **, supply chain disruptions** or the imposition of import restrictions or trade restrictions in the form of tariffs or quotas, could increase the cost and reduce the supply of products available ~~to Vintage Stock~~ , which could lower their sales and profitability and, indirectly, ours. If we are unable to renew or enter into new leases on favorable terms, our revenue growth may decline. All of **our** ~~Vintage Stock' s~~ retail stores are located in leased premises. If the cost of leasing existing stores increases, **we** ~~neither entity~~ can **' t** be certain that ~~either~~ **we** will be able to maintain **its** ~~their respective~~ existing store locations as leases expire. In addition, **we** ~~neither entity~~ may **not** be able to enter into new leases on favorable terms or at all, or may not be able to locate suitable alternative sites or additional sites for new store expansion in a timely manner. ~~Their~~ **Its** revenues and earnings may decline if ~~they~~ **it** ~~fail~~ **fails** to maintain existing store locations, enter into new leases, locate alternative sites, or find additional sites for new store expansion. An adverse trend in sales during the winter and holiday selling season could impact our financial results. Our retail business, like that of many retailers, is seasonal, with a major portion of Vintage Stock' s sales realized around various holidays and other days, including Black Friday, President' s Day, tax refund season, Memorial Day, July 4th, and Labor Day. Any adverse trend in sales during these times could negatively impact their results of operations and, indirectly, ours. Results of operations may fluctuate from quarter to quarter. ~~Vintage Stock' s results~~ **Results** of operations may fluctuate from quarter to quarter depending upon several factors, some of which are beyond our control. These factors include, but are not limited to: • the timing and allocations of new product releases; • the timing of new store openings or closings; • shifts in the timing or content or certain promotions or service offerings; • the effect of changes in tax rates in the jurisdictions in which we are operating; • acquisition costs and the integration of companies we acquire or invest in; and • the costs associated with the exit of unprofitable markets or stores. These and other factors could affect **its** ~~their respective businesses~~ -- **business** , financial condition and results of operations, cash flows and liquidity, and this makes the prediction of our financial results on a quarterly basis difficult. Also, it is possible that our quarterly financial results may be below the expectations of public market analysts. Failure to manage our new store openings effectively could lower our sales and profitability. Our growth strategy depends in part upon ~~Vintage Stock~~ opening new stores and operating them profitably. Their ability to open new stores and operate them profitability depends upon a number of factors, some of which may be beyond our control. These factors include the ability to: • identify new store locations, negotiate suitable leases and build out the stores in a timely and cost- efficient manner; • hire and train skilled associates; • integrate new stores into existing operations; and • increase sales at new store locations. If we fail to manage new store openings in a timely and cost- efficient manner, our growth or profits may decrease. If our management information systems fail to perform or are inadequate, our ability to manage our business could be disrupted. We rely on computerized inventory and management systems to coordinate and manage the activities in our stores and distribution centers. We use inventory replenishment systems to track sales and inventory. Our ability to rapidly process incoming shipments of new products and deliver them to all of our stores enables us to meet peak demand and replenish our stores to keep them in stock at ~~optimum~~ **optimal** levels and to move inventory efficiently. If our inventory or management information systems fail to perform these functions adequately, our business could be adversely affected. In addition, if operations in any of our distribution centers were to shut down or be disrupted for a prolonged period of time or if these centers were unable to accommodate the continued store growth in a particular region, our business would suffer. We may record future goodwill impairment charges or other asset impairment charges which could negatively impact our future results of operations and financial condition. We have previously recorded significant goodwill ~~as a result of our acquisition of Vintage Stock~~ . Because we have grown in part through acquisitions, goodwill and other acquired intangible assets represent a substantial portion of our assets. We also have long- lived assets consisting of property and equipment and other identifiable intangible assets which we review both on an annual basis as well as when events or circumstances indicate that the carrying amount of an asset may not be recoverable. If a determination is made that a significant impairment in value of goodwill, other intangible assets, or long- lived assets has occurred, such determination could require us to impair a substantial portion of our assets. Asset impairments could have a material adverse effect on our financial condition and results of operations. **Specific to our Retail- Flooring Segment The floor covering industry may face supply chain restrictions based upon legislation enacted limiting imports from certain global regions. The Uyghur Forced Labor Prevention Act (the " UFLPA "), effective June 21, 2022, provides a rebuttable presumption that goods mined, produced, or manufactured wholly or in part in the Xinjiang Uyghur Autonomous Region of the People' s Republic of China are prohibited from U. S. importation. Imports of polyvinyl chloride (" PVC "), a major component in the production of luxury vinyl flooring and sourced from the Xinjiang region, may be examined pursuant to the UFLPA under the presumption it was produced using forced labor. A disruption in the import of PVC could have an impact on our supply chain and inventory levels, thereby negatively impacting our operating results.