FORM 1-SA

Filing Date: **2021-09-27** | Period of Report: **2021-06-30**
SEC Accession No. 0001683168-21-004477

(HTML Version on secdatabase.com)

FILER

Hylete, Inc.
CIK:**1599738**| IRS No.: **455220524** | State of Incorp.:**DE**
Type: **1-SA** | Act: **33** | File No.: **24R-00112** | Film No.: **211278507**
SIC: **2300** Apparel & other finishd prods of fabrics & similar matl

Mailing Address
568 STEVENS AVENUE
SOLANA BEACH CA 92075

Business Address
568 STEVENS AVE
SOLANA BEACH CA 92075
(858) 225-7185

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 1-SA

☒ SEMIANNUAL REPORT PURSUANT TO REGULATION A

or

☐ SPECIAL FINANCIAL REPORT PURSUANT TO REGULATION A

For the fiscal semiannual period ended: June 30, 2021

HYLETE, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-5220524**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

568 Stevens Avenue,
Solana Beach, CA 92075
(Mailing Address of principal executive offices)

(858) 225-8998
Issuer's telephone number, including area code

In this report, the term "HYLETE," "we," "us" or "the company" refers to HYLETE, Inc.

This semiannual report on Form 1-SA (the "Report") may contain forward-looking statements and information relating to, among other things, the company, its business plan and strategy, and its industry. These forward-looking statements are based on the beliefs of, assumptions made by, and information currently available to the company's management. When used in this Report, the words "estimate," "project," "believe," "anticipate," "intend," "expect" and similar expressions are intended to identify forward-looking statements, which constitute forward looking statements. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties that could cause the company's actual results to differ materially from those contained in the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The company does not undertake any obligation to revise or update these forward-looking statements to reflect events or circumstances after such date or to reflect the occurrence.

Item 1. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes included in Item 3 of this Report. The following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Unless otherwise indicated, latest results discussed below are as of and for the six month period ended June 30, 2021. The financial statements included in this filing as of and for the six month period ended June 30, 2021 are unaudited, and may not include year-end adjustments

necessary to make those financial statements comparable to audited results, although in the opinion of management all adjustments necessary to make interim statements of operations not misleading have been included.

Overview

We are a digitally native, fitness lifestyle company engaged in the design, development, manufacturing and distribution of premium performance apparel, footwear, and gear for men and women. Our products incorporate unique fabrics and/or innovative features that we believe differentiates us from our competitors, and are designed to offer superior performance, fit and comfort while incorporating both function and style. We focus our products, content, and initiatives on customers and communities that maintain a fitness-based lifestyle.

We seek to reach our target customer audience through a multi-faceted marketing strategy that is designed to integrate our brand image with the lifestyles we represent. We pursue a marketing strategy which leverages our teams and ambassadors, digital marketing and social media, and a variety of grassroots initiatives. We also plan to continue to explore how we can complement and amplify our community-based initiatives with brand-building activity. We are continuously looking to partner and build meaningful relationships with social media influencers to produce high-quality fitness-focused content. We believe this approach offers an opportunity for our customers to develop a strong identity with our brands and culture. We also have a loyalty program to further engage, reward and motivate our customers. We believe that our immersion in the fitness lifestyle culture allows us to build credibility with our target audience and gather valuable feedback on ever evolving customer preferences.

In order to identify new trends and consumer preferences, our product design team spends considerable time analyzing sales data and gathering feedback from our customers. We believe this provides us with valuable consumer data and analytics to help shape our merchandising strategy. For example, in May 2016, in response to requests received from members of the HYLETE community for new products and features for existing products, we launched HYLETE Project. Under the HYLETE Project, we introduce new products that we are developing with our community at www.hylete.com/project and offer our customers to purchase such products at a discount to the proposed retail price. This initiative has helped us to further engage our customer base and gain insight into the most preferred styles and colors, thereby enabling us to better manage our inventory. We believe that this direct interaction with our community allows us to collect feedback and incorporate unique performance and fashion needs into the design process.

Our products are sold direct to consumers primarily through our website (www.hylete.com) and certain third-party e-commerce marketplace retailers. We also have select strategic partners that order in bulk and/or with their corporate branding added to our products. We believe that a direct-to-consumer model provides a more convenient retail experience for our customers, allows us to access more customers than with a traditional brick-and-mortar model and is more cost effective than investment and management of brick and mortar storefronts.

Several factors have contributed to our increase in customer acquisition, including higher online advertising spend, new print marketing collateral, and the creation of a new points-based referral program. Our repeat purchase rates have increased due to improved email segmentation and overall email marketing execution, as well as an expanded product offering, including new fabrics, styles and categories. Our continued investment in marketing and product will be critical factors in the future revenue growth of our company.

Going Concern

Our financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. We have incurred losses from operations and have a working capital deficit of $6.7 million and $6.9 million, and an accumulated deficit of approximately $30.5 million and $30.5 million, as of June 30, 2021 and December 31, 2020, respectively. These factors raise substantial doubt about our ability to continue as a going concern. See “ – Liquidity and Capital Resources” below for a more detailed discussion.

Basis of Presentation

Net sales

Net sales is comprised of direct to consumer sales through www.hylete.com, and other third-party sites. Our net sales reflect sales revenues, net of discounts, and shipping revenues, offset by sales returns and allowances.

Cost of sales

Cost of sales includes the cost of purchased merchandise, including freight, duty, and nonrefundable taxes incurred in delivering our goods. It also includes the inventory provision expense. The primary drivers of the costs of individual products are the costs of raw materials and labor in the countries where we source our merchandise.

Operating expenses

Operating expenses consists of (i) selling and marketing expenses, (ii) general and administrative expenses and (iii) shipping and distribution expenses. We recognize shipping and handling billed to customers as a component of net sales and the cost of shipping and handling as a component of operating expenses.

Significant Accounting Policies

See Note 3 to the accompanying financial statements for a summary of our significant accounting policies.

Factors Affecting Our Performance

Overall Economic Trends

The overall economic environment and related changes in consumer behavior have a significant impact on our business. In general, positive conditions in the broader economy promote customer spending on our sites, while economic weakness, which generally results in a reduction of customer spending, may have a more pronounced negative effect on spending on our sites. Macroeconomic factors that can affect customer spending patterns, and thereby our results of operations, include employment rates, business conditions, changes in the housing market, the availability of credit, interest rates and fuel and energy costs. In addition, during periods of low unemployment, we generally experience higher labor costs.

Growth in Brand Awareness and Site Visits

We intend to continue investing in our brand marketing efforts, with a specific focus on increasing HYLETE brand awareness. We have made significant investments to strengthen the HYLETE brand through expansion of our social media presence and strategic relationships. If we fail to cost-effectively promote our brand or convert impressions into new customers, our net sales growth and profitability would be adversely affected.

Customer Acquisition

To continue to grow our business, we intend to acquire new customers and retain our existing customers at a reasonable cost. We invest significant resources in marketing and use a variety of brand and performance marketing channels to acquire new customers. It is important to maintain reasonable costs for these marketing efforts relative to the net sales and profit we expect to derive from customers. Failure to effectively attract customers on a cost-efficient basis would adversely impact our profitability and operating results.

Customer Retention

Our success is impacted not only by efficient and profitable customer acquisition, but also by our ability to retain customers and encourage repeat purchases.

We monitor retention across our entire customer base. We define repeat customers as customers who have purchased from us at least once before, in the current year or a previous year. Repeat customers place more orders annually than new customers, resulting in repeat customers representing approximately 67% of net sales dollars in the first six months of 2021 and 68% in the first six months of 2020. We believe this metric is reflective of our ability to engage and retain our customers through our differentiated marketing and compelling merchandise offering and shopping experience. The share of our net sales from repeat customers reflects our customer loyalty and the net sales retention behavior we see in our cohorts.

Merchandise Mix

We offer merchandise across a variety of product types and price points. Our product mix consists primarily of apparel, footwear and accessories. We sell merchandise across a broad range of price points and may further broaden our price point offerings in the future.

While changes in our merchandise mix have not caused significant fluctuations in our gross margin to date, product types and price points do have a range of margin profiles. Shifts in merchandise mix driven by customer demand may result in fluctuations in our gross margin from period to period.

Inventory Management

We leverage our platform to buy and manage our inventory and merchandise assortment. We make shallow initial inventory buys, and then use our proprietary technology tools to identify and re-order best sellers, taking into account customer feedback across a variety of key metrics, which allows us to minimize inventory and fashion risk. To ensure sufficient availability of merchandise, we generally purchase inventory in advance and frequently before apparel trends are confirmed. As a result, we are vulnerable to demand and pricing shifts and to suboptimal selection and timing of merchandise purchases. We incur inventory write-offs, which impact our gross margins. Moreover, our inventory investments will fluctuate with the needs of our business. For example, entering new categories will require additional investments in inventory.

Investment in our Operations and Infrastructure

We will continue to make investments aimed at growing our customer base and enhancing our product offerings. We intend to leverage our platform and understanding of trends to inform investments in marketing, infrastructure, and inventory. We anticipate these investments will be offset by savings in other areas, allowing cash outlays to increase more slowly than our rate of revenue growth. While we cannot be certain that these efforts will grow our customer base, we believe these strategies will yield positive returns in both the short and the long terms.

Results of operations

Six months ended June 30, 2021 compared to six months ended June 30, 2020

The following tables summarize key components of our results of operations for the periods indicated, both in dollars and as a percentage of net revenue:

	Six months ended June 30,	
	2021	**2020**
Net sales	$ 5,024,780	$ 5,329,580
Cost of sales	2,294,971	2,848,998
Gross profit	2,729,809	2,480,582
Selling and marketing expense	1,469,502	1,372,464
General and administrative expense	1,432,135	3,005,701
Shipping and distribution expense	1,129,368	1,171,425
Insurance proceeds	–	(574,419)
PPP loan forgiveness	(10,000)	–
Interest expense	657,685	577,665

Change in fair value of Series A-2 warrant liability	(1,876,980)	–
Loss on disposal of long-term assets	(750)	–
Net loss	71,151	3,072,254

	Six months ended June 30,	
	2021	2020
Net sales	100%	100%
Cost of sales	45.7	53.5
Gross profit	54.3	46.5
Selling and marketing expense	29.2	25.8
General and administrative expense	28.5	56.4
Shipping and distribution expense	22.5	22.0
Insurance proceeds	0.0	(10.8)
PPP loan forgiveness	(0.2)	0.0
Interest expense	13.1	10.8
Change in fair value of Series A-2 warrant liability	(37.4)	0.0
Loss on disposal of long-term assets	0.0	0.0
Net loss	1.4	57.6

Net sales for the first six months of 2021 were $5,024,780, a slight decrease of 5.7% from net sales of $5,329,580 in the first six months of 2020. This small decline resulted from our decision to eliminate the large discounts that were being offered in January 2020 which were not repeated in January of 2021. Sales on HYLETE.com attributable to existing customers were approximately 67% of total sales for the six months ended June 30, 2021 compared to approximately 68% for the same period in 2020.

Cost of sales for the six months ended June 30, 2021 was $2,294,971, compared to $2,848,998 for the same period in 2020. Cost of sales as a percentage of net sales for the six months ended June 30, 2021 yielded a gross margin of 54.3% versus a gross margin of 46.5% in the same time period in 2020. In May of 2020, we began to significantly reduce our landed costs by taking advantage of the savings available under the Section 321 programs offered by US Customs and Border Protection. The company is currently utilizing these programs to significantly reduce the total amount we pay for duties and taxes and thus significantly reduced our landed costs. Our current estimates show that our gross margins will grow to approximately 60% of net sales.

Selling and marketing expenses were $1,469,502 for the first six months of 2021, up from $1,372,464 for the same period in 2020, which represented 29.2% and 25.8% of net sales, respectively. The increase was due to increased marketing expenditures resulting from a combination of higher advertising rates and our decision to increase our investment in customer acquisition. We continue to track our marketing spend closely and utilize benchmark e-commerce metrics such as cost per acquisition, lifetime value per customer and others to drive allocation of our marketing resources. We anticipate that these expenses as a percentage of revenue will decrease gradually starting in 2022 as we achieve more efficient costs per acquisition and build better brand awareness for our company.

General and administrative expenses were $1,432,135 for the six months ended June 30, 2021 compared to $3,005,701 for the same period in 2020. This 52.4% decrease in general and administrative expense was the result of the November 2020 settlement of a legal action with Hybrid Athletics, LLC, as well as operating with a leaner staff in the six months ended June 30, 2021 compared to the same period in 2020, which led to a decrease in general and administrative expenses both in dollars and as a percentage of revenue.

Shipping and distribution remained relatively flat as a percentage of net sales. In July 2020, we transitioned to a new distribution partner which allowed us to take advantage of the savings available under the section 321 programs offered by US Customs and Border Protection without increasing our shipping and distribution costs.

Interest expense increased 13.9% for the six months ended June 30, 2021 versus the same period in 2020, resulting from an increase in total debt outstanding and an increased interest rate applicable to a portion of the borrowings under our Credit Agreement (as defined and described below). In addition, we recorded a non-cash gain of $1,876,980 reflecting the change in fair value of outstanding

Preferred Stock warrants, which were reclassified in June 2021 to equity following the elimination of the contingent redemption feature of the underlying stock, as discussed below under "– Liquidity and Capital Resources – Equity Issuances" below.

As a result of the foregoing we incurred a net loss for the six months ended June 30, 2021 of $71,151 versus a net loss in the same period of 2020 of $3,072,254. We currently expect that we will incur a modest loss in 2021. It is possible that we will continue to incur losses in the future if we experience unforeseen expenses, difficulties, complications, and delays, and other unknown events.

Liquidity and Capital Resources

Since inception, we have funded operations through borrowings and the issuance of equity securities and bonds. Our net cash provided by financing activities was $1,559,300 in the six months ended June 30, 2021 and our net cash used in operating activities was $1,458,233 in the same period. As of June 30, 2021, our cash on hand was $93,368.

On February 26, 2021, we were officially notified by our senior lender, Black Oak Capital Partners (together with its affiliated companies, "Black Oak Capital"), that we were not in compliance with the covenant to make principal or interest payments when due, since we failed to pay interest that was due on January 31, 2021. At that time, the company was also not in compliance with the covenant that requires the company to maintain a cash balance at all times of at least $250,000. On April 1, 2021, the principal payment of $5,750,000 that was due to Black Oak on that date became past due. Based on these compliance failures, the company is presently in default and is negotiating a possible waiver of the covenant violations, extension of the maturity date and conversion of debt to equity. There can be no assurance that the company will be able to obtain a waiver of the covenant violations, an extension of the maturity date or a conversion of debt to equity on terms satisfactory to Black Oak and the company.

To fund operations, we have been working with our investors as well as our senior secured lender. Based on our business and development plans, we are dependent upon raising a minimum of $1.0 million in combined debt and equity to fund operations for a period in excess of one year from the date of this report. As of September 2021, we do not have capital to fund operations through the end of 2021. Our future capital requirements will depend on many factors, including: the costs and timing of future product and marketing activities, including product manufacturing, marketing, sales and distribution for any of our products; the expenses needed to attract and retain skilled personnel; and the timing and success of the private placement of debt and/or equity. Until such time, if ever, as we can generate more substantial product revenues, we expect to finance our cash needs through a combination of equity or debt financings.

Our ability to access the credit and capital markets in the future as a source of liquidity, and the borrowing costs associated with such financing, are dependent upon our creditworthiness as well as market conditions. In addition, any equity securities we issue, including any preferred stock, may be on terms that are dilutive or potentially dilutive to our existing stockholders, and the prices at which new investors would be willing to purchase our securities may be lower than the price per share of of our prior equity issuances. The holders of any equity securities we issue, including any preferred stock, may also have rights, preferences or privileges which are senior to those of existing holders of Common and Preferred Stock. If after these efforts our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures or planned growth objectives or dispose of material assets.

Our cash from operations may also be negatively impacted by a decrease in demand for our products, the COVID-19 pandemic, as well as other factors outside of our control.

Indebtedness

As of June 30, 2021, the company had total debt of $7,407,696, consisting of:

- $5,750,000 of senior secured borrowings under its credit agreement (the "Credit Agreement") with Black Oak Capital, all of which is classified as short-term debt due to the company's being in default
- $250,000 of additional loans payable to Black Oak Capital under the Credit Agreement, which is classified as long-term debt
- $261,696 of additional loans payable, of which $111,696 is classified as short-term debt

- $200,000 of convertible loans, which had a maturity date of June 26, 2021 and are classified as short-term debt
- $684,000 of convertible bonds, which is classified as long-term debt
- $262,000 of bonds payable, which is classified as long-term debt

Black Oak Capital was the lead investor in our private placement of Series B-1 Preferred Stock, which had its initial funding in June 2021, and elected a majority of the current directors in July of 2021.

Loans

We entered into a Credit Agreement with Black Oak Capital in July 2017, which has subsequently been amended a number of times to increase borrowing amounts and extend the maturity, which is currently April 1, 2021 with respect to $5,750,000 of borrowings under the Credit Agreement. This amount bears interest at a rate of 12.5% per annum, which is payable monthly. The additional $250,000 of borrowings under the Credit Facility matures upon a change of control of the Borrower. This additional amount accrues interest at the maximum rate permitted by law and an amount calculated as follows: (A) if all amounts due are satisfied on or before November 15, 2021, the interest rate would be equal to 200% of principal amount; (B) if any amount due remains outstanding after November 15, 2021, the interest would be equal to 250%, with such amount increasing 50% if the aggregate principal amount for each six calendar month period following June 15, 2021 up to a maximum of 400%. Interest on this additional amount is paid solely upon a change of control. As of June 30, 2021, we had outstanding accrued interest of $156,250 related to this additional amount of borrowing, which was recorded to interest expense. See Note 5 to the accompanying financial statements for a summary of our borrowing under and amendments to the Credit Agreement with Black Oak Capital; and see the Credit Agreement and amendments thereto filed as exhibits to this report.

We also issued warrants for 2,082,747 shares of Series A-2 Preferred Stock to Black Oak Capital in connection with the Credit Agreement. Fees and Series A-2 Preferred Stock warrants issued in connection with the senior credit agreement resulted in a discount and loan premium to the senior credit agreement.

The Credit Agreement is secured by substantially all our assets and shareholder shares which have been pledged as additional collateral. The Credit Agreement contains certain affirmative covenants related to the timely delivery of financial information to the lender, as well as certain customary negative covenants. It also includes a financial covenant related to our liquidity and requires a minimum cash balance of $250,000 to be maintained. On February 26, 2021, we were officially notified by our senior lender, Black Oak Capital, that we were not in compliance with the covenant to make principal or interest payments when due, since we failed to pay interest that was due on January 31, 2021. At that time, the company was also not in compliance with the covenant that requires the company to maintain a cash balance at all times of at least $250,000. Based on these compliance failures, the company is presently in default and is negotiating the possible waiver of the covenant violations, the possible extension of the maturity date, along with the conversion of this debt to equity There can be no assurance that the company will be able to obtain a waiver of the covenant violations or an extension of the maturity date on terms satisfactory to Black Oak Capital and the company.

