LUMINEX HOME DECOR & FRAGRANCE HOLDING CORPORATION
Cincinnati, Ohio

CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2025 and February 29, 2024

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INDEPENDENT AUDITOR'S REPORT

Shareholders and the Board of Directors
of Luminex Home Décor & Fragrance Holding Corporation
Cincinnati, Ohio

Opinion

We have audited the consolidated financial statements of Luminex Home Décor & Fragrance Holding Corporation, which comprise the consolidated balance sheets as of February 28, 2025 and February 29, 2024, and the related consolidated statements of comprehensive loss, deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Luminex Home Décor & Fragrance Holding Corporation as of February 28, 2025 and February 29, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Luminex Home Décor & Fragrance Holding Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Luminex Home Décor & Fragrance Holding Corporation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Luminex Home Décor & Fragrance Holding Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Luminex Home Décor & Fragrance Holding Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

[redacted]

Franklin, Tennessee
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LUMINEX HOME DECOR & FRAGRANCE HOLDING CORPORATION
CONSOLIDATED BALANCE SHEETS
February 28, 2025 and February 29, 2024
(in thousands)

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,001	$ 7,267
Accounts receivable, net of allowance for credit losses of $311 and $235, at February 28, 2025 and February 29, 2024, respectively	13,636	15,704
Inventories, net (Note 3)	55,731	54,429
Prepaid expenses and other current assets	8,719	8,869
Total current assets	84,087	86,269
Property, plant and equipment, net (Note 4)	19,889	22,142
Right of use assets, operating leases net (Note 7)	15,978	17,860
Right of use assets, finance leases net (Note 7)	741	877
Intangible assets, net (Note 5)	3,075	3,715
Deferred income tax asset (Note 9)	165	188
Other assets	3,269	3,836
Total assets	$ 127,204	$ 134,887
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities		
Current portion long-term debt (Note 6)	$ 49,963	$ 175
Current operating lease liability (Note 7)	1,883	1,950
Current finance lease liability (Note 7)	141	305
Accounts payable – trade	27,125	23,255
Accounts payable with company under common control	113	127
Accrued payroll	393	1,161
Current financing obligation (Note 8)	5,343	4,900
Sales allowance accrued expenses	1,253	1,718
Deferred revenue	1,847	1,514
Other accrued expenses	12,477	17,064
Total current liabilities	100,538	52,169
Long-term debt, net (Note 6)	1,062	42,984
Non-current operating lease (Note 7)	14,168	16,022
Non-current finance lease (Note 7)	239	177
Non-current financing obligation (Note 8)	38,634	39,888
Deferred income tax liability (Note 9)	411	361
Other long-term liabilities	1,869	2,921
Total liabilities	156,921	154,522
Shareholders' deficit		
Common stock, par value $.001 per share, 50,000 issued and outstanding	-	-
Series A preferred stock, par value $.001 per share, 10,000 issued and outstanding ($1 per share liquidation value)	-	-
Additional paid-in capital	107,585	107,585
Accumulated deficit	(154,939)	(145,358)
Accumulated other comprehensive income:		
Foreign currency translation	17,637	18,138
Total shareholders' deficit	(29,717)	(19,635)
Total liabilities and shareholders' deficit	$ 127,204	$ 134,887

See accompanying notes to consolidated financial statements.

LUMINEX HOME DECOR & FRAGRANCE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the years ended February 28, 2025 and February 29, 2024
(in thousands)

	2025	2024
Net sales	$ 191,939	$ 225,747
Cost of goods sold	127,810	154,541
Gross profit	64,129	71,206
Operating expenses		
Direct marketing expense	25,756	29,284
Selling and marketing	8,711	9,071
General and administration	26,232	32,155
Management fees	420	500
	61,119	71,010
Income from operations before other income (expense)	3,010	196
Other income (expense)		
Interest expense, net	(11,832)	(10,240)
Foreign exchange gain (loss)	(55)	43
Other expense, net	(421)	(58)
	(12,308)	(10,255)
Loss before income tax expense	(9,289)	(10,059)
Income tax expense	283	885
Net loss	(9,581)	(10,944)
Other comprehensive loss		
Foreign currency translation adjustment	(501)	(243)
Comprehensive loss	$ (10,082)	$ (11,187)

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See accompanying notes to consolidated financial statements.

LUMINEX HOME DECOR & FRAGRANCE HOLDING CORPORATION
CONSOLIDATED STATEMENTS OF DEFICIT
For the years ended February 28, 2025 and February 29, 2024
(in thousands)

	Common Stock	Preferred Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total
Balance, February 28, 2023	$ -	$ -	$ 107,585	$ (134,414)	$ 18,381	$ (8,448)
Foreign currency translation	-	-	-	-	(243)	(243)
Net loss	-	-	-	(10,944)	-	(10,944)
Balance, February 29, 2024	-	-	107,585	(145,358)	18,138	(19,635)
Foreign currency translation	-	-	-	-	(501)	
Net loss		-	-	(9,581)	-	(9,581)
Balance, February 28, 2025	$ -	$ -	$ 107,585	$ (154,939)	$ 17,637	$ (29,717)

See accompanying notes to consolidated financial statements.

