Risk Factors Comparison 2023-09-28 to 2022-09-28 Form: 10-K

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An investment in our Common Stock is subject to many risks. You should carefully consider the risks described below, together with all of the other information included in this Annual Report, including the financial statements and the related notes, before you decide whether to invest in our Common Stock. Our business, operating results and financial condition could be harmed by any of the following risks. The trading price of our Common Stock could decline due to any of these risks, and you could lose all or part of your investment. Risks Related to the Company We have incurred losses in the past and there can be no assurance that we will operate profitably in the future. Our marketing strategy emphasizes sales of subscription- based services, instead of annual licenses, and using Spokes to connect to our Hubs. This strategy has resulted in the development of a foundation of retail and wholesale Hubs to which suppliers can be " connected ", thereby accelerating future growth. If, however, this marketing strategy fails, revenue and operations will be negatively affected. We had net income of $ ~~4~~ **5** , ~~003~~ **590** , ~~095~~ **289** for the year ended June 30, ~~2022~~ **2023** , compared to a net income of $ 4, ~~117~~ **003** , ~~395~~ **095** for the year ended June 30, ~~2021~~ **2022** . Although we generated **a year over year increase in** net income in the year ended June 30, ~~2022~~ **2023** , there can be no assurance that we will achieve profitability in future periods. We cannot provide assurance that we will continue to generate revenue or have sustainable profits. If we do not operate profitably in the future, our current cash resources will be used to fund our operating losses. Continued losses would have an adverse effect on the long- term value of our Common Stock and any investment in the Company. ~~Although our cash resources are currently sufficient, our long- term liquidity and capital requirements may be difficult to predict, which may adversely affect our long- term cash position. Historically, we have been successful in raising capital when necessary, including through private placements, a registered direct offering, and stock issuances to our officers and directors, including our Chief Executive Officer, to pay our indebtedness and fund our operations, in addition to cash flow from operations. If we are required to seek additional financing in the future in order to fund our operations, retire our indebtedness and otherwise carry out our business plan, there can be no assurance that such financing will be available on acceptable terms, or at all, and there can be no assurance that any such arrangement, if required or otherwise sought, would be available on terms deemed to be commercially acceptable and in our best interests.- 6-~~ Our business is dependent upon the continued services of our founder and Chief Executive Officer, Randall K. Fields. Should we lose the services of Mr. Fields, our operations will be negatively impacted. Our business is dependent upon the expertise and continued service of our founder and Chief Executive Officer, Randall K. Fields. Mr. Fields is essential to our operations. Accordingly, an investor must rely on Mr. Fields' management decisions that will continue to control our business affairs. We currently maintain key man insurance on Mr. Fields' life in the amount of $ 5, 000, 000; however, that coverage ~~would~~ **may not** be ~~inadequate~~ -- **adequate** to compensate for the loss of his services. The loss of the services of Mr. Fields ~~would~~ **may** have a materially adverse effect upon our business. ~~Risk Relating to Business Operations~~ Quarterly and annual operating results may fluctuate, which makes it difficult to predict future performance. Management expects a significant portion of our revenue stream to come from the sale of **monthly** subscriptions and professional services charged to new customers. These amounts will fluctuate and are uncertain because predicting future sales is difficult and involves speculation. In addition, we may potentially experience significant fluctuations in future operating results caused by a variety of factors, many of which are outside of our control, including: ● our ability to retain and increase sales to existing customers, attract new customers and satisfy our customers' requirements; ● the renewal rates for our subscriptions and other services; ● changes in our pricing policies, whether initiated by us or as a result of competition; ● the cost, timing and management effort for the introduction of new services, including new features to our existing services; ● the rate of expansion and productivity of our sales force; ● new product and service introductions by our competitors; ● variations in the revenue mix of editions or versions of our service; ● technical difficulties or interruptions in our service; ● general economic conditions that may adversely affect either our customers' ability or willingness to purchase additional subscriptions or upgrade their services, or delay a prospective customer' s purchasing decision, or reduce the value of new subscription contracts or affect renewal rates; ● timing of additional expenses and investments in infrastructure to support growth in our business; ● regulatory compliance costs; ● consolidation in the food industry; ● the timing of customer payments and payment defaults by customers; ● extraordinary expenses such as litigation or other dispute- related settlement payments; ● the impact of new accounting pronouncements; ● the timing of stock awards to employees and the related financial statement impact; and ● system or service failures, security breaches or network downtime. ~~- 7-~~ Future operating results may fluctuate because of the foregoing factors, making it difficult to predict operating results. Period- to- period comparisons of operating results are not necessarily meaningful and should not be relied upon as an indicator of future performance. In addition, a large portion of our expense will be fixed in the short- term, particularly with respect to facilities and personnel making future operating results sensitive to fluctuations in revenue. We face threats from competing and emerging technologies that