In November 2020, the company entered into a PayPal Working Capital business loan offered by WebBank for $150,000. The company paid a one-time fixed loan fee of $4,212, which was recorded as interest expense. There were no other fees or interest associated with this loan. Repayments of 10% of our sales proceeds transacted via PayPal were deducted daily from our PayPal merchant account. A minimum payment of $15,421 was required every 90 days. In April 2021, the loan was paid in full. In the same month, we entered a new loan with PayPal Working Capital for $150,000 with similar payment terms and paid a one-time fixed loan fee of $8,790, which was recorded as interest expense. As of June 30, 2021, the loan balance was $97,924.

In January 2021, we entered into a Stripe Capital Program loan offered by Celtic Bank for $36,000. The company paid a one-time fixed loan fee of $6,048, which was recorded as interest expense. There were no other fees or interest associated with this loan. Repayments of 19.80% of our sales proceeds transacted via Stripe were deducted daily from our Stripe merchant account. A minimum payment of $4,672 was required every 60 days. As of June 30, 2021, the loan balance was $13,772.

Loans under the CARES Act

We applied for assistance via three programs being offered by the Small Business Administration ("SBA") in response to the COVID-19 crisis: The Paycheck Protection Program ("PPP") Loan; the Economic Injury Disaster Loan ("EIDL") and Economic Injury Disaster Loan Emergency Advance. On April 14, 2020, we received $10,000 for the Economic Injury Disaster Loan Emergency Advance. In the second quarter of 2020, we were approved and received funds for the PPP and the EIDL loan. The PPP loan funded $492,555 through Radius Bank with a 1% fixed interest rate and a maturity date of two years of first disbursement of this loan. No payments were due on this loan for six months from the date of disbursement. Interest continued to accrue during the deferment period. On November 2, 2020, we received forgiveness of $482,555 in principal and $2,480 in accrued interest, with the SBA deducting $10,000 for the EIDL loan emergency advance, leaving a principal balance of $10,000 on the loan. Monthly payments of $593 for the remaining balance of $10,000 and accrued interest started in December 2020. In February 2021, the loan balance was forgiven, and all payments and interest were returned to the company. On June 4, 2020, the EIDL loan funded $150,000 with a 3.75% per annum interest rate. Monthly installment payments, including principal and interest, of $731 will begin twenty-four months from the date of the note. The balance of principal and interest will be due thirty years from the date of the note.

Promissory Notes

On June 27, 2018, we received $200,000 under a promissory note agreement, with a maturity date of June 26, 2020. The proceeds were used for operations. Interest accrues on the loan amount at a monthly rate of 1.5%, paid on a monthly basis. In June 2020, the note's maturity date was extended to June 26, 2021. On June 30, 2021 the company was past due on the note.

Bonds

On May 18, 2018, we commenced an offering under Regulation A under the Securities Act of 1933, as amended (the "Securities Act"), of 5,000 Class A Bonds. The price per bond was $1,000 with a minimum investment of $5,000. The target offering was up to $5,000,000. The Class A Bond offering was closed on December 31, 2018 and we issued $946,000 of Class A Bonds, the proceeds of which were used for operations. The Class A Bonds bear interest at 1% per month, or 12% per year, paid monthly. In connection with the Class A Bond offering, we paid fees of $67,845, which were recorded as a discount to the bonds. The discount is amortized using the straight-line method over the term of the bonds (36 months), due to the short-term nature of the bonds. During the six months ended June 30, 2021 and 2020, the company amortized $2,705 and $2,969, respectively to interest expense. As of June 30, 2021, a discount of $546 remained, which will be expensed through 2021. In June 2019, we offered our Class A Bond holders the opportunity to convert their existing debt (principal only) at an IPO of the company and listing on a major exchange at a 20% discount to the IPO share price. As of December 31, 2019, Class A Bond debt holders electing to convert represented $684,000 of debt and has been reclassed to Convertible bonds on our balance sheet.

In August 2021, the bondholders approved an extension of the maturity on their bonds for an additional three years.

Equity Issuances

On October 20, 2017, the company commenced an offering pursuant to Regulation A under the Securities Act pursuant to which the company offered 5,000,000 shares of its Class B Common Stock at $1.25 per share. This offering terminated on June 15, 2018. On August 30, 2018, the company commenced another offering pursuant to Regulation A under the Securities Act pursuant to which the company offered 2,000,000 shares of Class B Common Stock at $1.75 per share. This offering terminated November 30, 2018. We received combined net proceeds of $2,000,895 from these offerings.

In the third quarter of 2019, the company offered stockholders an opportunity to exercise their options and warrants at a 10% discount to the exercise price. In September 2019, the company sold Class A Common Stock to stockholders who elected to exercise their options and warrants for net proceeds of $281,749.

On November 14, 2019, we commenced an offering pursuant to Regulation Crowdfunding under the Securities Act under which we sold 1,213,252 shares of Class A Common Stock for net proceeds of $970,248.

In January 2020, $4,092,623 of convertible debt principal, including accrued interest, was converted into 13,642,088 shares of Series AA Preferred Stock at $0.30 per share. In addition, in June 2020, the Company issued 200,000 shares of Series AA Preferred Stock to Black Oak Capital at a purchase price of $0.50 per share. In July 2020, the Company paid Matt Paulson $50,000 in the form of 100,000 shares of Series AA Preferred Stock at $0.50 per share and paid Ronald Wilson $100,000 in the form of 200,000 shares of Series AA Preferred Stock at $0.50 per share in association with their separation from the company.

On March 31, 2020, we commenced an offering pursuant to Regulation A under the Securities Act, pursuant to which we offered up to 12,000,000 shares of our Class A Common Stock, at a price of $1.00 per share. The offering terminated in March 2021 and we sold 1,327,562 shares of Class A Common Stock in the offering for gross proceeds of $1,327,562 as of June 30, 2021. We also issued a warrant to StartEngine Primary, LLC, the placement agent for the offering, exercisable for 66,378 shares of Class A Common Stock at $1.00 per share.

On June 14, 2021, we filed a Second Amended and Restated Certificate of Incorporation with the State of Delaware to authorize, sell and issue Series B-1 Preferred Stock, create Series B-2A and Series B-2B Preferred Stock, reclassify the Series AA Preferred Stock into Series B-3 Preferred Stock and reclassify the Series A, A-1 and A-2 Preferred Stock into Series B-4 Preferred Stock. In addition, each share of Common Stock issued and outstanding immediately prior to the effective date of this amendment was automatically reclassified to one share of Common Stock and one share of Series B-5 Preferred Stock. Any outstanding options, warrants or other rights exercisable for Common Stock became exercisable for an equivalent number of shares of Common Stock and Series B-5 Preferred Stock. All warrants exercisable for Series A-2 Preferred Stock became exercisable for an equivalent number of shares of Series B-4 Preferred Stock.

On June 18, 2021, we entered into a stock purchase agreement with Black Oak Capital and, on June 22, 2021 issued 9,825,113 shares of Series B-1 Preferred Stock at a price of $0.10178 per share, for total proceeds of $1,000,000. Under the stock purchase agreement, we may sell an additional 19,650,226 shares of Series B-1 Preferred Stock until October 21, 2021. In July and August 2021, we sold 19,650,226 additional shares of Series B-1 Preferred Stock for gross proceeds of $2,000,000.

Pursuant to the company's Amended and Restated Certificate of Incorporation, the holders of Series B-1 Preferred are entitled to elect three (3) of the five (5) members of our Board of Directors. Following its purchase of Series B-1 Preferred Stock, Black Oak Capital elected and appointed Gregory Seare, Steven Roy and David Fraser to serve as the Series B-1 Preferred directors, with Darren Yager, Kate Nowlan and Matt Paulson resigning from the Board of Directors.

Seasonality

Generally, our business is affected by the pattern of seasonality common to most retail apparel businesses. Historically, we have recognized a significant portion of our revenues during the holiday season in the fourth fiscal quarter of each year.

Inflation

Inflationary factors such as increases in the cost of our product, the cost of shipping and overhead costs may adversely affect our operating results. Although we do not believe that inflation has had a material impact on our financial position or results of operations to date, a high rate of inflation in the future may have an adverse effect on our ability to maintain current levels of gross margin and selling, general and administrative expenses as a percentage of net revenue if the selling prices of our products do not increase with these increased costs.

Trend Information

COVID-19

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is uncertainty around the duration.

COVID-19 has been a highly disruptive economic and societal event that has affected our business and has had a significant impact on consumer shopping behavior. In March of 2020, the company assigned most of the workforce in our San Diego headquarters to work from home. As of the date of this report the work from home order is still under way. We expect to return to the office in the fourth quarter of this year.

As the company's third-party logistics partners are qualified as essential businesses as defined by the relevant regulations, we continued to ship from our fulfillment centers with little disruption. The reduced manpower in warehouses, together with increased DTC orders, has led to minor delivery delays. We have not experienced any significant disruptions in our supply chain or any significant carrier interruptions or delays. If, as a result of COVID-19, we face disruptions in our supply chain, or are unable to continue to ship from our third-party fulfillment center or timely deliver orders to our customers, we may not be able to retain our customers or attract new customers.

While sales were reduced in April and May 2020, they have since returned to pre-COVID-19 levels and have not had a material effect on the company's revenue. We cannot predict the duration or severity of the economic impact of COVID-19 or its ultimate impact on our wholesale operations.

The ultimate financial impact on the company's future operating results and consolidated financial statements cannot be reasonably estimated at this time. However, as of the date of this report, the company has experienced stable demand for its products so it does not expect this matter will have a material negative impact on its business, results of operations, and financial position.

Item 2. Other Information

None.

Item 3. Condensed Financial Statements

HYLETE, INC.
CONDENSED BALANCE SHEETS
AT JUNE 30, 2021 AND DECEMBER 31, 2020
(unaudited)

	June 30, 2021	December 31, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 93,368	$ 153,801
Accounts receivable	47,175	56,737
Inventory	2,825,163	2,795,559
Vendor deposits	549,637	188,969
Other current assets	103,679	156,298
Total current assets	3,619,022	3,351,364
Non-Current Assets:		
Property and equipment, net	16,341	40,329

Goodwill	426,059	426,059
Other non-current assets	223,500	61,250
Total non-current assets	665,900	527,638
TOTAL ASSETS	$ 4,284,922	$ 3,879,002
LIABILITIES & STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 3,203,366	$ 2,501,322
Accrued expenses	749,983	883,930
Loan payable, net of issuance costs	111,696	5,841,010
Convertible loan payable	200,000	200,000
Loan payable- related party, net of issuance costs	6,025,000	–
Bonds	–	208,750
Convertible bonds	–	609,000
Total current liabilities	10,290,045	10,244,012
Non-Current Liabilities:		
Other long-term liabilities	75,000	75,000
Loan payable, net of current portion and issuance costs	156,026	424,069
Loan payable- related party, net of issuance costs	402,083	–
Bonds, net of current portion and issuance costs	261,454	50,000
Convertible bonds, net of current portion	684,000	75,000
Preferred stock warrant liability	–	2,059,971
Total non-current liabilities	1,578,563	2,684,040
TOTAL LIABILITIES	11,868,608	12,928,052
Commitments and contingencies (Note 18)		
Redeemable Preferred Stock:		
Series A preferred stock, $0.001 par value, 1,712,200 total shares authorized, 1,712,200 issued and outstanding at December 31, 2020	–	603,920
Series A-1 preferred stock, $0.001 par value, 5,970,300 total shares authorized, 5,970,300 issued and outstanding at December 31, 2020	–	3,363,574
Series A-2 preferred stock, $0.001 par value, 10,000,000 total shares authorized, 4,791,500 issued and outstanding at December 31, 2020	–	4,154,399
Series AA preferred stock, $0.001 par value, 35,000,000 total shares authorized, 14,142,088 issued and outstanding at December 31, 2020	–	6,200,623
Total redeemable preferred stock	–	14,322,516
Stockholders' Deficit:		
Series B-1 preferred stock, par value $0.001, 50,000,000 shares authorized, 9,825,113 issued and outstanding at June 30, 2021 (liquidation preferences of $3,000,000)	930,803	–
Series B-3 preferred stock, par value $0.001, 19,000,000 total shares authorized, 14,142,088 issued and outstanding at June 30, 2021 (liquidation preferences of $8,685,246)	1,439,382	–
Series B-4 preferred stock, par value $0.001, 16,000,000 total shares authorized, 12,474,000 issued and outstanding at June 30, 2021 (liquidation preferences of $9,434,212)	1,269,604	–
Unit consisting of one share of common stock and one share of Series B-5 preferred stock, par value $0.001, 155,000,000 of common stock total shares authorized, 19,000,000 of Series B-5 preferred stock total shares authorized, 15,583,191 units issued and outstanding at June 30, 2021, 15,195,394 at December 31, 2020 (Series B-5 preferred stock liquidation preferences of $7,791,596)	15,583	15,195
Subscription receivable	–	(52,930)
Additional paid-in capital	19,297,770	7,131,846
Accumulated deficit	(30,536,828)	(30,465,677)
Total Stockholders' Deficit	(7,583,686)	(23,371,566)
TOTAL LIABILITIES & STOCKHOLDERS' DEFICIT	$ 4,284,922	$ 3,879,002

See accompanying notes to condensed financial statements.

HYLETE, INC.
CONDENSED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(unaudited)

	June 30, 2021	June 30, 2020
Net Sales	$ 5,024,780	$ 5,329,580
Cost of Sales	2,294,971	2,848,998
Gross Profit	2,729,809	2,480,582
Operating Expenses:		
Selling and marketing	1,469,502	1,372,464
General and administrative	1,432,135	3,005,701
Shipping and distribution	1,129,368	1,171,425
Total Operating Expenses	4,031,005	5,549,590
Loss from Operations	(1,301,196)	(3,069,008)
Insurance proceeds	–	(574,419)
PPP loan forgiveness	(10,000)	–
Interest expense	657,685	577,665
Change in fair market value of Series A-2 warrant liability	(1,876,980)	–
Loss on disposal of long-term assets	(750)	–
Net Loss	$ (71,151)	$ (3,072,254)
Accrual of Preferred Stock Dividend and Discount Amortized	(259,412)	(287,557)
Net Loss Attributable to Common Stockholders	$ (330,563)	$ (3,359,811)
Basic and diluted loss per common share	$ (0.02)	$ (0.23)
Weighted average shares- basic and diluted	15,470,495	14,308,717

See accompanying notes to condensed financial statements.

HYLETE, INC.
CONDENSED STATEMENTS OF STOCKHOLDERS' DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2021
AND FOR THE YEAR ENDED DECEMBER 31, 2020
(unaudited)

	Preferred Stock		Common Stock (Unit)		Subscription	Common Stock To Be	Additional Paid-in	Accumulated	Stockholders'
	Shares	Amount	Shares	Amount	Receivable	Issued	Capital	Deficit	Deficit
Balance as of December 31, 2019	–	$ –	14,180,965	$ 14,181	$ (20,896)	$ 21,400	$ 5,785,877	$ (23,745,015)	$ (17,944,453)
Net Loss	–	–	–	–	–	–	–	(6,720,662)	(6,720,662)
Net proceeds from sale of common stock	–	–	1,014,429	1,014	(32,034)	(21,400)	796,558	–	744,138
Dividend accretion on preferred stock	–	–	–	–	–	–	(565,990)	–	(565,990)
Amortization of issuance costs on preferred stock	–	–	–	–	–	–	(4,563)	–	(4,563)
Common stock warrants issued for legal settlement	–	–	–	–	–	–	949,067	–	949,067
Exercise of stock options and warrants	–	–	–	–	–	–	–	–	–
Stock-based compensation	–	–	–	–	–	–	170,897	–	170,897
Balance as of December 31, 2020	–	–	15,195,394	15,195	(52,930)	–	7,131,846	(30,465,677)	(23,371,566)
Net Loss	–	–	–	–	–	–	–	(71,151)	(71,151)
Net proceeds from sale of common stock	–	–	375,897	376	52,930	–	319,297	–	372,603
Dividend accretion on preferred stock	–	–	–	–	–	–	(259,412)	–	(259,412)
Reclassification to additional paid-in capital	–	–	–	–	–	–	182,991	–	182,991
Eliminate preferred stock redemption characteristic	26,616,088	14,581,929	–	–	–	–	–	–	14,581,929
Equity conversion to Series B preferred stock	–	(11,872,943)	–	–	–	–	11,872,943	–	–
Net proceeds from sale of Series B preferred stock	9,825,113	930,803	–	–	–	–	–	–	930,803
Exercise of stock options and warrants	–	–	11,900	12	–	–	196	–	208
Stock-based compensation	–	–	–	–	–	–	49,909	–	49,909
Balance as of June 30, 2021	36,441,201	$ 3,639,789	15,583,191	$ 15,583	$ –	$ –	$ 19,297,770	$ (30,536,828)	$ (7,583,686)

See accompanying notes to condensed financial statements.
(See Note 10 for additional information on equity conversion)

HYLETE, INC.
CONDENSED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(unaudited)

	June 30, 2021	June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (71,151)	$ (3,072,254)
Adjustments:		
Depreciation and amortization	23,988	109,835
Stock-based compensation	49,909	3,709
Amortization of debt discounts	58,956	136,478
Net loss on disposal of long-term assets	(750)	–
Net loss on debt extinguishment	(10,000)	–
Change in fair market value of Series A-2 warrant liability	(1,876,980)	–
Changes in:		
Accounts receivable	9,562	44,235
Inventory	(29,604)	891,041
Vendor deposits	(360,668)	(66,056)
Other current assets	52,619	61,017
Accounts payable	702,044	203,434
Accrued expenses	(6,158)	22,124
Net Cash used in Operating Activities	(1,458,233)	(1,666,437)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	750	–
Purchases of intangible assets	–	(12,607)
Other non-current assets	(162,250)	(96,897)
Net Cash used in Investing Activities	(161,500)	(109,504)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on loans payable	436,000	1,117,455
Payments on loans payable	(180,314)	(99,041)
Net proceeds from sale of common stock	319,881	252,383
Subscription receivable	52,930	(14,551)
Common stock to be issued	–	(21,400)
Net proceeds from sale of preferred stock	930,803	100,000
Net Cash provided by Financing Activities	1,559,300	1,334,846
NET CHANGE IN CASH AND CASH EQUIVALENTS	(60,433)	(441,095)
CASH AND CASH EQUIVALENTS, beginning of year	153,801	1,194,314
CASH AND CASH EQUIVALENTS, end of year	$ 93,368	$ 753,219
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 452,941	$ 441,632
Cash paid for income taxes	$ 800	$ 11,180
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES:		
Reclassification to additional paid-in capital	$ 182,991	$ –
Accretion of preferred stock dividends	$ 259,412	$ 282,995
Accretion of preferred stock discounts	$ –	$ 4562
Eliminate preferred stock redemption characteristic	$ 14,581,929	$ –
Equity conversion to Series B preferred stock	$ 11,872,943	$ –

Debt conversion to Series AA preferred stock	$ –	$ 4,092,623
Accrued interest and fees added to equity balance of Series B-1 purchase	$ 245,946	$ –

See accompanying notes to condensed financial statements.