LUMINEX HOME DECOR & FRAGRANCE HOLDING CORPORATION
STATEMENTS OF CONSOLIDATED CASH FLOWS
For the years ended February 28, 2025 and February 29, 2024
(in thousands)

	2025	2024
Cash flows from operating activities		
Net loss	$ (9,581)	$ (10,944)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and intangible and other asset amortization	5,855	6,650
Provision for doubtful accounts	103	-
Gain on sale of property, plant and equipment	-	(5)
Non-cash interest on financing obligation	1,060	866
Amortization of deferred financing fees	640	435
Deferred income taxes	73	(160)
Increase (decrease) in cash from changes in operating assets and liabilities:		
Accounts receivable	2,019	(1,987)
Inventories	(1,627)	190
Prepaid expenses and other assets	313	(1,241)
Accounts payable	3,456	(10,526)
Accrued expenses and other liabilities	(5,948)	(626)
Net cash used in operating activities	(4,277)	(17,348)
Cash flows from investing activities		
Proceeds from sale of assets	-	14
Purchase of machinery and equipment	(2,369)	(1,426)
Net cash used in investing activities	(2,369)	(1,412)
Cash flows from financing activities		
Net proceeds on line of credit	570	18,215
Issuance of equipment loans	1,098	796
Principal payment on equipment loans	(473)	(180)
Issuance of term loans	6,500	-
Payments on term loans	(2,329)	-
Issuance of secured borrowing	2,500	-
Issuance of financing obligation	-	4,479
Principal payments on financing obligation	(1,871)	(697)
Principal payments on financing lease obligations	(268)	(572)
Loan issuance costs	(207)	(255)
Net cash provided by financing activities	5,520	21,786
Net change in cash	(1,126)	3,026
Effect of exchange rate changes on cash	(140)	(440)
Cash at beginning of the period	7,267	4,681
Cash at end of the period	$ 6,001	$ 7,267
Supplemental disclosures of cash flow information:		
Cash paid during the year:		
Interest	$ 9,845	$ 8,604
Income taxes	128	717
Non-cash activity		
New operating leases	679	801
New finance leases	84	630

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND BASIS OF FINANCIAL STATEMENT PRESENTATION

Basis of Presentation: On May 17, 2016, CLP Candle Holdings, LLC together with its subsidiaries (the "Candle-lite Companies") acquired CB Shine Holdings LLC together with its subsidiaries (the "PartyLite Companies") and combined the entities to form Luminex Home Décor & Fragrance, LLC, a wholly owned subsidiary of Luminex Home Decor & Fragrance Holding Corporation.

Luminex Home Decor & Fragrance Holding Corporation (the "Company"), a Delaware company, was incorporated on May 12, 2016 and has a 100% ownership in PartyLite Inc., a Delaware company, and Candle-lite Company, LLC (formerly known as CL Products International, LLC) an Illinois registered limited liability company. PartyLite Inc., and all of its subsidiaries, and Candle-lite Company LLC, and all of its subsidiaries are consolidated and presented under Luminex Home Decor & Fragrance Holding Corporation.

Description of Business: The Company is a leading designer, manufacturer, and distributor in its industry. The Company organizes its business into the following two business units: Candle-lite and PartyLite. Candle-lite is a leading provider of wax candle products to the retail sector, with particular expertise in the food, drug, and mass channels. PartyLite is a leading home fragrance brand in the direct selling and direct-to-consumer channels.

The Company offers a comprehensive product offering, including wax jar-filled candles, tealights, melts, and complementary home décor accessories. The Company is well-positioned within an attractive category by providing consumers with high-quality home décor and fragrance products in a wide range of price points and delivering unique value proposition for both end-consumers and retail partners.

Series A Preferred Stock: One share of the Company's preferred stock has a liquidation value of $1. Each share of preferred stock is entitled to a cumulative dividend, whether or not declared, at the rate of four percent per annum on the sum of the liquidation value plus all unpaid accrued and accumulated dividends. All accrued and accumulated dividends on the preferred stocks shall be fully declared and paid before any dividends are declared and paid on the common stock. The preferred stock has no voting rights.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation: The consolidated financial statements for the years ended February 28, 2025 and February 29, 2024 represent the consolidated financial position and results of operations of Luminex Home Decor & Fragrance Holding Corporation and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated.

Concentration of Credit Risk: The Company maintains deposit accounts at various financial institutions. The institutions provide FDIC coverage of $250 thousand per depositor. At various times, these deposits may be in excess of the FDIC insurance limit. The Company also maintains bank deposit accounts at its foreign subsidiaries, which are denominated in local currencies, at various financial institutions to meet local sales, operations and marketing activities in foreign countries. The Company has approximately $4.1 and $5.2 million of cash in foreign countries as of February 28, 2025 and February 29, 2024, respectively.

Revenue from one customer of the Candle-Lite unit represents approximately $99 and $96 million of the Company's consolidated revenues for the years ended February 28, 2025 and February 29, 2024, respectively.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: The Company considers short-term cash investments and highly liquid debt instruments purchased with an original maturity of three months or less to be cash.

Accounts Receivable: The Company extends credit to customers customary in its business. Payments from customers are generally due within 30-60 days. The delinquency status of these accounts is determined based on contractual terms of sale. The Company does not charge interest on its past due accounts receivable. The Company estimates an allowance for doubtful accounts on the related receivables by performing a review of historical losses, existing economic conditions, and an analysis of specific accounts where a greater risk of credit loss exists. Uncollectible trade receivables are charged off once the Company makes final determination that the amounts will not be collected.

Inventories: Inventories, which consist of finished goods, raw materials, and work in process, are stated at the lower of cost or net realizable value, using the FIFO inventory accounting method.

Property, Plant, and Equipment: Property, plant and equipment are stated at cost. Depreciation has been provided in the financial statements on the straight-line method at rates based on a reasonable estimate of useful lives, which fall within the following ranges for major asset classifications:

	Estimated Useful Lives (Years)
Building and improvements	40
Machinery and equipment	7 to 10
Vehicles	5
Furniture and fixtures	5 to 7
Data processing equipment and software	3 to 5

Maintenance, repairs, and minor renovations are charged to earnings in the year in which the expense is incurred. Additions, improvements, and major renovations are capitalized. The cost of assets retired or sold, together with the related accumulated depreciation are removed from the accounts and any profit or loss on disposition is credited or charged to earnings.