may affect our **revenue growth and** profitability, as well as competitors that are larger and have greater financial and operational resources that may give them an advantage in the market. Markets for our type of software products and that of our competitors are characterized by development of new software, software solutions or enhancements that are subject to constant change; rapidly evolving technological change; and unanticipated changes in customer needs. Because these markets are subject to such rapid change, the life cycle of our products is difficult to predict. As a result, we are subject to the following risks: whether or how we will respond to technological changes in a timely or cost- effective manner; whether the products or technologies developed by our competitors will render our products and services obsolete or shorten the life cycle of our products and services; and whether our products and services will achieve market acceptance. Moreover, many of our competitors are larger and have greater financial and operational resources than we do. This may allow them to offer better pricing terms to customers in the industry, which could result in a loss of potential or current customers or could force us to lower prices. Our competitors may have the ability to devote more financial and operational resources to the development of new technologies that provide improved operating functionality and features to their product and service offerings. If successful, their development efforts could render our product and service offerings less desirable to customers, again resulting in the loss of customers or a reduction in the price we can demand for our offerings. Any of these actions could have a significant effect on revenue. We face risks associated with new product introductions. Our future revenue is dependent upon the successful and timely development of new and enhanced versions of our products and potential product offerings suitable to the customers' needs. If we fail to successfully upgrade existing products and develop new products, and those new products do not achieve market acceptance, our revenue will be negatively impacted. It may be difficult for us to assess risks associated with potential new product offerings: ● it may be difficult for us to predict the amount of service and technological resources that will be needed by customers of new offerings, and if we underestimate the necessary resources, the quality of our service will be negatively impacted, thereby undermining the value of the product to the customer; ● technological issues between us and our customers may be experienced in capturing data necessary for new product offerings, and these technological issues may result in unforeseen conflicts or technological setbacks when implementing these products, which could result in material delays and even result in a termination of the engagement; ● a customer' s experience with new offerings, if negative, may prevent us from having an opportunity to sell additional products and services to that customer; ● if customers do not use our products as recommends and / or fail to implement any needed corrective action (s), it is unlikely that customers will experience the business benefits from these products and may, therefore, be hesitant to continue the engagement as well as acquire any other products from us; and ● delays in proceeding with the implementation of new products for a new customer will negatively affect our cash flow and our ability to predict cash flow. ~~- 8 -~~ We cannot accurately predict renewal or upgrade rates and the impact these rates may have on our future revenue and operating results. Our customers have no obligation to renew their subscriptions for our service after the expiration of their initial subscription period. Our renewal rates may decline or fluctuate as a result of factors, including customer dissatisfaction with our service, customers' ability to continue their operations and spending levels, consolidation **, other competitive solutions** , taking the process in- house, and deteriorating general economic conditions. If our customers do not renew their subscriptions for our service or reduce the level of service at the time of renewal, our revenue will decline, and our business will suffer. Our future success also depends in part on our ability to increase rates, sell additional features and services, or sell additional subscriptions to our current customers. This may also require increasingly sophisticated and costly sales and marketing efforts that are targeted at senior management. If these strategies fail, we will need to refocus our efforts toward other solutions, which could lead to increased development and marketing costs, delayed revenue streams, and otherwise negatively affect our operations. If our ~~Compliance~~ **compliance** and ~~Food~~ **food** ~~Safety~~ **safety** solutions do not perform as expected, whether as a result of operator error or otherwise, it could impair our operating results and reputation. Our success depends on the food safety market' s confidence that we can provide reliable, high- quality reporting for our customers. We believe that our customers are likely to be particularly sensitive to product defects and operator errors, including if our systems fail to accurately report issues that could reduce the liability of our clients in the event of a product recall. In addition, our reputation and the reputation of our products can be adversely affected if our systems fail to perform as expected. However, if our customers or potential customers fail to implement and use our systems as suggested by us, they may not be able to deal with a recall as effectively as they otherwise could have. As a result, the failure or perceived failure of our products to perform as expected could have a material adverse effect on our revenue, results of operations and business. If a customer is sued because of a recalled product, we could be joined in that suit, the defense of which would impair our operating results. We believe our ~~Compliance~~ **compliance** and ~~Food~~ **food** ~~Safety~~ **safety** solutions would be helpful in the event of a recall. However, their ultimate usefulness is dependent on how the customer uses our products, which is in many ways out of our control. Similarly, a customer that is a