HYLETE, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(unaudited)

Note 1 – Organization and Nature of Business

HYLETE, LLC was organized under the laws of the State of California on March 26, 2012. In January 2015, the HYLETE, LLC was converted to a California corporation named HYLETE, Inc. (referred to as "HYLETE" or the "Company"). The Company reincorporated in Delaware in January 2019. The Company's principal corporate office is located at 568 Stevens Avenue, Solana Beach, California 92075, and its telephone number is (858) 225-8998. Our website address is www.hylete.com. The Company was formed to design, develop, and distribute premium performance apparel primarily direct to consumers through its own website and affiliate marketing partners, as well as select third party ecommerce retailers.

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, which continues to spread throughout the United States. While the disruption is currently expected to be temporary, there is uncertainty around the duration.

COVID-19 has been a highly disruptive economic and societal event that has affected our business and has had a significant impact on consumer shopping behavior. In March of 2020, the Company assigned most of the workforce in our San Diego headquarters to work from home. As of the date of this report the work from home order is still under way and we do not expect to return to the office until Q4 2021.

As the Company's third-party logistics partners are qualified as essential businesses as defined by the relevant regulations, we continued to ship from our fulfillment centers with little disruption. Early in the pandemic, the reduced manpower in warehouses, together with increased DTC orders, led to minor delivery delays. We have not experienced any significant disruptions in our supply chain or any significant carrier interruptions or delays. If, as a result of COVID-19, we face disruptions in our supply chain, or are unable to continue to ship from our third-party fulfillment center or timely deliver orders to our customers, we may not be able to retain our customers or attract new customers.

The ultimate financial impact on the Company's future operating results and consolidated financial statements cannot be reasonably estimated at this time. However, as of the date of this report, the Company has experienced stable demand for its products so it does not expect this matter will have a material negative impact on its business, results of operations, and financial position.

Note 2 – Going Concern

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has incurred losses from operations, has a working capital deficit of $6.7 million and $6.9 million, and has an accumulated deficit of approximately $30.5 million and $30.5 million as of June 30, 2021 and December 31, 2020, respectively. These factors raise substantial doubt about the Company's ability to continue as a going concern.

To fund operations, the Company has been working with our investors as well as our senior secured lender. Based on our business and development plans, the Company is dependent upon raising a minimum of $1.0 million in combined debt and equity to fund operations for a period in excess of one year from the date of this report. As of September, 2021, we do not have capital to fund operations through the end of Q4 2021. Our future capital requirements will depend on many factors, including: the costs and timing of future product and marketing activities, including product manufacturing, marketing, sales and distribution for any of our products; the expenses needed to attract and retain skilled personnel; and the timing and success of the private placement of debt and/or equity. Until such time, if ever,

as we can generate more substantial product revenues, we expect to finance our cash needs through a combination of equity or debt financings.

In order to meet these additional cash requirements, we may seek to sell additional equity or convertible securities that may result in dilution to our stockholders. If we raise additional funds through the issuance of convertible securities, these securities could have rights senior to those of our common stock and could contain covenants that restrict our operations. There can be no assurance that we will be able to obtain additional equity or debt financing on terms acceptable to us, if at all. If we raise additional funds through collaboration and licensing agreements with third parties, it may be necessary to relinquish valuable rights to our product candidates or future revenue streams or to grant licenses on terms that may not be favorable to us.

Note 3 – Summary of Significant Accounting Policies

Basis for presentation - These unaudited financial statements of HYLETE, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

We have prepared the accompanying interim financial statements pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) for interim financial reporting. These interim financial statements are unaudited and, in our opinion, include all adjustments, consisting of normal recurring adjustments and accruals necessary for a fair presentation of our balance sheets, operating results, and cash flows for the periods presented. Operating results for the periods presented are not necessarily indicative of the results that may be expected for 2021. Certain information and footnote disclosures normally included in interim financial statements prepared in accordance with US GAAP have been omitted in accordance with the rules and regulations of the SEC. These interim financial statements should be read in conjunction with the audited financial statements and accompanying notes.

Accounting estimates – The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Examples of our significant accounting estimates that may involve a higher degree of judgment and complexity than others include: the valuation of inventories; the valuation and assessment of the recoverability of goodwill and other indefinite-lived and long-lived assets; and the fair market value of the common and preferred stock warrant liabilities. Actual results could differ from those estimates.

Fair value of financial instruments – Accounting Standards Codification ("ASC") 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

The fair value hierarchy prioritizes the inputs used in valuation techniques into three levels as follows:

Level 1

Observable inputs – unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2

Observable inputs – other than the quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data; and

Level 3

Unobservable inputs – includes amounts derived from valuation models where one or more significant inputs are unobservable.

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, vendor deposits, accounts payable, and accrued expenses. The carrying value of these assets and liabilities is representative of their fair market value, due to the short maturity of these instruments. The carrying value of the long-term loan payable to stockholder represent fair value as the terms approximate those currently available for similar debt instruments.

The Company's preferred stock warrant liabilities are carried at fair value. The fair value of the Company's preferred stock warrant liabilities has been measured under the Level 3 hierarchy (See Note 9). Changes in preferred stock warrant liabilities during the six months ended June 30, 2021 and year ended December 31, 2020 are as follows:

	Fair Value of Significant Unobservable Inputs Fair Value
Preferred Warrants	
Outstanding as of December 31, 2019	$ 2,060,841
Warrants granted	–
Change in fair value	(870)
Reclassification to additional paid-in capital	–
Outstanding as of December 31, 2020	$ 2,059,971
Warrants granted	$ –
Change in fair value	(1,876,980)
Reclassification to additional paid-in capital	(182,991)
Outstanding as of June 30, 2021	$ –

Accounts receivable – The Company carries its accounts receivable at invoiced amounts less allowances for customer credits, doubtful accounts and other deductions. The Company does not accrue interest on its trade receivables. Management evaluates the ability to collect accounts receivable based on a combination of factors. Receivables are determined to be past due based on individual credit terms. A reserve for doubtful accounts is maintained based on the length of time receivables are past due, historical collections or the status of a customer's financial position. The Company did not have a reserve recorded as of June 30, 2021 and December 31, 2020. Receivables are written off in the year deemed uncollectible after efforts to collect the receivables have proven unsuccessful. For the six months ended June 30, 2021 and 2020, the Company wrote off $4,246 and $1,482 of uncollectible accounts, respectively.

Goodwill and intangible assets – Goodwill represents the excess of purchase price over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Acquired intangible assets other than goodwill are amortized over their useful lives unless the lives are determined to be indefinite. For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. For intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values, unless the values of neither the assets received nor the assets transferred are determinable within reasonable limits, in which case the assets received are measured based on the carrying values of the assets transferred. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Product designs acquired from GRACEDBYGRIT were determined to have a useful life of 18 months and were amortized using the straight-line method. During the six months ended June 30, 2021 and 2020, we amortized $0 and $54,822, respectively. As of December 31, 2020, product designs were fully amortized.

Impairment of Goodwill and long-lived assets – Goodwill and other indefinite-lived intangible assets are tested annually for impairment in the fourth fiscal quarter and in interim periods if events or changes in circumstances indicate that the assets may be impaired. If a qualitative assessment is used and we determine that the fair value of a reporting unit or indefinite-lived intangible asset is more likely than not (i.e., a likelihood of more than 50%) less than its carrying amount, a quantitative impairment test will be performed. If goodwill is quantitatively assessed for impairment and a reporting unit's carrying value exceeds its fair value, the difference is recorded as an impairment. Other indefinite-lived intangible assets are quantitatively assessed for impairment, if necessary, by comparing their estimated fair values to their carrying values. If the carrying value exceeds the fair value, the difference is recorded as an impairment. During the six months ended June 30, 2021 and 2020, no impairments were needed.

Long-lived assets, such as property, plant and equipment and intangible assets subject to amortization, are reviewed for impairment when there is evidence that events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset or asset group to estimated undiscounted future cash flows expected to be generated by the asset or asset group. If the carrying amount of an asset or asset group exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset or asset group exceeds the estimated fair value of the asset or asset group. Long-lived assets to be disposed of by sale are reported at the lower of their carrying amounts or their estimated fair values less costs to sell and are not depreciated. During the year ended December 31, 2020, we expensed items related to patents and trademarks which no longer represented long-lived assets. During the six months ended June 30, 2021 and 2020, no impairment was needed.

Accounting for preferred stock – ASC 480, Distinguishing Liabilities from Equity, includes standards for how an issuer of equity (including equity shares issued by consolidated entities) classifies and measures on its balance sheet certain financial instruments with characteristics of both liabilities and equity.

Management is required to determine the presentation for the preferred stock as a result of the redemption and conversion provisions, among other provisions in the agreement. Specifically, management is required to determine whether the embedded conversion feature in the preferred stock is clearly and closely related to the host instrument, and whether the bifurcation of the conversion feature is required and whether the conversion feature should be accounted for as a derivative instrument. If the host instrument and conversion feature are determined to be clearly and closely related (both more akin to equity), derivative liability accounting under ASC 815, Derivatives and Hedging, is not required. Management determined that the host contract of the preferred stock is more akin to equity, and accordingly, derivative liability accounting is not required by the Company. In addition, at December 31, 2020 the Company has presented preferred stock outside of stockholders' deficit due to the potential redemption of the preferred stock being outside of the Company's control. The potential redemption feature no longer exists as of June 30, 2021 and the preferred stock is now shown inside the stockholders deficit section. (See Note 10)

Revenue recognition – Revenues are recognized when performance obligations are satisfied through the transfer of promised goods to the Company's customers. Control transfers upon shipment of product and when the title has been passed to the customers. This includes the transfer of legal title, physical possession, the risks and rewards of ownership, and customer acceptance. Revenue is recorded net of sales taxes collected from customers on behalf of taxing authorities, allowance for estimated returns, chargebacks, and markdowns based upon management's estimates and the Company's historical experience. The Company's liability for sales return refunds is recognized within other current liabilities, and an asset for the value of inventory which is expected to be returned is recognized within other current assets on the balance sheet. The Company generally allows a 60 day right of return to its customers. The Company had a reserve for returns of $77,727 and $117,808 recorded within accrued expenses as of June 30, 2021 and December 31, 2020, respectively. Proceeds from the sale of gift cards are initially deferred and recognized within accrued expenses on the balance sheet and are recognized as revenue when tendered for payment. Based on historical experience, and to the extent there is no requirement to remit unclaimed card balances to government agencies, an estimate of the gift card balances that will never be redeemed is recognized as revenue in proportion to gift cards which have been redeemed. In addition, the Company records a liability for deposits for future products, credits provided to equity investors in connection with their investment, etc. The liability is relieved, and the revenue is recognized once the revenue recognition criteria is met. As of June 30, 2021 and December 31, 2020, deferred revenue of approximately $296,000 and $240,000 were present within accrued liabilities on the accompanying balance sheet, respectively. Of these amounts, approximately $223,000 and $210,000 related to credits provided to equity investors in connection with their investments as of June 30, 2021 and December 31, 2020, respectively.

Cost of sales – Cost of sales consists primarily of inventory, freight in, customs duties/tariffs and taxes.

Shipping and handling – The Company recognizes shipping and handling billed to customers as a component of net sales, and the cost of shipping and handling as a component of operating expenses. Total shipping and handling billed to customers as a component of net sales was approximately $80,000 and $134,000, for the six months ended June 30, 2021 and 2020, respectively. Total shipping and handling costs included in operating expenses was approximately $691,000 and $727,000, for the six months ended June 30, 2021 and 2020, respectively.

Advertising and promotion – Advertising and promotional costs are expensed as incurred. Advertising and promotional expense for the six months ended June 30, 2021 and 2020, amounted to approximately $493,000 and $302,000, respectively, which is included in selling and marketing expense.

Stock based compensation – The Company estimates the fair value of the stock warrants and options using the Black-Scholes option pricing model. The expected lives were determined using the simplified method. Key input assumptions used to estimate the fair value of stock warrants and options include the exercise price of the award, the expected term, the expected volatility of the Company's stock over the expected term, the risk-free interest rate over the term, the Company expected annual dividend yield and forfeiture rate. The Company's management believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in estimating the fair value of the Company's stock warrants and options granted. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by persons who receive equity awards. The Company had no data to support estimates of expected forfeitures.

Basic loss per common share – Basic loss per share is calculated by dividing the Company's net loss applicable to common shareholders by the weighted average number of common shares during the period. Diluted earnings per share is calculated by dividing the Company's net loss available to common shareholders by the diluted weighted average number of shares outstanding during the year. The diluted weighted average number of shares outstanding is the basic weighted number of shares adjusted for any potentially dilutive debt or equity. The Company's common stock equivalents consist of common stock issuable upon the conversion of preferred stock, and exercise of options and warrants. As of the years six months ended June 30, 2021 and 2020, the effect of dilutive securities was anti-dilutive and thus is not included. Basic and dilutive net loss per common share for the six months ended June 30, 2021 and 2020, includes accrued preferred stock dividends of $259,412 and $282,995, and preferred stock discount accretion of $0 and $4,562, respectively, as an increase to net loss available for common shareholders.

Note 4 – Property and Equipment

Property and equipment consisted of the following as of June 30, 2021 and December 31, 2020:

	June 30, 2021	December 31, 2020
Auto	$ 49,576	$ 49,576
Computer Hardware and Software	65,432	79,325
Office Furniture, Fixtures and Equipment	63,561	73,177
Leasehold Improvements	–	75,419
Website Development	252,529	252,529
Production Molds	90,300	90,300
	521,398	620,326
Accumulated Depreciation	(505,057)	(579,997)
	$ 16,341	$ 40,329

Depreciation and amortization expense related to property and equipment amounted to $23,988 and $55,012 for the six months ended June 30, 2021 and 2020, respectively.

Note 5 – Loans Payable, Related Party

On June 29, 2016, the Company entered into a senior credit agreement with a lender (Black Oak Capital). Black Oak Capital is the lead investor in the Series B Round, which had its initial funding in June 2021. Black Oak Capital also elected a majority of the current directors in July of 2021. Under the initial senior credit agreement with Black Oak Capital, the principal was due three years from the date of issuance on June 29, 2019. The lender had offered the Company up to $3,150,000, which accrues interest at a rate equal to 12.50% per annum, which is payable monthly. In July 2017, the Company amended and restated the agreement to borrow up to an additional amount of $1,000,000, raising the maximum available to be borrowed to $4,150,000. In March 2018, the amounts borrowable under the senior credit agreement were increased by an additional $500,000. In February 2019, the lender agreed to an additional $1,725,000 to provide working capital to maintain and expand the operations. In March 2019, the lender distributed $1,100,000 of the expected $1,725,000. On August 1, 2019, the Company issued $500,000 of additional promissory notes to its senior secured lender as part of a reduction of its senior note from $5,375,000 to $5,000,000 and an additional funding of $125,000. On December 31, 2019, the Company amended the senior credit agreement to extend the maturity date to January 31, 2020, a replacement from its original maturity date of December 31, 2019.

In the first quarter of 2020, the Company issued $500,000 of additional promissory notes to its senior secured lender (Black Oak Capital) with an initial maturity date of December 31, 2020. The Company pays interest on these additional promissory notes on a monthly basis at a rate of 12.5% per annum. As part of this transaction, Black Oak Capital (1) extended the maturity date of $5,000,000 of senior notes to April 1, 2021 and (2) added an extension fee of $250,000 for the senior secured notes and $25,000 for the promissory note to be paid on the Note Maturity Date or earlier repayment of the Loans, which is recorded as a loan premium to the debt. The loan premium is amortized using the straight-line method over the term of the Loans. As of June 30, 2021 and 2020, the Company amortized $50,000 and $100,000 for the senior secured notes and $0 and $22,727 for the promissory note to interest expense.

In December 2020, the Company amended the senior credit agreement to borrow an additional $250,000 and extended the $500,000 promissory note maturity date to April 1, 2021, originally December 31, 2020. The maturity date of the additional $250,000 occurs upon a Change of Control of the Borrower. The $250,000 note is comprised of $180,500 in new funds, $57,000 in otherwise due to lender in the form of interest payments under the credit agreement “September 2020 Interest Payment, and a closing fee of $12,500. The new note accrues interest at the maximum rate permitted by law and an amount calculated as follows: (A) if all amounts due are satisfied on or before November 15, 2021, the interest rate would be equal to 200% of principal amount; (B) if any amount due remains outstanding after November 15, 2021, the interest would be equal to 250%, with such amount increasing 50% if the aggregate principal amount for each six calendar month period following June 15, 2021 up to a maximum of 400%. Interest under this new note is paid solely upon a Change of Control of Borrower. As of June 30, 2021 and December 31, 2020, the Company had outstanding accrued interest of $156,250 and $31,250, respectively, related to this note, which was recorded to interest expense. With the exception of debt described in the preceding sentence, the Company pays the interest on a monthly basis related to all other debt under this senior credit agreement.

In March 2021, the Company amended its senior credit agreement to borrow from its senior secured lender (Black Oak Capital) an additional $250,000. The company pays interest on a monthly basis at a rate of 12.5% per annum.

The agreement contains certain affirmative covenants related to the timely delivery of financial information to the lender, as well as certain customary negative covenants. The agreement also includes a financial covenant related to the Company’s liquidity and requires a minimum cash balance of $250,000 to be maintained. As of December 31, 2020, the Company was in compliance with all financial and non-financial covenants. As of June 30, 2021, the Company was NOT in compliance with the financial and non-financial covenants.

The senior credit agreement is secured by substantially all the Company's assets and shareholder shares in which have been pledged as additional collateral.

As of June 30, 2021 and December 31, 2020, the Company had outstanding borrowings of $6,000,000 and $5,750,000, respectively, under its senior credit agreement.

Fees and Series A-2 Preferred Stock warrants issued in connection with the senior credit agreement resulted in a discount and loan premium to the senior credit agreement. During the six months ended June 30, 2021 and December 31, 2020, the Company recorded debt discounts of approximately $0 and $37,500 and loan premiums of $50,000 and $225,000, respectively, related to costs for obtaining the senior credit agreement, and no warrants were issued related to the fair value of the Series A-2 Preferred Stock warrants. As of June 30, 2021 and 2020 , discounts and loan premiums of approximately $56,000 and $133,000, respectively, had been amortized to interest expense in conjunction with this agreement. The Company is recording the debt amortization using the straight-line method due to the relatively short term of the senior credit agreement. As of June 30, 2021 and December 31, 2020, a debt discount $4,167 and $10,417 remained, respectively.