Deferred Financing Fees: Deferred financings fees associated with the term notes payable are amortized over the term of the related debt and are included in long-term debt in the consolidated balance sheets. Deferred financing fees associated with the revolving line of credit is included in other assets in the consolidated balance sheets. The related amortization expense of $593 and $435 thousand is included in interest expense in the consolidated statements of comprehensive loss for the years ended February 28, 2025 and February 29, 2024, respectively.

The Company incurred $207 and $255 thousand of deferred financing fees related to new debt issuance during the years ended February 28, 2025 and February 29, 2024, respectively. Deferred financing fees amounted to $599 and $985 thousand as of February 28, 2025 and February 29, 2024, respectively.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Deferred Charges: Deferred software and rack costs are amortized over the term of the related agreements and are included in other assets in the consolidated balance sheets. The related amortization expense of $39 and $108 thousand is included in general and administration expense in the consolidated statements of comprehensive loss for the years ended February 28, 2025 and February 29, 2024, respectively.

Intangible Assets: The Company's intangible assets consist of trade names, customer relationships, patents, and trademarks. The intangible assets are accounted for in accordance with the standards outlined in the Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 350-30-35. Intangible assets are evaluated at least annually for impairment and any such impairment will be recognized in the period identified. The Company determined there was no impairment of intangible assets at February 28, 2025 and February 29, 2024 (see Note 5).

Revenue Recognition: The Company generates revenue from the sale of its products to customers. Revenue from the sale of product to customers is recognized when the performance obligation is satisfied, which is the point at which control of the promised good is transferred to the customer. Control generally transfers upon physical delivery to customer. Revenue is recorded in an amount that reflects consideration the Company expects to be entitled to in exchange for the delivered goods, which includes an estimate of damage and return allowances, payment discounts, warehouse allowances, advertising allowances, volume discounts and other customer incentive programs. These customer programs and incentives are recorded as reductions of net sales and provisions are recorded in other accrued expenses on the consolidated balance sheets. The Company estimates the variable consideration throughout the year based on various factors such as contract terms, historical sales, and specific volume targets.

Cash incentives provided to the Company's customers related to advertising and sales promotions are recognized as a reduction of the related sales price, and, therefore, as a reduction in sales. Total cash incentives provided to customers relating to advertising and sales promotions were approximately $6.00 million and $7.82 million for the years ended February 28, 2025 and February 29, 2024, respectively.

Reserves related to incurred but not claimed advertising and sales promotions were $3.0 and $1.7 million as of February 28, 2025 and February 29, 2024, respectively, and are included in other accrued expenses on the consolidated balance sheets. The reserve for sale returns and allowances was $1.1 and $1.6 million as of February 28, 2025 and February 29, 2024, respectively.

Majority of accounts receivable relate to the Candle-lite segment, where payment terms are typically 30-60 days. Payments are generally due at time of ordering or upon product delivery for the PartyLite segment.

(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company records deferred revenue when cash payments are received in advance of transfer of control of goods or services. Deferred revenue primarily relates to gift cards. Gift cards are sold without expiration dates and revenue is recognized upon redemption of the gift card. In addition, the Company recognizes revenue on unredeemed gift cards where the likelihood of the gift card being redeemed is remote and there is no legal obligation to remit the unredeemed gift cards to relevant jurisdictions (gift card breakage). The balance of deferred revenue was $<> and $1.5 million as of February 28, 2025 and February 29, 2024, respectively. Deferred revenue related to unredeemed gift cards was $<> and $0.6 million as of February 28, 2025 and February 29, 2024, respectively. The Company recognized $<> and $2.7 million as revenue for the years ended February 28, 2025 and February 29, 2024, respectively, from amounts recorded as deferred revenue at the beginning of the period.

Shipping and Handling Cost: The Company has made the accounting policy election to treat shipping as a fulfillment cost rather than a separate performance obligation. Related shipment revenue is recorded in net sales and related shipping and handling costs are included in cost of goods sold in the consolidated statements of comprehensive loss.

Catalog Costs: Catalog production costs are capitalized and expensed as the catalogs are distributed, generally over less than a twelve-month period.

Promotional Offers to Independent Consultants: The Company's direct selling sales are generated by its independent consultants and affiliates, who strive to maximize the interrelated objectives of selling products, scheduling (or booking) parties or events and recruiting new consultants/affiliates. To encourage its consultants/affiliates to accomplish these goals, the Company makes monthly promotional offers including free or discounted products to consultants/affiliates and customers, as well as annual incentive trips and the payment of bonuses to consultants/affiliates according to the bonus plan. Promotions, including free or discounted products, are designed to increase revenues by providing incentives for customers and guests attending shows or using the Company's digital platforms. Promotional offers for free products are recorded as a charge to cost of goods sold when incurred, and promotional offers for discounted products are recorded as a reduction of revenue when incurred with the full cost of the product being charged to cost of goods sold. Sales bonuses are awarded based on achieving certain ranks within the compensation plan. These sales bonuses are paid on a weekly basis and the rank title bonuses are paid on a monthly basis and are charged to compensation expenses.

Annual incentive trips and bonuses are awarded to consultants who recruit new consultants or achieve certain sales levels. Estimated costs related to these promotional offers are recorded as promotional expense within selling expense as they are earned.

Impairment of Long-Lived Assets: Management evaluates the recoverability of the long-lived assets on an ongoing basis taking into consideration such factors as recent operating results, projected undiscounted cash flows and plans for future operations. There was no impairment of the Company's long-lived assets at February 28, 2025 or February 29, 2024.