defendant in a product liability case could claim that had our services performed as represented the extent of potential liability would have been minimized and therefore, we should have some contributory liability in the case. Defending such a claim could have a material adverse effect on our revenue, results of operations and business. The deployment of our services, or consultation provided by our personnel, could result in litigation naming us as a party, which litigation could result in a material and adverse effect on us, and our results of operations. Our ~~Compliance~~ **compliance** and ~~Food~~ **food** ~~Safety~~ **safety** solutions are marketed to potential customers based, in part, on our service' s ability to reduce a company' s potential regulatory, legal, and criminal risk from its supply chain partners. In the event litigation is commenced against a customer based on issues caused by a constituent in the supply chain, or consultation provided by our personnel, we could be joined or named in such litigation. As a result, we could face substantial defense costs. In addition, any adverse determination resulting in such litigation could have a material and adverse effect on us, and our results of operations. We face risks relating to the sale and delivery of merchandise to customers. We depend on a number of other companies to perform functions critical to our ability to deliver products to our customers, including maintaining inventory, preparing merchandise for shipment to our customers and delivering purchased merchandise on a timely basis. We also depend on the delivery services that we and they utilize. We also depend on our partners to ensure proper labelling of products. Issues or concerns regarding product safety, labelling, content or quality could result in consumer or governmental claims. In limited circumstances, we sell merchandise that we have purchased. In these instances, we assume the risks related to inventory. ~~- 9 -~~ We face risks associated with proprietary protection of our software. Our success depends on our ability to develop and protect existing and new proprietary technology and intellectual property rights. We seek to protect our software, documentation and other written materials primarily through a combination of patents, trademarks, and copyright laws, trade secret laws, confidentiality procedures and contractual provisions. While we have attempted to safeguard and maintain our proprietary rights, there are no assurances that we will be successful in doing so. Our competitors may independently develop or patent technologies that are substantially equivalent or superior to ours. Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or obtain and use information that we regard as proprietary. In some types of situations, we may rely in part on ‘ shrink wrap’ or ‘ point and click’ licenses that are not signed by the end user and, therefore, may be unenforceable under the laws of certain jurisdictions. Policing unauthorized use of our products is difficult. While we are unable to determine the extent to which piracy of our software exists, software piracy can be expected to be a persistent problem, particularly in foreign countries where the laws may not protect proprietary rights as fully as the United States. We can offer no assurance that our means of protecting our proprietary rights will be adequate or that our competitors will not reverse engineer or independently develop similar technology. We may discover software errors in our products that may result in a loss of revenue, injury to our reputation or subject us to substantial liability. Non- conformities or bugs (“ errors ”) may be found from time to time in our existing, new or enhanced products after commencement of commercial shipments, resulting in loss of revenue or injury to our reputation. In the past, we have discovered errors in our products and as a result, have experienced delays in the shipment of products. Errors in our products may be caused by defects in third- party software incorporated into our products. If so, we may not be able to fix these defects without the cooperation of these software providers. Because these defects may not be as significant to the software provider as they are to us, we may not receive the rapid cooperation that may be required. We may not have the contractual right to access the source code of third- party software, and even if we do have access to the code, we may not be able to fix the defect. In addition, our customers may use our service in unanticipated ways that may cause a disruption in service for other customers attempting to access their data. Since our customers use our products for critical business applications, any errors, defects or other performance problems could hurt our reputation and may result in damage to our customers’ business. If that occurs, we could lose future sales or customers may make warranty or other claims against us, which could result in an increase in our provision for doubtful accounts, an increase in collection cycles for accounts receivable or the expense and risk of litigation. Customers could also elect not to renew their subscription or delay or withhold payment to us. These potential scenarios, successful or otherwise, would likely be time - consuming and costly. Interruptions or delays in service from our third- party data center hosting facility could impair the delivery of our service and harm our business. We currently serve our customers from a third- party data center hosting facility located in the United States. Any damage to, or failure of, our systems generally could result in interruptions in our service. As we continue to add capacity, we may move or transfer our data and our customers’ data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our service. Further, any damage to, or failure of, our systems generally could result in interruptions in our service. Interruptions in our service may reduce our revenue, cause us to issue credits or pay penalties, cause customers to terminate their subscriptions and adversely affect our renewal rates and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our service is unreliable. As part of our current disaster recovery arrangements, our production environment and all of our customers’ data is currently replicated in near real- time in a separate