Note 6 – Loans Payable

In November 2020, the Company entered into a PayPal Working Capital business loan offered by WebBank for $150,000. The Company paid a one-time fixed loan fee of $4,212, which was recorded as interest expense. There were no other fees or interest associated with this loan. Repayments of 10% of the Company's sales proceed transacted via PayPal were deducted daily from the Company's PayPal merchant account. A minimum payment of $15,421 was required every 90 days. In April 2021, the loan was paid in full. In the same month, the Company entered a new loan with PayPal Working Capital for $150,000 with similar payment terms and paid a one-time fixed loan fee of $8,790, which was recorded as interest expense. As of June 30, 2021 and December 31, 2020, a loan balance remained of $97,924 and $106,550, respectively.

In January 2021, the Company entered into a Stripe Capital Program loan offered by Celtic Bank for $36,000. The Company paid a one-time fixed loan fee of $6,048, which was recorded as interest expense. There were no other fees or interest associated with this loan. Repayments of 19.80% of the Company's sales proceed transacted via Stripe were deducted daily from the Company's Stripe merchant account. A minimum payment of $4,672 was required every 60 days. As of June 30, 2021, a loan balance of $13,772 remained.

The Company applied for assistance via three programs being offered by the Small Business Administration ("SBA") in response to the COVID-19 crisis: The Paycheck Protection Program ("PPP") Loan; the Economic Injury Disaster Loan ("EIDL") and Economic Injury Disaster Loan Emergency Advance. On April 14, 2020, the Company received $10,000 for the Economic Injury Disaster Loan Emergency Advance. In the second quarter of 2020, the Company was approved and received funds for the PPP and the EIDL loan. The PPP loan funded $492,555 through Radius Bank with a 1% fixed interest rate and a mature date of two years of first disbursement of this loan. No payments were due on this loan for six months from the date of disbursement. Interest continued to accrue during the deferment period. The Company was eligible to apply for loan forgiveness 8 weeks after the first disbursement. The amount of forgiveness was calculated in accordance with the requirements of the PPP, including the provisions of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Not more than 25% of the amount forgiven could be attributable to non-payroll costs. The Company applied for forgiveness of the PPP loan in the third quarter of 2020. On November 2, 2020, the Company received forgiveness of the PPP loan of $482,555 in principal and $2,480 in accrued interest, with the SBA deducting $10,000 for the EIDL loan emergency advance, leaving a principal balance of $10,000 on the loan. Monthly payments of $593 for the remaining balance of $10,000 and accrued interest started in December 2020 and go through the maturity date of May 1, 2022. As of December 2020, a loan balance of $9,460 remained. In February 2021, the loan balance was forgiven, and all payments and interest were returned to the Company. On June 4, 2020, the EIDL loan funded $150,000 with a 3.75% per annum interest rate. Monthly installment payments, including principal and interest, of $731 will begin twenty-four months from the date of the note. The balance of principal and interest will be due thirty years from the date of the note. As of June 30, 2021 and December 31, 2020, the Company had outstanding accrued interest for the EIDL loan of $6,026 and $3,236, respectively, which was recorded as interest expense.

Note 7 – Promissory Notes Payable

On June 27, 2018, the Company received $200,000 under a promissory note (the "Second June 2018 Promissory Note") agreement, with a maturity date of June 26, 2020. The proceeds were used for operations. Interest accrues on the loan amount at a monthly rate of 1.5%, paid monthly. For the six months ended June 30, 2021 and December 31, 2020, the Company had outstanding accrued interest payable of $21,000 and $3,000, respectively, which was recorded as interest expense. The Company paid fees of $10,000, which was recorded as a discount to the Promissory Note. The discount was amortized using the straight-line method over the term of the Second June 2018 Promissory Note, due to the short-term nature of the note. During the years ended December 31, 2020 and 2019, the Company amortized $0 and $7,500, respectively to interest expense. As of December 31, 2019, the debt discount was fully amortized to interest expense. In

2019, the Company offered its debt holders the opportunity to convert their existing debt (principal only) at an IPO of the Company and listing on a major exchange at a 20% discount to the IPO share price. This debt holder elected to convert existing debt (principal only) and debt has been reclassed to Convertible loan payable on the balance sheet. This is an extinguishment of existing debt and a beneficial conversion will be recorded upon an IPO, as it is contingent before conversion feature. In June 2020, the note maturity date was extended to June 26, 2021. On June 30, 2021 the Company was past due on the note.

Note 8 – Bonds Payable

On May 18, 2018, the Company commenced an offering under Regulation A under the Securities Act of 1933, as amended, of 5,000 Class A Bonds. The price per bond was $1,000 with a minimum investment of $5,000. The target offering was up to $5,000,000. The Class A Bond offering was closed on December 31, 2018 and the Company received proceeds of $821,000. In the first quarter of 2019, the Company received the remaining proceeds of $125,000. As of December 31, 2019, total Class A Bonds issued was $946,000, which amounts were used for operations. The Class A Bonds bear interest at 1% per month, or 12% per year, paid monthly. In connection with the Class A Bond offering, the Company paid fees of $67,845, which were recorded as a discount to the bonds. The discount is amortized using the straight-line method over the term of the bonds (36 months), due to the short-term nature of the bonds. During the six months ended June 30, 2021 and 2020, the Company amortized $2,705 and $2,969, respectively to interest expense. For the six months ended June 30, 2021 and year ended December 31, 2020, a discount of $546 and $3,251 remained, respectively, which will be expensed through 2021.

In June 2019, the Company offered its Class A Bond debt holders the opportunity to convert their existing debt (principal only) at an IPO of the Company and listing on a major exchange at a 20% discount to the IPO share price. As of December 31, 2019, Class A Bond debt holders electing to convert represented $684,000 of debt and has been reclassed to Convertible bonds on the balance sheet. This is an extinguishment of existing bonds and a beneficial conversion will be recorded upon an IPO, as it is contingent before conversion feature.

As of December 31, 2020, the following is a schedule of principal amount maturities for all loans, convertible loans, promissory notes, bonds and convertible bonds payable:

Year Ending December 31,	Third Party	Related Party
2021	$ 6,627,550	$ –
2022	134,460	–
2023	250,000	–
2050	150,000	–
	$ 7,162,010	$ –

As of June 30, 2021, the following is a schedule of principal amount maturities for all loans, convertible loans, promissory notes, bonds and
convertible bonds payable:

Six Months Ended June 30,	Third Party	Related Party
2021	$ 311,696	$ 5,750,000
2022	–	–
2023	–	250,000
2024	821,000	–
2025	125,000	–
2050	150,000	–
	$ 1,407,696	$ 6,000,000

Note 9 – Preferred Stock Warrant Liability

During 2021 and 2020, there were no issuance of Series A-2 Preferred Stock warrants in conjunction with a debt or purchase agreement. As of December 31, 2020, the Series A-2 Preferred Stock was contingently redeemable and, accordingly, the related warrants had been presented as a liability in accordance with ASC 480. The Warrants that were treated as a liability were measured to estimated fair value at each reporting period through June 2021. In June 2021, the warrants were revalued one last time and then reclassed to additional paid-in capital as the redemption feature was eliminated when the new Certificate of Incorporation was filed. The warrants have an exercise price of $0.01 and $1.75 per share and expire ten years after issuance.

Management determined that the fair market value of the Series A-2 Preferred Stock warrants granted as of June 30, 2021 and December 31, 2020, were approximately $0 and $2,060,000, respectively, which had been recorded as a liability. See Note 12 for additional information related to the valuation.

Note 10 – Preferred Stock

On June 14, 2021, the Company filed a Second Amended and Restated Certificate of Incorporation with the State of Delaware to authorize, sell and issue a new series of Preferred Stock B, and convert the old series of Preferred Stock A, A-1, A-2 and AA to the new series of Preferred Stock B. Immediately prior to the effective date of the Certificate, the total number of shares the Company was authorized to sell was 88,682,500. The number of shares of Common Stock ("Old Common Stock") authorized was 36,000,000. The number of shares of Preferred Stock ("Old Preferred Stock") authorized was 52,682,500 consisting of 1,712,200 for Series A, 5,970,300 for Series A-1, 10,000,000 for Series A-2, and 35,000,000 for Series AA. The Old Preferred Stock contained a redemption right, which no longer exist with the conversion to the new Series B Preferred Stock. The Company is now authorized to issue two classes of Stock, Common Stock and Preferred Stock, for total shares of 288,000,000. The number of Common Stock authorized is 155,000,000 shares. The number of Preferred Stock authorized is 133,000,000 shares, which shall be divided into 1) 50,000,000 shares of Series B-1 Preferred Stock, 2) 7,000,000 shares of Series B-2a Preferred Stock, 3) 22,000,000 shares of Series B-2b Preferred Stock, 4) 19,000,000 shares of Series B-3 Preferred Stock, 5) 16,000,000 shares of Series B-4 Preferred Stock, and 6) 19,000,000 shares of Series B-5 Preferred Stock, collectively known as "Series B Preferred Stock" or "Preferred Stock." Each share of Common Stock issued and outstanding immediately prior to the effective date of this amendment was automatically reclassified to one share of Common Stock and one share of Series B-5 Preferred stock ("Common Stock Unit"). Any options and warrants or other rights to purchase Old Common Stock became an option, warrant, or right, or security convertible into, an equivalent number of shares of Common Stock and Series B-5 Preferred Stock. After the effective date of this amendment, any new Common Stock will be issued as a unit consisting of one share of Common Stock and one share of Series B-5 Preferred Stock. All warrants exercisable for Series A-2 Preferred Stock became exercisable for an equivalent number of shares of B-4 Preferred Stock.

In June 2021, the Company entered into a stock purchase agreement that authorized the sale and issuance of 9,825,113 shares of Series B-1 Preferred Stock at a purchase price of $0.10178 per share.

Conversion rights: Shares of Series B-5 Preferred Stock are not convertible. The holders of the Series B Preferred Stock (excluding Series B-5 Preferred Stock) shall have the rights with respect to the conversion of their respective Series B Preferred Stock into shares of Common Stock. Series B Preferred Stock conversion rate shall be obtained by dividing the respective original issue price for the Series B Preferred Stock. The conversion price for Series B-1, Series B2a, Series B-2b, B-3 and B-4 Preferred Stock shall initially be the original issue price of the Series B Preferred Stock issue price. Such initial Preferred Stock conversion price shall be adjusted form time to time.

Liquidation rights: Upon a liquidating event, before any distribution or payment shall be made to the holders of any common stock, the holder of Series B Preferred Stock shall be entitled to be paid out of the assets of the Company legally available for distribution,

or the consideration received in such transaction, respectively. First an amount per share of Series B-1 Preferred Stock and Series B-2a Preferred Stock equal to three times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each shares held by them on a pro rata basis. If, upon any such liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of the Series B-1Preferred Stock and Series B-2a Preferred Stock, of the liquidation preferences set forth, then such assets (or consideration) shall be distributed among the holders of Series B-1 Preferred Stock and Series B-2a Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then second, an amount per share of Series B-2b Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-2b Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-2b, then such assets (or consideration) shall be distributed among the holders of Series B-2b at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then third, an amount per share of Series B-3 Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-3 Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-3, then such assets (or consideration) shall be distributed among the holders of Series B-3 at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then forth, an amount per share of Series B-4 Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-4 Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-4, then such assets (or consideration) shall be distributed among the holders of Series B-4 at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then fifth, an amount per share of Series B-2b Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-2b Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-2b, then such assets (or consideration) shall be distributed among the holders of Series B-2b at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then sixth, an amount per share of Series B-3 Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-3 Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-3, then such assets (or consideration) shall be distributed among the holders of Series B-3 at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then seventh, an amount per share of Series B-4 Preferred Stock equal to one times the original issue price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares after the filing date hereof) for each share of Series B-4 Preferred Stock held by them. If, upon liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-4, then such assets (or consideration) shall be distributed among the holders of Series B-4 at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to. Then eighth, an amount per share of Series B-5 Preferred Stock equal to $0.50 for each share held by them. If, upon any liquidation, dissolution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series B-5 Preferred Stock, then such assets (or consideration) shall be distributed among the holders of Series B-5 Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled to.

After the payment of full liquidation preferences of the Series B Preferred Stock, the remaining assets of the Company legally available for distribution ratably to the holders of the Common Stock and Series B Preferred stockholders (excluding Series B-5 Preferred Stock) on an as-if converted basis in proportion to the number of shares of Common Stock held by each such holder.

Voting rights: The holders of Preferred Stock (excluding all shares of Series B-5 Preferred Stock) shall be entitled to the number of votes equal to the whole number of shares of Common Stock into which such shares of Preferred Stock could be converted with the same voting rights and powers of common shareholders, except with respect to the election of directors. The Series B-5 Preferred Stock itself shall carry no voting rights, but the Common Stock, after the effective date of the Second Amended and Restated Certificate of Incorporation, shall maintain its voting rights of one vote per share. In addition to any greater or additional vote required by law of the Second Amended and Restated Certificate of Incorporation, the affirmative vote of the holders of at least a majority of the outstanding

Preferred Stock (excluding all shares of Series B-5 Preferred Stock), voting together on an as-converted basis, shall be necessary for effecting or validating actions (whether by amendment, merger or consolidation, or by any wholly-owned subsidiaries or otherwise).

Detail information in support of Statement of Stockholders' Deficit

	Preferred Series B-1		Preferred Series B-3		Preferred Series B-4		Preferred Series A	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Balance as of December 31, 2020:	–	$ –	–	$ –	–	$ –	–	$ –
Eliminate preferred stock redemption characteristics	–	–	–	–	–	–	1,712,200	621,973
Equity conversion to Series B preferred stock	–	–	14,142,088	1,439,382	12,474,000	1,269,604	(1,712,200)	(621,973)
Net proceeds from sale of Series B preferred stock	9,825,113	930,803	–	–	–	–	–	–
Balance as of June 30, 2021:	9,825,113	$ 930,803	14,142,088	$ 1,439,382	12,474,000	$ 1,269,604	–	$ –

(continued)

	Preferred Series A-1		Preferred Series A-2		Preferred Series AA	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance as of December 31, 2020:	–	$ –	–	$ –	–	$ –
Eliminate preferred stock redemption characteristics	5,970,300	3,464,645	4,791,500	4,294,687	14,142,088	6,200,623
Equity conversion to Series B preferred stock	(5,970,300)	(3,464,645)	(4,791,500)	(4,294,687)	(14,142,088)	(6,200,623)
Net proceeds from sale of Series B preferred stock	–	–	–	–	–	–
Balance as of June 30, 2021:	–	$ –	–	$ –	–	$ –

Note 11 – Common Stock

On March 31, 2020, the Company commenced an offering pursuant to Regulation A under the Securities Act (the "Offering"), pursuant to which it offered to sell up to 12,000,000 shares of its Common Stock, at a price of $1.00 per share. The Company utilized the net proceeds from the Offering for inventory, purchase order deposits for inventory, tooling and other upfront costs associated with inventory production and general working capital. For the six months ended June 30, 2021 and year ended December 31, 2020, the Company sold shares of 375,897 and 951,665, respectively for net proceeds of $319,674 and $740,876, respectively from the Offering. As of June 30, 2021 and December 31, 2020 a deposit hold of $0 and $52,930, respectively was reclassed to subscription receivable. The Company paid fees to StartEngine of $15,000 for services provided prior to commencing. Other fees include a 7% commission fee based on dollar amount received from investors and 5% commission paid in warrants for shares with the same terms as the Offering. As of June 30, 2021, the Company is obligated to issue 66,378 in warrants to StartEngine in connection with the Offering.

In May 2021, an employee exercised their options and purchased 11,900 shares of common stock for net proceeds of $208.

On June 14, 2021, the Company filed a Second Amended and Restated Certificate of Incorporation with the State of Delaware to among other things, authorize each share of Common Stock issued and outstanding immediately prior to the effective date of the amendment to be automatically reclassified as to one share of Common Stock and one share of Series B-5 Preferred Stock ("Common Stock Unit"). See Note 10 for additional details on the Second Amended and Restated Certificate of Incorporation

Note 12 – Stock Warrants

At various times during 2017, the Company issued 216,779 Series A-2 Preferred Stock warrants in connection with the loan payable (See Note 5). The warrants have an exercise price of $0.0143 per share and expire ten years after issuance.

At various times during 2018, the Company issued 263,298 Series A-2 Preferred Stock warrants in conjunction with the loan payable (See Note 5) and Series A-2 preferred stock purchase agreements (See Note 10). The warrants have an exercise price of $0.0143 and $1.75 per share, respectively, and expire ten years after issuance.

In the first quarter of 2019, the Company issued 360,170 Series A-2 Preferred Stock warrants in conjunction with the loan payable (See Note 5). The warrants have an exercise price of $0.0143 and expire in ten years after issuance.

In December 2020, the Company issued 950,000 common stock warrants to Robert Orlando in conjunction with the settlement of the Hybrid Athletics case.

The Company calculated the estimated fair value of each Series A-2 Preferred Stock and common stock warrants on the date of grant and at December 31, 2020 using the following assumptions for the year ended December 31, 2020.

Weighted average variables in accordance with the Series A-2 Preferred Stock warrants:

	2020
Expected life of preferred stock warrants	2.00
Expected stock price volatility	33.0%
Annual rate of quarterly dividends	0.00%
Risk free rate	0.13%

Weighted average variables in accordance with the common stock warrants:

	2020
Expected life of common stock warrants	10.00
Expected stock price volatility	33.00%
Annual rate of quarterly dividends	0.00%
Risk free rate	0.37%

The following table summarizes warrant activity:

	Number of Warrants	Weighted Avg Exercise Price	Weighted Avg Remaining Years
Outstanding as of December 31, 2019	3,478,785	0.07	8.41
Forfeited	(882,238)	0.01	
Granted	950,000	0.001	
Outstanding as of December 31, 2020	3,546,547	$ 0.07	8.43

Note 13– Stock Option Plan

The Company's 2015 Equity Incentive Plan (the "Incentive Plan") permits the grant of incentive and nonqualified stock options for up to 2,746,500 shares of common stock. In July 2020, the Incentive Plan was amended and restated to account for the increase of share

limit available by 1,000,000 shares, change the Plan's governing law from California to Delaware, extend the term of the Plan, and make other necessary technical changes. As of December 31, 2020, there were 680,317 shares, respectively, available for issuance under the Plan. Key employees, defined as employees, directors, non-employee directors and consultants, are eligible to be granted awards under the Plan. The Company believes that such awards promote the long-term success of the Company.

For the six months ended June 30, 2021 and year ended December 31, 2020, the Company issued 0 and 877,000, respectively, stock options to the board of directors, employees and consultants, which have various vesting terms.

For the six months ended June 30, 2021 and 2020, the Company recognized $49,909 and 3,709, respectively, of stock compensation expenses related to stock options. The total stock-based compensation was recognized in sales and marketing expenses in the amount of $14,318 and $0, respectively, and general and administrative expenses in the amount of $35,591 and $3,709, respectively, for the six months ended June 30, 2021 and 2020.