Fair Value of Financial Instruments: The Company's carrying amount for financial instruments, which includes cash, accounts receivable, and accounts payable, approximates fair value. The fair value of the Company's long-term debt approximates fair value based on rates currently offered to the Company for similar debt instruments of comparable maturities by the Company's lenders.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign Currency Translation: The Company's international subsidiaries use their local currency as their functional currency. Therefore, all balance sheet accounts of international subsidiaries are translated into U.S. dollars at the period-end rates of exchange and statement of operations items are translated using the weighted average exchange rates for the period. Resulting translation adjustments are included in accumulated other comprehensive income ("AOCI") within the consolidated balance sheets. Transactional gains and losses arising from the impact of currency exchange rate fluctuations on transactions in a currency other than the local functional currency are included in other income (expense), net within the consolidated statements of comprehensive loss.

Income Taxes: Income tax expense is based on taxable income, statutory tax rates and the impact of non-deductible items. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. The Company periodically estimates whether its tax benefits are more likely than not sustainable on audit, based on the technical merits of the position. There are inherent uncertainties related to the interpretation of tax regulations in the jurisdictions in which the Company transacts business. The judgments and estimates made at a point in time may change based on the outcome of tax audits, as well as changes to or further interpretations of regulations. If such changes take place, there is a risk that the Company's tax rate may increase or decrease in any period.

Deferred tax assets and liabilities reflect the Company's best estimate of the tax benefits and costs expected to be realized in the future. The Company establishes valuation allowances to reduce its deferred tax assets to an amount that will more likely than not be realized.

In accordance with ASC 740, *Income Taxes* ("ASC 740"), the Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be capable of withstanding examination by the taxing authorities based on the technical merits of the position. A number of years may elapse before an uncertain tax position for which the Company has established a tax reserve is audited and finally resolved, and the number of years for which the Company has audits that are open varies depending on the tax jurisdiction, generally three years. When facts and circumstances change, the Company reassesses these probabilities and records any necessary adjustments to the provision. The Company does not expect the tax positions to change within the next 12 months.

The Company determined that a portion of its undistributed foreign earnings are not reinvested indefinitely by its non-U.S. subsidiaries. Based on the Company's analysis, no taxes were recorded on the undistributed foreign earnings as the resulting tax impact would be a benefit, which would be offset by a valuation allowance. The Company periodically reassesses whether the non-U.S. subsidiaries will invest their undistributed earnings indefinitely.

Pension Plans: The Company sponsors defined benefit plans covering certain of its employees in Europe. In accordance with accounting standards for employee pension benefits, the Company recognizes on a plan-by-plan basis the unfunded status of its pension plans in the consolidated financial statements and measures its pension plan assets and benefit obligations as of the end of the fiscal year. The obligation for the Company's pension plans and the related annual costs of employee benefits are calculated based on several long-term assumptions, including discount rates and expected mortality for employee benefit liabilities, rates of return on plan assets, and expected annual rates for salary increases for employee participants. Actuarial gains and losses resulting from a change in the value of the benefit obligations and plan assets are recognized immediately into income.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to: (1) revenue recognition; (2) valuation allowance for trade receivables; (3) inventory reserve; (4) intangible assets and long-lived assets; (5) valuation of right-of-use assets and lease liabilities and (6) going concern assumptions. Actual results could differ from those estimates.

Comprehensive Loss: Comprehensive loss consists of net loss and other comprehensive loss. Other comprehensive loss for the years ended February 28, 2025 and February 29, 2024 includes an adjustment related to foreign currency translation totaling $(501) and $(243) thousand, respectively.

Leases: The Company's right-of use assets and lease liabilities relate to real estate, vehicles, and other equipment. Certain of the Company's leases contain renewal, extension, purchase or termination options. The Company assesses each option on an individual basis and will only include options reasonably certain of exercise in the lease term. The Company generally considers the base term to be the term provided in the contract. Leases are accounted for as operating or financing leases, depending on the terms of the lease. None of the Company's lease agreements contain material residual value guarantees or material restrictions or covenants.

Leases with terms greater than 12 months are recorded on the consolidated balance sheets at the present value of the minimum lease payments not yet paid. In addition to the base rent, real estate leases typically contain provisions for common-area maintenance and other similar service, which are considered non-lease components for accounting purposes. For real estate leases, the Company include these non-lease components in calculating the ROU asset and lease liability. The Company uses the non-cancellable lease term unless it is reasonably certain that a renewal or termination option will be exercised. When available, the Company will use the rate implicit in the lease to discount lease payments to present value, however as most leases do not provide an implicit rate, the Company will estimate the incremental borrowing rate to discount the lease payments. The Company estimates the incremental borrowing rate based on the rates of interest that the Company would have to pay to borrow an amount equal to the lease payments on a collateralized basis, over a similar term, and in a similar economic environment. The ROU asset also includes any lease prepayments and initial direct costs, offset by lease incentives. The Company does consider each individual lease's circumstances to determine if renewal periods are reasonably certain and are then included; but does not consider early terminations to be reasonably certain, and thus, are not included, in the lease term for real estate or equipment assets.

Leases with an initial term of 12 months or less or leases that are cancellable by the lessee and lessor without significant penalties are not recorded on the consolidated balance sheets and are expensed on a straight-line basis over the lease term.

Risks and Uncertainties: Inflation poses a risk to the business due to the ability of suppliers to rapidly increase our supply costs and the lengthy amount time required for the Company to negotiate price increases with the large retailers that make up a large part of our customer base.

The Company does not expect future material disruptions to its business. Risks related to the strength of the global retail sector or changes in foreign and financial market conditions could impair the Company's operation and financial performance.