facility physically located in a different region of the United States. We do not control the operation of these facilities, and they are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break- ins, sabotage, intentional acts of vandalism and similar misconduct. Despite precautions taken at these facilities, the occurrence of a natural disaster or an act of terrorism, a decision to close the facilities without adequate notice or other unanticipated problems at these facilities could result in lengthy interruptions in our service. Even with the disaster recovery arrangements, our service could be interrupted. ~~- 10 -~~ If our security measures are breached and unauthorized access is obtained to a customer’ s data, our data or our information technology systems, our service may be perceived as not being secure, customers may curtail or stop using our service and we may incur significant legal and financial exposure and liabilities. Our service involves the storage and transmission of customers’ proprietary information, and security breaches could expose us to a risk of loss of this information, litigation and possible liability. These security measures may be breached as a result of third- party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise during transfer of data to additional data centers or at any time, and result in someone obtaining unauthorized access to our customers’ data or our data, including our intellectual property and other confidential business information, or our information technology systems. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information, such as usernames, passwords or other information in order to gain access to our customers’ data or our data, including our intellectual property and other confidential business information, or our information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Any security breach could result in a loss of confidence in the security of our service, damage our reputation, disrupt our business, lead to legal liability and negatively impact our future sales. Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, and regulatory penalties, disrupt our operations and the services we provide to customers, damage our reputation and cause a loss of confidence in our products and services, which could adversely affect our business / operating margins, revenues and competitive position. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy, and we devote significant resources to protecting our information. The expenses associated with protecting our information could reduce our operating margins. Failure or delay in the implementation of Section 204 (d) of the FSMA may slow the adoption of our technology as a compliance tool for FMSA 204. In September 2020, the FDA proposed a rule for Record Keeping for Food Traceability as part of the FSMA (" FSMA 204 "), which **was published in** ~~is scheduled to be finalized by~~ November ~~7,~~ 2022 and **went** ~~would go~~ into effect ~~on~~ **in** January ~~6,~~ 2023. FSMA 204 will apply to all foods on the FDA' s Food Traceability List. In the event (i) FSMA 204 is postponed or delayed, (ii) modified to the extent of applicability of the rules of FSMA 204 to various food industry sectors, (iii) the penalties for violations of FSMA 204 are reduced or eliminated, or (iv) delay or failure by the industry to adopt practices in compliance with FSMA 204, in each case, could slow the adoption of our technology as a compliance tool for FSMA 204, which could have a material adverse effect on our business, results of operations, and financial condition. Weakened global economic conditions may adversely affect our industry, business and results of operations. The rate at which our customers purchase new or enhanced services depends on several factors, including general economic conditions. The United States and other key international economies have experienced in the past a downturn in which economic activity was impacted by falling demand for a variety of goods and services, restricted credit, poor liquidity, reduced corporate profitability, volatility in credit, equity and foreign exchange markets, bankruptcies, and overall uncertainty with respect to the economy. For example, in March 2022, the U. S. Consumer Price Index (" CPI "), which measures a wide- ranging basket of goods and services, rose 8. 5 % from the same month a year ago, which represents the largest CPI increase since December of 1981. The Company' s general business strategy may be adversely affected by any such inflationary fluctuations, economic downturns, volatile business environments and continued unstable or unpredictable economic and market conditions. These conditions affect the rate of information technology spending and could adversely affect our customers' ability or willingness to purchase our enterprise cloud computing services, delay prospective customers' purchasing decisions, reduce the value or duration of their subscription contracts or affect renewal rates, all of which could adversely affect our operating results, or cause us to increase our prices to maintain the same level of profitability. Geopolitical conflicts could potentially affect our sales and disrupt our operations and could have a material adverse impact on the Company. Geopolitical conflicts, including the recent war in Ukraine, could adversely impact our operations or those of our customers. The extent to which these events impact our operations and those of our customers will depend on future developments, which are highly uncertain and cannot be predicted with confidence. If the uncertainty surrounding geopolitical conflicts and in the global marketplace continues, or if we, or any of our customers encounter any disruptions to our or their respective operations, facilities or stores, then we or they may be prevented or delayed from effectively operating our or their business, respectively, and the marketing and sale of our services and our financial results could be adversely affected. ~~- 11 -~~ Risks Relating to Our Common Stock Our quarterly results of operations may fluctuate in the future, which could result in volatility in the price of our Common Stock. Our quarterly revenue and results of operations have varied in the past and may fluctuate as a result of a variety of factors. If our quarterly revenue or results of operations