The Company calculated the estimated fair value of each stock option on the date of grant using the following weighted average assumptions for the year ended December 31,

	2020
Expected life of options	6.50
Expected stock price volatility	33.00%
Annual rate of quarterly dividends	0.00%
Risk free rate	0.45%

The Company estimated the fair value of the options using the Black-Scholes option-pricing model. Expected lives were determined using the simplified method, except non-employee options.

The following table summarized option activity:

	Number of Options	Weighted Avg Exercise Price	Weighted Avg Remaining Years
Outstanding as of December 31, 2019	1,739,170	0.74	9.44
Forfeited	(428,487)	0.81	
Exercised	–	–	
Granted	877,000	0.60	
Outstanding as of December 31, 2020	2,187,683	0.67	9.89
Outstanding as of December 31, 2020, vested	1,373,599	$ 0.28	6.07

Note 14 – Retirement Plan

The Company has a 401(k) Plan (the "Plan") covering employees who meet eligibility requirements. Employees are eligible to contribute any amount of their earnings, up to the annual federal maximum allowed by law. The employer contributions to the 401(k) plan are determined on a yearly basis at the discretion of Management. The Company contributed approximately $42,000 and $60,000 to the Plan during the six months ended June 30, 2021 and 2020, respectively.

Note 15 – Major Suppliers and Customers

For the six months ended June 30, 2021, purchases from four suppliers represented approximately 95% of total inventory purchases. As of June 30, 2021, $1,404,821 or 44% of accounts payable was due to these suppliers. For the year ended December 31, 2020, purchases from three suppliers represented approximately 95% of total inventory purchases. As of December 31, 2020, approximately $629,411 or 25% of accounts payable was due to these suppliers.

The Company is not subject to customer concentration as a majority of its revenue is derived from website sales (direct-to-consumer).

Note 16 – Commitments and Contingencies

Operating leases – The Company leased its office facility for a monthly rent of approximately $11,000. On March 31, 2021, the Company let the lease expire on the bulk of its office space and signed a lease for a subset of the space at a monthly rent of $2,246 with an expiration date of March 31, 2022. Total rent expense for the six months ended June 30, 2021 and 2020, was approximately $39,400 and $64,800, respectively.

Warranty – Our product warranties are expensed as incurred. Due to their immateriality, we do not maintain a warranty reserve. We continue to monitor our warranty cost and their impact on our business.

Contingencies – As a manufacturer of consumer products, the Company has exposure to California Proposition 65, which regulates substances officially listed by California as causing cancer, birth defects, or other reproductive harm. The regulatory arm of Proposition 65 that relates to the Company prohibits businesses from knowingly exposing individuals to listed substances without providing a clear and reasonable warning. All Companies in California are subject to potential claims based on the content of their products sold. The Company is not currently subject to litigation matters related to the proposition. While there is currently not an accrual recorded for this potential contingency, in the opinion of management, the amount of ultimate loss with respect to these actions will not materially affect the financial position or results of operations of the Company.

The apparel industry is subject to laws and regulations of federal, state and local governments. Management believes that the Company is in compliance with these laws. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future review and interpretation, as well as regulatory actions unknown or asserted at this time.

From time to time, the Company is involved in a variety of legal matters that arise in the normal course of business. Based on information available, the Company evaluates the likelihood of potential outcomes. The Company records the appropriate liability when the amount is deemed probable and reasonably estimable. No allowance for loss or settlement has been recorded at June 30, 2021 and December 31, 2020.

Note 17 – Subsequent Events

Bondholder Consent and Extension

Subsequent to June 30, 2021, the Company asked bondholders to vote for an extension on their bonds. In August 2021, the bondholder vote passed with more than 51% consent, resulting in the original maturity date of each Class A Bond being extended by three years.

Series B-1 Preferred Stock Purchase

Subsequent to June 30, 2021, the Company sold 19,650,226 shares of Series B-1 Preferred Stock for gross proceeds of $2,000,000.

The Company has evaluated subsequent events that occurred after June 30, 2021 through September 24, 2021, the issuance date of these financial statements. There have been no other events or transactions during this time that would have a material effect on these financial statements, other than those disclosed above.

Item 4. Exhibits

The documents listed in the Exhibit Index of this report are incorporated by reference or are filed with this report, in each case as indicated below.

2.1	Second Amended and Restated Certificate of Incorporation (2)
2.2	Bylaws (3)
2.3	First Amendment to Bylaws (4)
2.4	Second Amendment to Bylaws (2)
3.1	Investor Rights Agreement dated as of July 16, 2015 (5)
3.2	Voting Agreement dated as of July 16, 2015 (6)
3.3	Right of First Refusal and Co-Sale Agreement dated as of July 16, 2015, as amended June 14, 2017 (7)
3.4	Form of Preferred Stock Warrant (8)
3.5	Form of Preferred Stock Warrant (Black Oak) (24)
3.6	Form of Class A Stock Warrant (9)
3.7	Form of Class A Bond (10)
4	Form of Subscription Agreement (11)
6.1	First Amended and Restated Senior Credit Agreement dated July 28, 2017, between HYLETE, Inc., certain stockholders of HYLETE, Inc., Black-Oak-HYLETE-Senior-Debt, LLC, and HYLETE-Senior Debt, LLC. (12)
6.2	Amendment Nos. 1 through 7 to First Amended and Restated Senior Credit Agreement
6.3	Employment Agreement dated June 13, 2019, by and between HYLETE, Inc. and Adam Colton (13)
6.4	First Amendment to Employment Agreement dated September 14, 2021, by and between HYLETE, Inc. and Adam Colton
6.5	Form of Option Award Agreement (14)
6.6	2015 Equity Incentive Plan (15)
6.7	Lease between Solana Partners, L.P., and HYLETE, Inc., dated November 13, 2013, as amended by the Fourth Lease Amendment dated February 24, 2018 (16)
6.8	Asset Purchase agreement dated May 31, 2018, between GRACEDBYGRIT, Inc., and HYLETE, Inc. (17)
6.9	Form of Loan Conversion Agreement dated January 6, 2020 (18)
6.10	Seventh Lease Amendment with Solana Partners, L.P. dated March 11, 2021 (19)
6.11	Separation Agreement and General Release of All Claims between the Company and Ronald Wilson dated June 14, 2020 (20)
6.12	Separation Agreement and General Release of All Claims between the Company and Matthew Paulson dated June 15, 2020. (21)
6.13	Settlement Agreement by and among (a) Hylete, Inc, Ronald L. Wilson II and Matthew Paulson and (b) Hybrid Athletics, LLC and Robert Orlando, dated December 15, 2020. (22)
8	Form of Escrow Agreement (23)

---

(2)	Filed as an exhibit to the HYLETE, Inc. Current Report on Form 1-U filed on June 21, 2021 and incorporated herein by reference.
(3)	Filed as an exhibit to the HYLETE, Inc. Annual Report on Form 1-K filed on April 30, 2019 and incorporated herein by reference.
(4)	Filed as an exhibit to the HYLETE, Inc. Current Report on Form 1-U filed on February 13, 2020 and incorporated herein by reference.
(5)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.

(6)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.

(7)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.
(8)	Filed as an exhibit to the HYLETE, Inc. Registration Statement on Form S-1 (Commission File No. 333-233036) filed on September 30, 2019 and incorporated herein by reference.
(9)	Filed as an exhibit to the HYLETE, Inc. Registration Statement on Form S-1 (Commission File No. 333-233036) filed on September 30, 2019 and incorporated herein by reference.
(10)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10817) filed by March 12, 2018 and incorporated herein by reference.
(11)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-11158) filed on March 27, 2020, and incorporated herein by reference.
(12)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.
(13)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.
(14)	Filed as an exhibit to the HYLETE, Inc. Registration Statement on Form S-1 (Commission File No. 333-233036) filed on September 30, 2019 and incorporated herein by reference.
(15)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10736) filed on September 1, 2017 and incorporated herein by reference.
(16)	Filed as an exhibit to the HYLETE, Inc. Annual Report on Form 1-K filed on April 23, 2018 and incorporated herein by reference.
(17)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-10817) filed on March 12, 2018 and incorporated herein by reference.
(18)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-11158) filed on March 27, 2020, and incorporated herein by reference.
(19)	Filed as an exhibit to the HYLETE, Inc. Annual Report on Form 1-K filed on April 29, 2021 and incorporated herein by reference.
(20)	Filed as an exhibit to the Current Report on Form 1-U of HYLETE, Inc. filed on June 19, 2020, and incorporated herein by reference.
(21)	Filed as an exhibit to the HYLETE, Inc. Annual Report on Form 1-K filed on April 29, 2021 and incorporated herein by reference.
(22)	Filed as an exhibit to the HYLETE, Inc. Current Report on Form 1-U filed December 18, 2020, and incorporated herein by reference.
(23)	Filed as an exhibit to the HYLETE, Inc. Regulation A Offering Statement on Form 1-A (Commission File No. 024-11158) filed on March 27, 2020, and incorporated herein by reference.
(24)	Filed as an exhibit to the HYLETE, Inc. Semi-Annual Report on Form 1-SA filed on September 23, 2020 and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Regulation A, the issuer has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in Solana Beach, California, on September 24, 2021.

HYLETE, Inc.

By /s/ Adam Colton
Adam Colton, Principal Executive Officer
HYLETE, Inc.

This report been signed by the following persons in the capacities and on the dates indicated.

/s/ Adam Colton
Adam Colton, Chief Financial Officer, Principal Executive Officer, Interim Chief Executive Officer
Date: September 24, 2021

/s/ Lilia Nevarez
Lilia Nevarez, Principal Accounting Officer
Date: September 24, 2021

Exhibit 6.2

AMENDMENT NO. 1 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED SECURITY AGREEMENT

This AMENDMENT NO. 1 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED SECURITY AGREEMENT is made as of March 28, 2018, by and among Hylete, Inc., a California corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender") and Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender" and together with the First Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement dated as of July 28, 2017, by and among the Borrower, First Lender and Second Lender, as further amended, modified, supplemented, extended or restated from time to time.

1.3 "Security Agreement" shall mean the First Amended and Restated Security Agreement dated as of July 28, 2017, by and among the Borrower, First Lender and Second Lender, as further amended, modified, supplemented, extended or restated from time to time.

1.4 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS TO CREDIT AGREEMENT

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Recitals. The following is added as the third Recital to the Credit Agreement:

WHEREAS Borrower has requested that Third Lender lend to Borrower up to an additional $500,000 in the form of a term loan to provide working capital to maintain and expand the operations of Borrower and to pay fees and expenses, and Third Lender is willing to agree to lend such amount on the terms and conditions of this Agreement.

(b) Section 1.1. The following are added as a definition to Section 1.1 or replace the existing definitions in their entirety:

"Third Lender" means Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company.

"Closing Date" means each of the Initial Closing Date, Second Closing Date and the date or dates Third Lender makes any Additional Loans.

"Lender" means First Lender, Second Lender and Third Lender and shall include any assignees of a Loan or a Note pursuant to the terms and conditions of Section 8.1 hereof.

(c) Section 2.1(f). The following Section 2.1(1) is hereby added:

Additional Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Third Lender has agreed to make additional loans to Borrower (the "Additional Loans", if any, and together with the First Loan, Second Loan and Third Loan, the "Loans") on the terms and conditions set forth in this Section 2.1(d). Third Lender shall make the first Additional Loan on or about March 30, 2018 in the amount of $250,000. Third Lender shall make the second Additional Loan on or about April 13, 2018 in the amount of $250,000. Concurrent with the delivery by Third Lender of Additional Loan proceeds to the Borrower, Borrower shall execute and deliver to Third Lender a Note dated as of the date of such funding in the principal amount of such Additional Loan.

(d) Section 2.4. The following is added at the end of Section 2.4:

With respect to each Additional Loan, (as and if made), Borrower shall pay to bocm3, LLC, with respect to any Additional Loans made by Third Lender a nonrefundable closing fee of 5% of the amount of such Loan (the "Additional Loan Closing Fee") to offset transaction costs of bocm3, LLC and its Affiliates. The Additional Loan Closing Fee with respect to each Additional Loan shall be payable on the date each such Additional Loan is made, and may be withheld from the proceeds of such Additional Loan. The Additional Loan Closing Fee, once paid, shall be nonrefundable under all circumstances.

(e) Section 2.6. The following is added at the end of Section 2.6:

Upon the making of each Additional Loan, Borrower shall issue to Third Lender warrants to purchase Series A-2 Preferred Stock such that Third Lender shall have warrants to purchase 0.79365% of the Capital Stock of Borrower on a fully-diluted basis as of the Closing Date in the form attached hereto as Exhibit B.

(f) Section 4.6. The following is added as the last sentence of Section 4.6:

The proceeds of the Additional Loans, if any, will be used solely to fund expenses in connection with this Agreement, and for general working capital purposes of Borrower, each as determined by Borrower.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
AMENDMENT TO SECURITY AGREEMENT

3.1 Amendment. The Security Agreement is hereby amended to add Third Lender as a "Secured Party" to the Security Agreement.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

4.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

4.2 Authorization: Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

ARTICLE V.
MISCELLANEOUS

5.1 Continuance of Credit Agreement and Security Agreement. Except as specifically amended by this Amendment, the Credit Agreement and Security Agreement shall remain in full force and effect.

5.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

5.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

5.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

5.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

5.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 5.9 of this Amendment.

5.7 Course of Dealing: Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

5.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

5.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof, which may be withheld from the proceeds of any Additional Loans by Third Lender.

5.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Ronald L. Wilson
Name: Ronald L. Wilson, II
Title: CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory Seare
Name: Gregory Seare
Title:

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory Seare
Name: Gregory Seare
Title:

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory Seare
Name: Gregory Seare
Title:

[Signature page to Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 2 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED MANAGEMENT ADVISORY SERVICES AGREEMENT

This AMENDMENT NO. 2 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED MANAGEMENT ADVISORY SERVICES AGREEMENT (this "Amendment") is made as of February 14, 2019 by and among Hylete, Inc., a Delaware corporation (as the surviving entity in a merger with Hylete, Inc., a California corporation, "Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender"), and bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Lender" and together with the First Lender, Second Lender and Third Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among Hylete, Inc., a California corporation, First Lender and Second Lender, as amended by that certain Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, and as further amended, modified, supplemented, extended or restated from time to time.

1.3 "Management Agreement" shall mean the First Amended and Restated Management Advisory Services Agreement, dated as of July 28, 2017, by and among Black Oak Capital Management II, LLC, a Utah limited liability company, bocm3, LLC, a Utah limited liability company and Borrower.

1.4 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II.
AMENDMENTS TO CREDIT AGREEMENT

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Recitals. The following is added as the fourth Recital to the Credit Agreement:

WHEREAS Borrower has requested that Fourth Lender lend to Borrower up to an additional $1,725,000 in the form of a term loan to provide working capital to maintain and expand the operations of Borrower and to pay fees and expenses, and Fourth Lender is willing to agree to lend such amount on the terms and conditions of this Agreement.

(b) Section 1.1. The number "$10,000,000" in the definition of "Change of Control" is hereby replaced with the number "$30,000,000". In addition, the following are added as a definition to Section 1.1 or replace the existing definitions in their entirety:

"Fourth Lender" means bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company.

"Closing Date" means each of the Initial Closing Date, Second Closing Date, the date or dates Third Lender makes any Additional Loans or the date or dates Fourth Lender makes any Fourth Lender Loans.

"Lender" means First Lender, Second Lender, Third Lender and Fourth Lender and shall include any assignees of a Loan or a Note pursuant to the terms and conditions of Section 8.1 hereof.

"Note Maturity Date" means December 31, 2019.

(c) Section 2.1(g). The following Section 2.1(g) is hereby added:

Fourth Lender Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Fourth Lender has agreed to make additional loans to Borrower (the "Fourth Lender Loans", if any, and together with the First Loan, Second Loan, Third Loan and any Additional Loans, the "Loans") on the terms and conditions set forth in this Section 2.1(g). Fourth Lender hereby agrees to lend to Borrower a Fourth Lender Loan of up to $1,725,000 on or about March 31, 2019, provided that Fourth Lender has funding for the Fourth Lender Loan which Fourth Lender has sought on a best efforts basis. Fourth Lender may make the Fourth Lender Loans in one or more installments in multiples of $50,000 at any time or times from the Effective Date until the date specified in this Section 2.1(g). Concurrent with the delivery by Fourth Lender of the Fourth Lender Loan proceeds to the Borrower, Borrower shall execute and deliver to Fourth Lender a note dated as of the date of such funding in the principal amount of such Fourth Lender Loan.

(d) Section 2.2(a). The following is hereby added at the end of Section 2.2(a):

Notwithstanding the forgoing, except as provided in Section 2.2(b) below, the first $500,000 of Fourth Lender Loans shall bear interest from February 1, 2019 through maturity (whether by acceleration or otherwise, except voluntary prepayment) at a rate equal to 12.50% *per annum*, compounded monthly. Any remaining Fourth Lender Loans shall bear interest on the unpaid principal amount thereof from the date of advance (or portion thereof) through maturity (whether by acceleration or otherwise, except voluntary prepayment) at a rate equal to 12.50% *per annum*, compounded monthly.

(d) Section 2.4. The following is added at the end of Section 2.4:

With respect to each Fourth Lender Loan, (as and if made), Borrower shall pay to bocm3, LLC, a nonrefundable closing fee of 5% of the amount of such Loan (the "Fourth Lender Loan Closing Fee") to offset transaction costs of bocm3, LLC and its Affiliates. The Fourth Lender Loan Closing Fee with respect to each Fourth Lender Loan shall be payable on the date each such Fourth Lender Loan is made, and may be withheld from the proceeds of such Fourth Lender Loan. The Fourth Lender Loan Closing Fee, once paid, shall be nonrefundable under all circumstances.

(e) Section 2.6. The following is added at the end of Section 2.6:

Borrower shall issue Fourth Lender warrants to purchase Borrower's preferred stock representing 1.66% of the Series A-2 Preferred Stock of Borrower on a fully-diluted basis on the Closing Date of the Fourth Lender Loan (each a "Fourth Lender Warrant"), which shall be prorated based on the actual amount of the Fourth Lender Loan. Each Fourth Lender Warrant shall be in the form attached hereto as Exhibit B.

(x) Section 5.10. The following is hereby added at the end of Section 5.10:

So long as any portion of any Fourth Lender Loan is outstanding, Borrower shall pay to bocm3, LLC an annual monitoring fee equal to $15,000 per $1,000,000 of Fourth Lender Loan funded on a prorated basis (the "Fourth Lender Loan Monitoring Fee"). The Fourth Lender Loan Monitoring Fee shall be payable monthly, with the first installment due on the first day of the first calendar month following the making of the first Fourth Lender Loan, and continuing on the first day of each calendar month thereafter in equal monthly installments.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.