(Continued)

NOTE 3 – INVENTORIES

As of February 28, 2025 and February 29, 2024, inventories consist of the following:

	2025	2024
	(in thousands)	
Raw materials	$ 15,923	$ 16,217
Work in process	5,860	3,219
Finished goods	42,207	44,113
	63,880	63,549
Inventory reserves	(8,259)	(9,120)
Inventories, net	$ 55,731	$ 54,429

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at February 28, 2025 and February 29, 2024:

	2025	2024
	(in thousands)	
Land	$ 2,839	$ 2,839
Buildings and improvements	8,576	8,541
Machinery and equipment	22,862	22,712
Vehicles	10	10
Furniture and fixtures	3,869	3,640
Data processing equipment and software	25,422	23,503
Construction in progress	152	913
	63,730	62,158
Less: accumulated depreciation	(43,841)	(40,016)
Property, plant and equipment, net	$ 19,889	$ 22,142

Depreciation expense related to property, plant and equipment was $4.62 and $5.59 million for the years ended February 28, 2025 and February 29, 2024, respectively.

(Continued)

NOTE 5 – INTANGIBLE ASSETS

Intangible assets at February 28, 2025 consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Asset
		(in thousands)		
Trade names – Candle-lite	$ 664	$ -	$ -	$ 664
Trade names – PartyLite	2,574	(2,263)	-	311
Customer relationships	11,773	(5,388)	(4,285)	2,100
Patents	119	(119)	-	-
Trademark	35	(35)	-	-
Total	$ 15,165	$ (7,805)	$ (4,285)	$ 3,075

Intangible assets at February 29, 2024 consisted of the following:

	Gross Carrying Amount	Accumulated Amortization	Impairment	Net Asset
		(in thousands)		
Trade names – Candle-lite	$ 664	$ -	$ -	$ 664
Trade names – PartyLite	2,574	(2,006)	-	568
Customer relationships	11,773	(5,005)	(4,285)	2,483
Patents	119	(119)	-	-
Trademark	35	(35)	-	-
Total	$ 15,165	$ (7,165)	$ (4,285)	$ 3,715

Amortization of definite lived intangible assets is recorded to reflect the pattern of economic benefits based on projected revenues over their estimated useful lives. Intangible assets having a definite life are amortized by the straight-line method over the estimated benefit period (customer relationships – 10-20 years, patents – 5 years, trademark – 5 years, trade names for PartyLite – 10 years).

Trade names for Candle-lite were determined to have indefinite lives and are re-evaluated at least annually for impairment, with any such impairment recognized in the period identified. No impairment was noted during the years ended February 28, 2025 and February 29, 2024.

Amortization expense related to intangible assets for the years ended February 28, 2025 and February 29, 2024 was $640 and $676 thousand, respectively.

Estimated aggregate annual amortization expense for the next five years is as follows (in thousands):

2026	$ 677
2027	677
2028	677
2029	380
	$ 2,411

(Continued)

NOTE 6 – LONG-TERM DEBT

As of February 28, 2025 and February 29, 2024, long-term debt consists of the following:

	2025	2024
	(in thousands)	
Revolver– US	$ 42,782	$ 42,212
Term loans	4,170	-
Secured borrowing– receivables	2,500	-
Equipment loans	1,508	743
Covid relief	65	204
	51,025	43,159
Less:		
Current maturities – long-term debt	(49,963)	(175)
	$ 1,062	$ 42,984

Revolver– US
On December 30, 2022 the Company completed a two part refinancing. One part was a sale lease back arrangement for its Leesburg facility for $40 million. The Company determined the accounting treatment for this financing was as a loan secured by the land and building (see Note 8). The initial term of the agreement is for a twenty-year term followed by two ten-year renewal periods. The agreement calls for monthly payments of $283 thousand with a 3% escalation per year. The second part of the refinancing was a new asset-based lending agreement (ABL), which matures December 30, 2025. The ABL facility is secured by the US based inventory and accounts receivable of the Company. The overall ABL facility had a borrowing limit of $45 and $55 million as of February 28, 2025 and February 29, 2024, respectively. The ABL facility requires monthly interest payments based on SOFR with a margin of 3.5%, which was 7.9% and 8.8% as of February 28, 2025 and February 29, 2024, respectively. Availability on the revolver at February 28, 2025 and February 29, 2024 was $32 and $116 thousand, respectively.

Term loans
During the year ended February 28, 2025, the Company entered into multiple term loan agreements with a different lender. The loans remaining at February 28, 2025, carry fixed repayment obligations based on factor rates of approximately 1.3 with 12-month terms expiring during fiscal year 2026. Monthly principal and interest payments total $581 thousand. The agreements allow for prepayment without penalty, with discounts applied to the factor rate if repaid early. Each loan is secured by a blanket lien on substantially all of the Company's assets, including accounts receivable and general intangibles, and is supported by joint and several guarantees from affiliated entities.

Secured borrowing– receivables
During the year ended February 28, 2025, the Company entered into a receivables financing arrangement with Libertas Funding, LLC. Under this arrangement, the Company received proceeds of $2,500 thousand in exchange for a pledge of up to $3,250 thousand of future receivable receipts. The Company will remit 3.14% of its monthly customer receipts until full repayment. The obligation is anticipated to be repaid over an estimated 12-month period based on historical revenues. Based on the terms of the arrangement, including the retention of significant risks and rewards related to the receivables and the Company's continuing involvement in servicing and collecting the customer receipts, the transaction does not meet the criteria for sale accounting under ASC 860, Transfers and Servicing. As such, the transaction has been accounted for as a secured borrowing. The corresponding pledged receivables remain on the Company's consolidated balance sheet under accounts receivable, net.

(Continued)

NOTE 6 – LONG-TERM DEBT (continued)

The Company has granted the lender a security interest in the pledged receivables, which constitutes collateral under a Uniform Commercial Code security agreement. The agreement includes covenants restricting additional receivables financing and imposes penalties for default including acceleration clauses. The Company retains full responsibility for collecting the receivables and bears the risk of customer nonpayment. The agreement includes options for early repayment at discounted rates over a six-month schedule and contains specific provisions regarding adjustments to the remittance amount based on actual receipts.