fluctuate, the price of our Common Stock could decline substantially. Fluctuations in our results of operations may be due to several factors, including, but not limited to, those listed and identified throughout this " Risk Factors " section. The limited public market for our Common Stock may adversely affect an investor' s ability to liquidate an investment in us. Although our Common Stock is currently quoted on the NASDAQ Capital Market, there is limited trading activity. We can give no assurance that an active market will develop, or if developed, that it will be sustained. If an investor acquires shares of our Common Stock, the investor may not be able to liquidate such shares of our Common Stock should there be a need or desire to do so. Future issuances of our shares may lead to future dilution in the value of our Common Stock, will lead to a reduction in shareholder voting power and may prevent a change in control. The shares of our Common Stock may be substantially diluted due to the following: ● issuance of Common Stock in connection with funding agreements with third parties and future issuances of Common Stock and the Company' s Preferred Stock, par value $ 0. 01 (" Preferred Stock ") by the Board of Directors; and ● the Board of Directors has the power to issue additional shares of Common Stock and Preferred Stock and the right to determine the voting, dividend, conversion, liquidation, preferences and other conditions of the shares without shareholder approval. Common Stock and / or Preferred Stock issuances may result in reduction of the book value or market price of outstanding shares of Common Stock. If we issue any additional shares of Common Stock or Preferred Stock, proportionate ownership of Common Stock and voting power will be reduced. Further, any new issuance of Common Stock or Preferred Stock may prevent a change in control or management. Our officers and directors have significant control over us, which may lead to conflicts with other stockholders over corporate governance. Our officers and directors control approximately 46 % of our Common Stock. Randall K. Fields, our Chief Executive Officer, controls 37 % of our Common Stock. Consequently, Mr. Fields, individually, and our officers and directors, as stockholders acting together, can significantly influence all matters requiring approval by our stockholders, including the election of directors and significant corporate transactions, such as mergers or other business combination transactions. Our corporate charter contains authorized, unissued " blank check " Preferred Stock issuable without stockholder approval with the effect of diluting then current stockholder interests. Our articles of incorporation currently authorize the issuance of up to 30, 000, 000 shares of " blank check " Preferred Stock with designations, rights, and preferences as may be determined from time to time by our Board of Directors, of which 700, 000 shares are currently designated as Series B Convertible Preferred Stock (" Series B Preferred ") and 550, 000 shares are designated as Series B- 1 Preferred Stock (" Series B- 1 Preferred "). As of June 30, ~~2022~~ **2023** , a total of 625, 375 shares of Series B Preferred and 212, 402 shares of Series B- 1 Preferred were issued and outstanding. Our Board of Directors is empowered, without stockholder approval, to issue one or more additional series of Preferred Stock with dividend, liquidation, conversion, voting, or other rights that could dilute the interest of, or impair the voting power of, holders of our Common Stock. The issuance of an additional series of Preferred Stock could be used as a method of discouraging, delaying or preventing a change in control. ~~- 12 -~~ **Although we have recently declared quarterly cash dividends on our Common Stock, investors should consider the potential for us to terminate the payment of dividends as a factor when determining whether to invest in us.** Historically, we have not paid dividends on our

Common Stock ~~, and, although we recently declared a quarterly cash dividend on our Common Stock, investors should consider the potential for us to terminate the payment of dividends as a factor when determining whether to invest in us. Historically, we have not paid dividends on our Common Stock~~ . Although we recently declared ~~a~~ quarterly cash ~~dividend~~ **dividends** on our Common Stock, in the future we may elect to retain earnings, if any, to finance the development and expansion of our business. Our Board of Directors will determine our future dividend policy at their sole discretion, and future dividends will be contingent upon future earnings, if any, obligations of the stock issued, our financial condition, capital requirements, general business conditions and other factors. Future dividends may also be affected by covenants contained in loan or other financing documents, which we may execute in the future. Therefore, there can be no assurance that quarterly dividends will continue to be paid on our Common Stock. Our officers and directors have limited liability and indemnification rights under our organizational documents, which may impact our results. Our officers and directors are required to exercise good faith and high integrity in the management of our affairs. Our articles of incorporation and bylaws, however, provide that the officers and directors shall have no liability to the stockholders for losses sustained or liabilities incurred which arise from any transaction in their respective managerial capacities unless they violated their duty of loyalty, did not act in good faith, engaged in intentional misconduct or knowingly violated the law, approved an improper dividend or stock repurchase or derived an improper benefit from the transaction. As a result, an investor may have a more limited right to action than they would have had if such a provision were not present. Our articles of incorporation and bylaws also require us to indemnify our officers and directors against any losses or liabilities they may incur as a result of the manner in which they operate our business or conduct our internal affairs, provided that the officers and directors reasonably believe such actions to be in, or not opposed to, our best interests, and their conduct does not constitute gross negligence, misconduct or breach of fiduciary obligations.