AMENDMENTS TO MANAGEMENT AGREEMENT

3.1 Amendments. The Management Agreement is hereby amended as follows:

(a) Section 5. The following is hereby added at the end of Section 5:

So long as any portion of any Fourth Lender Loan is outstanding, Hylete shall pay to bocm3 an annual monitoring fee equal to $15,000 per $1,000,000 of Fourth Lender Loan funded on a prorated basis (the "Fourth Lender Loan Management Fee"). The Fourth Lender Loan Management Fee shall be payable on a monthly basis in arrears, with the first installment due on the first day of the first calendar month following the making of the first Fourth Lender Loan, and continuing on the first day of each calendar month thereafter in equal monthly installments.

ARTICLE IV.
LENDER CONSENT TO MERGER

4.1 Delaware Incorporation and Merger. Borrower, on December 21, 2018, delivered to the Secretary of State of the State of Delaware a Certificate of Incorporation of Hylete, Inc. (the "DE Certificate of Incorporation"), and thereafter entered into that certain Agreement and Plan of Merger of Hylete, Inc., a Delaware corporation and Hylete, Inc., a California corporation ("CA Hylete"), dated as of January 1, 2019 (the "Merger Plan" and, together with the DE Certificate of Incorporation, the "Merger Documents"). Under the Merger Documents, and in accordance with the General Corporation Law of the State of Delaware and the California Corporations Code, CA Hylete has or will be merged into Borrower, the separate existence of CA Hylete will thereafter cease and Borrower shall be the surviving corporation (the "Merger"), effective as of the filing of the certificate of merger in Delaware.

4.2 Additional Consents. Borrower intends to amend its certificate of incorporation and consummate a share exchange to effect (i) the authorization of a class of common stock ("Class C Common Stock") which will be identical in all respects to its currently outstanding Class A Common Stock but with differing voting rights (each share of Class C Common Stock to be entitled to 10 votes per share and to be convertible at any time on a one-for-one basis into shares of Class A Common Stock, the Class C Common Stock to be owned in its entirety by Ron L. Wilson, II and Matthew Paulson), (ii) an increase in the authorized number of shares of Series A-2 Preferred Stock, and (iii) the conversion of all outstanding shares of Borrower's preferred stock and all outstanding shares of Borrower's Class B nonvoting common stock on a one-for-one basis into shares of Class A Common Stock and (iii) effect a reverse stock split.

4.3 Consent to Merger. Lender hereby approves and ratifies the Merger in all respects and the actions set forth in Section 4.2 of this Amendment and consents to all actions previously taken by any director, officer, agent or attorney of Hylete relating to the Merger and the transactions contemplated therewith.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

5.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

5.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

ARTICLE VI.
MISCELLANEOUS

6.1 Continuance of Credit Agreement and Management Agreement. Except as specifically amended by this Amendment, the Credit Agreement and Management Agreement shall remain in full force and effect.

6.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

6.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

6.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

6.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

6.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 6.9 of this Amendment.

6.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

6.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

6.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof, which may be withheld from the proceeds of any Fourth Lender Loans by Fourth Lender.

6.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Ron Wilson
Name: Ron Wilson
Title: CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name:
Title:

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name:
Title:

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title:

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name:
Title:

[Signature page to Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 3 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 3 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of August 1, 2019 by and among Hylete, Inc., a Delaware corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Lender"), black oak α equity fund, LLC, a Utah limited liability company ("Fifth Lender", and together with the First Lender, Second Lender, Third Lender and Fourth Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 3 to First Amended and Restated Credit Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among HYLETE, Inc., a California corporation, First Lender and Second Lender, as amended by that certain Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, that certain Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of February 12, 2019 and as further amended, modified, supplemented, extended or restated from time to time.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II
AMENDMENTS TO CREDIT AGREEMENT

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(b) Section 1.1. The following are added as a definition to Section 1.1 or replace the existing definitions in their entirety:

> "IPO" means the initial closing of a firmly written public offering of the Borrower's common stock pursuant to an effective registration statement on Form S-1 as filed with the Securities and Exchange Commission.
>
> "Note Maturity Date" means December 31, 2020.

(c) Section 2.3(a)(ii). The following is hereby added to the end of Section 2.3(a)(ii):

> Upon the IPO, Borrower shall pay (A) $1 million of the principal balance of the Loans if the gross proceeds of the IPO are less than $20 million; (B) $2 million of the principal balance of the Loans if the gross proceeds of the IPO are at least $20 million but less than $25 million; and (C) all of the Loans if the gross proceeds of the IPO are at least $25 million.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
CONTINGENT AMENDMENT; CONVERSION

3.1 Contingency. Other than as set forth in Section 3.2, this Amendment shall solely be effective upon the consummation of the IPO. Upon the IPO, this Amendment shall be effective without any further action of Borrower, any Lender or any other party.

3.2 Additional Loan; Conversion. On the date of this Amendment, Fifth Lender made an additional Loan of $125,000 to Borrower (the "Fifth Lender Loan"). Upon the IPO, the Fifth Lender Loan, along with an additional principal amount of $375,000 of Loans previously made by Fourth Lender, shall be converted into equity in Borrower, as provided in a separate conversion agreement, by and between the Fifth Lender and Borrower.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

4.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

4.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

ARTICLE V.
MISCELLANEOUS

5.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment and the Credit Agreement shall remain in full force and effect.

5.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

5.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

5.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

5.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

5.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 5.9 of this Amendment.

5.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect

to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

5.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

5.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof.

5.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 3 to First Amended and Restated Credit Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Ron Wilson
Name: Ron Wilson
Title: CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Managing Director

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Managing Director

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title: Managing Director

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Managing Director

BLACK OAK a EQUITY FUND, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Managing Director

[Signature page to Amendment No. 3 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 4 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 4 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of December 31, 2019 by and among Hylete, Inc., a Delaware corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Lender" and together with the First Lender, Second Lender and Third Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 4 to First Amended and Restated Credit Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among HYLETE, Inc., a California corporation, First Lender and Second Lender, as amended by that certain Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, that certain Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of February 12, 2019 and as further amended, modified, supplemented, extended or restated from time to time and that certain Amendment No. 3 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of August 1, 2019.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II.
AMENDMENT TO CREDIT AGREEMENT

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(b) Section 1.1. The following replaces the existing definition of such term in Section 1.1 in its entirety:

"Note Maturity Date" means January 31, 2020.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

ARTICLE IV.
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment and the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including

without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 4.9 of this Amendment.

4.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

4.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof.

4.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 4 to First Amended and Restated Credit Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Adam S. Colton
Name: Adam S. Colton
Title: CFO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

[Signature page to Amendment No. 4 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 5 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED MANAGEMENT ADVISORY SERVICES AGREEMENT

This AMENDMENT NO. 5 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT AND FIRST AMENDED AND RESTATED MANAGEMENT AGREEMENT (this "Amendment") is made as of January 28, 2020 by and among Hylete, Inc., a Delaware corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Lender" and together with the First Lender, Second Lender and Third Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 5 to First Amended and Restated Credit Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among HYLETE, Inc., a California corporation, First Lender and Second Lender, as amended by that certain

Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, that certain Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of February 12, 2019, Amendment No. 3 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of August 1, 2019 and as further amended, modified, supplemented, extended or restated from time to time and that certain Amendment No. 4 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender, Third Lender, and Fourth Lender, dated as of December 31, 2019.

1.3 "Management Agreement" shall mean the First Amended and Restated Management Agreement, dated as of July 28, 2017, originally by and among Black Oak Capital Management II, LLC, a Utah limited liability company, bocm3 LLC, a Utah limited liability company, and Hylete, Inc., a California corporation.

1.4 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II.
AMENDMENT TO CREDIT AGREEMENT

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Section 1.1. The following replaces the existing definition of such term in Section 1.1 in its entirety:

"Note Maturity Date" means April 1, 2021.

(b) Section 2.1(f). The following Section 2.1(f) is hereby added to the Credit Agreement:

(f) Borrower and Lender may agree on terms for an additional $500,000 of Loans, which shall be disbursed as agreed by Borrower and Lender, on such terms and conditions as agreed by Borrower and Lender.

(c) Section 2.7. The following Section 2.7 is hereby added to the Credit Agreement:

Section 2.7 Extension Fee. Borrower shall pay a fee of $250,000 on the Note Maturity Date or earlier repayment of the Loans in full.

(c) Section 5.17. The following Section 5.17 is hereby added to the Credit Agreement:

Section 5.17 Sale Process. If more than $3,000,000 of Loans are outstanding on December 31, 2020, Borrower shall engage a recognized investment banking firm agreed by Lender to explore strategic options for Borrower, including, without limitation, potential sales.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
AMENDMENT TO MANAGEMENT AGREEMENT

3.1 Section 5 Amendment. The following is hereby added as the last sentence of Section 5 of the Management Agreement:

Hylete shall pay to bocm3 a cash consulting and management fee equal to $15,000.00 per annum, payable on a monthly basis in arrears in equal installments of $1,250.00 beginning on February 1, 2020 and the first calendar day of every month thereafter.

3.2 Section 6 Amendment. The date "July 29, 2019" in Section 6 of the Management Agreement shall be replaced with "April 2, 2021".

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

4.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

4.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

4.4 Absence of Other Long-Term Obligations. Other than the Loans and trade indebtedness, Borrower has no liabilities that are required to be repaid prior to the Note Maturity Date.

ARTICLE V.
MISCELLANEOUS

5.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment and the Credit Agreement shall remain in full force and effect.

5.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

5.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

5.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

5.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

5.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including

without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 5.9 of this Amendment.

5.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

5.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

5.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof.

5.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 5 to First Amended and Restated Credit Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Ron Wilsonn
Name: Ron Wilson
Title: CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

[Signature page to Amendment No. 5 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 6 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 6 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of [·], 2020, by and among Hylete, Inc., a Delaware corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Lender" and together with the First Lender, Second Lender and Third Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 6 to First Amended and Restated Credit Agreement.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among HYLETE, Inc., a California corporation, First Lender and Second Lender, as amended by that certain Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, that certain Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of February 12, 2019, Amendment No. 3 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of August 1, 2019 and as further amended, modified, supplemented, extended or restated from time to time, that certain Amendment No. 4 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender, Third Lender, and Fourth Lender, dated as of December 31, 2019 and that certain Amendment No. 5 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement, dated as of January 2020, by and among Borrower, First Lender, Second Lender, Third Lender and Fourth Lender.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II.
AMENDMENTS

2.1 Amendments. The Credit Agreement is hereby amended as follows:

(a) Section 1.1. The following is hereby added to Section 1.1 of the Credit Agreement in alphabetical order relative to the other terms set forth therein:

""Bridge Note Maturity Date" means December 31, 2020."

(b) Section 2.1(f). Section 2.1(f) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"(f) Additional Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Third Lender has agreed to make additional loans to Borrower (the "Additional Loans", if any) on the terms and conditions set forth in this Section 2.1(f). Third Lender shall make the first Additional Loan on or about March 30, 2018 in the amount of $250,000. Third Lender shall make the second Additional Loan on or about April 13, 2018 in the amount of $250,000. Concurrent with the delivery by Third Lender of Additional Loan proceeds to the Borrower, Borrower shall execute and deliver to Third Lender a Note dated as of the date of such funding in the principal amount of such Additional Loan. Borrower and Lender may agree on terms for an additional $500,000 of Loans, which shall be disbursed as agreed by Borrower and Lender, on such terms and conditions as agreed by Borrower and Lender."

(c) Section 2.1(g). Section 2.1(g) of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"(g) Lender Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Fourth Lender has agreed to make additional loans to Borrower (the "Fourth Lender Loans") on the terms and conditions set forth in this Section 2.1(g). Fourth Lender hereby agrees to lend to Borrower a Fourth Lender Loan of up to $1,725,000 on or about March 31, 2019, provided that Fourth Lender has funding for the Fourth Lender Loan which Fourth Lender has sought on a best efforts basis. Fourth Lender may make the Fourth Lender Loans in one or more installments in multiples of $50,000 at any time or times from the Effective Date until the date specified in this Section 2.1(g). Concurrent with the delivery by Fourth Lender of the Fourth Lender Loan proceeds to the Borrower, Borrower shall execute and deliver to Fourth Lender a note dated as of the date of such funding in the principal amount of such Fourth Lender Loan."

(d) Section 2.1(h). The following shall be inserted as a new Section 2.1(h) of the Credit Agreement:

"(h) Bridge Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Fourth Lender has agreed to make additional loans to Borrower (the "Bridge Loans" and, together with the First Loan, Second Loan, Third Loan, any Additional Loans, and the Fourth Loan, if any, the "Loans") on the terms and conditions set forth in this Section 2.1(h). Fourth Lender hereby agrees to lend to Borrower (i) a Bridge Loan in the amount of $250,000 on or before February 7, 2020, and (ii) a Bridge Loan in the amount of $250,000 on or before February 21, 2020; provided, in each case, that Fourth Lender has sufficient funding for each such Bridge Loan, as determined in the sole discretion of Fourth Lender. Concurrent with the delivery by Fourth Lender of the proceeds of each Bridge Loan to the Borrower, Borrower shall execute and deliver to Fourth Lender a note dated as of the date of such funding in the principal amount of such Bridge Loan."

(e) Section 2.4. The following is added to the end of Section 2.4 of the Credit Agreement:

"With respect to each Bridge Loan, (as and if made), Borrower shall pay to bocm3, LLC, a nonrefundable closing fee of 5% of the amount of such Loan (the "Bridge Loan Closing Fee") to offset transaction costs of bocm3, LLC and its Affiliates. The Bridge Loan Closing Fee with respect to each Bridge Loan shall be payable on the date each such Bridge Loan is made, and may be withheld from the proceeds of such Bridge Loan. The Bridge Loan Closing Fee, once paid, shall be nonrefundable under all circumstances."

(f) Section 2.7. Section 2.7 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.7 Extension Fee. With respect to the Loans that are not Bridge Loans, Borrower shall pay a fee of $250,000 on the Note Maturity Date or earlier repayment of the Loans (other than any Bridge Loan) in full. With respect to the Loans that are Bridge Loans, Borrower shall pay a fee of $50,000 on the Bridge Note Maturity Date or earlier repayment of the Bridge Loans."

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

3.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

3.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

3.4 Absence of Other Long-Term Obligations. Other than the Loans and trade indebtedness, Borrower has no liabilities that are required to be repaid to any party other than the Lenders prior to the Note Maturity Date.

ARTICLE IV.
MISCELLANEOUS

4.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment and the Credit Agreement shall remain in full force and effect.

4.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

4.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this

Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

4.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

4.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

4.6 Conditions. The effectiveness of this Amendment is subject to the Lender having received from the Borrower such documents and other materials as the Lender shall request, in form and substance satisfactory to the Lender and its counsel, including without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 4.9 of this Amendment.

4.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lender has no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

4.8 No Defenses. Each Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

4.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof.

4.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 6 to First Amended and Restated Credit Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Ron Wilsonn
Name: Ron Wilson
Title: CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

[Signature page to Amendment No. 6 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

AMENDMENT NO. 7 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT

This AMENDMENT NO. 7 TO FIRST AMENDED AND RESTATED CREDIT AGREEMENT (this "Amendment") is made as of December 15, 2020 by and among Hylete, Inc., a Delaware corporation ("Borrower"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Senior Lender" and/or "First Lender"), bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Senior Lender" and/or "Second Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Senior Lender" and/or "Third Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Senior Lender" and/or "Fourth Lender"), black oak α equity fund, LLC, a Utah limited liability company ("Fifth Senior Lender" and/or "Fifth Lender") and Black Oak-Hylete-Senior Debt 3, LLC, a Utah limited liability company ("Sixth Senior Lender" and together with the First Lender, Second Lender, Third Lender, Fourth Lender, and Fifth Lender, the "Lenders").

In consideration of the mutual covenants, conditions and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

ARTICLE I.
DEFINITIONS

When used herein, the following terms shall have the following meanings specified:

1.1 "Amendment" shall mean this Amendment No. 7 to First Amended and Restated Credit Agreement and Limited Waiver.

1.2 "Credit Agreement" shall mean the First Amended and Restated Senior Credit Agreement, dated as of July 28, 2017, originally by and among Hylete, Inc., a California corporation, First Lender and Second Lender, as amended by that certain Amendment No. 1 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement, by and among Borrower, First Lender, Second Lender and Third Lender, dated as of March 28, 2018, that certain Amendment No. 2 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement, by and among Borrower, First Lender, Second Lender, Third Lender, and Fourth Lender dated as of February 14, 2019, that certain Amendment No. 3 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender, Third Lender, Fourth Lender, and Fifth Lender dated as of August 1, 2019, that certain Amendment No. 4 to First Amended and Restated Credit Agreement, by and among Borrower, First Lender, Second Lender, Third Lender, and Fourth Lender, dated as of December 31, 2019, that certain Amendment No. 5 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement, dated as of January 28, 2020, by and among Borrower, First Lender, Second Lender, Third Lender and Fourth Lender, and that certain Amendment No. 6 to First Amended and Restated Credit Agreement, by and among Borrower First Lender, Second Lender, Third Lender and Fourth.

1.3 Other Capitalized Terms. All capitalized terms used in this Amendment and not specifically defined herein shall have the definitions assigned to such terms in the Credit Agreement.

ARTICLE II.
AMENDMENTS

2.1 Amendments: The Credit Agreement is hereby further amended as follows:

(a) Preamble. The Preamble to the Credit Agreement is hereby deleted and replaced in its entirety with the following:

"This First Amended and Restated Senior Credit Agreement (the "Agreement"), dated as of July 28, 2017, is by and among Hylete, Inc., a California corporation ("Borrower"), the stockholders of Borrower signatories below (the "Stockholders"), Black Oak-Hylete-Senior Debt, LLC, a Utah limited liability company ("First Senior Lender") and bocm3-Hylete-Senior Debt, LLC, a Utah limited liability company ("Second Senior Lender"), Black Oak-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Third Senior Lender"), bocm3-Hylete-Senior Debt 2, LLC, a Utah limited liability company ("Fourth Senior Lender"), black oak α equity fund, LLC, a Utah limited liability company ("Fifth Senior Lender") and Black Oak-Hylete-Senior Debt 3, LLC, a Utah limited liability company ("Sixth Senior Lender" and together with the First Senior Lender, Second Senior Lender, Third Senior Lender, Fourth Senior Lender, and Fifth Senior Lender, the "Lenders")."

(b) Recitals. The following is added as an additional Recital to the Credit Agreement:

"WHEREAS, the Borrower has requested that Sixth Senior Lender lend to Borrower up to an additional $500,000.00 to refinance existing debt and to provide working capital to maintain and expand the operations of Borrower and to pay fees and expenses, and Sixth Senior Lender is willing to agree to lend such amount on the terms and conditions of this Agreement."

(c) Section 1.1. The definition of "Bridge Note Maturity Date" is hereby deleted and replaced in its entirety with the following new definition:

""Bridge Note Maturity Date" means April 1, 2021."