Equipment loans
During the years ended February 28, 2025 and February 29, 2024, the Company financed software purchases through various equipment loans. Interest on these loans range between 10.00% and 14.49% and monthly principal and interest payments are between $2.5 thousand and $6.8 thousand. The loans expire at varying dates during fiscal year 2028-2029.

Covid relief
The Company has an unsecured 500 thousand Euro denominated loan issued in January 2021 issued by German State Finance Department for COVID-19 Relief for businesses, which is due in June 2025. The loan has a fixed interest rate of 1.8%. The loan is to be repaid in 16 quarterly installments of approximately EUR 31 thousand starting September 2021.

The Company is subject to various fees including administration, unused commitment fees, early termination fees and letter of credit fees as applicable. The Company is also subject to various covenants associated with the debt. During the year ended February 28, 2025 the Company failed the minimum free cash flow requirement. As a result of the default, the Company entered into a Forbearance Agreement with its ABL lender. The Lender agreed to temporarily forbear from exercising certain rights and remedies arising from the specified covenant breach, including acceleration of the debt, enforcement of liens, or termination of the credit facility.

As of the issuance date of these financial statements, the Company was operating within the forbearance terms, and no additional defaults had occurred. The Lender has not exercised its right to accelerate the debt or terminate the facility. The related borrowings are included within current maturities – long term debt.

If the Company fails to comply with the terms of the Forbearance Agreement or to negotiate an extension or permanent waiver, the Lender may take enforcement actions, including demanding immediate repayment of outstanding obligations or liquidating collateral. The Company is currently exploring options for refinancing or restructuring its existing debt.

The aggregate future maturities of the long-term debt for future fiscal years is as follows (in thousands):

2026	$ 49,963
2027	497
2028	465
2029	100
Total	$ 51,025

(Continued)

NOTE 7 – LEASES

As described in Note 2, the Company leases certain real estate, vehicles, and other equipment.

A summary of amounts reported within the consolidated balance sheets is as follows:

	2025	2024
	(in thousands)	
Assets:		
Operating lease assets	$ 15,978	$ 17,860
Finance lease assets	741	877
Total leased assets	$ 16,719	$ 18,737
Liabilities:		
Current:		
Operating	$ 1,883	$ 1,950
Financing	141	305
Non-Current:		
Operating	14,168	16,022
Financing	239	177
Total leased liabilities	$ 16,431	$ 18,454

The components of lease expense were as follows:

	2025	2024
Operating lease cost	$ 2,521	$ 3,009
Financing lease cost		
Amortization of leased assets	149	233
Interest on lease liabilities	33	53
Short-term lease cost		425
Total lease cost	$	$ 3,720

Other information related to leases was as follows:

	2025	2024
Weighted average remaining lease term		
Operating leases	13.9 years	13.3 years
Financing leases	2.8 years	2.9 years
Weighted average discount rate		
Operating leases	5.2%	5.3%
Financing leases	6.8%	6.9%

(Continued)

NOTE 7 – LEASES (Continued)

The following is a summary of obligations under non-cancelable operating leases, with initial or remaining lease terms more than one year (in thousands):

	Finance	Operating
2026	$ 200	$ 2,926
2027	110	2,167
2028	84	1,589
2029	43	1,337
2030	11	1,326
Thereafter	-	12,184
Total	448	21,529
Less: imputed interest	(68)	(5,478)
	380	16,051
Less: current portion	(141)	(1,883)
Total non-current lease liability	$ 239	$ 14,168

NOTE 8 – FINANCING OBLIGATION

On December 30, 2022, the Company sold property consisting of land and a building. Simultaneously, the Company entered into a lease agreement with the buyer of the property (the sale of the property and simultaneous leaseback is referred to as the “sale leaseback”). The sale leaseback is repayable over a 40-year-term, which consists of a 20-year initial term and four 5-year extensions, which the Company anticipates will be exercised. The Company’s initial base rent is approximately $283 thousand per month, with annual increases of approximately 3%.

The Company accounted for the sale leaseback transaction as financing transactions with the purchaser of the property in accordance with ASC 842 as the lease agreement was determined to be a finance lease. The presence of a finance lease indicates that control of the land and building has not transferred to the buyer/lessor and, as such, the transaction is deemed a failed sale leaseback and must be accounted for as a financing arrangement. As a result of this determination, the Company is viewed as having received the sales proceeds from the buyer/lessor in the form of a hypothetical loan collateralized by its leased property. The hypothetical loan is payable as principal and interest in the form of lease payments to the buyer/lessor. As such, the Company did not derecognize the property for accounting purposes and no gain or loss on sale was recognized.

On June 21, 2023, the Company sold certain equipment. Simultaneously, the Company entered into a lease agreement with the buyer of the equipment. The sale leaseback is repayable over a 30 month term. At the end of the lease term, the Company has the option to re-purchase the equipment. The Company’s base rent is $163 thousand per month.

The Company accounted for the sale leaseback transaction as a financing transaction with the purchaser of the equipment in accordance with ASC 842 as the Company determined it will repurchase the equipment and alternative assets that are substantially the same as the transferred asset are not readily available in the marketplace. As a result, the Company has not recognized a gain or loss on the sale and the equipment was not derecognized.

As of February 28, 2025 and February 29, 2024, the carrying value of the financing liability was $44 and $45 million, representing $251 and $257 million in remaining payments under the leases, net of a discount of $207 and $212 million, respectively.