** RISKS RELATED TO OUR FLOORING MANUFACTURING SEGMENT The floor covering industry is sensitive to changes in general economic conditions, such as consumer confidence and income, corporate and government spending, interest rate levels, availability of credit and demand for housing. Significant or prolonged declines in the U. S. or global economies could have a material adverse effect on the Company' s flooring manufacturing business. Downturns in the U. S. and global economies, along with the residential and commercial markets in such economies, negatively impact the floor covering industry and our flooring manufacturing business. Although difficult economic conditions have improved in the U. S., there may be additional downturns in the future that could cause the industry to deteriorate. A significant or prolonged decline in residential or commercial remodeling or new construction activity could materially adversely affect our business, financial condition, and results of operations. Marquis may be unable to predict customer preferences or demand accurately, or to respond to technological developments. Marquis operates in a market sector where demand is strongly influenced by rapidly changing customer preferences as to product design and technical features. Failure to respond quickly and effectively to changing customer demand or technological developments could materially adversely affect Marquis' business, financial condition and results of operations and, indirectly, ours. Marquis faces intense competition in the flooring industry that could decrease demand for its products or force it to lower its prices, which could have a material adverse effect on its business operations and prospects, financial condition, liquidity, cash flow, profitability, and results of operations generally. The floor covering industry is highly competitive. Marquis faces competition from a number of manufacturers and independent distributors, many of whom have ~~more~~ **greater financial and operational** resources than it. Maintaining its competitive position may require substantial investments in its product development efforts, manufacturing facilities, distribution network, and sales and marketing activities. Competitive pressures may also result in decreased demand for our products or force it to lower its prices. Moreover, a strong U. S. dollar, combined with lower fuel costs, may contribute to more attractive pricing for imports that compete with Marquis' products, which may put pressure on its pricing. The occurrence of one or more of these factors could materially adversely affect its business, financial condition, and results of operations and, indirectly, ours. In periods of rising costs, Marquis may be unable to pass raw materials, energy and fuel- related cost increases on to its customers, which could have a material adverse effect on its business operations and prospects, financial condition, liquidity, cash flow, profitability, and results of operations. The prices of raw materials and fuel- related costs vary significantly with market conditions. Although Marquis generally attempts to pass on increases in raw material, energy, and fuel- related costs to its customers, its ability to do so is dependent upon the rate and magnitude of any increase, competitive pressures, and market conditions for its products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be recovered. During such periods of time, the occurrence of such events may materially adversely affect Marquis' business, financial condition, and results of operations and, indirectly, ours. RISKS RELATED TO OUR STEEL MANUFACTURING SEGMENT The demand for steel manufacturing segment' s products may decrease if manufacturing in North America declines or if automakers, who manufacture their products in the U. S., do not introduce new models or their sales decline. The products manufactured by our steel manufacturing segment typically follow the North American (primarily, the U. S.) manufacturing cycle, with a large emphasis on automotive manufacturing. If North American (primarily, the U. S.) manufacturing is transferred offshore, then the need for our products to make tools and dies will decrease, which will have a negative impact on the steel manufacturing segment' s business, financial condition (including, without limitation, its liquidity), results of operations, and cash flows. In addition, we rely heavily on the sale of our products to automakers who purchase our products when they retool production lines in connection with the introduction of new models. If those automakers do not introduce a new model in any given year, our sales may decrease which will have a negative impact on our business, financial condition (including, without limitation, our liquidity), results of operations, and cash flows and, indirectly, ours. Limited availability, or volatility in prices of raw materials and energy may constrain operating levels and reduce profit margins. Our steel manufacturing segment and other steel producers have periodically faced problems obtaining sufficient raw materials in a timely manner, and sometimes at all, due to a limited number of suppliers, delays, defaults, severe weather conditions, force majeure events (including public health crises, such as the COVID- 19 pandemic and **global** ~~general national~~ supply chain issues **and disruptions**), shortages, or transportation problems (such as shortages of barges, vessels, rail cars or trucks, or disruption of rail lines, waterways, or natural gas transmission lines), resulting in production curtailments. As a result, we may be exposed to risks concerning pricing and availability of raw materials from third parties, as well as supply and logistics constraints moving its own raw materials to its plants. In addition, if the already limited number of suppliers consolidate, it would limit our steel manufacturing segment' s negotiating power for raw material purchases. We have in the past, and may in the future, purchase raw materials