(d) Section 2.1(h). Section 2.1(h) of the Credit Agreement is hereby deleted and replaced in its entirety with the following:

"(h) Bridge Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Fourth Senior Lender has agreed to make additional loans to Borrower (the "Bridge Loans") on the terms and conditions set forth in this Section 2.1(h). Fourth Senior Lender hereby agrees to lend to Borrower (i) a Bridge Loan in the amount of $250,000 on or before February 7, 2020, and (ii) a Bridge Loan in the amount of $250,000 on or before February 21, 2020; provided, in each case, that Fourth Senior Lender has sufficient funding for each such Bridge Loan, as determined in the sole discretion of Fourth Senior Lender. Concurrent with the delivery by Fourth Senior Lender of the proceeds of each Bridge Loan to the Borrower, Borrower shall execute and deliver to Fourth Senior Lender a note dated as of the date of such funding in the principal amount of such Bridge Loan."

(e) Section 2.1(i). The following is hereby inserted as a new Section 2.1(i) of the Credit Agreement:

"(i) Sixth Senior Loans. Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of Borrower herein set forth, Sixth Senior Lender has agreed to make additional loans to Borrower (the "Sixth Senior Loans" and, together with the First Loan, Second Loan, Third Loan, any Additional Loans, the Fourth Loan(if any), Fifth Lender Loan (if any), and the Bridge Loans, the "Loans") on the terms and conditions set forth in this Section 2.1(i). Sixth Senior Lender hereby agrees to lend to Borrower: (1) a Sixth Senior Loan (first tranche) in the amount of $250,000 on or before November 15, 2020, comprised of $180,208.33 in new funds, $57,291.67 otherwise due to the Lenders on October 15, 2020 in the form of interest payment under the Credit Agreement ("September 2020 Interest Payment"), and a Sixth Senior Loan Closing Fee (as defined below) of $12,500 and (2) in Sixth Senior Lender's sole and absolute discretion, a Sixth Senior Loan (second tranche) in the amount of up to $250,000 on or before January 31, 2021."

(a) The Sixth Senior Lender is hereby deemed by each of the other Lenders and the Borrower to be party to, and an express third party beneficiary of, each of the Security Documents, with full right of substitution and enforcement thereof as security for the Sixth Senior Loans. The Note Maturity Date for the Sixth Senior Loans shall be upon the occurrence of a Change of Control of the Borrower.

(b) Notwithstanding Section 2.2 hereof, the Sixth Senior Loans shall bear interest at the lesser of (i) the maximum rate permitted by applicable law, and (ii) an amount calculated as follows: (A) if all of the amounts due hereunder with respect to the Sixth Senior Loans are satisfied on or before November 15, 2021, an amount of nominal interest such that the interest rate calculated on the principal amount of the Sixth Senior Loans would be equal to 200% of the principal amount of the Sixth Senior Loans; or (B) if any amount due hereunder with respect to the Sixth Senior Loans remains outstanding after November 15, 2021, an amount of nominal interest such that the interest rate calculated with respect to the principal amount of the Sixth Senior Loans would be equal to 250%, with such amount increasing by an additional 50% of the aggregate principal amount of the Sixth Senior Loans funded hereunder for each six (6) calendar month period following June 15, 2021 up to a maximum of 400%, in which amounts of the Sixth Senior Loans remain outstanding. Interest shall solely be paid upon a Change of Control of Borrower.

(c) Concurrent with the delivery by Sixth Senior Lender of the proceeds of each Sixth Senior Loan to the Borrower, Borrower shall execute and deliver to Sixth Senior Lender a note dated as of the date of such funding in the principal amount of such Sixth Senior Loan."

(f) Section 2.3(b). The following is hereby added to the end of Section 2.3(b) of the Credit Agreement:

"The Interest Payment Dates for October 2020 (covering September 2020 interest) and November 2020 (covering October 2020 interest) shall be due on November 15, 2020 and December 15, 2020, respectively. Unless otherwise agreed to between Lenders and Borrower, all future Interest Payment Dates shall revert back to the last day of each calendar month with the Interest Payment Date for December 2020 (covering November 2020 interest) being due on January 8, 2021."

(g) Section 2.4. The following is added to the end of Section 2.4 of the Credit Agreement:

"With respect to each Sixth Senior Loan (as, and if, made), Borrower shall pay to bocm3, LLC, a nonrefundable closing fee of 5% of the amount of such Loan (the "Sixth Senior Loan Closing Fee"). The Sixth Senior Closing Fee with respect to each Sixth Senior Loan shall be payable on the date each such Sixth Senior Loan is made, and may be withheld from the proceeds of such Fifth Senior Loan. The Sixth Senior Loan Closing Fee, once paid, shall be nonrefundable under all circumstances."

(h) Section 2.7. Section 2.7 of the Credit Agreement is hereby deleted in its entirety and replaced with the following:

"Section 2.7 Extension Fee. With respect to the Loans that are not Bridge Loans, Borrower shall pay a fee of $250,000 on the Note Maturity Date or earlier repayment of the Loans (other than any Bridge Loan) in full. With respect to the Loans that are Bridge Loans, Borrower shall pay a fee of $25,000 on the Bridge Note Maturity Date or earlier repayment of the Bridge Loans."

(i) Section 5.17 Sale Process. Section 5.17 of the Credit Agreement (originally added to the Credit Agreement through Amendment No. 5 to First Amended and Restated Credit Agreement and First Amended and Restated Management Advisory Services Agreement, dated January 28, 2020) is hereby deleted in its entirety.

2.2 Miscellaneous Amendments. The Credit Agreement, the Notes, and all other agreements and instruments executed and delivered heretofore or hereafter pursuant to the Credit Agreement are amended hereby so that any reference therein to the Credit Agreement shall be deemed to be a reference to such agreements and instruments as amended by or pursuant to this Amendment.

ARTICLE III.
LIMITED WAIVER

3.1 Waiver. The Borrower and Lenders hereby agree as follows:

(a) Notwithstanding Section 2.2 of the Credit Agreement, the Lenders hereby acknowledge that Borrower's interest payments originally due on July 31, 2020 (covering June 2020 interest) and August 31, 2020 (covering July 2020 interest) were actually made to Lenders on or about August 14, 2020, and September 15, 2020, respectively, and Lender hereby agrees that such delays did not constitute an Event of Default.

(b) Notwithstanding Section 5.12 of the Credit Agreement, the Lenders hereby consent to and permit the Borrower: (i) for the period beginning as of the date of this Amendment and through and including December 2, 2020, to maintain a cash balance of less than $250,000; and (ii) for the period beginning on December 3, 2020, through and including January 15, 2021, to maintain a cash balance of less than $250,000, provided that such cash balance shall not be less than $100,000 at any point during such period. Lenders hereby waive any Default that would otherwise accrue solely as a result of the foregoing sentence. For all dates after January 15, 2021, 2020, the foregoing waiver shall expire and be of no further force and effect, and the Borrower shall satisfy all obligations set forth in the Credit Agreement, including Section 5.12 thereof.

(c) Borrower hereby acknowledges and agrees that, except as set forth in this Section 3.1, all of Borrower's obligations under the Credit Agreement shall remain in full force and effect, subject to enforcement in full by the Lenders.

(d) Borrower acknowledges and agrees that neither previous waivers, extensions, nor amendments granted to Borrowers by any Lender, nor the amendments or waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that Lenders have no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance. Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

(e) The Borrower represents and warrants to the Lenders that, except as expressly waived by this Section 3.1, no Event of Default has occurred or is continuing as of the date of this Amendment.

ARTICLE IV.
REPRESENTATIONS AND WARRANTIES OF THE BORROWER

The Borrower hereby represents and warrants to the Lender that:

4.1 Credit Agreement. All of the representations and warranties made by the Borrower in the Credit Agreement are true and correct on the date of this Amendment, except to the extent such representation or warranty relates to a specified earlier date, in which case it continues to be true and correct as of such date. No Event of Default under the Credit Agreement has occurred and is continuing as of the date of this Amendment.

4.2 Authorization; Enforceability. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, has been duly authorized by all necessary company action by the Borrower. This Amendment is the valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 Absence of Conflicting Obligations. The making, execution and delivery of this Amendment and performance of and compliance with the terms of this Amendment and the terms of the Credit Agreement, as amended hereby, do not violate any presently existing provision of law or the articles or certificate of formation, certificate of organization or operating agreement of Borrower or any agreement to which a Borrower is a party or by which it or any of its assets is bound.

4.4 Absence of Other Long-Term Obligations. Other than the Loans and trade indebtedness, Borrower has no liabilities that are required to be repaid prior to the Note Maturity Date.

ARTICLE V.
MISCELLANEOUS

5.1 Continuance of Credit Agreement. Except as specifically amended by this Amendment, the Credit Agreement shall remain in full force and effect.

5.2 Survival. All agreements, representations and warranties made in this Amendment or in any documents delivered pursuant to this Amendment shall survive the execution of this Amendment and the delivery of any such document.

5.3 Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Utah applicable to agreements made and wholly performed within such state. The parties hereto acknowledge that this Amendment was negotiated with the assistance of counsel and, accordingly, such laws shall be applied without reference to any rules of construction regarding the draftsman hereof.

5.4 Counterparts; Headings. This Amendment may be executed in several counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. Article and section headings in this Amendment are inserted for convenience of reference only and shall not constitute a part hereof.

5.5 Severability. Any provision of this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Amendment in such jurisdiction or affecting the validity or enforceability of any provision in any other jurisdiction.

5.6 Conditions. The effectiveness of this Amendment is subject to the Lenders having received from the Borrower such documents and other materials as the Lenders shall request, in form and substance satisfactory to the Lenders and their counsel, including without limitation duly executed copies of this Amendment, and the payment of all fees and expenses pursuant to Section 2.1(f) of this Amendment.

5.7 Course of Dealing; Consent. Borrower acknowledges that neither previous waivers, extensions, and amendments granted to the Borrower by the Lender, nor the amendments and waivers granted herein, create any course of dealing or expectation with respect to any further waivers, extensions, or amendments, and Borrower further acknowledges that the Lenders have no obligation whatsoever to grant any additional waivers, extensions, amendments, or forbearance.

5.8 No Defenses. Borrower acknowledges it has no defenses, rights of setoff, or rights of recoupment to the enforceability or payment of any of its obligations under the Credit Agreement as amended hereby.

5.9 Expenses and Attorneys' Fees. The Borrower shall pay (a) all fees and expenses (including attorney's fees) incurred by each Lender in connection with the preparation, execution, and delivery of this Amendment, and all prior legal fees and expenses (including attorney's fees) incurred by each Lender in connection with the Credit Agreement and (b) all fees and expenses (including attorney's fees) incurred by the Borrower in connection with the preparation, execution, and delivery of this Amendment on the date hereof.

5.10 Further Assurances. Borrower shall promptly execute and deliver or cause to be executed and delivered to Lenders within a reasonable time following a Lender's request, and at the expense of Borrower, such other documents or instruments as a Lender may reasonably require to in order to give effect to the intent and purposes of this Amendment.

[*Signature page follows*]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No.7 to First Amended and Restated Credit Agreement as of the day and year first written above.

HYLETE, INC.

By: /s/ Jim Caccavo
Name: Jim Caccavo
Title: Interim CEO

BLACK OAK-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare

Title: Manager

BLACK OAK-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory Seare
Title: Manager

BOCM3-HYLETE-SENIOR DEBT 2, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

black oak α equity fund, LLC

By: /s/ Gregory D. Seare
Name: Gregory D. Seare
Title: Manager

[Signature page to Amendment No. 7 to First Amended and Restated Credit Agreement and First Amended and Restated Security Agreement]

Exhibit 6.2

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT ("First Amendment") is entered as of this 14th day of September, 2021 ("Effective Date"), by and among HYLETE, INC., a Delaware corporation (the "Company"), and ADAM COLTON, an individual ("Executive"). Company and Executive may be referred to herein individually as "Party" and together as the "Parties".

RECITALS

WHEREAS, on June 13, 2019, the Parties entered into an Employment Agreement governing Executive's rights and responsibilities while working for Company, and as attached hereto as Exhibit A ("Employment Agreement");

WHEREAS, the Parties wish to amend the Employment Agreement as described below.

NOW THEREFORE, in consideration of the foregoing and of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Amendments to Employment Agreement. The Employment Agreement shall be amended as follows:

a. Amended Paragraph 2.2. Paragraph 2.2 of the Employment Agreement shall be replaced in its entirety with the following new paragraph:

> 2.2 Bonus. The Executive shall be eligible to receive an annual bonus based on achievement of goals and objectives established by the Board ("Annual Bonus"). Any Annual Bonus earned by Executive will be paid within sixty (60) days of the end of the year in which it was earned, or as otherwise approved by the Board. Executive must remain employed full-time with the Company through the end of the calendar year at issue in order to be eligible for the Annual Bonus. The goals and objectives shall be set in consultation with Executive but the decision to provide any Annual Bonus and the amount and terms of any Annual Bonus shall be at the discretion of the Board. The Annual Bonus as a percentage of salary shall be set from time to time as established by the Board. Other bonuses, if any, shall be at the discretion and direction of the Board.

b. Amended Paragraph 3.1.1. Paragraph 3.1.1 of the Employment Agreement shall be replaced in its entirety with the following new paragraph:

> 3.1.1 Assignment of Inventions and Property Rights. Executive hereby assigns, and agrees to assign in the future (when any Inventions are first reduced to practice or fixed in a tangible medium, as applicable), to Company, all of Executive's right, title and interest in and to any Inventions, whether or not patentable or registrable under patent, copyright, or similar laws, made, conceived, reduced to practice or learned by me, alone or with others. Executive understands that Company is the sole owner of any and all such rights and warrants that Executive has not previously assigned to any other person or entity any of such interest.

c. New Paragraph 3.4. The following new Paragraph 3.4 shall become part of the Employment Agreement:

> 3.4 Return of Company Materials. Upon separation from employment with the Company, on Company's earlier request during my employment, or at any time subsequent to my employment upon demand from the Company, Executive will immediately deliver to the Company, and will not keep in their possession, recreate, or deliver to anyone else, any and all Company property, including, but not limited to, Company Proprietary Information, any associated third-party proprietary information, all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), all tangible embodiments of the Inventions, all electronically stored information and passwords to access such property, Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings, blueprints, sketches, materials, photographs, charts, any other documents and property, and reproductions of any of the foregoing items. Executive also consents to an exit interview to confirm their compliance with this Section.

d. Amended Paragraph 4.5.2.b. Paragraph 4.5.2.b. of the Employment Agreement shall be replaced in its entirety with the following new paragraph:

b. Reimburse Executive for premiums otherwise payable by Executive pursuant to "COBRA" for a period of up to six (6) months following the date of termination or until Executive is no longer eligible for "COBRA" continuation coverage or he is covered under another health care plan, whichever is earliest.

e. New Paragraph 5.8. Paragraph 5.8 of the Employment Agreement shall be replaced in its entirety with the following new paragraph:

> 5.8 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), nationally recognized commercial overnight delivery service (including Federal Express and U.S. Postal Service overnight delivery service) or, sent through electronic mail with confirmed delivery receipt, or deposited with the U.S. Postal Service mailed first class, registered or certified mail, postage prepaid, as set forth below:
>
> If to the Company, addressed to:
> HYLETE, Inc.
> c/o Chief Executive Officer
> 564 Stevens Ave
> Solana Beach, CA 92075
> Email: accounting@hylete.com
>
> If to the Executive, to the mailing address and/or email address set forth on the signature page of this Agreement, or any updated addresses listed in the Company's records.
>
> Notices shall be deemed given upon the earliest to occur of (i) actual receipt by the party to whom such notice is directed; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Pacific Time and, if sent after 5:00 p.m. Pacific Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; (iii) if sent by electronic mail, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent (as evidenced by confirmed receipt of delivery via electronic mail) prior to 5:00 p.m. Pacific Time and, if sent after 5:00 p.m. Pacific Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent (iv) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial courier if sent by commercial overnight delivery service; or (v) the fifth day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following deposit thereof with the U.S. Postal Service, first class prepaid certified mail, return receipt requested, as aforesaid. Each party, by notice duly given in accordance therewith, may specify a different address for the giving of any notice hereunder.

2. Miscellaneous.

a. This First Amendment shall be binding on and shall inure to the benefit of the Parties hereto, and their heirs, administrators, successors, and assigns.

b. Except as described herein, all remaining terms and conditions of the Employment Agreement shall remain unchanged, and govern the relationship between the parties.

c. This First Amendment may be executed in several counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and shall be effective as of the formal date hereof. This First Amendment may be executed and transmitted via e-mail and/or facsimile transmission and in such event shall be effective and binding on the Parties hereto and their successors and assigns as if originally executed.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the Effective Date.

EXECUTIVE

By /s/ Adam S. Colton

Print Name Adam S.Colton

Title Interim CEO

Address: 7655 Allegro Lane
San Diego, CA 92127

Email: ascolton1@gmail.com

FOR COMPANY

By /s/ Steven Roy

Print Name Steven Roy

Title Chairman of the Board of Directors

Exhibit A
June 13, 2019 Employment Agreement

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is dated June 13, 2019, and effective upon the commencement of employment by and between HYLETE, a Delaware Corporation ("Company"), and Adam Colton**,** an individual ("Executive"), who agree between them as follows:

ARTICLE 1
EMPLOYMENT

1.1 The Company hereby agrees to employ the Executive and the Executive hereby accepts employment within forty-five (45) days after the Company is listed on the NYSE Market ("Employment Start Date") and on the following terms and conditions.

1.2 Scope of Duties. Executive will serve in the capacity of Company's Chief Financial Officer, with responsibilities, duties and authority customary for such position, subject to direction by the CEO and Board of Directors of the Company. During his employment, the Executive shall devote substantially all of the Executive's working time and efforts to the business and affairs of the Company and its subsidiaries and agrees to observe and comply with the Company's rules and policies as adopted by the Company from time to time.

1.3 Other Activities. Except upon the prior written consent of the Company, Executive will not, during the term of this Agreement: (i) be employed elsewhere; (ii) engage, directly or indirectly, in any other business activity (whether or not pursued for pecuniary advantage) that might interfere with Executive's duties and responsibilities hereunder or create a conflict of interest with the Company; or (iii) acquire any interest of any type in any other business which is in direct competition with the Company, provided, however, that the foregoing shall not be deemed to prohibit the Executive from acquiring solely as an investment up to five percent (5%) of the outstanding equity interests of any publicly-held company.

1.4 Loyal and Conscientious Performance of Duties. Executive agrees that to the best of Executive's ability and experience Executive will, at all times, loyally and conscientiously perform all of the duties and obligations either expressly or implicitly required of Executive by the terms of this Agreement.