(Continued)

NOTE 8 – FINANCING OBLIGATION (Continued)

Remaining future cash payments related to the financing liability, for the year ended February 28, 2025 are as follows: (in millions)

2026	$ 5
2027	4
2028	4
2029	4
2030	4
Thereafter	230

NOTE 9 – INCOME TAXES

Loss before income tax expense for the years ended February 28, 2025 and February 29, 2024 was:

	2025	2024
	(in thousands)	
United States	$ (13,139)	$ (12,643)
Foreign	3,850	2,584
Loss before income tax expense	$ (9,289)	$ (10,059)

Income tax expense consists of the following for the years ended February 28, 2025 and February 29, 2024:

	2025	2024
	(in thousands)	
Current income tax expense:		
State	$ 135	$ 399
Foreign	75	645
	210	1,044
Deferred income tax expense (benefit):		
Federal	(3,108)	(2,299)
State	(1,566)	(712)
Foreign	2	(219)
Valuation allowance	4,745	3,071
	73	(159)
Income tax expense	$ 283	$ 885

(Continued)

NOTE 9 – INCOME TAXES (Continued)

The tax provision reported differs from the income tax that would result from applying domestic federal statutory tax rates to book income or loss primarily because of the effect of state income taxes, foreign tax rate differences, prior year-true-ups, and movement in the valuation allowance

Significant components of the Company's deferred tax assets and liabilities approximated the following at February 28, 2025 and February 29, 2024, respectively:

	2025	2024
	(in thousands)	
Deferred tax assets:		
Net operating loss	$ 26,301	$ 25,315
Basis difference on investment	28,699	28,034
Accrued expenses and other	4,941	5,384
Allowance for doubtful accounts	178	85
Inventory reserves	513	213
Right of use leases	4,084	4,417
Interest expense limitation	3,544	1,472
Sale leaseback	10,907	10,837
Deferred tax assets	79,167	75,757
Valuation allowance	(69,776)	(65,031)
	9,391	10,726
Deferred tax liabilities:		
Prepaid expenses	(303)	(474)
Depreciation	(4,050)	(4,644)
Amortization of intangibles	(1,142)	(1,179)
Right of use assets	(4,142)	(4,602)
	(9,637)	(10,899)
Net deferred tax liability	$ (246)	$ (173)

The Company records a valuation allowance when realization of the deferred tax asset is not likely to occur. When assessing the need for a valuation allowance, the Company considers positive and negative evidence of future income, reversing deferred tax liabilities, tax planning strategies, and whether loss carry backs are possible. A full valuation allowance is recorded against the net US deferred tax asset of $64.5 million and $59.7 million at February 28, 2025 and February 29, 2024, respectively.

The foreign valuation allowance at February 28, 2025, offsets the net deferred tax asset in Australia, Italy, Finland, Switzerland and the United Kingdom primarily related to tax loss carryforwards. The remaining foreign jurisdictions are in a net deferred tax liability position, except the Hong Kong, Netherlands, France and Czech Republic.

The US federal and state net operating loss carryforwards are subject to an annual limitation due to Internal Revenue Code Section 382 and similar state provisions. The limitation may result in the expiration of the net operating loss carryforwards before utilization. The US Federal net operating loss carryforwards subject to the Section 382 limitation as of February 28, 2025 and February 29, 2024 was $9.6 million and $9.9 million, respectively.

The statute of limitations for our tax filings in other jurisdictions varies between fiscal years 2019 through the present.

(Continued)

NOTE 9 – INCOME TAXES (Continued)

Beginning in 2018, the TCJA provides a 100% deduction for dividends received from 10-percent owned foreign corporations by U.S. corporate shareholders, subject to a one-year holding period. Although dividend income is now exempt from U.S. federal tax in the hands of the U.S. corporate shareholders, companies must still apply the guidance of ASC 740-30- 25-18 to account for the tax consequences of outside basis differences and other tax impacts of their investments in non-U.S. subsidiaries. As a result of TCJA and the current U.S. taxation of deemed repatriated earnings, any additional taxes that might be payable upon repatriation of foreign earnings are not significant, which may include foreign withholding taxes, potential state income taxes, and the tax effects of the currency translation OCI accounts. In general, it is the practice and intention of the Company to reinvest a portion of its earnings of its foreign subsidiaries in those operations.

The Company has $9.6 and $59.5 million of US net operating losses at February 28, 2025 and February 29, 2024, respectively. This includes $43.3 million that will expire in periods through 2038 and the remainder that can be carried forward indefinitely. Based on the current statute enacted as part of the TCJA, losses arising in fiscal years ending after December 31, 2017 can be carried forward indefinitely and losses incurred after 2017 can only be used to offset 80% of taxable income. The Company also has approximately $120 and $118 million of state net operating losses at February 28, 2025 and February 29, 2024, respectively, which either have indefinite carryforward periods or expire in periods through 2045. In addition, the Company has foreign net operating losses of $24.67 and $24.7 million at February 28, 2025 and February 29, 2024, respectively. This primarily includes Australia net operating loss carry forwards of $13.6 and $13.6 million at February 28, 2025 and February 29, 2024, respectively. These can be carried forward indefinitely.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. During the years ended February 28, 2025 and February 29, 2024, respectively, the Company incurred an immaterial amount of penalties and interest. There are no material uncertain tax positions.

NOTE 10 – RETIREMENT PLANS

<u>Defined Contribution Plans</u>: The Company has multiple defined contribution employee benefit plans in the United States and certain of its foreign locations covering substantially all eligible non-union employees. Employer contributions to all plans are made on a discretionary basis. Contribution expense during the years ended February 28, 2025 and February 29, 2024 was approximately $0.3 and $0.4 million, respectively.