from sources even when they are at above market prices. Additionally, any future decreases in iron ore, scrap, natural gas and oil prices may place downward pressure on steel prices. If steel prices decline, our steel manufacturing segment' s profit margins could temporarily be reduced, as higher cost inventory is turned over. Shortages of qualified and trainable labor, increased labor costs, or our steel manufacturing segment' s failure to attract and retain other highly qualified personnel in the future could disrupt our operations and adversely affect our financial results. Our steel manufacturing segment depends on skilled or trainable drug- free labor for the manufacture of its products. Its continued success depends on the active participation of its key employees. Our steel manufacturing segment, like other companies that ~~reply~~ - **rely** on a trained blue- collar workforce, receives pressure from other manufacturers regarding the labor pool. Our steel manufacturing segment, aside from competing with other manufacturers, also competes with non- industrial blue- collar professions for labor. Should a significant employer move into our geographical area, such employer could draw from the current labor pool and require a substantial increase in training expense. Our operational footprint, unplanned equipment outages, and other unforeseen disruptions may adversely impact our results of operations. Our steel manufacturing segment has adjusted its business model over time to utilize its equipment and manufacturing facility fully. Production depends on running at a moderate rate of capacity. Outages due to power outages, weather, pandemics (including the ~~Covid~~ **COVID** - 19 pandemic), or machine outages affect its capability to produce at the level necessary to meet customer demand or at all. It is also possible that operations may be disrupted due to other unforeseen circumstances, such as union and other foreign tariffs, free trade agreements, trade regulations, laws, and policies. Our steel manufacturing segment is also exposed to similar risks involving major customers and suppliers, such as force majeure events of raw materials suppliers that have occurred and may occur in the future. Availability of raw materials and delivery of products to customers could be affected by logistical disruptions, such as shortages of barges, ocean vessels, rail cars or trucks, or unavailability of rail lines or of the locks on the Great Lakes or other bodies of water. To the extent that lost production could not be compensated for at unaffected facilities and depending on the length of the outage, our sales and our unit production costs could be adversely affected. Our production and distribution workforce is unionized, and we may face labor disruptions that would interfere with our operations. Precision Marshall' s manufacturing employees are covered by a collective bargaining agreement through the United Steelworkers and its warehouse and distribution workforce employees are covered by a collective bargaining agreement through the International Association of Aeronautical and Machinists. These agreements were successfully renegotiated during 2021 without a work stoppage, and were extended through September 2026 and April 2026, respectively. Future negotiations prior to the expiration of the collective bargaining agreements may result in labor unrest for which a strike or work stoppage is possible. Strikes and / or work stoppages could negatively affect Precision Marshall' s operational and financial results and may increase operating expenses and, indirectly, ours. We rely on third parties for transportation services, and increases in costs or the availability of transportation may adversely affect our business and operations Our steel manufacturing segment' s business depends on the transportation of a large number of products. It relies primarily on third parties for transportation of its products, as well as delivery of its raw materials. Any increase in the cost of the transportation of our raw materials or products, as a result of increases in fuel or labor costs, higher demand for logistics services, consolidation in the transportation industry, or otherwise, may adversely affect our steel manufacturing segment' s results of operations, as it may not be able to pass such cost increases on to its customers. If any of these transportation service providers were to fail to deliver raw materials to us in a timely manner, it might be unable to manufacture and deliver its products in response to customer demand. In addition, if any of these third parties were to cease operations or cease doing business with us, it might be unable to replace them at a reasonable cost or at any cost, as there are a limited number of suppliers worldwide for our steel manufacturing segment' s raw materials. In addition, such failure of a third- party transportation provider could harm our steel manufacturing segment' s reputation, negatively affect its customer relationships and have a material adverse effect on its financial position and results of operations and, indirectly, ours. We face risks relating to changes in U. S. and foreign tariffs, trade agreements, laws, and policies Our steel manufacturing segment' s business depends on manufacturing products in North America. If tariffs were to rise disproportionally on raw materials compared to finished ~~tools~~ **goods** , we would be at risk for manufacturers to cease purchasing the products from it and instead purchasing products from third parties who are not subject to such tariffs, trade agreements, laws, and / or policies. The steel industry is highly cyclical, which may have an adverse effect on our results of operations. Steel consumption is highly cyclical and generally follows economic and industrial conditions both worldwide and in regional markets. This volatility makes it difficult to balance the procurement of raw materials and energy with global steel prices, our steel production and customer product demand. Our steel manufacturing segment has implemented strategic initiatives to produce more ~~viable~~ **variable** results during periods of economic and market downturns; but, this may not be enough to mitigate the effect that the volatility inherent in the steel industry has on our results of operations. Additionally, our steel manufacturing segment' s business is reliant on certain other industries that are cyclical in nature. Precision Marshall sells to distributors, who, in turn, sell to the automotive, appliance, defense, and construction- related industries. Some of these industries exhibit a great deal of sensitivity to general economic conditions and may also face meaningful fluctuations in demand based on a number of factors outside of our control, including regulatory factors, economic conditions, and raw material and energy costs. As a result, downturns, or volatility in any of the markets served could adversely affect our steel manufacturing segment' s financial position, results of operations and cash flows and, indirectly, ours. ~~We are subject to foreign currency risks, which may negatively impact our profitability and cash flows. The purchase of raw material and certain necessary equipment are transactions that often take place with foreign countries. The weakening of the of the U. S. Dollar against the Euro negatively affects the price that Precision Marshall pays for raw materials and equipment. Volatility in the markets and exchange rates for foreign currencies and contracts in foreign currencies could have a significant impact on Precision Marshall' s reported financial results and condition and, indirectly, ours.~~ Compliance with existing and new environmental regulations, environmental permitting and approval requirements may result in delays or other adverse impacts on planned projects, our results of operations and cash flows. Steel producers in the U. S., along with their customers and suppliers, are subject to numerous federal, state, and local laws and regulations relating to the protection of the environment. These laws and regulations concern the generation, storage, transportation, disposal, emission or discharge of pollutants, contaminants and hazardous substances into the environment, the reporting of such matters, and the general protection of public health and safety, natural resources, wildlife and the environment. Steel producers in the **European Union ("** EU **")** are subject to similar laws. These laws continue to evolve and are becoming increasingly stringent. The ultimate impact of complying with such laws and regulations is not always clearly known or determinable because regulations under some of these laws have not yet been promulgated or are undergoing revision. Additionally, compliance with certain state and local requirements could result in substantially increased capital requirements and operating costs. Compliance with current or future regulations could entail additional costs for additional systems and could have a negative impact on our results of operations and cash flows. Failure to comply with the requirements may result in administrative, civil, and criminal penalties, revocation of permits to conduct business or construct certain facilities, substantial fines or sanctions, enforcement actions (including orders limiting our operations or requiring corrective measures), natural resource damages claims, cleanup and closure costs, and third- party claims for property damage and personal injury as a result of violations of, or liabilities under, environmental laws, regulations, codes and common law. The amount and timing of environmental expenditures is difficult to predict, and, in some cases, liability may be imposed without regard to contribution or to whether we knew of, or caused, the release of hazardous substances. In addition, our steel manufacturing segment outsources all disposal of waste material, non-compliance by third party providers could result in additional costs to defend environmental claims or additional costs to replace the outsourced entities. There can be no assurance that future approvals, licenses and permits will be granted or that our steel manufacturing segment will be able to maintain and renew the approvals, licenses, and permits it currently holds. Failure to do so could have a material adverse effect on our results of operations and cash flows. Furthermore, compliance with the environmental permitting and approval requirements may be costly and time consuming and could result in delays or other adverse impacts on planned projects, our results of operations and cash flows. Increasing pressure to reduce greenhouse gas (GHG) emissions from steelmaking operations to comply with **U. S. and** EU regulations as well as societal expectations could increase costs to manufacture future raw materials or reduce the amount of materials being manufactured. Precision Marshall relies on raw material sources in the EU and U. S. Tightening of those requirements in the EU and / or sources in the U. S. could deter steel produces from producing the raw material for our products or result in significant price increases of our raw material. GENERAL RISK FACTORS **We depend on key persons and the loss of any key person could adversely affect our operations. The future success of our business is dependent on our senior leadership team members. Our senior leadership team members have extensive sales and marketing, engineering, product development, manufacturing and finance backgrounds in the various industries our subsidiaries operate. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to easily replace them, and we may incur**

additional expenses to recruit and train new personnel. The loss of our key personnel could severely disrupt our business and its financial condition and results of operations could be materially and adversely affected. We cannot assure investors that we will be able to attract or retain the key personnel needed to achieve our business objectives. Adverse developments in our ongoing **legal** ~~proceeding~~ **proceedings** or future legal proceedings could have a material adverse effect on our business operations and prospects, reputation, financial condition, results of operations, or stock price. We **have been, and** may **continue to** be subject to investigations, arbitration proceedings, audits, regulatory inquiries and similar actions, including matters related to intellectual property, employment, securities laws, disclosures, tax, accounting, class action and product liability, as well as regulatory and other claims related to our business and our industry, which we refer to collectively as legal proceedings. We cannot predict the outcome of any particular proceeding, or whether ongoing investigations will be resolved favorably or ultimately result in charges or material damages, fines or other penalties, enforcement actions, bars against serving as an officer or director, or ~~practicing before~~ **regulation by** the SEC, or civil or criminal proceedings against us or members of our senior management. Legal proceedings in general, and securities and class action litigation and regulatory investigations in particular, can be expensive and disruptive. Our insurance, to the extent maintained, may not cover all claims that may be asserted against us and we are unable to predict how long the legal proceedings to which we are currently subject will continue. An unfavorable outcome of any legal proceeding may have an adverse impact on our business, financial condition and results of operations, prospects, or our stock price. Any proceeding could negatively impact our reputation among our stakeholders. Furthermore, publicity surrounding ongoing legal proceedings, even if resolved favorably for us, could result in additional legal proceedings against us, as well as damage our image. Due to our concentrated stock ownership, public stockholders may have no effective voice in our management and the trading price of our common stock may be adversely affected. As of December ~~8~~ **11** , ~~2022~~ **2023** , Isaac Capital Group LLC (“ ICG ”), together with Jon Isaac, our President and CEO and the President and sole member of ICG, control approximately ~~50~~ **48** . ~~2~~ **8** % of the outstanding voting power of our company (assuming the exercise of all outstanding and exercisable warrants held by them). Jon Isaac has the sole power to vote the shares of our common stock owned by ICG. As a result, Jon Isaac, both individually and through ICG, is able to exercise significant influence over all matters that require us to obtain stockholder approval, including the election of directors to our Board and approval of significant corporate transactions that we may consider, such as a merger or other sale of our Company or its assets. Moreover, such a concentration of voting power could have the effect of delaying or preventing a third party from acquiring us. This significant concentration of share ownership may also adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with concentrated stock ownership. Because we have no current plans to pay cash dividends on our common stock for foreseeable future, you may not receive any return on investment unless you sell your shares of common stock for a price greater than your purchase price for your shares. We may retain future earnings, if any, for future operation, expansion, and debt repayment and, with the exception of dividends payable on shares of our Series E Preferred Stock, we have no current plans to pay cash dividends **on our common stock** for the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our Board of Directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our Board of Directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur. Therefore, any return on your investment would likely come only from an increase in the market value of our common stock. As a result, you may not receive any return on an investment in our common stock unless you sell your common stock for a price greater than your purchase price. Certain provisions of Nevada law, in our organizational documents and in contracts to which we are party may prevent or delay a change of control of our company. We are subject to the Nevada anti- takeover laws regulating corporate takeovers. These anti- takeover laws prevent Nevada corporations from engaging in a merger, consolidation, sales of its stock or assets, and certain other transactions with any stockholder, including all affiliates and associates of the stockholder, who owns 10 % or more of the corporation’ s outstanding voting stock, for three years following the date that the stockholder acquired 10 % or more of the corporation’ s voting stock, except in certain situations. In addition, our amended and restated articles of incorporation and bylaws include a number of provisions that may deter or impede hostile takeovers or changes of control or management. These provisions include the following: • the authority of our Board of Directors to issue up to 5, 000, 000 shares of preferred stock and to determine the price, rights, preferences, and privileges of these shares, without stockholder approval; • stockholders must comply with advance notice requirements to transact any business at the annual meeting; • all stockholder actions must be effected at a duly called meeting of stockholders and not by written consent, unless such action or proposal is first approved by our Board of Directors; • special meetings of the stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or the President of our Company; • a director may be removed from office only for cause by the holders of at least two- thirds of the voting power entitled to vote at an election of directors; • our Board of Directors is expressly authorized to alter, amend or repeal our bylaws; • newly- created directorships and vacancies on our Board of Directors may only be filled by a majority of remaining directors, and not by our stockholders; and • cumulative voting is not allowed in the election of our directors. These provisions of Nevada law and our articles of incorporation and bylaws could prohibit or delay mergers or other takeover or change of control of our company and may discourage attempts by other companies to acquire us, even if such a transaction would be beneficial to our stockholders.