ARTICLE 2
COMPENSATION

2.1 Salary. During the Term, the Executive shall receive a base salary at a rate of two hundred thousand dollars ($200,000) per annum, and such salary shall be paid in accordance with the customary payroll practices of the Company (the "Annual Base Salary"). Executive's Base Salary will be reviewed within one year of the Employment Start and adjusted as reviewed and recommended by the Compensation Committee of the Board. After this initial review, Executive's Base Salary will be reviewed from time to time in accordance with the established procedures of the Company for adjusting salaries for similarly situated executives and may be adjusted in the sole discretion of the Compensation Committee of the Board.

2.2 Bonus. The Executive shall be eligible to receive an annual bonus of twenty-five percent (25%) of Executive's Annual Base Salary based on achievement of goals and objectives established by Compensation Committee of the Board ("Annual Bonus"). Any Annual Bonus earned by Executive will be paid within sixty days (60 days) of the end of the year in which it was earned. Executive must remain employed with the Company through the end of the calendar year at issue in order to be eligible to receive the Annual Bonus. The goals and objectives shall be set in consultation with Executive but the decision to provide any Annual Bonus and the amount and terms

of any Annual Bonus shall be at the discretion Compensation Committee of the Board. The Annual Bonus as a percentage of salary shall be adjustable from time as established by the Compensation Committee of the Board.

2.3 Fringe Benefits. Executive shall be entitled to fringe benefits as may be established by the Compensation Committee of the Board from time to time, which may include vacation, sick leave, health insurance, gym membership, car allowance, long-term disability insurance, retirement plans and other benefits and/or insurance. Any vacation shall be taken at the reasonable and mutual convenience of the Company and the Executive.

2.4 Equity. As further consideration for Executive's services, the Executive will receive options as part of an Equity Incentive plan that will be created as soon as possible after the Company completes its Initial Public Offering ("IPO"). The terms and conditions of this plan will be at the sole discretion of the Compensation Committee of the Board.

2.5 Deduction for Taxes. The Company shall be entitled to withhold from any amounts payable under this Agreement any federal, state, local or foreign withholding or other taxes or charges which the Company is required to withhold. The Company shall be entitled to rely on an opinion of counsel if any questions as to the amount or requirement of withholding shall arise.

2.6 Reimbursement. The Company shall reimburse the Executive (or, in the Company's sole discretion, shall pay directly), upon presentation of vouchers and other supporting documentation as the Company may reasonably require, for reasonable out-of-pocket expenses incurred by the Executive relating to the business or affairs of the Company or the performance of the Executive's duties hereunder, including, without limitation, reasonable expenses with respect to entertainment, travel and similar items, provided that the incurring of such expenses shall have been approved in accordance with the Company's regular reimbursement procedures and practices in effect from time to time.

ARTICLE 3
INVENTIONS AND PROPRIETARY INFORMATION

3.1 Inventions. For the purposes of this Agreement, "Inventions" shall mean any inventions, original works of authorship, developments, concepts, improvements and trade secrets, designs or computer software programs, whether or not patentable or registrable under patent, copyright, or similar laws, that Executive may solely or jointly discover, conceive, develop or reduce to practice during Executive's employment with the Company.

3.1.1 Assignment of Inventions and Property Rights. Executive shall assign to Company all of Executive's right, title and interest in and to any Inventions, whether or not patentable or registrable under patent, copyright, or similar laws. Executive understands that Company is the sole owner of any and all such rights and warrants that Executive has not previously assigned to any other person or entity any of such interest.

3.1.2 Applicability. This covenant to assign Executive's rights to Inventions does not apply to Inventions that are excluded from such assignment pursuant to the provisions of *California Labor Code section 2870*, which reads as follows:

a. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those Inventions that either:

(i) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(ii) Result from any work performed by the employee for the employer.

b. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subparagraph a. of this paragraph, the provision is against the public policy of this state and is enforceable.

3.1.3 Assistance in Obtaining Patents and Copyrights Registrations. Executive shall assist in securing Company's rights in and to Inventions and any related copyrights, patents or other intellectual property rights and to execute all instruments and documents, including applications and assignments, that may be necessary or convenient to establish, evidence or maintain Company's rights under this Agreement. This obligation shall continue after the termination of Executive's employment with Company to the extent possible, and, if Company is unable to secure Executive's signature to pursue applications or other documents covering Inventions that are necessary to establish, evidence or maintain Company's rights under this Agreement, then Executive hereby irrevocably designates and appoints Company and its duly authorized officers and agents as Executive's agent and attorney in fact to act for and on Executive's behalf to execute and file such applications and documents.

3.1.4 Maintenance of Records. Executive agrees to keep and maintain adequate and current written records of all Inventions made by Executive (solely or jointly with others) during Executive's employment by Company. Such records will be available to and remain the sole property of Company at all times. Executive further agrees to deliver to Company all such records upon the termination of Executive's employment.

3.1.5 Prior Inventions. All inventions, original works of authorship, developments, improvements and trade secrets that were made by Executive prior to Executive's employment with Company (collectively referred to as "Prior Inventions") are listed and described in Exhibit "A" to this Agreement. If not listed, Executive represents that there are no such Prior Inventions. If Executive incorporates in a Company product, process or machine a Prior Invention owned by Executive or in which Executive has an interest, Company is granted a non-exclusive, royalty-free, irrevocable, perpetual, worldwide license to make, have made, modify, use, license and sell such Prior Invention as part of or in connection with such product, process or machine.

3.2 Proprietary Information. Executive acknowledges that Executive will have access to and become acquainted with various pieces of information and opportunities which are owned by Company and which are regularly used in the operation of the business of Company including confidential information of any kind, nature, or description concerning any matters affecting or relating to the business of Company, including, without limiting the generality of the foregoing, manufacturing processes, methods, or formulae, the names, buying habits, or practices of any of its customers, its marketing methods and related data, the names of any of its vendors or suppliers, costs of materials, the prices it obtains or has obtained or at which it sells or has sold its products or services, manufacturing and sales costs, lists or other written records used in Company's business, compensation paid to employees and other terms of employment or any other confidential information of, about, or concerning the business of Company, its manner of operation, or other confidential data of any kind, nature, or description, the parties hereto stipulating that as between them, the same are important, material, and confidential trade secrets and affect the successful conduct of Company's business, and its goodwill ("Proprietary Information"). Executive shall not disclose any of the Company's Proprietary Information, directly or indirectly, or take advantage of the aforesaid opportunities in any way, either while Executive is an employee or at any time when Executive is no longer an employee, except as required in the course of Executive's employment. All files, client lists, records, documents, drawings, equipment and similar items relating to the business of Company, whether prepared by Executive or otherwise coming into Executive's possession, shall remain the exclusive property of Company and shall not be removed from the premises of Company under any circumstances whatsoever without the prior written consent of the Board of Directors or except as required in the course of his employment. Whether an employee of Company or not, Executive shall never use such Proprietary Information or opportunities except for the direct benefit of Company.

ARTICLE 4
TERMINATION OF EMPLOYMENT

4.1 At Will Employment. Notwithstanding the provisions of this Agreement to the contrary, Executive acknowledges that this Agreement does not constitute an agreement setting forth a term of employment. Under all circumstances, Executive's employment with Company is and shall remain "at will," meaning it may be terminated by either party at any time with or without cause. As used in this Agreement, the reason for defining "for Cause" termination, "for Good Reason" and "Change in Control" is for purposes of determining whether Executive is entitled to Severance Compensation (as set forth in Section 4.5 below).

4.2 Termination for Cause. As used herein, the term "for Cause" termination shall mean the Executive (a) has engaged in conduct constituting intentional misconduct or breach of a fiduciary duty to the Company or its Members; (b) has been convicted of a felony; (c) has engaged in any act involving the misappropriation of money or other property of the Company or any related entity; (d)

has defrauded (i) the Company, (ii) any related entity, or (iii) any customer or supplier of the Company or related entity; (e) has engaged in habitual drunkenness or any substance abuse which adversely affects the performance of the Executive's job duties; (f) has engaged in any intentional misconduct which would cause the Company to violate any state or federal law relating to sexual harassment or age, sex or other prohibited discrimination, or intentionally violated any written policy of the Company or any successor entity adopted in respect to any such law; (g) has engaged in intentional misconduct (including assisting any customer in the violation), that has resulted in a material violation of any state or federal law or regulation; (h) has materially violated any of the non-competition, non-solicitation or confidentiality provisions of any agreement with the Company to which the Executive is a party; or (i) has breached the Employment Agreement in any material respect, and has not cured such breach within fifteen (15) business days of written notice of such breach (or if cure of such breach reasonably requires a longer period, has not commenced good faith efforts to cure, and continued to prosecute same); provided however that during any twelve (12) month period, the Company shall only be required to give notice two (2) times in the aggregate for any breaches of clause (i); or (j) Executive becomes disabled and is unable to perform the services required of her under this Agreement and it is anticipated that such disability is to continue for a period of six (6) or more months.

4.3 Good Reason Termination. As used herein, the term "for Good Reason" shall relate to Executive terminating his employment with the Company for any of the following reasons:

4.3.1 A reassignment that is a material diminution in the authority, duties or responsibilities of the Executive;

4.3.2 The Executive's Annual Base Salary is significantly and materially reduced, other than reductions in connection with significant and material reductions of the compensation of all executive-level employees of the Company; and.

4.3.3 A requirement that Executive relocate to a location more than thirty (30) miles from Solana Beach, California, without Executive's consent; provided, however, that the Executive may not resign his employment for Good Reason unless: (A) the Executive has provided the Company with at least thirty (30) days prior written notice of his intent to resign for Good Reason (which notice must be provided within sixty (60) days following the occurrence of the event(s) purported to constitute Good Reason); and (B) the Company has not remedied the alleged violation(s) within the 30-day period.

4.4 Change in Control. As used herein, the term "Change in Control" shall mean the reorganization, merger or consolidation of the Company with one (1) or more entities as a result of which the Company is not the surviving entity, or the sale of substantially all of the assets of the Company or of more than fifty percent (50%) of the then outstanding units of the Company to another entity, or less than fifty percent (50%) of the then outstanding units of the Company to a new entity company and the new entity has the right to remove management or Executive leaves or is removed from the Company, the result of which Executive's employment is not retained on terms at least as beneficial to those as set forth in this Agreement (at the time of the Change in Control or subsequent to the Change in Control).

4.5 Company Obligations Upon Termination of Employment

4.5.1 In General. Upon a termination of the Executive's employment for any reason, the Executive (or the Executive's estate) shall be entitled to receive the sum of the Executive's Annual Base Salary through the date of termination not theretofore paid; any expenses owed to the Executive under Section 2.5; any accrued vacation pay owed to the Executive; and and any amount arising from the Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements under Section 2.3, which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

4.5.2 Termination without Cause or due to Resignation for Good Reason or due to a Change in Control. If the Executive's employment shall be terminated by the Company without Cause or by the Executive for Good Reason (but not by reason of the Executive's death, termination by the Company for Cause including disability or termination by the Executive without Good Reason) or due to a Change in Control, then, in addition to the payments described in Section 4.5.1 beginning with the first payroll period following the date of termination, the Company shall:

a. Continue to pay to the Executive, in accordance with the Company's regular payroll practice following the date of termination, the Executive's Annual Base Salary until the earlier of (1) six (6) months after the date of termination, (2) Executive obtains alternate full-time employment or (3) the date the Executive first violates any of the provisions of this Agreement;

provided, however, that the initial payment shall include the pro rata Annual Base Salary amounts for all payroll periods from the date of termination through the date of such initial payment to bring such payments current as of the date of the first payment;

b. Reimburse Executive for premiums otherwise payable by Executive pursuant to "COBRA" for a period of up to twelve (12) months following the date of termination or until Executive is no longer eligible for "COBRA" continuation coverage or he is covered under another plan, whichever is earliest.

c. Section 409A. Notwithstanding any provision to the contrary in this Agreement: (i) no amount shall be payable pursuant to Section 4.5.2(b) unless the Executive's termination of employment constitutes a "separation from service" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and U.S. Department of Treasury regulations and other interpretive guidance thereunder ("Section 409A") and unless, on or prior to the 60th day following the date of termination (A) the Executive executes a waiver and release of claims agreement in the Company's customary form which is reasonably satisfactory to both the Company and the Executive and (B) such waiver and release of claims agreement shall become effective prior to such 60th day; and (ii) if the Executive is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent delayed commencement of any portion of the termination benefits to which Executive is entitled under this Agreement is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's termination benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of the Executive's "separation from service" with the Company (as such term is defined in the Treasury Regulations issued under Section 409A of the Code) or (B) the date of Executive's death. Upon the earlier of such dates, all payments deferred pursuant to this Section 6(c)(ii) shall be paid in a lump sum to the Executive, and any remaining payments due under the Agreement shall be paid as otherwise provided herein. For purposes of Section 409A of the Code, the Executive's right to receive installment payments pursuant to Section 4.5.2(b) shall be treated as a right to receive a series of separate and distinct payments. To the extent that any reimbursement of any expense under Sections 2.5 or 4.5.2(a) or in-kind benefits provided under this Agreement are deemed to constitute taxable compensation to the Executive, such amounts will be reimbursed or provided no later than December 31 of the year following the year in which the expense was incurred. The amount of any such expenses reimbursed or in-kind benefits provided in one year shall not affect the expenses or in-kind benefits eligible for reimbursement or payment in any subsequent year, the Executive's right to such reimbursement or payment of any such expenses will not be subject to liquidation or exchange for any other benefit, and the Executive may not, directly or indirectly, designate the calendar year of payment. No acceleration of the time and form of payment of any nonqualified deferred compensation to the Executive shall occur unless and to the extent permitted by Section 409A. The determination of whether the Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including without limitation Treasury Regulation Section 1.409A-1(i) and any successor provision thereto).

d. Termination due to Death or Disability. If the Executive's employment with the Company is terminated by reason of his death or Disability, then the Executive or, as applicable, his estate or other legal representative, shall be entitled to receive the amounts described in Section 4.5.2 (a), including any amount arising from the Executive's participation in, or benefits under, any employee benefit plans, programs or arrangements provided pursuant to Section 2.3 (including without limitation any disability or life insurance benefit plans, programs or arrangements), which amounts shall be payable in accordance with the terms and conditions of such employee benefit plans, programs or arrangements.

ARTICLE 5
GENERAL PROVISIONS

5.1 Arbitration. The Company and Executive agree that any and all disputes or controversies between them of any nature, including but not limited to any arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof shall be settled by arbitration to be held in San Diego, California, in accordance with the Judicial Arbitration and Mediation Service/Endispute, Inc. ("JAMS") rules for employment disputes then in effect (the "Rules"). The Company will pay for the fees and costs of the arbitrator to the extent required by law. The arbitrator may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrator shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrator's decision in any court having jurisdiction. The arbitrator shall apply California law to the merits of any dispute or claim. Executive hereby expressly consents to the personal jurisdiction of the state and federal courts located in San Diego, California for any action or proceeding arising from or relating to this Agreement or

relating to any arbitration in which the parties are participants. The parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this arbitration agreement and without abridgment of the powers of the arbitrator. EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EXECUTIVE AGREES TO SUBMIT ANY FUTURE CLAIMS AGAINST THE COMPANY, INCLUDING BUT NOT LIMITED TO THOSE ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH HIS EMPLOYMENT OR TERMINATION THEREOF, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/ EXECUTIVE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

5.2 Successors and Assigns. The provisions hereof shall inure to the benefit of, and be binding upon, the Company's successors and assigns.

5.3 Non-Solicitation. The Executive further agrees that during his employment with Company and for a period of twelve (12) months after thereafter, the Executive will not influence or attempt to influence any employee, consultant, supplier, licensor, licensee, contractor, agent, strategic partner, distributor, customer or other person to terminate or modify any written or oral agreement, arrangement or course of dealing with the Company.

5.4 Non-Disparagement. The Executive agrees not to disparage the Company, any of its products or practices, or any of its directors, officers, agents, representatives, stockholders or affiliates, either orally or in writing, at any time and the Company shall instruct members of the Board and executive officers of the Company not to disparage the Executive, either orally or in writing, at any time; provided, that, either party may confer in confidence with its legal representatives and make truthful statements as required by law.

5.5 Directors and Officers Liability Insurance and Indemnification. Company shall have in place as of Employment Start, officers and directors liability insurance ("D&O Insurance") covering all officers and directors of the Company with coverage of at least three million dollars ($3,000,000). Additionally, Company and Executive will enter into a mutually agreed upon indemnification agreement prior to the Employment Start.

5.6 Integration. This Agreement constitutes the entire agreement between the parties hereto and is intended by the parties to be a final expression of their understanding and a complete and exclusive statement of the terms and conditions of the Agreement. This Agreement supersedes any and all agreements, either oral or in writing, between the parties concerning the subject contained herein and contains all of the covenants, agreements, understandings, representations, conditions, and warranties mutually agreed to between the parties. This Agreement may be modified or rescinded only by a writing signed by the parties hereto or their duly authorized agents.

5.7 Notices. All demands, notices, requests, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by facsimile machine (with a confirmation copy sent by one of the other methods authorized in this Section), nationally recognized commercial overnight delivery service (including Federal Express and U.S. Postal Service overnight delivery service) or, deposited with the U.S. Postal Service mailed first class, registered or certified mail, postage prepaid, as set forth below:

If to the Company, addressed to:

HYLETE, Inc.
c/o Ron L. Wilson, II, CEO
564 Stevens Ave
Solana Beach, CA 92075

If to the Executive, to the address set forth on the signature page of this Agreement or at the current address listed in the Company's records.

Notices shall be deemed given upon the earliest to occur of (i) actual receipt by the party to whom such notice is directed; (ii) if sent by facsimile machine, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) such notice is sent if sent (as evidenced by the facsimile confirmed receipt) prior to 5:00 p.m. Eastern Time and, if sent after 5:00 p.m. Eastern Time, on the day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) after which such notice is sent; (iii) on the first business day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following the day the same is deposited with the commercial courier if sent by commercial overnight delivery service; or (iv) the fifth day (other than a Saturday, Sunday or legal holiday in the jurisdiction to which such notice is directed) following deposit thereof with the U.S. Postal Service, first class prepaid certified mail, return receipt requested, as aforesaid. Each party, by notice duly given in accordance therewith, may specify a different address for the giving of any notice hereunder.

5.8 Waivers and Amendments. The respective rights and obligations of the Company and the Executive under this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively, and either for a specified period of time or indefinitely) or amended only with the written consent of a duly authorized representative of the Company and the Executive.

5.9 Choice of Law. This Agreement shall be governed and construed in accordance with the laws of the State of California.

5.10 Counterparts. This Agreement may be signed in one (1) or more counterparts, each of which shall constitute an original but all of which together shall be one (1) and the same document.

IN WITNESS WHEREOF, the parties hereto have set their hands as of the date first above written.

Company:
HYLETE,INC.

By: /s/ Ron Wilson
Name Ron Wilson:
Title:Co-Founder & CEO

Executive:

/s/ Adam S. Colton

Address:
7655 Allegro Lane
San Diego,CA 92127