<u>Employee Phantom Stock Units</u>: An employee phantom stock unit (an “Employee PSU”) is a contractual right to receive payment from the Company of an amount equal to the value of the Employee PSU, as defined by an award agreement. Depending on the terms of each award agreement, Employee PSUs may vest over a time period of 7 years or immediately upon a change of control. All Employee PSUs are subject to continued performance of service until a change of control of the Company or change in ownership of a substantial portion of the Company’s assets. Certain Employee PSUs are payable upon a change of control based on achievement of certain performance conditions. As of February 28, 2025 and February 29, 2024, the Company is authorized to issue 48,660 PSUs. The Company records expense for these awards when it is probable that the performance condition will be met.

(Continued)

NOTE 10 – RETIREMENT PLANS (Continued)

Government Sponsored Pension Plans: Most employees outside the United States are covered by government sponsored and administered programs. Other contributions to government-mandated programs are not expected to be significant. The employee pension plan (income)/expense associated with foreign subsidiaries for the years ended February 28, 2025 and February 29, 2024 was approximately $128 and $121 thousand, respectively. Pension plan expense (income) is included within the selling, general and administrative expenses line item in the consolidated statements of comprehensive loss.

The following table summarizes the changes in benefit obligation, plan assets, and funded status of the non-government Swiss pension plans for the years ended February 28, 2025 and February 29, 2024:

	2025	2024
	(in thousands)	
Changes in benefit obligation		
Benefit obligation at beginning of year	$ 4,186	$ 4,682
Interest cost	61	83
Service cost	148	176
Contributions by plan participants	36	58
Benefits paid	(638)	(1,430)
Actuarial losses	24	197
Currency translation	(273)	420
Benefit obligation at end of year	$ 3,544	$ 4,186
Changes in plan assets		
Fair value of plan assets at beginning of year	$ 3,911	$ 4,253
Actual return on plan assets	1	458
Contributions by employer	118	184
Contributions by plan participants	36	58
Benefits paid	(638)	(1,430)
Currency translation	(249)	388
Fair value of plan assets at end of year	$ 3,179	$ 3,911
Funded status		
Noncurrent liabilities	$ (365)	$ (275)

Information for pension plans with an accumulated benefit obligation in excess of plan assets as of February 28, 2025 and February 29, 2024:

	2025	2024
	(in thousands)	
Projected benefit obligation	$ 3,544	$ 4,186
Accumulated benefit obligation	3,510	4,136
Fair value of plan assets	3,179	3,911

(Continued)

NOTE 10 – RETIREMENT PLANS (Continued)

Plan assets consist primarily of Level 1 investments with quoted prices in active markets for identical or similar assets. The following table presents the plan assets measured at fair value on a recurring basis as of February 28, 2025 and February 29, 2024:

	2025	2024
	(in thousands)	
Equity instruments	$ 1,099	$ 1,315
Debit instruments	1,069	1,314
Properties	765	975
Liquid assets	50	120
Others	196	187
Total	$ 3,179	$ 3,911

The table below summarizes the weighted average assumptions used to determine benefit obligations and net periodic pension costs for the fiscal year ended February 28, 2025 and February 29, 2024.

	2025	2024
Discount rates	1.10%	1.60%
Rates of compensation increase	1.00%	1.00%
Expected long-term rates of return on plan assets	2.50%	2.50%
Mortality tables	BVG2020 GT	BVG2020 GT

The minimum employer required contributions to the plans for the next fiscal year is expected to be $121 thousand. The following table summarizes expected benefit payments from the plans through fiscal year 2030 and the following next five fiscal years. Actual benefit payments may differ from expected benefit payments (in thousands).

2026	$ 99
2027	127
2028	120
2029	106
2030	107
Next 5 years	594

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company’s financial position, results of operations, or liquidity.

NOTE 12 – RELATED PARTY TRANSACTIONS

During the years ended February 28, 2025 and February 29, 2024, the Company incurred management fees of $420 and $500 thousand, respectively, to Centre Lane Partners. Management fees payable were $2,015 and $3,827 thousand as of February 28, 2025 and February 29, 2024, respectively.

The Company conducts transactions in the normal course of business with entities under common control. Purchases from these entities were $635 and $232 thousand for the years ended February 28, 2025 and February 29, 2024, respectively. Accounts payable due to these entities were $113 and $0 thousand as of February 28, 2025 and February 29, 2024, respectively.

NOTE 13 – LIQUIDITY AND MANAGEMENT PLANS

During the years ended February 28, 2025, and February 29, 2024, the Company incurred negative cash flows from operating activities. As of February 28, 2025, the Company reported negative working capital and held debt obligations with current maturities, as further detailed in Note 6. The Company is currently operating under a forbearance agreement with its lenders, which temporarily suspends enforcement of certain debt covenant violations and principal repayment obligations. The Company's continued operations are dependent on its ability to successfully renegotiate its debt structure or refinance its obligations prior to that time. These factors raise substantial doubt about the Company's ability to continue as a going concern.

Subsequent to year-end, to address immediate liquidity needs and fund working capital requirements, the Company received a $5.0 million capital infusion through the issuance of preferred equity to Centre Lane Partners. The preferred shares carry a liquidation preference of three times the original investment amount. This strategic investment strengthens the Company's capital base and supports ongoing operations.

Additionally, the Company has received a formal commitment from entities affiliated with Centre Lane Partners to provide financial support sufficient to meet the Company's obligations as they become due through at least June 30, 2026. This support includes funding for operational needs as well as the repayment of all outstanding debt obligations.

Based on the preferred equity issuance and the support commitment, management believes it has taken the necessary steps to mitigate the liquidity risks. As a result, the accompanying financial statements have been prepared on a going concern basis.

NOTE 14 – SUBSEQUENT EVENTS

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of February 28, 2025 for items that should be recognized or disclosed in these financial statements. This evaluation was conducted through <>, the date these consolidated financial statements were available to be issued.

As noted in Note 13, in May 2025 the Company received a $5.0 million cash infusion through the issuance of preferred equity to Centre Lane Partners. The preferred shares include a three times liquidation preference.